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Ag World

Insight into the Forces Affecting Agriculture

Volume 5, Number 6 • Sept./Oct. 1979

Helping the Family Farm Survive: Some Economic and Political Realities

by Ronald D. Knutson

AG WORLD ABSTRACT

"It is entirely possible that certain issues or alternatives may be sufficiently complex or politically sensitive that they cannot be addressed in 1981," is among the conclusions of the article beginning on the next page. The author welcomes Secretary Bergland's call for a national dialogue as a "good starting point." But, "the point is that it is easy to talk about the issue. It is much more difficult to get action on it," he says.

"Such a dialogue must get beyond the rhetoric to the substance

of the alternative policies and their consequences to different groups ..."

Some political realities have been repeatedly swept under the rug, he says, and he focuses on three principal reasons that have made it difficult, if not impossible, to break the chain of events — "this progression of growth and market decline ..."

(1) Much of the farm leadership falls in the larger-than-family farm or individual farm categories.

(2) The alternative policies for materially improving the relative competitive position of the family

farm would hurt the larger-than-family farm and/or industrial farm the most.

(3) The desire of every family farmer is to become a larger-than-family farmer.

"Because these aspects of the family farm survival issue are seldom recognized or explicitly discussed, some expansion on each seems worthwhile," he says.

Dr. Knutson is Extension economist, Texas A&M University, College Station, Texas.

Most other material presented in this issue also pertains to Secretary Bergland's invitation.



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On March 12, 1979, Agriculture Secretary Bergland made his much quoted family farm survival speech at the National Farmers Union Convention. In it he called for a national debate on policies needed to ensure a family farm structure that can compete in the agriculture of the future. He charged that present policies provide benefits to farmers who need it least. Charles Brannan, himself a former Secretary and author of the Brannan Plan — the forerunner of the target price concept — has called the Bergland speech the most important speech by a Secretary of Agriculture in over two decades.

No one is, can, or should be against the survival of the family farm. Every farm bill since the 1930s has been enacted with a statement endorsing a family farm structure for agriculture. Despite this fact, Secretary Bergland is likely correct that most farm programs have tended to work in favor of large farms and thus, through the competitive process, against smaller farms. Farm bills have historically allocated farm program benefits on the basis of volume of production, that is, price supports and target price deficiency payments are made on a per bushel of grain or per pound of cotton basis. While payment limitations have been in effect since the 1972 farm bill was enacted, loopholes in those limits, in terms of the ability to subdivide

operations, have made them largely ineffective even in crops with relatively high levels of production concentration. Beyond this, tax laws inherently benefit large producers who have substantial non-farm income against which to write off farm tax losses as well as the expertise to fully exploit tax benefits.

The issue addressed by Secretary Bergland is not new. It has, however, through a combination of "conventional economic wisdom" and political realities been repeatedly swept under the rug.

The conventional economic wisdom held that the family farm combination of labor, management and capital is inherently better suited to survival than other forms of business organization. The argument was apparently built on a blend of romanticism with the family farm structure, willingness to work, to exploit family labor, to adopt new technology and to accept a low return to labor, management and capital when the going got tough.

The argument that competitively the family farm was as sound as the Rock of Gibraltar received comfort from a lack of clear definition as to what constituted a family farm. It thus ignored that many farms and farming systems had either outgrown the family farm classification or were too small to have ever been classified as family farms. It also ignored that ever larger capital

requirements were making it increasingly difficult to enter agriculture on a family farm basis — and virtually impossible to climb the traditional hired hand, tenant, owner ladder.

One of the first Extension Service attempts to tackle the issue of family farm survival began in the early 1970s with the project titled "Who Will Control U.S. Agriculture?" Based on their analysis and experience, the agriculture production, marketing and policy experts who worked on the project, concluded that without a major change in policy the dispersed, open market family farm system was in jeopardy. The educational materials produced from this project received visibility throughout America. Despite this exposure, however, no public policy action was taken other than special Congressional appropriations to study the issue.

In 1978, the Congressional Budget Office undertook a study of the issue of the changing structure of agriculture. The combination of data presented in the CBO report and that developed for the National Farm Summit at Texas A&M leads to the following revealing picture of the current structure of agriculture and of the family farm in it.

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Insight into the Forces Affecting Agriculture

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Ag World,

	Percent of Farm Numbers	Percent of Sales
Small farms (less than \$20,000 gross sales)	68	7
Family farms	22-26	48-58
Larger than family farms	4-8	20-25
Industrial farms	2	15-20

The definition of a family farm used here is my own. It is basically a farm where 50% of the labor comes from the farmer and his family who own and manage at least a part of the operation and sell at least \$20,000 worth of farm products. While many farms having less than \$20,000 in sales might be considered family farms by some people, they clearly cannot be considered part of the commercial agriculture mainstream when they produce only 7% of sales.

At the other extreme, while industrial farms account for 2% of farm numbers, they produce 15-20% of the output. Farms larger than family size — large farm owners and managers who hire over half of their labor — account for 4-8% of the numbers but 20-25% of the output. That leaves the family farm as a 20-26% minority in terms of numbers and a bare majority of the production (48-58%)!

The trend is clearly toward increased concentration of production in the hands of larger-than-family farms and industrial farms. How does it happen? It's the com-

petitive process. Those who are in the position to offer the highest price for a production unit are in the best position to acquire operations at their level or one step removed from it. Industrial farms buy out larger-than-family farms. Purchases of beef feedlots by grain and packing interests are illustrative. Larger-than-family farm units continue to expand the scale of operation — frequently buying out family farms. Successful family farms grow into larger-than-family farms. The advantages of larger farm units may be based on lower input costs, greater production efficiency, higher prices obtained for products, lower capital costs and tax advantages on benefits from coordination. Capital and efficiency barriers to entry into the commercial family farm category prevent entry and growth of new commercial family farm numbers. Small farmers are not in a position to compete for full family farm status. In the process, the marketing system increasingly becomes geared to larger commercial farms. Markets serving smaller farmers become

less competitive and access to them more difficult.

Breaking this chain of events — this progression of growth and market decline — has been, and will continue to be, a politically difficult if not impossible task. This is true for three principal reasons which will be the subject of the remainder of this paper:

(1) Much of the farm leadership falls in the larger-than-family farm or industrial farm categories.

(2) The alternative policies for materially improving the relative competitive position of the family farm would hurt the larger-than-family farm and/or industrial farm the most.

(3) The desire of every family farmer is to become a larger-than-family farmer. Because these aspects of the family farm survival issue are seldom recognized or explicitly discussed, some expansion on each seems worthwhile.

Farm Leadership

Nearly all producer-oriented farm organizations logically claim that they represent the family farm.

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Without a doubt most of their members are bona fide family farmers as previously defined. However, the leadership of these organizations — those who hold elected offices — are generally the larger farmers. The bigger the organization and the closer to the national level one gets, the greater the predominance of large farmers in positions of leadership. This happens because scale of operation is a measure of success to most family farmers; because large farm operators frequently assume the role of manager as opposed to laborer, and because larger farmers are affected more directly by changes in national policy and thus feel more need to become involved. As leaders in their organizations, these producers are in the best position to protect their own interests in matters of national public policy. This phenomenon, I suggest, exists in every farm organization regardless of its perspective on the role of government in agriculture.

Alternative Policies

The policy alternatives for dealing with the family farm survival issue are inherently unattractive to the large farmer. A brief review of the five major options verifies this point:

1. *Directing farmer program benefits* to those who need it most implies either a severe limitation on government payments or cutting off program benefits entirely to larger-than-family farm and industrial farm categories. Limited payment programs were innately unpopular to large farmers until they found a way to wire around them. Currently \$50,000 payment limitations are not only ineffective but are far too high to effectively direct farm program benefits on the basis of need. The ability to design legislation for those who need it will require careful definition of who Congress or the Administration believes should receive the benefits. It will require either a complete review of the tie between program benefits and vol-

"The bigger the organization and the closer to the national level one gets, the greater the predominance of large farmers in positions of leadership."

ume of production or gradually decreasing per-unit benefits as volume of production per farmer increases. Regardless of which approach is taken, large farmers stand to lose substantial benefits.

2. *Closing tax loopholes for agricultural investments* could substantially curb incentives for outside investment in agriculture and reduce the advantages enjoyed by large farmers. The basic advantage to the larger-than-family farm, the industrial farm or the nonfarm investor is the ability to write off largely paper farm losses against nonfarm income. Family farms seldom have the same opportunity or fail to realize it. Such loopholes could be closed entirely with little burden placed on bona fide family farmers — but a heavy burden falling on larger farmers! The estate tax issue is more complex. Any effort to make intergenerational transfer easier for the family farmer gives comparable benefits to larger farmers unless the definition of who is to receive those benefits is severely limited.

3. *Antitrust restraints* could be very effective in molding the structure of agriculture in directions which significantly enhance the chances of family farm survival. However, to date, very few cases can be cited which move in this direction. The only significant exception was the ruling that National Broiler Marketing Association contract integrators were not producers within the meaning of the Capper-Volstead Act.

Other potential cases involving integration in agriculture which directly threaten the position of the family farm in areas such as beef, poultry or hogs have either not been

brought or have been dropped. USDA's lack of initiative in enforcing the Packers and Stockyards Act is particularly indicative of the problem. In addition, however, antitrust agencies, including both the Federal Trade Commission and Justice Department, appear to have a policy against bringing suits involving vertical integration.

Additional legislation may be needed. Such legislation could emphasize two aspects of the family farm survival issue from an antitrust standpoint: (a) Clarification and strengthening of antitrust policy with respect to vertical integration in agriculture, and (b) action to purge cooperative systems of industrial farmer membership and joint ventures with industrial food marketing concerns.

Such policy changes would initially appear to meet little resistance and draw substantial support. Not so! Corporate agribusiness has made large investments in the development of integrated agricultural systems in fruits, vegetables, nuts, broilers, eggs, turkeys as well as more recently hogs and beef. It will resist legislative changes involving potential restrictions either in integration, cooperative membership or joint ventures as strongly or more so than it fought bargaining legislation. Moreover, it is not at all clear whether cooperatives would support moves to either purge their membership of industrial corporations or restrict joint ventures. Recent studies at Texas A&M have shown that large industrial farmers are frequently represented on the board of directors of cooperatives in both California and Florida. These cooperatives have significant influence in na-

"The policy alternatives for dealing with the family farm survival issue are inherently unattractive to the large farmer."

tional cooperative lobbying organizations as well as with state and local legislators. Even the managers of large cooperatives in family farm heartland, central United States appear to have reservations about supporting legislation of this type.

4. *Control of entry into agriculture* is basically contrary to the American free enterprise system. It should be utilized only in the exceptional case. Two instances already exist where such controls have been applied — foreign investment in farmland and industrial corporate ownership.

Foreign investment in farmland has become a very sensitive political issue with states such as Iowa having outright prohibition and the federal government requiring registration. The sensitivity of the issue is ironic because of the U.S. heritage as a country of immigrants and the fact that land bought by foreigners frequently either becomes available to family farm tenants or is farmed directly by a foreigner who intends to become a U.S. citizen. At least equally important, all studies indicate that for the U.S. as a whole no more than 1% of the land is owned by foreign interests. A GAO study estimated that only 4% of the land sold from January 1977 to June 1978 was purchased by foreigners. This is not to argue that foreign investment is not a relevant component of a national family farm survival policy. The danger, however, is that limits on foreign investment alone become a legislator's excuse or scapegoat for having done something to preserve the family farm. Paraphrasing Professor Breimyer, it may be one component of a family

farm survival policy, but it is only one component!

Curbing foreign investment will likely meet the political resistance of the real estate and investment banking communities. Restricting industrial corporate investment will bring in a wide scope of resistance. Basic questions of effectiveness of policies to restrict corporate ownership of farmland need to be considered. The fact is that corporations can gain nearly the same level of control of family farms by contracts as they can by ownership — without the labor headaches and unionization threats.

5. *Family farm structural incentives* represent a fifth alternative for family farm preservation. Most government services to agriculture have been available to those farmers who request them. The services of the Federal Land Bank; Production Credit Associations; Banks for Cooperatives; Extension Service; Agricultural Experiment Stations; Economics, Statistics and Cooperative Service; Foreign Agricultural Service or Soil Conservation Service provide only a few illustrations. Restrictions on increasingly important lending and loan guarantee authority of the Farmers Home Administration apply only to the lack of availability of other credit sources — not to the family farm status of the borrower.

Turning this situation around will be difficult. For those organizations having farmer directors, more often than not they are larger-than-family farmers. For the remainder, potent large farmer and industrial farmer political forces affect the agencies' budgets which are, in turn, related to the services they receive. While net additions to fund-

ing for such services might be directed to family farmers, taking away services (and thus funds) from existing farmers will not be easy.

The Family Farmer's Desire for Growth

In the past, the most basic desire of a farmer was to own the farm. It probably still is — but it is also to own or at least control, a larger farm. Large farmers are symbols of success to family farmers. This is at least part of the reason why large farmers tend to be elected to positions of leadership in rural communities and farm organizations. That is, the majority of family farmers tend to accept that large farmers are in the best position to know what is good for the majority. What family farmers may not fully recognize is that some of the policies that favorably affect large farmers may put smaller farmers in a disadvantageous competitive position; many examples have been previously discussed. An alternative explanation is that family farmers recognize that certain policies may not be in their interest in the short run but are confident that they or their children will someday be large farmers and do not want policies or programs which might adversely affect them in the future.

Conclusions

At this point many readers may have the impression that it is the author's opinion that nothing can or should be done about the family farm survival issues. Neither is true. The point is that it is easy to talk about the issue. It is much more difficult to get action on it.

The appropriate strategy for obtaining action requires careful thought. Secretary Bergland's call for a national dialogue on the issue of family farm survival would appear to be a good starting point. Such a dialogue must get beyond the rhetoric to the substance of the alternative policies and their consequences to different groups

within the agricultural community, including different-size farmers. In the process of dialogue and policy development, careful attention will need to be given to how a family farm is to be defined. To date it has been defined too broadly. If farm policies and programs are to be targeted to family farmers, agreement must first exist on what constitutes a family farmer. Many will argue with the definition developed in this paper. It is defended on the grounds that it comes closer to getting at the real issue and problem of developing policy than others that are generally used.

It is entirely possible that certain issues or alternatives may be sufficiently complex or politically sensitive that they cannot be addressed in 1981. It may be necessary to work around the edges initially rather than attempting to write a comprehensive family farm survival bill. Examples may include further tightening of the tax laws for writing off farm losses against nonfarm income, antitrust policy toward vertical integration, foreign investment, corporate investment, increased support for research and extension education in the family farm survival area, clarification of the policy with respect to industrial corporate membership in cooperatives and increased channeling of credit to bona fide family farmers. Subsequently, harder core issues such as the specific channeling of farm program benefits can be tackled. •

So You Want To Be a Farmer

by Paul R. Robbins

Editor's Note: What do declining numbers of farmers have to do with you wanting to be a farmer? (In 1918, 29% of the population were farmers; 1950, 16%; 1979, less than 4%.) Dr. Robbins, Purdue University agricultural economist brings up the question in a story which deals with some considerations facing persons who want to enter farming. These observations are based on findings in Indiana, but to a degree they are applicable elsewhere as well.

People, over time, tend to move into occupations which offer greater opportunities and out of occupations offering lesser opportunities. Many people over the years have found that non-farm jobs paid more than they could earn on the farm. There simply have not been good opportunities on the farm for nearly all the boys and girls raised on farms.

Also, back in the early days, farming was very primitive and required only limited capital and limited managerial skill to be competitive. But, today both capital investments and managerial skills must be extremely high if you are to meet the competition and have a satisfactory income.

How Much Capital Is Required?

In 1978, almost 200 farmers from throughout Indiana submitted their farm records to Purdue for summary and analysis. The average investment per farm on these farms was over \$1.1 million, and this investment used a very conservative \$1,361 per acre as the value of the land. Most of these are not extremely large farms, they averaged 570 tillable acres and 2.2 men

per farm. Average investment per man employed was about a half million dollars.

Of course, in most cases, the operators didn't own all the land they farmed. Usually they own some land and rent additional land from one or more landowners. Also, most modern farmers carry a substantial debt. Thus, several people and lending institutions are usually involved in providing the land and capital needed by a farm operator. But once you decide that you really want to be a farmer, your first big task is to convince the landlords that they should rent you land and convince lending institutions that they should lend you large amounts of capital. Of course, if you were lucky enough to inherit a farm, gaining control of the needed resources may be less difficult.

How High Are Farmers' Earnings?

Labor and management income for the nearly 200 farm operations described above averaged about \$27,300 for the three-year period 1976-78. The smallest third of these farms with average investments of about \$360,000 had average labor incomes of about \$14,200. The largest third with average investments of about \$1.7 million had labor incomes of about \$41,500.

What About Being a Part-Time or Semi-Retired Farmer?

Whether you are a full-time or part-time farmer, to earn a substantial income in agriculture requires large investments, a high level of management skills and a willingness to work. But, many part-time and semi-retired farmers with supplemental sources of income are

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living very enjoyable and successful lives on farms.

How Best Learn to Be a Farmer?

The first step is to recognize that you do have a lot to learn unless you grew up on a good farm. Even if you did grow up on a good farm but moved to town ten or more years ago, you still have much to learn. So, where do you start?

You might decide to take short courses, or spend two or four years going to an agricultural college. Get acquainted with and seek the advice of your local agricultural agent. And, of course, there is much written material.

Finally, you might want to consider working, even at a very low wage, for one or more good farmers for several months or a year as a learning experience. On-the-job training can be an excellent learning experience if you can associate yourself with a knowledgeable farmer or farmers. Whether you work for other farmers or not, you should try to associate yourself with some knowledgeable farmers. (See also *Ag World*, February 1979, page 5.)

Recognize that farming can be a very satisfying and well paying profession if: (1) you can gain control of the needed resources; (2) you are a skillful manager; (3) prices are satisfactory; (4) costs are not too high, and (5) you have favorable weather, etc. But recognize, also that farming is a hazardous profession in that prices are often lower than you expected, costs are higher than expected, too little or too much rain reduces yields, disease or insects causes loss of livestock or crops.

It is important to budget through prospective yields, prices, costs and earnings. But unless you have non-farm sources of income, keep budgets somewhat conservative to allow for unexpected emergencies.

Considering "Structure." A Basis for Discussion: 30 Abstracts

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Word is out that the "rules of the game" are being reconsidered. Should they be changed — and before they do — every citizen who has a stake in the well-being of agriculture has been invited to make his or her views known at ten public meetings around the country.

Up for debate is nothing less than the framework within which agriculture has grown in many ways, and contracted in others during the past generation.

In a relentless campaign Secretary Bergland continues telling his listeners that not all can be well in the land in spite of record crops, exports or "average" farm incomes when so many farmers march in Washington telling us that "averages" don't apply to them.

While Mr. Bergland reiterates more questions than he gives answers, the line of inquiry is coming more and more into focus.

"We are at a point in our history where a broad-based public discussion of the issues that shape national policies is needed to promote the kind of agriculture and rural living this nation wants for the future," he said. "The forces that have shaped American agriculture as we know it today need to be reexamined. Our intent is to develop the most comprehensive package of factual information and recommendations for use in proposing future policies, especially new farm legislation when the current farm bill expires in 1981."

The Secretary speaks of "structure" which broadly defined, he sees to include these issues:

- Number and size of farms, and how they vary by region and type of operation;
- Ownership and control of resources, including the form of business organization, its tenure, and

its purchasing and marketing arrangements;

- Degree of production specialization and how it affects managerial and technological requirements;
- Barriers to entering and leaving farming; and
- Social and economic characteristics of farm operators and owners.

In light of the many and often conflicting voices that have come to the ears of Secretaries of Agriculture or the wealth of statistical information available, the rule "what is believed to be true, is true" can't be overlooked.

Considering also that questions of "structure" have far-reaching implications; that they are correspondingly serious; that the well-being of large numbers of people is at stake — now and in the future — as well as personal reputations, it's small wonder that the Secretary proceeds with due caution, in addition to deliberate speed.

For example, on June 26, before the National Conference on Rural America, he said, "Just because Bob Bergland has a gut feeling . . . (about the current situation and direction) . . . doesn't mean Bob Bergland is right. I want the review and the dialogue to keep Bob Bergland honest! I want the findings to fall where they may — regardless of my own notions."

Further, Mr. Bergland is undoubtedly aware of the hurdles inherent in the structure of government itself.

"The basic problem is that we have no public policy process in this country that can grapple with large questions. We have instead a public policy process which is designed to solve fragments of problems. We have an administrative policy process rather than a legislative policy process."

These words are from a paper given by Frances Hill, professor of political science, University of Texas, Austin (and a farmer's daughter from Wisconsin), at the University of Missouri—Columbia last November. Dr. Hill, among many others, addressed the question whether the survival of the family farms makes a difference.

Evaluations on how fruitful a national dialogue can become vary, ranging from hope and optimism to resignation. It does have a chance, however, with engaged participation.

The ten public meetings, which Secretary Bergland will attend, will be held: November 27 at Montpelier, Vt.; November 28 at Fayetteville, N.C.; November 29 at Huntsville, Ala.; December 4 at Sioux City, Iowa; December 5 at Sedalia, Mo.; December 6 at Wichita Falls, Texas; December 11 at Boulder, Colo.; December 12 at Spokane, Wash.; December 13 at Fresno, Cal.; December 18 at Lafayette, Ind.

He said anyone who wants to comment at any of the public meetings should sign up in advance. Those who want to comment, but cannot attend one of the meetings, may send their suggestions to the

project coordinator, Structure of Agriculture, USDA, Washington, D.C., 20250.

All comments, whether written or oral, will be recorded and given careful consideration.

Over the years readers of this periodical have seen numerous articles dealing with the structure of American agriculture, reflecting the views of diverse individuals and groups.

To facilitate the proposed dialogue, we have reviewed all issues of *Ag World* with an eye toward which articles may continue to be most helpful in the discussion. With one exception, only the Abstracts or Editors' Notes of a small cross-section are being presented on the following pages for your consideration.

Ag World has a fair supply of almost all back issues. We'll be glad to send particular ones upon request for \$1.50 each.

Among the less voluminous publications that deal specifically with the family farm, structure and with whether the question matters are the complete Proceedings of a seminar held at the University of Missouri—Columbia last November. For details, please see page 17.

The perspective of a religious denomination is eloquently presented in "The Family Farm — A Statement of the Committee on Social Development and World Peace."

Single copies are available for 75 cents from: Publications Office, United States Catholic Conference, 1312 Massachusetts Ave., N.W., Washington, D.C. 20005. (Bulk rates upon request.)

Two reports that entered into the discussion at the University of Missouri and probably also played an important role in writing the U.S. Catholic Conference's document, were published by agencies of the U.S. government (both in September 1978).

1) "Changing Character and Structure of American Agriculture: An Overview," a study by the U.S. General Accounting Office, Washington, D.C. 20548.

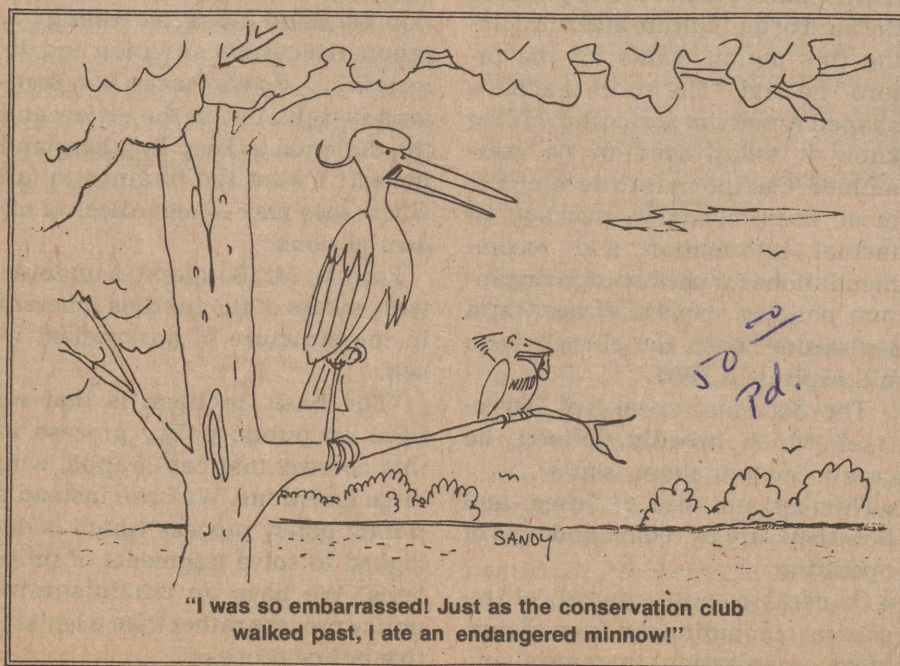
2) "Public Policy and the Changing Structure of American Agriculture," a background paper by the Congressional Budget Office, for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

In addition to containing a wealth of information in quite short space (152 and 70 pages, respectively), they have digests or summaries, make for fascinating, productive reading and can lead to further study through, for example, literature citations.

And then, of course, there is Harold Breimyer's *Farm Policy: 13 Essays*. This little book treats farmers and the policy framework in which they live and work with empathy and respect; raising many questions and answering some in a way that's just plain good for the mind.

Please see *Ag World* Library, page 29.

The Editors



"I was so embarrassed! Just as the conservation club walked past, I ate an endangered minnow!"

OLD NEW

CHANGES

Tough New 'Rulebook' Proposed for American Agriculture

by Jay Richter

"The Unfinished Agenda," sponsored by the Rockefeller Brothers Fund, is important for several reasons: "One is the diversity, influence and generally good reputation of the people involved. Another reason is that numerous of their proposals are already imbedded in various measures now pending in Congress," says Mr. Richter.

"The agricultural establishment has had the ball for 100 years, but sometime during the last 20 years there was a turnover," observed Dr. Don Paarlberg in September 1975 (see below). He spoke of a "New Agenda," radically different from the old one. And it was new then. The term "Unfinished Agenda," as used in this article, would indicate that some aspects of the "New Agenda" of the early seventies have become accepted. But the agenda is unfinished, and more drastic changes are imminent: luxury taxes on wasteful products; development of intermediate technologies; less energy used in food and fiber production; more use of organic material; more government involvement.

Jay Richter is Washington correspondent of *Farmland News*. •
(September 1977)

The "New Agenda" of 1975

In a speech delivered to the National Public Policy Conference in September 1975, Don Paarlberg outlined the new farm policy agenda as it had come into focus. Rather than dwelling on postmortems, he made suggestions for the

future, the cornerstone of which was a "cooperative attitude."

Dr. Paarlberg was at that time Director of Agricultural Economics, USDA, having served in several previous administrations. For the complete text, please see *Ag World*, October 1975.

There is an old farm policy agenda and a new one. The old agenda is the one that has long been before us. Here are some of the issues:

How to improve agricultural efficiency? This one is 100 years old.

How to control production and support prices of farm products? This one is 40 years old.

The old agenda is concerned primarily with commodities and specifically with influencing supplies and prices in the farmer's interest. It has long been the agenda of what might be called the agricultural establishment: The farm organizations, the agricultural committees of the Congress, the Department of Agriculture, and the Land Grant Colleges. While these groups do not see all issues alike, they have been agreed on one thing — that they should be the farm policy decision-makers. In large measure, those of us who are at this meeting are of the agricultural establishment.

The new agenda differs radically

from the old one, as this listing will clearly show:

- Food prices and specifically how to hold them down, an issue placed on the agenda by the consumers.

- The various food programs, which now take up two-thirds of the USDA budget, so that we are more a Ministry of Food than a Department of Agriculture. This issue was placed on the agenda by what has become known as the hunger lobby.

- Ecological questions, placed on the agenda by the environmentalists.

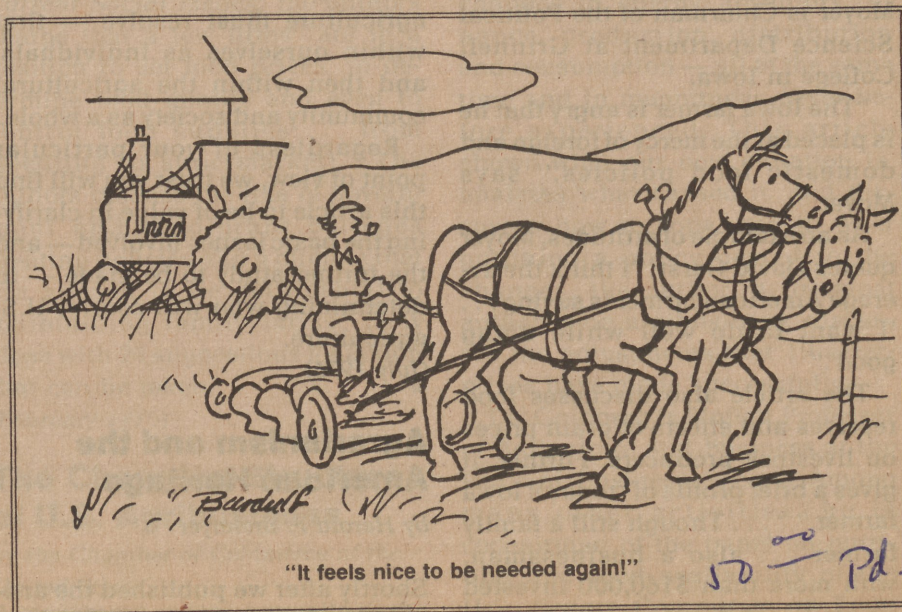
- Rural development, primarily a program of the 80% of the rural people who are non-farmers.

- Land use questions, raised by those who oppose the long-held idea that farmers have first claim on the use of the land.

- Civil rights, advocated by those who challenge the white male tradition that has long characterized agriculture.

- Collective bargaining for hired farm labor, placed on the agenda by organized labor.

Most of these issues have been placed on the agenda over the protests of the agricultural establishment. The agricultural establishment has, in large measure, lost control of the farm policy agenda. During the past six years I have



spent more time on the new agenda than on the old one.

I like to watch football on television. The first question I ask myself when I switch on the set is "who's got the ball?"

The agricultural establishment has had the ball for 100 years, but sometime during the last 10 years there was a turnover. Not rapid, or clean-cut or dramatic as in a football game. In fact, it has been so gradual that we have not fully realized it. But the initiative has changed hands, nonetheless. •

(September 1977)



PARTICIPATION

A View from the Cornfields

Shouldn't the food producer be included in a dialogue on food, famine and foreign policy?

by Wayne Moyer

In this article from the June, 1975 issue of *Foreign Policy*, author Wayne Moyer interviews several Iowa farmers for their opinions on food aid and export decisions. Moyer is Chairman of the Political Science Department at Grinnell College in Iowa.

"The Iowa farmer is angry that he is placed at the mercy of foreign and domestic food policies," says Moyer.

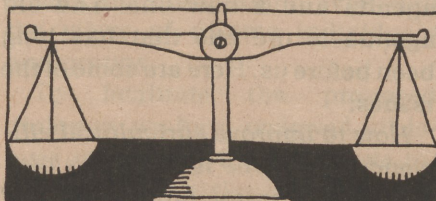
As an example of attitudes, Moyer quotes David Garst: "I think the average American farmer is saying... 'I want to do well while doing good'."

The article also discusses food reserves and effects of grain prices on livestock producers. Further, it gives a brief profile of "today's Iowa farmer." "... Though still a family farmer ... also a businessman, with more than \$160,000 invested ... and cash flows ... which aver-

age almost \$100,000." (The \$160,000 figure is apparently owner equity — not total assets.)

Moyer also discusses farm price protection, greater exports and other policies which "transcend political exigencies." •

(June 1975)



VALUES

Conflicting Beliefs and Values in American Agriculture

by Ed Jackson

In this July issue of the Bicentennial Year, we at *Ag World* think it is especially appropriate to examine some of the traditions and ethics which have led to the present state of affairs in American agriculture, and to consider both the ethical and economic aspects of the current debate over family farming vs. concentrated, capital-intensive agriculture.

This is a complex situation, and we offer this perspective as an effort to clarify basic issues which we in agriculture must resolve — first within ourselves as individuals, and then within the agricultural community and society as a whole.

Regardless of your particular point of view, we trust you will find this article to be of value in clarifying the basic issues involved — and the further study to be made — in determining who will control U.S. agriculture.

(July 1976)

Agrarianism and the American Heritage

by Harold F. Breimyer

Shortly after we published the article "Conflicting Beliefs and Values

in American Agriculture" (July "Ag World"), we received the following "Bicentennial Soliloquy" dealing with the same general subject. Dr. Breimyer's discussion of agrarianism adds a great deal to our understanding of the American heritage.

Dr. Breimyer relates Jeffersonian agrarianism to earlier forms. He links agrarianism, the market system and democracy, and tells how they combined to produce the American system.

He also points out how the "agrarian market system is fading from the scene."

Trends away from traditional agrarian patterns "leave the agricultural community restless," he says. "Farmers, though quick to recite the old axioms, are not so sure how to deal with the new situation."

Dr. Breimyer believes that the best features of both ancient and Jeffersonian agrarianism are "wonderful legacies." But, "Despite them, we are in trouble." •

(August 1976)

Some Questions of Value and Scale in American Agriculture

by Philip M. Raup

Professor Raup's conclusion that "farm commodity prices must go up, or land values must come down," as well as his use of the term "cannibalism" in connection with land purchases have been widely quoted. In the following article, he explains in more detail his rationale for those headline-grabbing assertions.

Into his analysis of value and scale in American agriculture enter concrete and less tangible components such as: more or less elasticity of demand for farm commodities — and land — questions of accounting and taxation, guarantee of commodity prices, "intangible wealth" (pride, status, sense of self-worth), innovation relative to farm size and social cost to individuals and the society.

Philip M. Raup is a professor in the Department of Agricultural and Applied Economics, University of Minnesota.

This paper (Miscellaneous Journal Series 1694, Agricultural Experiment Station, University of Minnesota) is an expansion of testimony presented at a Hearing on "Obstacles to Strengthening the Family Farm System: Competition for Land," conducted by the Subcommittee on Family Farms, Rural Development and Special Studies, Committee on Agriculture, U.S. House of Representatives, at Marshall, Minnesota, on October 15, 1977.

(August 1978)



AGRIBUSINESS

Beets, Beef and Henry Wallace

Agribusiness is not the main culprit behind escalating food prices.

by Thomas Redburn

Thomas Redburn, an editor of *The Washington Monthly*, sets out to examine "phrases (that) fairly glide from the pen" of writers such as James Hightower (see, e.g., *Ag World*, February 1975 below) who assert that monopoly power in the food industry holds up prices and profits. "If only it were so simple," muses Redburn. "No, the full explanation is more complicated than agribusiness greed or vagaries of climate — and may be more unpleasant to contemplate than either . . . that basic cause of the price rise was the change in the world food market from surplus to shortage," with government policies aggravating the effects of the price rise.

Taking sugar and beef as examples, the author analyzes pricing and profits, devoting a good deal of

thought to the Sugar Act. The confusion arises because profits are computed in two ways . . . (and) paradoxically, high supermarket profits add little to the price of foods sold.

In regard to meat prices, Redburn reasons that "the Russian grain deal can now be seen as merely the precipitating event in this sudden, but long overdue, change in agricultural patterns."

While . . . "antitrust could actually defuse genuine reform efforts . . . it is with heavy heart that one recommends government direction of the economy . . ." says the author. He maintains that competition is "absolutely powerless to cope with . . . cycles . . . (and) violent eruptions that have become so common . . ."

(May 1975)

Big Business Down on the Farm

by Susan Sechler and Jim Hightower

"Squeezed between input suppliers that charge too much, and output corporations that pay too little, the family farmer is surrounded by corporate America," assert Susan Sechler and Jim Hightower, Associate Director and Director of the Agribusiness Accountability Project, Washington, D.C. In this article which appeared in the *Journal of Current Social Issues*, the authors charge that a few firms "are in a position to set food prices, to determine food quality and even to control food supplies . . . from 'seedling to supermarket!'" The authors discuss the role of government and land-grant colleges creating policies and a climate that are alleged to be detrimental to maintaining family farms. They close with 24 suggestions for action that can be taken.

(February 1975)

The Changing Structure of U.S. Agribusiness

by the Chamber of Commerce of the United States

A view more or less opposite to the

above is expressed by the following Summary of a report produced by the Chamber of Commerce of the United States titled "The Changing Structure of U.S. Agribusiness and its Contributions to the National Economy." The Chamber concludes that "with prospects for continued expansion in world food requirements and the increasing competition for U.S. land, water, labor and capital . . . we must streamline the sequence of operations beginning with purchased farm inputs and carrying on to the consumer." The coming "of age" of American agribusiness "must be recognized . . . on the farm, in industry and . . . the Federal Government."

(February 1975)

U.S. Agribusiness Breaks out of Isolation

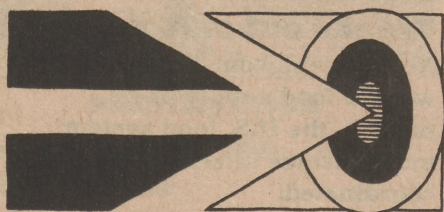
No longer in control of the world's food supply or its pricing, the U.S. food system must become internationally coordinated.

by Ray A. Goldberg

Until 1972-1973, when harvests were poor, our national price-support program determined our food policy for both domestic production and international trade. Today the United States needs a new policy, for the world's food system is undergoing major changes in energy, inventory, finance, production, distribution and consumption — all at the same time and in magnitudes never before experienced. This article shows what our new situation is, analyzes what caused it, and discusses how to cope with it. After outlining a policy geared to the changes, the author, a foremost authority on agribusiness, discusses the adjustments that 19 enterprises have made successfully.

Dr. Goldberg is Moffett Professor of Agriculture and Business at the Harvard Business School. Among many other activities, he is cochairman of the panel on nutrition and food availability of the U.S. Senate Committee on Food

and Nutrition as well as a consultant to the UN Food and Agriculture Organization and to the Organization of American States. His latest books are "Agribusiness Management for Developing Countries — Latin America" (Ballinger, 1974) and "Farmer Cooperatives and Federal Income Taxes" (Ballinger, 1975). His most recent Harvard Business Review article is "Profitable Partnership: Industry and Farmer Co-ops" (March-April 1972). Convinced that agriculture is a vital part of the business world, he and John H. Davis developed the concept of agribusiness in 1957, at a time when the subject was receiving less attention than now. • (July 1975)



MARKETING

Publicly Funded In-State Marketing Programs

Trends assist states with diversified crops.

by James E. Jarrett

"The movement toward more localized and intensive agricultural production seems almost inexorable," says Dr. Jarrett, State Government Innovations Program, in a

report entitled "Merging Producer and Consumer Interests: Domestic Agricultural Marketing in New York and Pennsylvania," excerpted here.

"... discernible trends in production and marketing are changing traditional economic relationships for some foods and marketing activities ... The result for many states will be increased agricultural self-sufficiency," the author says.

In-state marketing methods, however, should not receive all the attention as agricultural export expansion must remain a top priority, he adds.

The report was prepared under a grant from the National Science Foundation; its contents do not necessarily reflect the views of the Foundation. Copies (\$3) may be obtained by writing to the author, Innovations Transfer Program, Council of State Governments, P.O. Box 11910, Iron Works Pike, Lexington, Kentucky 40578. •

(April 1978)

Co-ops Face Challenges

Cooperatives, Capper-Volstead and the organization and control of Agriculture.

by Philip M. Raup

"The challenge to cooperatives is to rise to the requirement dictated by the need to mobilize capital and maintain market power, without sacrificing responsiveness to their members or to the principle of

member control," concludes Philip M. Raup, professor of agricultural economics, University of Minnesota.

In his broad, as well as detailed, analysis Dr. Raup traces developments that lead to the current position of cooperatives. Several trends have parallels in other sectors of the economy. The author singles out a number of differing aspects, among them: the separation of political and economic power in agriculture; the emerging struggle for command over capital; taxation and the possibly changing relative position of cooperatives and the development of brand-named products.

This paper was presented at a Workshop on Cooperatives and the Public Interest, sponsored by the North Central Regional Project, NC 117. The paper will be included in a forthcoming NC 117 preceedings monograph to be published at the University of Wisconsin. •

(October 1977)

Antitrust Threats Loom for Farmer Cooperatives

by Kenneth D. Naden

Farm cooperatives are facing threats from three different directions — a national commission, two congressional committees and an industry group, says Kenneth D. Naden, president, National Council of Farmer Cooperatives. The challenges are coming in the antitrust area, according to Naden. "The threat from the noncooperative sector shouldn't be taken lightly," he says. "Properly timed and developed, it could effectively supplement anticooperative activity by Congress and the Executive Branch."

He points out that cooperatives are not exempt from antitrust actions, but there is a separate set of operating rules for farmers in organizing their co-ops. "These rules recognize the special problems of agricultural marketing and the unique nature of cooperatives in dealing with those problems."

The author concludes with re-



commendations for courses of action to be taken by supporters of cooperatives to meet the challenge.

(November 1978)



LAND USE

Land Use Planning Perspectives

by Marvin Duncan

Land use planning elicits at least two sharply defined and diametrically opposed images. On one hand land use planning is viewed as a subtle attempt to dilute the rights of property holders. The converse view holds that planning is necessary to assure wise use of natural resources now and adequate supplies of these resources for the future. More common are intermediate views, often conditioned by access to ownership and use of property, or the lack thereof. In the last 15 years land use issues, ranging from local feedlot pollution control questions to proposed national land use planning legislation, have created controversy and headlines.

This article from *Monthly Review* (Federal Reserve Bank, Kansas City) examines the historical background and the rationale for land use planning, some considerations in implementing planning, and considers briefly the current status of legislation in the United States. Consequently, the primary focus of this article is on the public sector's role in land use planning.

(June 1976)

Competition for Land

by Marion Clawson

Much of the grazing land in the United States will probably always be publicly owned. Until recently its dominant use went unchallenged. Now, however, there are

changes weighing on the permanent rangelands of the West and South. The new assertiveness comes from a public seeking recreation and thus producing greater competition for the use of public lands. These competing demands, and public controls, will "inevitably adversely affect the livestock use of rangeland both public and private," says the author in *Range-man's Journal*.

Dr. Clawson is acting president of Resources for the Future, Inc., a nonprofit, private research and educational institution financed by the Ford Foundation and based in Washington, D.C. His career includes contributions in agricultural economics, farm management and land management.

Users of land will have to learn to accommodate each other "to a degree not known in the past" and to pay a reasonable price, says Clawson.

(June 1976)

Farming and Mining

Shall we strip-mine Iowa and Illinois to air-condition New York?

by Harry M. Caudill

Since the strip-mining bill has been vetoed by President Ford, the subject will remain part of public debate well into the future. This story appeared in *The Atlantic*, in which Harry M. Caudill is described as the author of "Night Comes to the Cumberlands" and, as a lawyer in Kentucky. Caudill sees "the real and terrible dilemma (between farming and mining) . . . in two irreconcilable imperatives." One, "the face of our planet must be preserved intact and healthy" for crops to grow; and the other, "the immense and fast-growing minerals industries . . . (who) must dig." The author foresees "a worldwide scramble . . . from which no one is likely ever again to emerge with enough." Caudill writes that vast strippable coal or lignite fields lie under the farm and ranchlands from Illinois to Arizona and

Washington. "At present, stripping consumes 4,650 acres a week . . ." (February 1975)

Lessons in Land Policy from 2,000 Years Ago

Are we to repeat mistakes made by the Roman Empire?

by George Rochefort

Critics of modern society like to draw parallels with the civilization of ancient Rome and point to the "moral decadence" that led to the downfall of the Roman Empire. We recently heard Dr. Rochefort, speaking on a radio broadcast, discuss land policies of ancient Rome and found the Romans experienced many of the same problems that are being debated throughout the world today.

We asked Dr. Rochefort to develop this article for *Ag World*, and we trust you will find it both interesting and enlightening. (Dr. Rochefort is professor of classics at the University of Minnesota.)

Obviously, there are major differences in the circumstances leading to the chaotic conditions in Rome 2,000 years ago, but there are also many similarities with modern times in many countries.

Since wars and conquest played such a major part in Roman history, Dr. Rochefort begins by explaining the role of the farmer-soldier in the wars, and elaborates on how policies regarding both farmers and "public lands" led to the displacement of large numbers of small farmers.

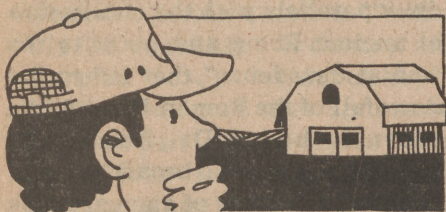
Against this background, he proceeds to discuss land policy in Rome and the rise of "corporate" farms and large senatorial estates, which in turn contributed to crowding, congestion and poverty in the cities.

He points out that Roman law limited landholdings to a maximum of about 300 acres, but that this law was at first circumvented and later just plain ignored. Rochefort speaks of land speculation, tenant farmers and agrarian reform.

He also discusses the "flight to the suburbs" and the nostalgia which grew among city dwellers for the "simpler life" on the farm.

Much of this has a very familiar ring, and may well add to the perspective on current land policy debates.

(May 1976)



ENTRY

'Enough Land to Give My Kids a Chance at Farming ...'

by Warren Wolfe

"... my neighbors would not understand. They'd worry that I was scheming to buy them out," says one (anonymous) farmer in this article. He's talking about his map showing neighboring farms likely to come up for sale in the future.

That's only one aspect of aggressive family farm management that's shown in this story from the *Minneapolis Tribune* on how successful farmers manage for the present ... and plan for the future.

Other points discussed are the importance of farm management associations and cooperatives, plus the use of professional help for accounting, legal services and marketing advice.

A related sidebar from Purdue University discusses characteristics of a good farm manager.

(June/July 1978)

Financial Help for Young Farmers

Legislators are reexamining concepts of farm credit and land tenure.

by Rudolf Schnasse

How young farmers can get started is becoming more and more of a concern each year as capital requirements mount. In response to

these concerns, there are at least three bills, two enacted and one proposed, with the stated objective to help young farmers overcome these difficulties. While similar in many respects, the emphasis is different in each case.

What follows is a brief report on the Young Farmers' Homestead Act, proposed by United States Senator McGovern; the Minnesota Family Farm Security Act, just passed, and a program in Saskatchewan begun in 1972 that had been studied by both Senator McGovern and Minnesota Legislators.

(May 1976)



TECHNOLOGY

On the Competitiveness of Organic Farms

The Center for the Biology of Natural Systems' study in its fourth year.

by Sue Lukens

"Organic farmers are looking competitive," continues to be the conclusion of comparisons between organic farms and farms as we have come to know them. The study (now in its fourth year; see also *Ag World*, October 1975 and August 1976) by the Center for the Biology of Natural Systems, Washington University, St. Louis, Missouri is characterized by its principal author as "a reasonable and fair look" at alternatives. He is quoted as being "really surprised with the results we got. According to these figures, organic producers are doing a lot better than many people who have not had first-hand contact would assume."

"The number-one production problem for organic farmers was weeds. The rest of the problems felt to be important by organic farmers were social in nature."

"Alternate sources of funding must be found after 1979 for the Center to continue its study, as National Science Foundation grants only run a five-year maximum." The hope is "that a number of other research groups will pick up on this whole thing."

(June/July 1978)

Healing this Wounded Earth

An agricultural engineer's proposal.

by Wesley F. Buchele

The following article was originally a paper presented at the Social Concerns Seminar of the American Society of Agricultural Engineers in June 1975 at the University of California, Davis. The title of the paper is "Social Cost of Large Machines/Farms."

The author is professor of agricultural engineering at Iowa State University. Whatever the reader's reaction to Dr. Buchele's proposal may be, this article can be viewed as an example of interdisciplinary thinking going beyond the confines of one's chosen profession.

Before introducing his paper, the author states his assumptions concerning the future of the United States and the objectives of his paper:

Assumptions

1. We are, or are becoming, a capitalistic welfare society.
2. The cost of energy will continue to rise, and energy resources are limited.
3. The paramount goal of any society is to maintain the food supply.
4. Land is the basic resource of a nation.

Objectives

1. To preserve our land while the economy is operating under a guaranteed income program.
2. To provide open-end opportunities for the urban people.
4. To provide a plan for moving people from where they are not needed to a place where they are desperately needed.

Dr. Buchele suggests that "a new

philosophy of land stewardship (really an ancient proposition) is needed in America." This would include limiting farm sizes and encouraging unemployed or non-working people to move into housing located in rural America to become conservers of the land and be also available for other productive work there.

(December 1975)

An Economist's Look at Farming

by E.F. Schumacher, C.B.E.

Late last month the author of this article addressed the "Limits to Growth '75" conference in Woodland, Texas. There he reiterated his theories of the merits of "intermediate" technology which he has done for a decade. Dr. Schumacher is a British economist who is being published widely. His most recent book is titled "Small Is Beautiful: Economics as if People Mattered."

The following is the second half of an article which appeared in the British journal *The Soil Association*. It was originally a lecture Schumacher gave to a Soil Association course in early 1973.

Before discussing agriculture, the author explains what he sees as three concurrent crises: 1) human relations, 2) inflation, coupled with unfair and irrational distribution of wealth and 3) industrial malaise and decay. These crises exhibit three aspects: 1) man's getting into an unnatural relationship with himself and his environment; 2) pollution, and 3) dwindling resources. The author concentrates on this third manifestation. He observes that "industrial activity . . . has passed through a quantitative change so enormous as to become (in effect) a qualitative change . . . (and) . . . agriculture . . . is dangerously oil-based."

Schumacher argues that it is a question of "actually being able to eat" that agriculture becomes "less dependent upon oil . . ." He sees the prevailing agricultural methods as "certainly doomed" and prefers

an agriculture prepared for that day by thinking "in terms of permanently sustainable systems."

(November 1975)

Powerline Controversy: 'A Social Movement'

by Mary Nelson

People in rural areas of New York, Ohio, Virginia, Kentucky, Indiana, Michigan and Minnesota have been resisting the appropriation of their land for the construction of powerlines.

To seek an answer to the question: "What's behind an issue which continues to get such opposition?" the author interviewed an anthropologist at the University of Minnesota. Dr. Gerlach considers "this powerline dispute . . . part of a major social movement, that it will lead to permanent change and that it must be dealt with on that basis."

He sees links between opposition to various other large-scale technological developments from California to New Hampshire " . . . we've now come to the point in our thinking where we consider it wrong for someone to be hurt for the gratification or progress of someone else," Dr. Gerlach is quoted. "If they (energy companies) would accept the point that resistance is an equal part of the problem . . . they probably would have less difficulty coping with it," he says.

This article appeared in *The Farmer*, a state farm paper read in Minnesota and the Dakotas.

(November 1977)



PUBLIC POLICY

A Dispersed or Concentrated Agriculture? The Role of Public Policy

by C. Edward Harshbarger and Sheldon W. Stahl

The authors, both economists with

the Federal Reserve Bank of Kansas City, review certain legislative landmarks and fundamental experiences that have led to "individual freedom afforded by a dispersed system."

They observe, however, that agriculture has shifted from a dispersed to a more concentrated structure because of technical complexity and pressures to expand output to achieve lower unit costs. After reviewing how commodity prices are being determined, the authors discuss institutional factors and income tax laws that accelerate the trend toward larger farms. Control is the key to a dispersed agriculture. "If control is to rest in the hands of the traditional farmer, certain conditions regarding access to markets and to important resources, such as land, technical knowledge, and credit must prevail," the authors suggest in *Monthly Review*.

In regard to market options they see two possible approaches: To preserve access as individuals or to protect market access by grouping together in cooperatives or bargaining associations.

The authors note, that "some sacrifice in individual freedom may be in order for the common good," but also that "probably no other system is capable of giving so much positive direction . . . with so little need for policing . . ."

Implications for Public Policy

. . . it is apparent that the agricultural sector of the economy is a complex amalgam of many different organizations and ways of doing business. The relatively dispersed system that has survived in agriculture for so long has been supported by various national policies. The dissemination of information, an agricultural credit system, price support programs, and the authority for farmers to group together for bargaining purposes are but a few of the measures sanctioned by public policy. Clearly, organizational structure

has historically been a public policy issue, and it will no doubt continue to be.

From the consumers' standpoint, most of the evidence suggests that under either a dispersed or a concentrated agriculture, adequate food supplies would be available. However, the implications for prices are likely to be quite different under the two systems. With a concentrated agriculture in which a few large, vertically integrated or corporate firms would dominate, monopolistic pricing could easily surface and offset the potential gains to consumers arising from closer market coordination. In this event, policymakers would find it necessary to police the performance of the pricing system very diligently — probably a cumbersome process — to protect the interests of the public.

The defense of the dispersed, competitive market system rests heavily on its socio-economic qualities of freedom and fair play as well as its ability to guide and direct resource use. As noted, obstacles arising from the complexity of many industrial processes, and problems associated with the control of markets in which merchandising techniques are emphasized, pose a serious threat to the dispersal concept. By the same token, it is becoming increasingly clear that the degree of freedom in present farm operations may have to give way to the requirements of market coordination for best meeting the demands of a sophisticated economy. Some sacrifice in individual freedom may be in order for the common good.

Nevertheless, the present structure of agriculture is very competitive with control resting largely in the hands of individual producers. Furthermore, there is still considerable room to move in the direction of greater concentration for the sake of efficiency without losing these desirable features. Certainly, the competitive system — while far from perfect — possesses several

admirable features that merit the continued loyalty of policymakers. Probably no other system is capable of giving so much positive direction to the economy with so little need for policing the performance.

If there is a danger, it is that control of agriculture may shift out of the hands of individual producers, not because the family farm-open market concept is an anachronism in a complex industrialized economy, but because public policy may not perceive the ultimate impact of the forces in motion until it is too late. For farmers to lose control by default would be most unfortunate, but if the trends now underway in agriculture continue unchecked, this may happen. In the final analysis, the question about the future direction and control of agriculture can be settled in a number of ways, depending on how public policy views the problem. In all probability, the final decision will hinge more on social and political viewpoints than on economic ones.

(June 1975)



ECONOMICS

Farm Economic and Social Goals Conflict

"Goals of a cheap food policy and returning people to the land are not compatible," according to Barry Flinchbaugh, Kansas State University agricultural economist. This is one conflict Flinchbaugh outlined in a talk at an Agricultural Extension Service conference at the University of Minnesota. He also spoke of contrasts and contradictions. A basic contrast is between a dispersed agriculture and concentration in the rest of the economy. A contradiction is involved in protesting farmers in Washington who opposed similar methods used by

other protesters in the past.

Economic and social goals conflict in the concern over family farms and "Ma and Pa" grocery stores against the desire for cheaper food. Another problem is the concept of parity. "Parity prices will mean the end of the family farm," said Flinchbaugh. He also spoke of the "cruel paradox" of vast numbers of hungry people in the world while U.S. grain sits in storage and productive acres are idled.

(November 1978)

On an Equal Footing, the Farmer Will Be Able to Compete

Views of the American Agriculture Movement on the economics of agriculture and worldwide impact of the implementation of the parity concept.

by Jim Kramer

"We are shorting our economy in general and the agricultural economy in particular by pricing our commodities at one-third of the initial exchange rate," (when it was tied to gold at \$35 per ounce). So argues Jim Kramer, a farmer and rancher from western Kansas in this slightly edited statement delivered before the Committee on Agriculture, House of Representatives. He speaks on behalf of the American Agriculture Movement.

To be equal with trading partners, "we need parity pricing of our commodities," he insists. "We have continually heard that the answer to the agriculture problem lies in greater exports and rarely is this statement coupled with an equitable price," he adds. And that's "the only way to strengthen our dollar."

(March 1978)

The Raw Material Theory of Value

by Luther Tweeten and Darryl Ray

"The world could not satisfy its economic needs without both labor

and raw materials," we are reminded by the authors who conclude that the raw material theory of value is as absurd as Kar Marx's labor theory of value.

"The basic issue is the proposition that raw materials determine the value of a commodity. In fact, the reverse . . . is correct," they say. The authors further suggest that this "convenient economic doctrine" belittles the farmer because if he "is merely processing these raw materials, he is, presumably, contributing nothing worthwhile."

They raise a number of questions with regard to the parity concept and the 'multiplier effect.' In their concluding paragraphs they observe: "Adjusting 1910-14 parity for productivity gains as well as input price changes since 1910-14, 100% of 1910-14 'parity' today would call for a ratio of prices received to prices paid by farmers of less than 70% of the 1910-14 average!"

(February 1979)

The North-South Farm Policy Split

by Ronald D. Knutson

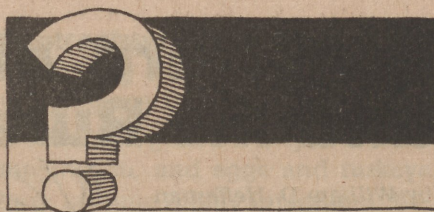
"AAM sent shock waves through the general farm organizations," writes the author. But, "the roots of the North-South split in the policy position of general farm organizations . . . run deeper than the AAM."

Dr. Knutson traces the origin of historical and philosophical diversities and considers value, political and economic differences. Among his conclusions is that "this ability to enjoin or control (government programs) has led to a Southern political 'brashness' that runs against the 'grain' of the more democratic Midwest producer."

His analysis of such differences leads the author to suggest several implications and possible responses to the dilemma.

Dr. Knutson is extension economist for policy and marketing at Texas A&M University, College Station.

(February 1979)



DOES IT MATTER?

Can the Family Farm Survive? Does it Matter?

Definitions Vary. Opinions on Current Status Range from "Alive and Well" to "Virtually Dead."

by Rudolf Schnasse

For reasons cited in Professor Breimyer's opening remarks, questions relating to family farms, and farm families, are not merely of an economic nature. In fact, they are not even confined to things that can be measured with a ruler or compressed into statistics and projections. Both, observable, measurable facts and value-laden questions were part of an earnest, spirited and candid discussion at a seminar held at the University of Missouri-Columbia in early November (1978).

The seminar was jointly sponsored by that University and the M.G. and Johnnye D. Perry Foundation of Robstown, Texas.

Speakers came from many disciplines: economics, banking, rural sociology, USDA, history, political science, farm organizations with one might add, economists dominating the scene.

Among the audience one could see and hear more economists, yes, but mostly many individuals who back home help to shape local affairs, including farmers.

A more detailed resume of talks and papers given follows. Those individual articles also note the affiliations of each speaker. Further, single copies of the Proceedings are available free upon request. Please write to Department of Agricultural Economics, University of Missouri, 200 Mumford Hall, Columbia, Missouri 65211; attention Harold F. Breimyer. The title of this year's (1978) Seminar on Agricultural

Marketing and Policy is: "Can the Family Farm Survive?" It was held on November 9 and 10 in Memorial Union.

(December 1978)

Can the Family Farm Survive?

The problem and the issues.

by Harold F. Breimyer

Is the family farm "the daydream of city dwellers"? That's one question addressed in the following remarks by Harold F. Breimyer, Perry Foundation Professor of Agricultural Economics, University of Missouri-Columbia, in his opening talk to the recent UMC-Perry Seminar on Agricultural Marketing and policy.

Dr. Breimyer reviews many facets of the debates and concerns about family farms, including the idealism and pragmatism, the sensitivity of the subject, American traditions, the problems of definition, the current forces at work and the prospects for the future.

He concludes by commenting on family farmers' "political innocence," noting that family farmers "may take steps individually or collectively that fail to take advantage of the strengths of the family farm."

(December 1978)

Farm Politics 1979 and Beyond

Some substantial agreements and some new, complicated issues

by Lauren Soth

In the late 1900s "farmers of voting age amounted to at least half the voting population," and farm organizations could therefore be "less concerned with special farm relief than with equity in the society as a whole."

Rather than being the springboard for more unity, today's smaller numbers of farmers tend to be concerned about specific commodities, and "one group tends to

alienate another segment of the membership" (of general farm organizations).

Mr. Soth, who writes a weekly syndicated column on food and agriculture affairs, further explores "the triangle of farm political power" and finds that "most of the people in farming do not belong to the power complex." More recently others have joined the fray, underscoring the need for compromise. •

(February 1979)

Who Is 'The American Farmer'?

He's a lot of people. And now, more than ever, what happens to him has a definite impact on (almost) everybody.

by Ed Jackson

A group of people as diverse as farmers presents real problems for the working press who like to report events in absolute terms and not so many shades of gray, muses *Ag World's* editor. Even though adjectives like "average" or "typical" are still being used sparingly and carefully, they really aren't too helpful. Some farm large spreads, others small parcels. In either category some make it and others don't. They rely on the same communications system as other citizens and shop in the same supermarkets.

"We rejoice in their independence, their diversity and their strength, but we wish that just once ... (they could) agree on something," Jackson says.

This article was originally published in the *TWA Ambassador*, an inflight magazine. •

(October 1977)

Structure of Agriculture and the Rural Community

by William D. Heffernan *N/C*

AG WORLD ABSTRACT

The author defines "structure" as "the makeup and vitality of the rural community." While observations about them are fairly well known, it helps to have data from field studies, says Dr. Heffernan.

He briefly summarizes a) the Arvin and Dinuba studies of the mid-40s; b) a new survey taken in the same California communities in 1976; c) a study of egg and broiler producers in Maine; d) a survey of contract broiler producers in Louisiana, and e) surveys taken in Missouri.

Among several conclusions that bear on the "national dialogue" are: "... the development of two rather distinct social classes for rural America," and "... valued benefits ... are related to the different types of agricultural systems."

William Heffernan is professor of rural sociology at the University of Missouri — Columbia and a working farmer.

The structure of agriculture has a bearing on the structure — the makeup and vitality — of the rural community.

By several measures of quality of community life, it makes a difference whether the local agriculture is primarily family farming, large corporation with wagehands, or contractually integrated.

Generally, family farming fits best with traditional standards for a good community. A family farming community rates highest, as a rule, in economic vitality, citizens' involvement in community affairs, and the number and strength of community institutions such as libraries and schools. The difference is widest, however, between

family farming and a corporate wagehand agriculture. Family farming and contractual integration are more nearly alike, by these tests.

These observations are fairly well known. It helps, though, to have data from field studies. Several such studies are reported here.

Goldschmidt's Study and Follow-up

In the mid-40s, Walter Goldschmidt made a study of community life under two kinds of farming, corporate wagehand and family farming. It has become a classic. Goldschmidt surveyed conditions in two communities in California that were very similar except for the structure of agriculture in the area surrounding the two towns. Arvin was — and still is — a community of large-corporation farming, Dinuba is characterized by smaller, family-type farms.

The study became famous (or infamous) because the U.S. Department of Agriculture refused to publish it. When the Senate Committee on Agriculture and Forestry did so, it probably gained more attention than if USDA had quietly released it.

Goldschmidt found that the family farm community was superior to the corporate wagehand community in all measures reflecting quality of life. It was better in average income, level of living, social and physical amenities, social and religious institutions and participation in, and control of, the local political process.

But that is a long time past. In 1976, a new survey was taken of Arvin and Dinuba. In both communities agriculture had become relatively less important than before. Nevertheless, structural differences in agriculture persisted, as

did many of the characteristics of the two communities. In particular:

- As in 1945, the small-farm community has continued to support more businesses than the large-farm community, by a ratio of 2:1.
- The volume of retail trade in 1976 was greater by nearly 70% in the small farm community, an improvement over the 61% advantage in 1945, as measured by median family income.
- In 1976, Dinuba had 2½ times the number of independent business outlets found in Arvin, a ratio equal to that found in 1945.
- The number of physical facilities and public services is still far greater in the small-farm town.
- As in 1945, there are more schools in Dinuba than Arvin: four elementary schools to two, one junior high school to none. Each town has one high school.
- The small-farm town still provides its citizens with many more park facilities: five parks to two, and eight playgrounds to none.
- The small-farm town has more than four times the number of social and civic organizations.
- Today, as in 1945, Dinuba supports two newspapers, while Arvin has one.
- Consistent with 1945, churches bear a ratio of 2:1 in favor of the small-farm community.
- Local decision-making is more accountable and unified in the small-farm community. In the large-farm town, decisions are made in a confusing and fragmented fashion because of the proliferation of special districts. This reaffirms the 1945 findings.

A second California study made recently compares 130 towns in counties of the San Joaquin valley. The findings are essentially the same as in Arvin-Dinuba. Of the 17 community services examined, only two showed an advantage for large-scale farming. The authors concluded, "The smaller scale farming areas clearly tend to offer more to the local communities than their larger counterparts."

Contractual Integration in Poultry

Since World War II, production of broilers has gone entirely to vertical integration, and eggs and turkeys have become highly integrated. Before the transition had gone so far, Dr. Louis Plock studied independent and contractual producers of eggs and broilers in Maine. Contractual producers were found to take less interest in community affairs than independent growers did. However, they also were younger, had lived in the community fewer years, and had less formal education. It was not clear whether contractual egg and broiler farming as such had a negative impact on community life.

About ten years ago, I surveyed integrated broiler producers in Louisiana, and compared them with corporate farmhand operations and with family farmers. (The latter two were not usually engaged in broiler production.) Data on involvement in community activities were collected for all three kinds of farms — and separately for owner-managers and workers on the corporate wagehand farms.

Data given below illustrate the differences found, according to several measures of community involvement. The higher the ratio, the greater the involvement.

Index of farmers' participation in formal voluntary community organizations, Louisiana, 1968

Activity	Kind of agriculture			
	Corporate farmhand		Contractual integration	
	Owner-manager	Worker	Inte-	Family
Membership in farm organization	1.82	.12	.33	.76
Participation in Farm organization	10.4	.38	1.20	3.29
School organization	.75	.19	.80	.76
Church organization	3.18	.31	1.84	2.56
Fraternal organization	1.25	.00	.51	.42
Social or civic organization	3.14	.00	1.26	.40
Church membership	1.00	1.06	1.04	1.04
Church attendance	3.65	3.43	3.22	3.61

"... owner-managers in the corporate farmhand structures are most involved in those aspects of the community — more than are family farmers."

Four interrelated conclusions can be drawn from the data. First, workers in corporate-farmhand structures are the least involved in the formal and political activities of the community. Second, owner-managers in the corporate farmhand structures are most involved in those aspects of the community — more than are family farmers. Thus (third), the corporate farmhand structure emphasizes the two extremes with regard to community and political involvement. It suggests the development of two rather distinct social classes for rural America, which conflicts with the traditional American ideal of equality. This contrasts with family farming, but also with contractual integration. The fourth conclusion is that little difference exists between workers in the integrated structure and workers in the family farm structure with regard to community involvement.

This study and one of Rodefeld and Wilkening in Wisconsin provide additional support to Goldschmidt's conclusion that family farmers are associated with higher levels of community involvement than are corporate farmhands.

On the other hand, this study, like the Maine broiler study, indicates

that integration in poultry found in Louisiana (and Maine) is not clearly associated with reduced community involvement. However, the Louisiana circumstances may have been special — not typical. In Louisiana in the 1960s, family farmers had been in a financial squeeze. A number of independent farmers had left the community. Many of those who remained found it necessary to go into integrated broiler production. These people had strong community ties. Under other circumstances, the comparison between contract farmers and family farmers might appear different.

Noneconomic Dimensions of Quality of Life

According to psychologist A. H. Maslow, the human being has five basic needs for which fulfillment is sought. The most basic is providing for the physical needs — food, clothing and shelter. The other four needs, in approximate order of urgency, are security, social or love need, recognition and self-actualization. One measure of quality of life is how well individuals in society are able to fulfill these several needs. Certainly one's community can contribute to the fulfillment of these needs.

Recent census reports indicate that in many sections of the country persons are moving from the cities, which once attracted migration from rural areas, back to the countryside. Many families and individuals are making this move even though it may mean a reduction in family income. Why are they moving back to rural areas? Recently, about 3,000 individuals, about 24% of whom had moved into the area in the previous seven years, were asked for their opinion about the advantages of living in the country. Items receiving the highest ranking from a list of 14 were: 1) healthier place to live; 2) more privacy; 3) being outdoors; 4) friendly community, and 5) safe to be out alone at night. Lower cost of living and

other more economically oriented aspects were named as less important.

Many rural communities apparently provide a setting in which citizens feel they can fulfill some of their higher-level needs. The attraction of these communities, which appears to be associated with a family farm agriculture, has implications not only for farmers but for all members of the rural community.

Some of the needs discussed by Maslow can also be fulfilled through one's work. For example, fulfillment of self-actualization is more likely to occur in self-employment or a professional occupation where the individual makes his decisions and lives with the consequences, than in a work setting characterized by routine and repetitive tasks.

Recently we interviewed every person who bought or sold a bull at the Missouri All-Breed Performance Tested Bull Sale held in Columbia. We presented each with the following situation:

"People have suggested several benefits they receive from farming (reasons why they farm). Please distribute a total of 100 points among the following five possible benefits to be obtained from farming. You are to give the most points to the benefits which you consider most important . . ."

The five benefits were singled out to correspond to the needs suggested by Maslow. The responses from 96 buyers and 56 sellers were:

	Buyers	Sellers
Be own boss and make decisions	26	38
Receive recognition as being successful	9	14
Develop friendships	10	15
Increase security	21	14
Increase income	39	20

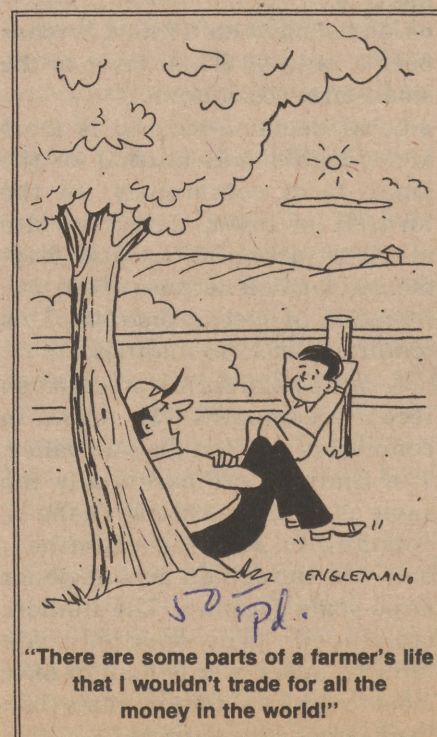
In cooperation with economists Kliebenstein, Kirtley, and Barrett we made a study of farmers' response to risk in agriculture. We

asked 38 cash grain farmers in Missouri a question similar to that asked at the bull sale. We thought it likely that cash grain farmers would be more economically oriented than purebred beef cattle producers. Here are the results:

Be own boss and make decisions	37
Receive recognition as being successful	10
Develop friendships	11
Increase security	21
Increase family income	21

The opinions given proved to be not greatly different from those offered by buyers and sellers at the bull sale. From these and other studies we conclude that agriculture provides more than just a source of income to farmers and food for consumers.

It follows, we believe, that many of the valued benefits people receive from living in rural communities, which contribute to quality of life, are related to the different types of agricultural systems. The way in which agricultural production is organized has major implications for rural communities and their members.



Assistance to Agriculture: the Why and How

N/C

by James P. Houck

Almost all nations that can and some that cannot afford it, year after year, channel public assistance to agriculture. This article considers agricultural assistance as practiced by the more affluent nations such as the United States, Canada, Australia, Japan and Western Europe.

"Assistance" in this article means deliberate decisions taken by governments to tip the market scales or to loosen the public purse strings in favor of agricultural producers. It is now rather widely agreed that farming (or grazing) and rural life are not necessarily the same. Policies and programs which favor one need not favor the other. Attention here will focus on assistance to agricultural producers. Programs in this category have the longest duration and are among the most controversial worldwide.

Why Is Agriculture Assisted?

The reasons are political, social, cultural and economic. Of course, they are all bound together in the web of public affairs, but a rough separation might be made between political-social and economic reasons.

First among the *political-social reasons* is that food and fiber are absolute necessities in any society. A modern government which cannot guarantee its citizens continuously adequate food and clothing at reasonable cost does not stay in power. This strategic role of food and fiber ensures that governments foster a healthy farm industry in both peace and war. For example, bitter memories of food shortages during and after World Wars I and II gave several European nations (and Japan) the incentive to subsidize their farm sectors.

In most developed nations, both farm and rural populations have dwindled to less than 15% of the total as other more rapidly growing fields of employment attract people. Yet, the political influence of rural producers and their leaders usually has remained strong enough to withstand a rapid erosion of assistance programs begun in an earlier era when there were more farmers. This continues to be true under widely different political systems. It is partly because of slowness in adjusting political representation to dwindling numbers of rural residents, and partly because political representation in many societies is essentially land-based. In the United States, for instance, each state has two Senators regardless of population or geography.

Some public agriculture programs have roots in that special, often mystical, relation between mankind and the land which is critical in virtually every political or social system. The man-land question remains significant in modern agriculture even though it has carried little weight in other industries. In one nation, it may appear in policies designed to foster a system of small, fully-owned family farms. In another, it may be seen in programs to ensure ultimate public ownership, and maybe direct control, of agricultural and rural resources.

Most city dwellers are only two or three generations removed from the land. In large numbers, they share a nostalgic view that country life is somehow more fulfilling and worthy than urban existence. This has made them take a rather charitable view of public assistance to agriculture. However, in the mod-

ern era of rapidly rising food prices, growing consumer activism, and disenchantment with public programs of all kinds, it would be as much in error to overestimate this view as to ignore it entirely.

There are *economic reasons* why agricultural industries are continual candidates for public assistance. These can be grouped under four major headings: stability problems, income problems, market structure problems and foreign exchange problems. It is widely, though not unanimously, agreed that markets for many agricultural products are less stable than is necessary for efficient use of resources and management of expenditures. Sizable price, output and income fluctuations occur in agriculture because of the notorious inelasticities of demand and supply, the uncertainties of foreign markets, the weather, insects and disease. Most legislation to assist agricultural sectors or programs dealing with the marketing of agricultural products usually have the term "stabilization" tacked on. While it is virtually impossible to disentangle stabilization motives from others in any program of assistance, this objective is almost always a strong one.

In most nations, traditionally, farm income growth has not kept pace with income growth in non-rural sectors, even after instability effects are considered. Assistance programs to help fill in the gap are typical in most developed nations. These measures can operate by influencing the markets in which producers sell their goods and purchase their supplies, by adding financial payments directly to the farm income flow and by affecting the public services and facilities

available to rural producers.

In most Western societies, agricultural production is still in the hands of large numbers of relatively small farmers with little individual market power. Consequently, some public assistance is promoted as overcoming this lack of market power to balance the substantial concentrations of power which generally occur in nonagricultural industries.

Few nations are self-sufficient in food and fiber production. Some are net importers of agricultural products and some are net exporters. Rightly or wrongly, policymakers in net importing nations often see use of foreign exchange for buying food and agricultural raw materials as unnecessary and wasteful. So, internal subsidy programs may be used to promote the growth of import-substituting agricultural enterprises. Similarly, agricultural export nations may deliberately promote the production and export of agricultural goods trying to enhance their international balance-of-payments position.

The full array of reasons for, and the goals sought by, agricultural assistance programs is seldom clear-cut or carefully defined. In

most nations, these programs were begun and are sustained by political processes. They are subject to all the mixed currents of interest which political action involves.

How Is Agriculture Assisted?

Recall that this article began by specifying agricultural assistance as deliberate government action to help farm producers either in the market place or through public expenditure. So, the first major category involves policies and programs to adjust the terms on which producers sell or buy.

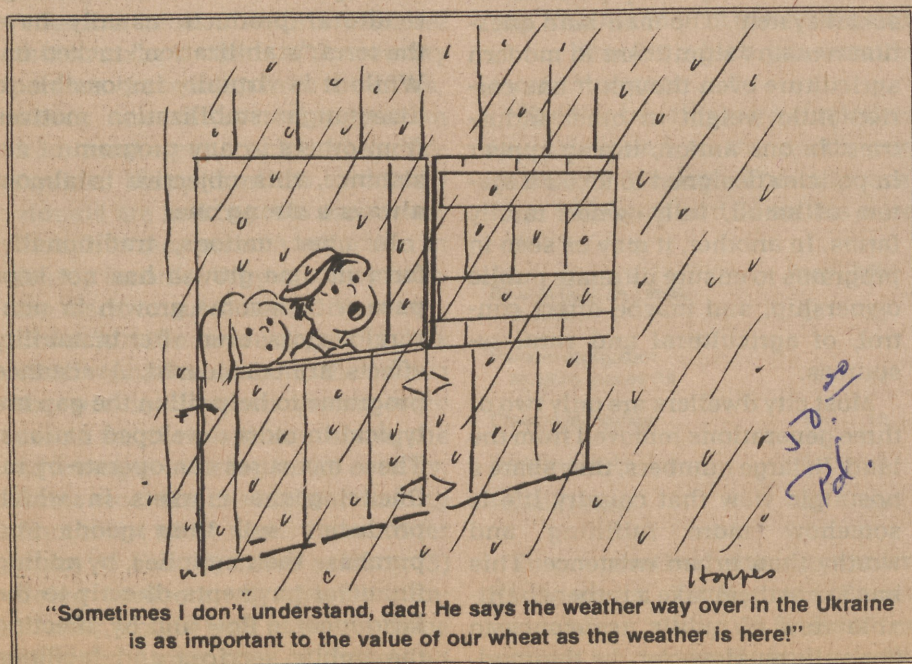
Foremost among these market-altering schemes are those which enhance and/or stabilize market returns and prices. For nations which are net importers, control of inbound shipments by a variety of measures can limit total supplies and sustain higher prices to domestic producers than otherwise would prevail. For net exporters the situation is somewhat more complex, but higher returns often can be achieved by separating the higher-priced home market from the lower-priced export market. Then by limiting supplies to the domestic market or subsidizing exports, total returns to agriculture can be boosted.

Limitation or control of farm output or marketings by administrative devices such as acreage allotments, marketing quotas or access to terminal facilities may be used to enhance returns to growers by taking advantage of the demand inelasticity common to many agricultural products. Simple direct-purchase or storage programs by governments are used to shore up sagging markets temporarily for various products.

Naturally, direct payments or subsidies can be added to any of these market-altering devices to further assist producers. In the United States and Japan, for example, direct payments are available to growers who voluntarily participate in supply management schemes for problem commodities. The agricultural assistance program of any developed nation typically displays a variety of these general schemes. Often they are combined in programs of bewildering complexity.

In some nations, assistance to rural industry is also provided by reducing the costs of production to farmers and ranchers. Either the manufacturers or the final purchasers may be subsidized so that costs, such as fertilizer and agricultural chemicals, can be lowered. Special access to funds for the purchase of agricultural land or for production credit may be extended at low cost through government-controlled or aided institutions. Subsidies and tax concessions may be available for investments in land-clearing, irrigation, drainage and soil conservation. This reduces real costs to producers. Large public investments in dams and other water-controlling facilities may substantially decrease the price paid by producers for irrigation water. Farm reorganization or reconstruction projects also may rate special financial concessions.

Although the distinction is vague, some other forms of assistance to agriculture operate largely outside the ordinary market con-



text, and these benefits to agricultural producers may be substantial, if indirect. For example, continuous public investments in agricultural research and extension provide large benefits to producers and consumers alike. But they are difficult to measure or to allocate among parts of society. However, the historical impetus for these investments was to provide a flow of usable knowledge and practical information to the rural community since producers themselves were too small (and their functions were different, ed.) to undertake scientific or economic research for themselves.

Other assistance measures, outside organized markets, often are available to rural producers to help offset two peculiarly agricultural phenomena — the effects of environment and distance. Farm production is land-using and heavily depends on weather: drought, flood, frost, hail, insects and disease are its everyday risks. Public schemes to lessen the effects of these problems are common in most developed nations. Drought and disaster relief, special crop and livestock insurance programs, quarantine and pest control programs are well-known examples.

Long distances between farms, between production areas, and between production areas and markets provide the bases for public assistance programs not generally considered for more closely located firms and industries. On large land masses such as the United States, Australia and Canada, farm products often receive special rail and truck rates. The movement of drought-threatened livestock to emergency pasture may be subsidized. Rail lines and roads through sparsely populated areas may be built for similar reasons. The provision of subsidized electric, telephone and radio services to areas distant from population centers also falls in this category.

Agricultural assistance, either through the market or outside of it,

**"... agricultural assistance programs
around the world will come under
increasing scrutiny in the years ahead."**

almost always benefits highly productive farmers. *Criticism of farm programs* often is based on the dilemma that the poorest and least productive people and regions draw the least assistance. Benefits are usually, though not always, proportional to current or historical production. It is difficult to design any other type of *agricultural* programs. These poverty problems are becoming increasingly recognized as social welfare issues and treated as such. However, social welfare programs are likely to be weakest in rural areas.

Cost of Production and Agricultural Assistance

An increasingly common concept in agricultural assistance involves price guarantees sufficient to cover "costs of production plus a reasonable profit." In some places, such as Japan and Australia, annual production costs for certain products are calculated officially through specific methods. Elsewhere, extensive farm surveys are conducted to keep data current. It is said that cost of production guarantees are the only fair system of agricultural assistance in this inflationary age. In the United States, the cost of production concept is moving steadily into the language and intent of farm policy legislation and administration.

Although the basic spirit behind the concept seems reasonable, putting the idea into operation in an agriculture as diverse as that of the United States, for example, is quite difficult. If all farms were similar in size, products, structure and age of capital assets, productivity, access to credit and ability of the operator,

then production costs for any appropriate level of output could be calculated fairly accurately. But as these characteristics vary across farms and with farmers, "cost of production" becomes very inexact.

To be at all operational, price (or cost) guarantees must be uniform at any given time across the land, differing by transportation costs at most. Thus, decisions must be made about *whose* and *which* costs will be covered. Looking at the latter first, even if all farms were similar in efficiency, the differing age and mix of fixed assets, especially land and major capital items, cause a major snag in calculating costs. Fuel, fertilizer, seed, etc. can be approximated, but how should land costs be treated? If land costs reflect recent purchase prices, then huge windfalls may come to farmers who bought land many years ago. Similarly, if outdated land costs are used, then the cost coverage is incomplete for recent entrants or expanding units. This is simply a dilemma because it tries to treat farmers in their dual economic role of producers and landowners. The use of going rates for cropland and pasture rental is a possibility, though not universally popular.

Even if no problems existed in measuring land costs, questions still would remain about the appropriate costs to use across farms of differing efficiency and inherent productivity. Such differences exist from one major geographic zone to another and even within areas as small as a county or township. Economic theory suggests that the costs of the most efficient (low-cost) producers be covered to meet

the cost of the last units of output needed to fill domestic markets, export demand and carryover requirements at long-run prices which are in some sense competitive with those of other producing nations. That is surely no easy task.

If only efficient producers and variable costs are covered, then resulting guarantee levels will be minimum floor prices. They will be unpopular with many producers who may respond by driving tractors to national capitols and demonstrating angrily. Yet, if costs of less efficient growers are protected and if current land values are built into price guarantees, then further inflation may be fostered, consumers and/or taxpayers will be angry, and export markets may suffer.

Concluding Comments

Public assistance for, and interven-

tion in, agricultural affairs has its roots in

- the fundamental importance of food and fiber to society;
- the special characteristics of agricultural production and rural life, and
- the particular economic features of agricultural markets.

Assistance flows through the markets for agricultural products and inputs through schemes and agencies which alter the way in which markets operate. Agricultural assistance also flows through non-market channels into programs which directly or indirectly benefit rural producers. Both benefits are more or less in proportion to the recipient's agricultural production potential. However, dwindling rural populations, increasing demands on available public funds, changing public

priorities and inflation all suggest that agricultural assistance programs around the world will come under increasing scrutiny in the years ahead.

Some nations provide more public assistance to agriculture than others. Furthermore, farmers and those who speak for them feel strongly that despite it all they are being exploited by both public and private institutions not only in prices but in transportation, taxation, land ownership, farm transfer between generations and environmental protection. These are matters for future articles.

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Getting the Most from Outlook Information

Livestock and crop producers can make better use of market outlook information if they think in terms of "pricing" their cattle and corn rather than "selling" them.

University of Minnesota extension farm management specialist Paul Hasbargen explains the difference: "The selling concept implies delivery of the product at the same time that it's priced. If we talk about pricing our products instead, we include the options of using the futures market or direct contracts."

For instance, on February 7, 1979, the July futures contract for hogs was \$52 per cwt. for delivery at South St. Paul. Outlook information at that time indicated the hog cycle would be in a stage of expanding production and declining prices during 1979 and 1980. The producer who "priced" his July production in February at the \$52 contract could have gained a higher return than the producer who "sold" his production at the average July cash price of \$39.

"Marketing specialists have long tried to tell us we could 'forward price' our products through the futures market or direct contracts," Hasbargen says. "Most producers have not yet adopted these tools. Let's get into the habit of asking 'have you priced your cattle yet' instead of 'have you sold yet.' That way we take into account the fact that delivery time can be quite different than the time at which we make a price agreement."

What about forward pricing for fall, 1979? Hasbargen says, "It appears there are no good forward pricing opportunities for cattle and hogs on the *selling* side. On the *buying* side, however, it's a good time to price feeder cattle that may not be moved into the lot for several months."

Price vs. Profit

Talking in terms of securing the highest "profit" rather than the highest "price" would also be beneficial to producers. For instance, there are several costs involved with holding crops or livestock for better prices. For crops, it costs about 1% of the bushel value to cover interest and shrink for each month it's held in farm storage. (7¢/month on \$7 beans; 3.5¢ on \$3.50 wheat).

For livestock, feed costs and interest rates are especially high when you hold animals beyond normal marketing weights. Interest rates alone add \$1.50 a week for each market weight steer worth \$700.

"It's human nature to refrain from selling on a declining market," Hasbargen says. "This price-oriented management response results in discounts on overweight animals, an increase in the total meat supply, and a decrease in the sellers' bargaining positions."

In other words, a producer can make best use of outlook information by taking into account the costs of different selling options as well as the prices received.

High Price vs. Low Risk

Two other goals often in conflict are maximizing price and minimizing risk. Deciding how much of the pro-

(Continued on p. 31)

Soviet Grain Import Needs: Asking the Right Question

Beset by what are hoped to be temporary transportation problems, the American harvest again is bountiful.

In the Soviet Union it is not. American farmers understandably ask about prospects of exports to the USSR. Often, it is put this way: If the Soviets could use 15 million tons in 1978-79 when they reaped a record harvest of 237.2 mill. t — how much U.S. grain will they need in 1979-80?

Alexander Derevanny, a knowledgeable and usually correct observer of Soviet agriculture (see, for example, Ag World, February 1979, pages 12 and 13) cautions that this is neither the right question nor likely to lead to the right answer. His reasoning:

Effects of crop volumes are felt more slowly in the Soviet economy than in the United States. In the USSR, distances are enormous, grain transportation (mostly by rail) is extremely slow and cumbersome. No commodity markets reflect supply and demand and the Central Statistical Agency is usually way behind with its figures.

Thus, much more indicative for Soviet grain buying plans are three-year, or even better — five-year rolling averages.

At the XXV Party Congress, Soviet agricultural economists predicted an annual grain crop average of 215 to 220 million tons for the tenth Five-Year Plan

(1976-1980). After the 1978 bumpercrop, the Soviets raised that five-year average to an annual 220.4 mill. t. thereafter (Ekonomicheskaya Gazeta, February 1979). As a justification for this optimism, the progress made since 1966 was shown (annual averages in mill. mt):

Eighth Five-Year Plan (1966-1970): 167.6

Ninth Five-Year Plan (1971-1975): 181.6

First three years of the 10th Five-Year Plan (1976-1978): 218.2

Old-time Soviet crop watchers believe in five-year averages. They say that experience has shown that in any five-year period there will be, almost invariably, one bumpercrop, three mediocre ones and one crop failure.

The figures are bearing them out. The average for the first three years of the current Five-Year Plan (see above), if extended to four years by adding an optimistic 185 mill. t for 1979, would show an average of 210.4 mill. t; but on a five-year basis (i.e., including the 140 mill. t of the disaster year 1975) only 196.4 mill. t.

However, it can now be assumed with reasonable certainty that the four-year (1976-1979) yearly average will not be more than the 210.4 mill. t (below). How much would it take in 1980 to reach 215 mill. t, the minimum average forecast for the tenth Five-Year Plan? Here are the figures (in mill. t):

1976:	223.8
1977:	195.5
1978:	237.2
1979 (est.):	185.2
841.5: 4 =	210.3
Balance needed for 1980	233.5
1075.0: 5 =	215.0

In other words, something close to the exceptional 1978 crop. If, on the other hand, the 1979 crop should turn out to be only about 175 mill. t as this observer strongly believes, the 1980 Soviet crop, to reach the minimum yearly average projected by the XXV Party Congress for the tenth Five-Year Plan period would have to be 243.5 mill. t — almost 6 mill. t more than the 237.2 mill. t of 1978.

Secretary General Brezhnev reaffirmed last July that actual grain needs of the USSR in 1990 will be one metric ton per inhabitant. At the present rate of annual increase, the population of the USSR will then have reached 287.5 million.

Thus, the Soviet Union will continue to have large grain import needs, even in better than average crop years, for quite a few years to come; unless, of course, a hardlining successor to Mr. Brezhnev should decide on a stringent reduction of livestock and poultry numbers and a general regime of dietary austerity. In the USSR, this possibility cannot be discarded. Evidence for such moves are already looming on the horizon, tempered, however, by the upcoming Olympics. Contrary to the opinion of some Western writers, this will not lead to significant public disorders.

Chinese Farmer Lives and Works on Iowa Farm

Editors' note: In its May/June 1979 issue, *Ag World* ran a story about life in a commune in China. Following is one, from USDA, describing the learning experiences of a Chinese farmer (and his hosts) in Iowa.

Sha Zhifan came all the way from a farm in the People's Republic of China to see how food is grown in America.

After working more than a month on Alvin Dykstra's farm, in Hartley, Iowa, Sha's a bit worried.

"No people in field," he said sadly.

Back home, Sha was used to seeing flocks of people invade the fields for each day's work. Without the modern machines and chemicals farmers use in the United States, China needs plenty of people to grow food.

Sha, 31, was one year old when his government came into power. He will work on the farm of his sponsor, Dykstra, until the spring of 1980. Eleven other Chinese farmers are working on other U.S. farms.

In China, Sha specializes in raising hogs but he's keenly interested in everything agricultural.

Here, Sha lives in a tan clapboard house with Dykstra's daughter and son-in-law, Tom and Marcia Aupperlee. The Aupperlee's two preschool boys follow him about much of the time.

He is hard-working, even helps clear the table, do the dishes and vacuum the house. He said in China there's no line between men's and women's work.

Sha can't believe Dykstra and Aupperlee turn out 1,500 to 2,000 hogs a year, 100 or so sheep, grow

550 acres of corn and soybeans and handle all the other farm chores by themselves. Behind the observation he sadly made in halting English that there are "no people in fields" was an apparent fear the planting wouldn't get done "with just the three of us to do it," Dykstra said with a smile.

"He said he really likes to see a lot of people working in the field," said Marcia. "One day when all four of us were planting trees, he said 'Ah. Many people in field.' I'm always kidding him about all the people they have in China. But, boy! If we had twenty like Sha, what we couldn't get done."

"From what Sha has told me," Dykstra said, "to handle the production we do would take 120 people in China's labor-intensive farm style. Most would specialize in one area or another of the work. A million dollars invested here in land and farm equipment baffles Sha. He often asks how much things cost.

"Among those 120 people Sha counts would be veterinarians, machinery repairmen and other specialists. We do that work ourselves when we can and hire a vet or some other expert when we can't."

Dykstra said, "He was eager to see how we plant. I think he believed we wouldn't get it done in time. We had a wet spring and we were late. He wants to see how we harvest and how we weed. His people do much of that by hand. I find they're still planting some types of corn we used in the '30s. He's interested in American seed corn, which he'd heard about. He has a corn harvesting machine on his farm but the corn ears are too close to the ground to fit in the machine.

"He's amazed at the freedom American farmers have to grow what they want," said Dykstra. "In China, Sha's production team leaders made production decisions for him. He has 200 people on his production team, counting the parents' children. He has about 10,000 people in his commune, we think.

"Sha likes working with hogs best at his commune but he's also interested in poultry. He said it takes them two months longer than us to raise a hog for market," Dykstra said, "because their feed lacks the potency ours has. But with their manpower, they keep their pigs cleaner than we do ours. They clean most pens daily and the farrowing pens four times a day. I've seen Sha trying to clean our pens in his free time.

"He's very aware of efficiency. I had to drive to a sale one day to buy calves. It turned out I didn't buy any. Sha told me I wasted gas, lost work time and didn't even buy anything. 'No good,' he said."

Dykstra taught him to operate a tractor. Sha thinks it won't be a useful skill in China, since he won't have one there. "But he hopes his commune will get several soon," Dykstra said. "Sha said a manual auger-type post hole digger he used one day will be most useful."

Sha had an intensive eight-week English language course before coming to America. Since his wife, who stayed behind with their six-month-old son, teaches English, Sha had a headstart.

Dykstra said, "While he has trouble understanding — he says we talk too fast — he can write in perfect English any sentence he understands. Sha keeps a little notebook of strange English words, their phonetic spellings and Chinese translation. Sometimes I can't run a point all the way down. But we'll learn more as his English improves." The Aupperlee boys will learn some Chinese, too.

"Sha has adapted to American food well," said Marcia, who gets insight into that phase of Sha's "Americanization." "He heard about hamburgers in China and likes them a lot. He likes spaghetti, pudding and cold breakfast cereals, which are new to him. He dislikes toast and jello. He salts his bread and butter heavily, even when it's covered with peanut butter and jelly.

"For some reason," she said, "it surprised us to learn they used peanut butter in China."

"He didn't like butter when he first arrived. He doesn't like the tea but drinks water, milk and cocoa. His favorite is ice cream. Since the Chinese don't generally have refrigeration in rural areas, he doesn't get much ice cream back home," she said.

"Sha thinks Americans 'cook quick' but spend a lot of time washing all the dishes it takes us to prepare food. He says, in China they often use only a few bowls for a family meal. He says alphabet soup is the funniest thing he's ever seen. He can't believe Americans would bother to put letters in their soup," Marcia said.

"He said he eats a lot of vegetables in China and some pork. Chinese produce a lot of pork but Sha says they need many more hogs," Marcia said.

"By our standards, Sha lives a spartan life. He and his family have only cold water in the few rooms in their home. They share a kitchen. He laughed when I showed him the gadgets in my kitchen and asked if his wife had a blender." His experience with a vacuum cleaner is limited to one he knows of in his part of the commune. Sha told me, 'It will be many years before we have auto.'

"We pay him a regular salary, which goes to the International Farmers Association for Education. They helped bring Sha over here. They do this with farmers all over the world. They in turn pay him and sent him a check for \$120. 'He's tight,' joked Marcia. "Doesn't spend a dime."

Dykstra said, "People around here are interested in Sha and come by to talk to him. On a visit to town to buy some jeans and things, one farmer I introduced him to had helped build the Burma Road to supply China during World War II and remembered the 11- and 12-year-old Chinese boys who carried American construction equip-

ment on their shoulders. He fished a \$20 bill from his wallet and insisted Sha keep it.

"Sha didn't want to take it but I told him to donate it to International Farmers Association for education," Dykstra said.

"He takes it for granted that he's part of the family. I expect he'll be baby-sitting for us soon. He's much like people anywhere," Tom Aupperlee said. "He's willing to jump right in, too, to learn our ways". •

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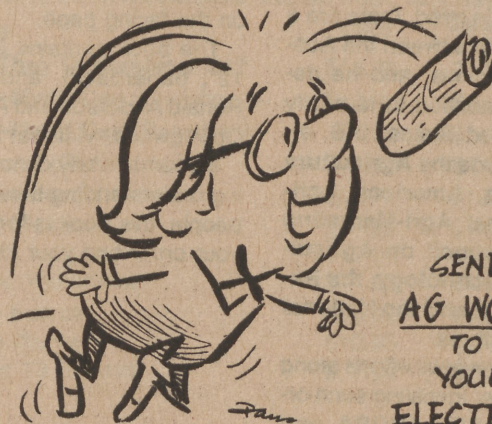
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Why Don't They Understand Us? A Study of the Farm-City Gap

by Ronald Anderson

The "understanding gap" between farm and city people plagues farmers the world over — and becomes more critical in the United States every day. The farm population shrinks, fewer city people feel close ties to farm families, and political decisions exert more and more influence on farm incomes and country ways of life.

That's why this new book is so important to farm people and others interested in the concerns of farm families. *Why Don't They Understand Us?* examines basic problems and reviews a number of programs in America and Europe which are designed to bridge the farm-city gap. The book contains a wealth of useful reference information, as well as dozens — if not hundreds — of worthwhile ideas which can be used by farmers and others concerned with the growing farm-city gap.

The author is the distinguished Australian agricultural publisher Ronald Anderson, who has been writing about the "understanding gap" for more than ten years. Although he wrote this book with Australian agriculture in mind, there are a great many similarities between the Australian and U.S. situations, and he devotes considerable attention to farm-city programs in the United States. U.S. organizations cited include the **Agriculture Council of America, American Agri-Women, the National Agri-Marketing Association, the Council on Agricultural Science and Technology, the National Cotton Council and the National Council of Cooperatives.**

Mr. Anderson also reviews efforts along similar lines in Europe, involving such organizations as the EC's (COPA and CEPFAR, Stichting in Holland, the Danish Agricultural Council, MAT in Finland, the LRF in Sweden, the Association of Agriculture in Britain and Operation Farmlink in Australia.

We at Ag World are extremely pleased to offer this book as a special service to our readers. The cost is \$18, (including



postage and handling) and you can get your copy via the convenient order form on the facing page.

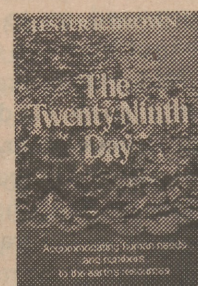
The book contains 268 pages (8¼" x 12", paperback), and is published by Ronald Anderson and Associates Pty Ltd, Collingwood, Victoria, Australia.

If you have any concern about increasing understanding between farm and city people, this book is for you. Please send your order and your check right away!

The Twenty-Ninth Day

Accommodating human needs and numbers to the earth's resources

by Lester Brown



The president of Worldwatch Institute examines world population growth and the biological systems upon which humanity depends. His conclusion: We are gradually undermining human life support systems. He projects new social structures and a different economic system, placing great stress on both individuals and institutions. (Norton, 363 pp., \$11.95 clothbound, \$4.95 paperback).

Losing Ground

Environmental Stress and World Food Prospects

by Erik P. Eckholm



Jointly sponsored by the United Nations Environment Program and the Worldwatch Institute, this book "documents the global extent of ecological stress, its political causes, and its human consequences." The author discusses deforestation, soil erosion and desertification and their effects on food production. (Norton, 223 pp., clothbound, \$7.95).

Gold on Four Feet

A new industry for rural America?

by Ronald Anderson



A practical "how-to" book on a possible new industry for rural America — commercial deer farming. Profit levels many times higher than for cattle or sheep are reported by farmers in Australia and New Zealand. (Ronald Anderson & Associates, 160 pp., paperback, \$14.75)

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by John Freivalds

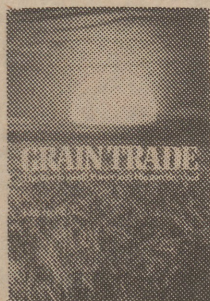
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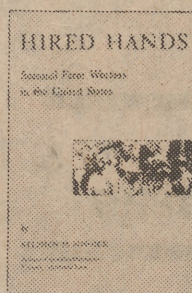
by John Freivalds



A highly readable account of how the grain trade really works, full of lively quotes and anecdotes. The author not only knows the business first-hand, but also has done his research. (Stein & Day, 248 pp., \$10.95)

Hired Hands: Seasonal Farm Workers in the United States

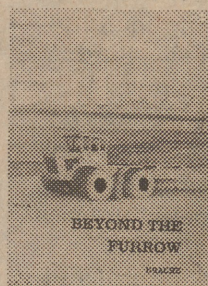
by Stephen H. Sosnick



Called the "first complete reference book" on the subject, this book focuses on migrant workers, presenting historical, social and economic data. (McNally & Loftin, West, 472 pp., \$14.95 paperback, \$20.00 cloth)

Beyond the Furrow: Some Keys to Successful Farming in the 20th Century

by Hiram M. Drache



This book deals with the changes that have made the family farm of today far different from those of an earlier era. Interviews with many of the nation's top farmers highlight technological, financial and management innovation. (Interstate, 560 pp., \$10.95 cloth)

Tomorrow's Harvest: Thoughts and Opinions of Successful Farmers

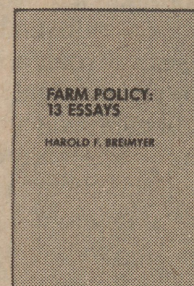
by Hiram M. Drache



A sequel to **Beyond the Furrow**, this book looks to the future of U. S. agriculture as projected through the methods, management and motivation of many of today's most successful farmers. (Interstate, 314 pp., \$10.95, cloth)

Farm Policy: 13 Essays

by Harold F. Breimyer



This series of provocative essays by a noted economist offers thoughtful, hard-hitting commentary on the many paradoxes of rural America. (Iowa State University Press, 117 pp., \$7.50)

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In Brief

News, Ideas, Names

American Agricultural Productivity: Envy of the World . . .

American agricultural productivity is the envy of the world, in part because of the wisdom with which Congress established the national program of agricultural research a century ago, said Arthur G. Hansen, Purdue University president.

In many ways, the Congress of 100 years ago was far wiser than it is today. It enacted laws expressing a very general intent, made appropriations and permitted the states to determine the details of expenditure according to their peculiar needs, he explained.

The Purdue president, speaking to agricultural and governmental leaders in Indianapolis noted that the Morrill Act, under which the agricultural experiment stations were created, did not establish a huge federal bureaucracy to issue reams of rules, regulations and interpretations, detailing every move to be made in the program of agricultural research.

The same approach was continued in the Hatch Act of 1887 with respect to appropriations for the agricultural experiment stations, Hansen said.

"We have much to learn today from this approach which has resulted in the most successful program of agricultural research developed in any nation for any time in human history," he said. •

. . . But, It's Slowing . . .

American agriculture may not be as productive today as some of us believe. It still has a high productivity growth rate which has slowed, however, over the last decade, said Vernon W. Ruttan, Agricultural economist, University of Minnesota. "Productivity growth in agriculture has fallen below levels of the two decades following World War II."

Ruttan gave a paper titled "Inflation, Productivity and Agriculture" at the American Agricultural Economics Association in Pullman, Washington.

The slow demand growth for agricultural products by American consumers has helped agriculture meet both domestic and foreign production requirements.

That factor is "at least" as important as high productivity growth, he said.

Production per acre of some crops, corn in particular, is high when compared to other countries. But average agricultural output per acre remains low compared to levels in many other developed and developing countries.

"The U.S. growth rate for agricultural output since 1950 has averaged about 1.7% a year. This is well below the 2 to 4% growth rates achieved by many other countries."

Ruttan said two serious issues confront U.S. agricultural performance in the future:

- Whether the U.S. agricultural research system is maintaining its capacity to support productivity growth and

- Whether institutional constraints are becoming an increasing burden on productivity growth.

"Investments in agricultural research average a 25 to 50% return. There's a substantial underinvestment in agricultural research."

Due largely to increasing energy costs, Ruttan said he anticipates a period of relatively slow growth in total agricultural productivity. In many respects the next several decades could parallel the lag in U.S. agricultural productivity between 1895 and 1925.

"During the next decade I expect we'll devote more resources to search for energy-saving technologies.

"In the future it's unlikely that the American economy can depend, as it has in the past, on productivity growth in the agricultural sector to dampen the impact of inflation on food prices.

"If we don't find efficient new sources of productivity growth in agriculture, it will be difficult for the nation to avoid transferring resources from the nonagricultural to the agricultural sector," he concluded. •

. . . And, Bergland Discusses Research Objectives for the 1980s.

Even though U.S. crops are projected near record levels this year, Secretary Bergland said the "challenge of the 1980s is going to be to get back to basics and replenish agricultural research knowledge."

In a meeting with agricultural leaders in Saginaw, Michigan, he said that budgetary restraints demand that research be undertaken on only the highest priority needs.

Among them: expanding human nutrition research; learning more about photosynthesis; relieving plant and animal stress to weather extremes; increasing plant and animal productivity; developing alternate energy resources and new conservation techniques; preserving natural resources, and increasing the nutritional value of agricultural products for both people and animals. •

Changed Tax Status for Conservation Cost-Sharing

Federal and State conservation cost-sharing payments to farmers would not count as income for federal tax purposes under proposed regulations announced by USDA.

The proposed rule would apply to payments received after September 30.

Conservation payments proposed for exemption include those to conserve soil and water resources, protect and restore the environment, improve forests or provide habitat for wildlife.

Comments should be sent by September 24 to Arnie Miller, room 117-A, Administration Bldg., USDA, Washington, D.C. 20250.

Estimating Impact of Rural Industry

Rural communities have shown a continuing interest in expanding and diversifying their local economies by promoting industrial development. But communities for a variety of reasons may overstate industrial benefits and understate added costs to serve the industry and its employees. For example, research by the Texas Agricultural Experiment Station shows that (1) some of the plants' payroll leaks out of the community through commuters; (2) local economic effects are smaller than expected because community residents tend to consume outside the community; (3) local government is unable to convert economic growth into tax revenues, and (4) local government may give too many concessions to new industry. Until recently, methods for estimating localized economic impacts for small communities were quite limited. A computerized economic impact projection model, developed by experiment station economists for rural communities in Texas, should help in making a realistic assessment. The benefits and costs attributable to a new industry are estimated for the private sector, municipal government, school district and county government of the local area. Direct, indirect and induced effects are estimated for both benefits and costs to determine the net economic impact on each sector. Source: Lonnie L. Jones, Brenda R. Wilson, College Station, Tel. 713/845-2333.

Industrial Development Course and Workshop

A ten-week self-study course in industrial development is being cosponsored by the Texas Agricultural Extension Service and the Texas Industrial Commission. The course began on August 27 and will end on

November 22. Because it's a self-study course and even though it has begun, "persons can easily catch up," says Jack L. Jones, Extension community development specialist. He says the course is designed to help local leaders understand industrial development basics.

The course will culminate with a three-day workshop (November 6-8) that will feature speakers from communities successfully attracting industries, bankers who have been prime movers in industrial locations and electric utility company individuals who have assisted small cities in attracting industry. These speakers will also be ready to answer students' questions.

Mr. Jones believes that cities with less than 20,000 population often do not have the economic base to provide job opportunities or a cash flow that permits rising per capita incomes plus improved living standards. He contends that small cities must develop local manufacturing or attract outside industry to improve their economies.

For more information please call Mr. Jones at 713/845-4445.

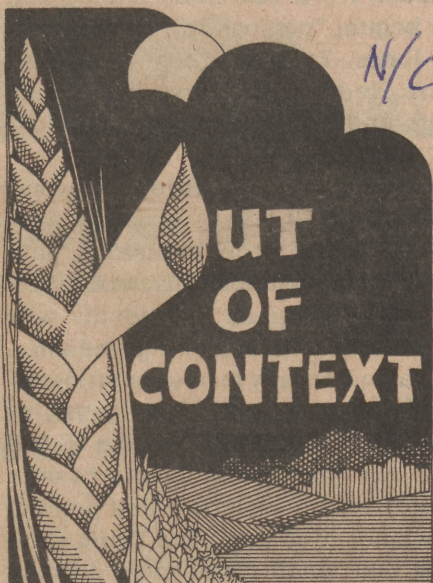
(Continued from p. 24)

duction should be held for a better price depends on the producer's financial condition.

"How much do you need to sell in order to cover your cash flow costs?" Hasbargen asks. "Perhaps you should accept an 'average' price expectation (based on outlook information) on enough livestock to cover cash flow expenses. Once these are paid, you can afford to risk a downturn should it occur while you wait for a better price."

The producer who wants minimal risk should price his livestock at levels equal to or slightly above the average outlook price for the marketing period. The price maximizing producer, on the other hand should price supplies in increments only as the market moves above the average outlook price. By following this principle most of the 1979 cattle production would have been priced by mid-April. Much of the 1979 crop production would have been priced by late June. The seller should always remember that the higher the market climbs, the greater are the odds for a drop.

Hasbargen summarizes: "Outlook information is an important ingredient in making marketing decisions. To use it effectively crop and livestock producers should price their products rather than sell them. Their major goal should be attaining the highest profit, not the highest price. Lower prices must often be accepted by highly financed producers who cannot handle the risk involved in waiting for better prices."



"Few people realize that electric power does not flow *through* the lines; it flows in the *direction* of the line; its fields extend for thousands of feet on each side. This can be vividly illustrated by the fact that a fluorescent bulb held under a high-voltage wire will light up by itself."

Susan Schiefelbein in "The Invisible Threat," *Saturday Review*, September 15, 1979.

"The excellent performance of farm real estate as an investment in recent years has resulted in land values being bid up above the value of the land's discounted flow of future revenue. Yet land offered for sale appears to have ready buyers. Consequently, many people want to know who is buying farmland — and, moreover, how the buyers are financing the purchases."

Marvin Duncan in "Farm Real Estate Values: What's Happening and Why," Federal Reserve Bank of Kansas City, June 1979.

"Acknowledging that rich and poor countries are stumbling toward the year 2000 together, the Organization of Economic Cooperation & Development has released its long-awaited report by the Interfutures Project."

Vanya Walker-Leigh in "Economic picture not rosy for year 2000," *The Financial Post* (Toronto), July 21, 1979.

"In periods of economic uncertainty and monetary turmoil, the only thing with real intrinsic value is commodities." (said Mike Hinebaugh). So it's a good bet that prices will rise regardless of the supply and demand outlook for grains, he asserted."

In "Grain Prices Increase, Reacting to Economic, Political Uncertainties," *The Wall Street Journal*, July 19, 1979.

"Changes in consumer lifestyles, particularly those increasing demand for food services, have also increased food prices. Sales by fast-food outlets, for example, have risen faster than in any other part of the market since the sixties — six-fold between 1967 and 1977."

In "Food Price Spreads," an Issue Briefing Paper, USDA, August 14, 1979.

"With growth in net income down this half-year from the 30% average for the past 10 years to a 17% rate most ordinary companies would love to have, McDonald's may now face the prospect of becoming an ordinary company itself."

In "A 10% difference at McDonald's," *The Economist* (London), August 25-31, 1979.

"Milk products have faced severe competition in recent years; for one, because of the cholesterol scare and also because of the unshakable belief of not few Americans that a synthetic product is better than a natural one."

In "Milwaukee — a portly city," *Neue Zürcher Zeitung*, June 9/10, 1979.

"We all know that we learn many things by coming across them unexpectedly. What will remain of this democratic function when each person reads — or punches up on the console — only what his or her informational needs require?"

Dominique Wolton in "Do you love your VDT?" *Columbia Journalism Review*, July/August 1979.

"Commend Senator George S. McGovern for a suggestion to abandon the term 'junk foods' in favor of 'junk diets.'"

One of eight resolutions presented during the final business meeting of the Society for Nutrition Education, July 1979.

"I think we will have a fresh-water crisis in 20 or 30 years, says Rep. Albert Gore Jr. (D) of Tennessee, member of the (federal) investigating committee, referring to bursting population and industrial demands. The hazardous waste threat is the environmental giant of this decade."

From "Dismal 'harvest' of toxic wastes," by Richard L. Strout, in *The Christian Science Monitor*, June 11, 1979.