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TYPES OF ECONOMIC INFORMATION FOR FARMERS

by

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I guess it is obvious that economic information for farmers should be information that will help them understand the wealth acquiring and the wealth using activities of mankind--and the value-making and the price-making forces involved.

This is a most logical and a most practical objective. The hope is to assist in a process that is natural with farm people. They are constantly dealing with economic problems; considering economic facts and making choices that involve economic forces and economic consequences.

They study and discuss these matters too; on Saturday night at the store; on visits to other farms; on visits to the market; in the pool hall; at church; at farmers' meetings; across the fence--everywhere. Such study and discussion carried on by the people themselves constitutes the fundamental learning or educational process.

Through our more or less formal assistance we hope to--and I feel generally do--aid farm people in their learning activities. But the most important thing is not what we think we know, nor what we have in our books, nor even what we put in our educational programs, but what is in the understanding and in the acts of farm people and others who live upon and use the land.

Looking to the future it is clear that farmers like the rest of us will live in a world of rapid change. Prospects are that postwar agricultural production will be at a high level, but that some major shifts as among commodities and types of land use will be necessary. Conservation objectives will steadily become more important. Both domestic and international demands for agricultural products will change. Revolutionary mechanical and other technological developments are under way. Migration from the farm is likely to continue as a long time trend. Prices and farm incomes are almost certain to be less favorable. Such developments as these are sure to increase the number of economic problems with which farm people have to deal.

In view of this prospect, what types of economic information will be of most use to farmers? Most people place information on prices at the top of the list. Well reported market quotations on what farmers have to sell and on what they want to buy, together with news of the market, constitute the simplest kind of price information. Because this type of information is simple, we often overlook its importance. I understand that there are a number of situations in the west, where, because of the geographic location or character of the commodity--or because of the character of the demand--market price information is either inadequate or unavailable to farmers.

Price outlook information is far more complicated, both in its preparation and in its use, than is market price information for it is a forward estimate or appraisal of what prices are likely to be. It is the most practical, most valuable price information assistance that can be given farmers for if it is

properly timed in relation to the production-marketing cycle it can be of great use in guiding both production and marketing decisions. Logically, no farmer should ever object to the principle involved in making forward appraisals of price prospects, for it is something he must do everytime he commits production resources. Although we have been actively working on price outlook for over twenty years, there is still much to be done in improving it for farm use.

As soon as farmers begin to look behind market price quotations and price outlook forecasts, the need for information on price-making forces arises. To meet this need it is necessary for farmers to have available and intelligently make use of both quantative and qualitative information on a large number of forces that have all too frequently been lumped together and superficially explained by the term "law of supply and demand". This term as it is often used by farmers and by some who work with farmers, is so compact and so abstract, that it is more befogging than revealing; more confusing than clarifying.

To understand "demand" farmers need full information on marketing and distribution matters, the structure, functions and business processes involved. They need to know more of the economic position of their customers, the ultimate consumers of agricultural products, what these consumers work at, what their purchasing power is, what their level of living is, and what adjustments in level and pattern of consumption these consumers make with changes in purchasing power. They need to know more of the nutritional needs of the families of this county and what additional quantities of food would be required to meet these needs. Finally, on the demand side, farmers need information on actual and potential foreign demand for agricultural products that are on an export basis.

To understand "supply" forces, farmers need information in similar detail on trends in the level and pattern of production for the country as a whole, for their own local area, and for competing areas. They need to understand the economic position of farmers in different type-of-farming areas and in different income groups, what these farmers produce, what their income position is, and what their level of living is. They need to have some information on changes in types and amounts of production that are likely to occur with changes in price relationships. Finally, on the supply side, farmers need information on actual and potential foreign production of products that compete directly with domestic production.

Information such as the above on specific demand and supply forces needs to be supplemented by information on a number of general economic forces that have a less direct but very significant bearing on the economic position of farmers. The character of these general forces is roughly indicated in the following four topics:

1. The size and character of the labor force, the degree to which it is fully employed, its productivity and the income it receives.

2. The capacity of the industrial plant, the degree to which it is fully utilized, the efficiency of its business organization and management and the way in which income is used.

3. The status of monetary and fiscal affairs with particular reference to inflation, deflation, and the management of the public debt.

4. The level and make-up of foreign trade, not only in agricultural but also in non-agricultural products. The role of commodity and other agricultural trade agreements and such financing programs as those of the Export-Import Bank and the new International Stabilization Fund.

So far this paper, in discussing information on market prices, price outlook, specific demand and supply forces, and general economic forces, has covered ground that is quite familiar but which, nevertheless, must not be overlooked.

Now let us briefly survey two categories of information of a somewhat different and to some extent newer sort: information for use in agricultural policy formulation, and information for use in individual farm and home planning.

By agricultural policy we usually mean a more or less carefully considered fundamental set of objectives, accompanied by action followed consistently, usually over a period of years. Information on already established policy is a logical part of outlook information. But in developing economic information of a type useful in formulating policy, we are attempting to go beyond a forecast of what is likely to happen (outlook), and to provide economic information that is useful in making advance appraisals of what can and will happen if new objectives and new courses of action are decided upon and undertaken.

Materials for this purpose are complicated and difficult to prepare, for in order to be useful they must permit a comparison of alternative programs before a choice of program has been made. Neither the development nor use of such materials has as yet been much explored.

However, there is a growing interest in this type of information. Recent reports from a number of states indicate that farm people are eager for assistance in discussing policy problems. The report of the Land-Grant College Committee on Postwar Agricultural Policy and numerous statements and speeches by college, university, and U. S. Department of Agriculture officials have turned the spotlight upon this field of work. The need for giving it systematic attention in the same way we have given systematic attention to outlook is receiving increased recognition.

We are not altogether without experience in this field. Certainly farm and ranch people here in the West have always considered and discussed a number of policy problems: tariff policy, public land policy, water rights policy, freight rate policy, agriculture price policy--the list is a long one. This has been going on ever since the days of the first wagon trains. Recently nearly every state in the West has done some exploratory work helping farmers in their discussion of policy problems. In the East, the states of Minnesota, Ohio, and Iowa, for example, have done some very successful work with materials and methods in this field.

We are learning from this experience. We are learning to inventory and classify policy problems in order to better prepare and correlate our informational material. A number of policy problems such as those of world security and those of health and education are beyond economics--broader than economics. Other types of information in addition to economic information are needed for dealing with these matters, and the economist has no reason for feeling discouraged because economic information alone is inadequate.

Some policy problems are almost wholly national or international in scope, for example, those of federal fiscal policy and foreign trade policy. Other problems have both national and local aspects, as for example, those of agricultural price policy or land development policy. Still other policy problems are strictly local in character, as for example, in the classification of land for taxation purposes, or the construction of road and school facilities.

All the necessary economic information on all policy problems can no more be boiled down and rolled into one easy-to-take capsule than can all necessary agronomic information on soils and crops problems be boiled down and rolled into one capsule.

We are learning to survey the particular situation with which we are concerned, list the important policy problems on which work ought to be done and plan small, specific units of informational assistance to farmers, timed to their interests and in terms of their situation.

Personally, I feel that there are important possibilities for presenting information on policy problems and proposals as a follow-up or addition to outlook. As professional workers we must, of course, recognize clear-cut differences between the two types of information. Outlook tries to state what will happen--usually in the near future. Information for use in policy formulation tries to set forth what could be made to happen, at a time far enough ahead in the future so that objective consideration, well before hand, is possible.

These distinctions are very useful to us in arranging our work and in preparing our information materials but I wonder if farmers in their study and discussion of outlook and policy-making matters don't often think of the two together. If so, then there are many opportunities for us to link policy information in as a valuable addition to outlook work. Whatever the channels used, it is obvious that farm people should be given assistance with a wide range of policy questions.

In sharp contrast to the complicated and difficult nature of information on many policy questions is the concrete, grass-roots character of information needed by farm people in planning their individual farming operations and their living. According to the 1945 census of agriculture, there are a few over six million farms in the United States. All of these farms are managed; all of them are to some degree planned. Many types of information are needed by farm people in order that they may improve this management and this planning.

They, of course, need outlook information not only in terms of national and international prospects, but also in terms of the regional and local, type-of-farming and production-area prospects wherever this can be developed. Peacetime adaptations of production capacity and adjustment studies can be of help in providing this.

Farm organization and management data are needed on such things as normal crop yields and livestock production to be expected, normal feed requirements, average rates of work for men and machines, materials and cash costs, and income possibilities.

This information needs to be in such form that it can easily be used in testing out "trial balance" set-ups on paper and in comparing alternative systems of management. In a number of states some work has been done in developing such materials for groups of farms with similar characteristics and in making

them available in handbook, table, and chart form. Another example of material in useful form is that in the more recent Soil Survey Reports which have valuable yield data in the form of two or more sets of yield estimates for major crops, for individual soil types, under alternative systems of management practices.

Several types of information on family living are needed for use by the family in planning its consumption activities. Also, in connection with this whole activity of planning, the individual farmer will have much valuable information on his own operations and will be able to make much better use of other farm management and outlook information if he has a good set of records on his farm.

The utilization of economic information in individual farm and home planning is a large subject in itself and at this point I will merely mention the fact that there is a rapidly-growing interest in this line of work among both public and private agencies.

In all of the above I have made only indirect references to agricultural and land-use planning. I have emphasized information for use in agricultural policy formulation and information for use in individual farm planning. In doing this, I have fallen in with the mood of the times. The current tendency is to stress national and international policy problems on the one hand, and problems of individual farm planning on the other. These two sets of problems are at opposite ends of the farmers' spectrum of economic activity. They are of tremendous importance to him, but he is also concerned with what lies in-between.

That is, beyond the line fences of his individual farm unit but much closer to him than the conference halls of Washington and international meetings, lies a broad field of community and area affairs in which he and his neighbors are greatly interested. Many economic considerations are involved in such local area activities as the development and maintenance of adequate schools and roads, the planning of needed rural health facilities and services, the working out of area production adjustments, the organization and carrying on of cooperative marketing, the development and conservation of land and water resources, the administration of local taxation and government, and many others.

These area affairs are of great importance everywhere in the West. Also many national policies and programs are varied and carried out on a local area or community basis. Many individual farm planning decisions are based in part on local area or community factors.

I believe that farmers are as interested and as active in these community and area affairs as they ever were--perhaps more so. They stand in need of help with what we have commonly called land-use and agricultural planning problems. This is likely to remain so, even as assistance with national policy problems and individual farm planning is developed, as it should be, far beyond what it is at present.

Now a word recognizing the fact that farmers need many types of knowledge in addition to economic information. In planning and carrying out farming operations, they need to use economic information in combination with information on such things as new plant hybrids, fertilizers, contour farming,

strip cropping, four minute milking, power haying, new types of earth-moving equipment, etc. Economic information must also be related to information on the productivity of soils, probabilities of rain fall, prospective supplies of irrigation water, carrying capacities of ranges, and optimum periods for performing cropping operations and other physical factors. We have, of course, long recognized the farmers' need for good information on these subjects; but we have not always realized how dynamic knowledge is in these fields and how the development and use of economic information is, to an important degree, dependent upon the development and use of information on technology and land resources.

Another field of knowledge which we dare not overlook is that of government and public administration. This field is not very familiar to us or to farmers. Yet it is useful in helping us understand many things, from the simplist land contract to the most complicated international agreement. Since early mining claim and homestead entry days, people on the land have participated in and been affected by the processes and instrumentalities of government--local, state, and federal. In certain instances, as for example, in our work on farm leases, on the administration of county and state owned lands, and on legal and organizational problems of cooperatives, we have assisted farmers with information on legal and administrative matters. In general, however, this is an undeveloped field. I am not saying that economists should undertake to develop it; it lies more within the field of political science and public administration.

However, I do feel that there are several types of economic information such as that part of outlook involving public policies and programs, information for use in formulating new policies, and information on a number of land-use and agricultural planning subjects that cannot be adequately understood and used by farm people until accompanied by information on the processes of legislation, government, and administration--that cannot, in fact, be separated from economic processes themselves.

Finally, a word regarding the development of materials. Professional workers in economics can do much to link together information from their several special fields so that the farmer has a reasonably well integrated information service on matters economic.

Likewise economists can work cooperatively with workers in other fields of social science and with workers in the physical science fields to tie their economic material in with other material in forms most usable by farmers.

Team work among specialists is most important, for one individual can hardly be expected to cover all the fields of economics. Certainly he cannot be expected to be expert in economics and, at the same time, handle such fields as government and sociology, and perhaps physical science subjects in addition. There is a lot of confused thinking on this whole matter, and the great possibilities for voluntary collaboration among specialists as the most efficient way of integrating information from special fields is not adequately recognized and encouraged.

In other words, economists have a great many interests and responsibilities in common with workers in other fields in this whole matter of assisting people on the land as they deal with economic problems, consider economic facts, and make choices that involve economic forces and economic consequences.