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IMPRESSIONS, QUESTIONS AND OBSERVATIONS

by

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The president announced at the beginning of this conference that it was the nineteenth year of the association's history. I was on the staff at Montana State College when the association was organized at Reno, Nevada, in 1927. But it was not possible for me to attend that meeting, and I haven't looked up the proceedings, but I am sure that the program was much different than the one we are just concluding. It is a sign of progress that you are now including such topics as health, security, and the human aspects of hired labor.

One distinct advantage that your meetings seem to have over many other professional conferences is open and free discussion of all topics. I hope that you value this privilege sufficiently to retain it even when your association achieves a larger membership.

I have tried to find the main threads of the program in order to center my discussion on them. They seem to have been:

1. Utilization of resources.

2. Marketing, prices and farm income.

3. Health, welfare and security of farm people.

4. Ways of increasing the effectiveness of our work.

One might put these together into a central theme and say that the conference concerned itself with efficient utilization of resources in both production and marketing with the aim of maximizing incomes to farm people in order to make possible better rural living; and that we are concerned with improving our contribution to these ends. My comments, however, will be broken down into the four parts of this theme.

Utilization of Resources

The opening program involved a broad-gauged discussion of resource utilization, with agriculture considered as one segment in balanced resource development. These papers stressed the crucial questions of costs and benefits in such development. This discussion raised two questions in my mind:

1. Can research provide better procedures for calculation of costs in relation to benefits than are now available? Part of the decision is perhaps necessarily based on value judgments, but can we improve our basis for making those judgments?

2. Can we trace the indirect benefits of resource development not only for the purpose of more equitable allocation of costs, but more especially for the purpose of achieving a better balanced development of resources than we have had so far?

We need answers to these questions in order to prevent the creation of disequilibrium by unbalanced development--to avoid repeating some of the mistakes that were made in the World War I period. Balanced resource development that creates income and purchasing power also creates the means of paying for the cost; but if we have unbalanced development of resources that will not create the requisite purchasing power, we may contribute to adversity instead of to prosperity.

Most of my research while I was in Montana from 1926 to 1929 was devoted to studies of "sick irrigation projects." With one exception the projects had been well constructed. Ample water was available. But farmers were not able to make a living for their families and pay operating expenses and water charges. It is well to remember that under those conditions a living for the family takes precedence over most of the fixed charges.

The result of these conditions was economic distress. Perhaps a different allocation of costs in relation to benefits would have helped. But more important would have been the maintenance of balance in resource development, and a project settlement policy geared to income opportunities.

The terms of trade were unfavorable to western agriculture in those days. Today they are relatively favorable--at least sufficiently favorable to generate a major land boom, and that has some repercussions on resource development. Will this situation last? Can we count on present conditions in developing a land settlement program? It is my personal opinion that future prospects depend upon (a) the kind of balance we can maintain in our entire national economy as well as in the Western States, and on (b) the kind of peace we can make with other nations.

On the production side we have tremendous capacity. And farm production cannot be turned on and off like a water spigot. Maintenance of agricultural prosperity therefore hinges largely on the maintenance of balanced high level production in other sectors of the economy.

Although land development tends to increase farm production capacity it is in fact only one way of increasing production. Mechanization, use of fertilizer and lime, new varieties and other improved practices are even more important for the country as a whole. That brings us to the papers on improvements in technology. These gave the most emphasis to work simplification although some attention was devoted to mechanization. Work simplification and job analysis are important. Out of studies of that type grew the assembly line in industry. It seems doubtful that anything so revolutionary as the assembly line will grow out of these studies in agriculture. But they are important as labor savers. And whenever labor is released on family farms it is likely to generate pressure for increased production.

The very lively discussion of economic land classification raised a question: Does this approach involve circular reasoning because the classification is based on evidence of accumulation as an indicator of income, and from that indicator we mark out areas of similar income experience? To me, the classification described has a physical basis because boundaries of income areas are drawn to correspond with physical differences. But the classification would be much improved if it were based on a soils classification that would indicate yield expectancy in different uses, and with prevailing as well as improved practices. This would constitute a stable physical classification on which a dynamic economic classification could be constructed to delineate areas with similar income opportunities. The present classification attempts to short-cut these two steps. It may serve

very well as a substitute for a more detailed analysis for some purposes, especially in areas with sharp differences in physical resources.

Marketing, Prices and Income

The first paper on the agricultural marketing program made a realistic appraisal of some of the problems that western farmers face in disposing of their products. It was a complement to the earlier discussion of resource development. The paper on auction markets dealt with one specific problem. It furnished a good beginning for more detailed study of auction markets and alternative ways of marketing fruits and vegetables.

The discussion of agricultural cooperation stressed the importance of leadership. As I recall the successes and failures in the cooperative movement that have come to my attention, I am very much impressed with the key function performed by competent leadership. The most successful leadership combines business ability with a strong conviction that the cooperative mode of functioning is the best way.

A question about as important as competent leadership is the one of devising ways of retaining truly democratic and cooperative methods of conducting the business. As a cooperative grows in size, direct membership participation tends to give way to indirect methods of representation; and sometimes the result tends to be self-perpetuating management that functions in about the same way as in the corporate form of business organization.

In listening to the discussion of the broader aspects of price and income policy, I found myself thinking about what would have been discussed under those headings in 1927. Agricultural economists were then concerned with the pros and cons of the McNary Haugen Bill, and with export debenture. Agriculture then had "free market prices," but farm organizations were trying to achieve "equality for agriculture" by legislative means.

Although most of the discussants at this session seem to advocate a return to "free prices" they qualified this by recognizing the need for income security provisions of some kind. There was a searching for ways of obtaining income security without imposing too many restrictions on the production and marketing of farm products.

Although the experts do not agree on all the steps that should be taken to improve farm price and income policy, the discussion is so different from the layman's approach to the problem that the lines of communication seem to have been severed. If improved price policy is to be achieved, farmers must have a clear and understandable basis for choosing among the available alternatives. They will need to understand the short and long run consequences of alternative lines of action. Farmers will choose wisely if they have adequate information on which to base their decisions. But psychologists tell us that human beings are not willing to accept change unless they feel a definite need for it; and a change in price policy perhaps awaits the demonstration of the need for change.

There is a challenge here to the extension economists. Can they provide farmers with an understandable basis for choice of alternatives in price policies? It is not a question of taking a position. It is rather the challenge of helping farmers to think through the probable consequences of alternative lines of action. For example, if prices are supported in the market place does

this necessitate Government participation in the marketing function; and is it therefore inconsistent with advocacy of less Government interference? Is production control a necessary accompaniment of support prices that are above market equilibrium levels? What other means are available for insuring equitable returns to farmers, and how would they operate? What effect are special food programs, such as school lunches and food allotments, likely to have on the prices and the market outlets for farm products? Farmers need information that will help them think through these questions, and to arrive at their own answers. They don't need a prescription.

Health, Welfare and Security

I have already commented on the desirability of including these problems in the program of the association. They have both economic and social angles. Some of them are highly controversial, and here again we need to develop better understanding of alternatives as a basis for intelligent choice.

Agricultural economists have given far too little attention to farm labor in general, and especially to the problems that concern the economic welfare of hired farm labor. During the war emergency, we have faced acute problems of labor supply, and farm wage rates have been relatively high. Are we likely to shift to another series of labor problems before we are aware of what is happening? High wages will tend to speed up mechanization and other labor-saving improvements. Adopting of revolutionary labor-saving machines such as the cotton picker will release large numbers of farm workers. If these changes are timed to have their greatest impacts when other employment is not readily available they will bring misery and distress to hired farm workers.

In one of the papers on farm labor I find the following question raised:

> "Will farm labor policies accelerate present trends toward consolidation of farm lands into corporation or factory farms? Or will these policies help to stabilize a rural economy of family type or small farmers?"

To me the trend toward consolidation of farms into "factory farms" is not evident. The preliminary results of the 1945 Census shows 9,000 more farms of 1,000 acres and over than in 1940. But in the Western States there are actually about 1,000 fewer farms of 1,000 acres or over than in 1940. In the South the trend is not clear because of different ways of handling plantations. A shift from share cropper tenancy to wage operations may mean that there is only one farm counted in 1945, whereas the 300 share croppers were counted as separate farms in 1940; but the plantation is still the same unit. And in part of the West North Central States--the Dakotas, Nebraska, and Kansas--an increase in the number of farms above 1,000 acres may actually represent a desirable adjustment in the size of family farms.

It is my personal opinion that one of the desirable trends would be in the direction of gradually increasing the sizes of family farms to permit at least minimum operating efficiency with mechanical power and available family labor. This would give the family farm a greater competitive advantage in relation to other classes of farms. Another desirable trend would be an increase in part-time farming and rural living, providing nonfarm work opportunities were available. But I hope that the size array of farms will remain a continuous series in order to fit the varying personal situations and managerial abilities. And I am not willing to prescribe an upper limit to size of unit in agriculture unless we also prescribe limits to bigness in other industries.

Ways of Improving the Effectiveness of Our Work

The discussion of regional research was blurred a little by attempts to give common words more specific meanings. The terms "team research," "group research," "integrated research," "coordinated research" and "cooperative research" were all used in the discussion. And they were given different meanings by different discussants. The central question seems to be the need for division of labor in research and how the most satisfactory results can be achieved when there is need for division of labor among different research institutions.

Everyone concedes that there are some problems that can be handled best by individual workers, and that some persons do their best work as individual researchers. But there are other problems that require the efforts of several researchers for adequate solution. Some of these require cooperation of different functional specialists, others require cooperation over a wide geographic area, and still others may require cooperation on both a functional and a geographic basis.

Since the discussion was on regional research, it might have centered on the most desirable division of labor, and the integration of research results on problems that have a regional or interstate orientation.

Some problems naturally have a national orientation. The data become available on a national basis, and they need to be analyzed to provide answers of nationwide significance. Over-all demand, price and supply relationship studies fall in this category. Other problems are significant only in local areas. At least the most important impacts are local, or within state boundaries. But frequently the results of research on national and international problems are needed for an adequate solution of what seems to be a purely local problem. And in turn the analyses of local problems can be made in such a way that they contribute to answers of interstate and nationwide significance.

So even at the extremes of local versus nationwide studies, cooperation and at least exchange of information is desirable. But it is in the wide field between these geographic extremes that the greatest opportunity exists for cooperative effort. I do not intend to imply that all economic research should be organized in cooperation with other institutions, but rather that we might explore the field to determine what types of research might be undertaken cooperatively, to our mutual advantage. In doing this we can trade ideas in a way that will broaden our perspective. When several minds with different backgrounds approach a problem together they usually bring out ideas that otherwise would be overlooked.

In exploring the field of work it might be desirable to bring together a large group of states and to consider a wide range of economic problems. The group of states to be included might be considered on the basis of the more important common problems. For example, range livestock production is a common problem in the 17 Western States. As it would be difficult to get such a large group together, it might be more feasible for the states, largely to the West of the continental divide to get together, and then to arrange for much less formal interchange with the Great Plains States. Other interstate problems might not cover nearly so large a territory. Irrigated cotton, for instance, involves only four states. Most of the projects which would be outlined and agreed upon for cooperative work are likely to include not more than 3 to 4 states. When the general field and the scope of the work has been outlined, the specialists in that field from the different institutions can get to work on the problem

and agree on their respective assignments. When it comes to organization for regional research there might be some lessons to be learned from the New England Research Council. It has stood the test of time as a device for cooperative outlining of common problems and for working together on them.

Cooperative projects need to have a maximum of flexibility, but if they are designed to provide regionwide answers to a common problem some uniformity in approach is required if the results are to fit together. Sometimes this is not necessary because each cooperating institution is working on a different phase of the problem; or a symposium of results may serve the purpose to be achieved.

The presidential address reminded me of the inscription over the entrance to the South Building of the Department of Agriculture, "Dedicated to the Service of Agriculture for the Public Welfare." The intellectual integrity of research workers was emphasized. Let me add that the integrity of the researcher, and the maintenance of objectivity, are absolutely essential to useful results. Without these ingredients research becomes valueless. This is difficult for the layman to understand. He doesn't see why the researcher can't trim a little in favor of farmers, or of his particular group. But if the researcher yields to that temptation his results become suspect. And they do not serve the need for objective conclusions which is the essence of their value, even to the group that seeks the favor.

The researcher in agricultural economics who receives his salary from public funds has a responsibility to attempt to prevision the future sufficiently to work on problems that will require answers in the period ahead. Frequently these are problems that the layman is completely unaware of as of today, but he will hold us responsible if we do not have the answers when he needs them. As previously emphasized, those answers frequently involve predicting the probable consequences of alternative lines of action. In a democracy the final decision on public questions is rendered by the public. This means that the layman needs a basis for intelligent choice. And that raises the question of effective extension work on public problems; which leads me to a close with the thought that although we need more and better research--and need it very badly--there is an equally challenging job in the field of economic extension on a broad front.