

**DISCUSSION: PROTECTION OF AGRICULTURAL LAND:
AN INSTITUTIONALIST PERSPECTIVE****Lonnie R. Vandever**

Hite and Dillman have addressed an issue important to this country in their paper. This issue, our changing prime farmland resource base, has received much attention recently and is likely to receive more in the future. Although the views expressed in the Hite and Dillman article are both original and stimulating, they deserve further discussion. Following are comments on the basic premise of their paper, the role of positive economics in this issue, and potential implications for agricultural land retention in the South.

The basic premise of the Hite and Dillman paper is that ideology and not economics underlies the agricultural lands protection movement. After noting problems in analyzing both positive and normative questions associated with agricultural lands retention policy, the authors chose to use the institutional approach to examine this issue. The institutional approach presumes that an economy is a complex organism and, to explain the behavior of the system as a whole, its individual parts must be studied in terms of how they influence the whole. Within the institutional framework, one general classification of these parts implies that current ideology is not only influenced by cultural, social, political, and religious phenomena, but also by economic phenomena. Moreover, this leads to the conclusion that their basic premise is not entirely consistent with the general approach used.

Other logic that does not appear to be entirely consistent with the institutional approach includes arguments for agricultural land retention programs. Specifically, these include the central issue and several other arguments, which are said to be somewhat unrelated to this issue. The central issue (the concern of adequate food supplies for the United States and her trading partners) is acknowledged to have an empirical answer, but is put aside in the remaining discussion of the paper. The discussion is then directed toward several unrelated issues, which range from agricultural land retention protects agriculture as an important local industry to land retention promotes orderly growth of urban areas. Within an institutional framework, it would seem that these lesser issues represent important con-

cerns to various interest groups in society. It would seem also that these issues are related to the central issue and represent its important parts. For example, the issue that land retention protects agriculture as an important industry is related as it represents a part of our aggregate food production capability.

The failure to recognize the relationship of the central issue and its important parts leads to other logic not entirely consistent with the institutional approach. This concern largely centers on the role of myths in explaining current ideology. The logic is that the yeoman farmer is an important mythical symbol in our heritage, and that our obligation to preserve him by preserving his habitat lies beneath the current policy of protecting agricultural land. Although this may be important, it does not necessarily represent the predominant concern underlying the issue. This logic fails to recognize a distinction between rural and urban-industrial sectors of society and the fact that some of the goals and values of these two sectors may differ. Farm policy research suggests that although differences in goals and values between rural and urban sectors are small, they are important (Tweeten). Another observation is that values in society are becoming increasingly urban dominated. These value differences lead to an alternative conclusion that urban society's concern for the yeoman farmer is primarily limited to the extent of his ability to produce adequate food and fiber for society at a reasonable cost. In addition, the uncertainties associated with future world events, which could have important impacts on our ability to produce adequate food and fiber, provide a common basis for concern among rural and urban sectors of society. Important uncertainties include the supply of farmland, future increases in agricultural productivity, impacts of energy scarcity on agriculture, uncertain long-run climatic changes, and future soil erosion problems.

These uncertainties, along with the general perspective of the Hite and Dillman paper, raise several important questions concerning the role that positive economics should play in examining this issue. One basic positive question concerns efficiency of land use. At one extreme, a propo-

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ment for agricultural lands protection might argue, within the present institutional framework, that continued uncontrolled growth of industries and growing concentration of people do not facilitate efficient use of land. This uncontrolled growth will limit the ability of agriculture to produce adequate food and fiber at a reasonable cost in the future. Alternatively, an opponent of agricultural land protection might argue that present institutions have encouraged the efficient use of land, as evidenced both by the ample supplies of food and the declining proportion of consumer income spent for food. Similarly, another argument might be that present institutions have encouraged the concentration of people into residential areas and that the gain in land resulting from shifting families from two-acre farmsteads to two-tenths-acre lots is efficient. Also, actions of current institutions that encourage a capital-intensive agriculture have resulted in farmland gains through land drainage, precision leveling, terracing, and other soil conserving measures.

Then an important question arises—whether sufficiently accurate information is available to address this issue properly. It is argued here that this information is not available for at least two reasons. There has not been a pressing need for accurate monitoring of agriculture's land resource base until recently because the general problem in agriculture has been one of excess resources and production. Another reason is the wide divergence in opinion concerning agricultural lands protection. As noted by Hite and Dillman, a wide difference of opinion exists on this issue among agricultural economists. In addition, widely differing views exist among states, community leaders, and the general public (GAO). Although it may be argued that a divergence in opinion will always exist, it may also be argued that a divergence in opinion might be narrowed with the availability of accurate information for evaluating the issue.

Another important question concerns the extent to which positive and normative approaches should be used in analyzing agricultural lands protection. Hite and Dillman put these important roles into proper perspective. Within the institutional framework, the normative approach is used to develop implications for the South. However, for full development of these implications, it became necessary to expand and discuss the costs of agricultural lands preservation, a positive question. This positive information is then used within the normative framework to develop implications for the South. The exercise clearly demonstrates the need for positive as well as normative economics.

A specific positive question addressed by Hite and Dillman also deserves mention. Essentially, they argue that it is difficult to measure all benefits associated with agricultural land preservation

because of values and ideologies buried deep in our national character. Therefore, they argue that agricultural economists should not focus so much on attempts to estimate benefits from agricultural land preservation, as on attempts to estimate its costs. However, these costs may be as difficult to estimate as benefits. For example, it could also be argued that the idea of the independent yeoman farmer with private ownership of land is buried deep in our national character and any policy which restricts these rights would produce important costs. Other difficulties lie in estimating costs to users of non-prime farmland for outdoor activities such as hunting, fishing, or hiking, since a prime farmland retention policy would be expected to increase the conversion of non-prime farmland to other uses. Thus, in the event of program formulation, it would seem that economists are faced with the difficult task of estimating both costs and benefits associated with agricultural land preservation.

The major implication from the study is that substantial differences in industrial site development cost between prime and non-prime agricultural land, along with national agricultural land protection legislation, could slow economic development in the South. Evidence presented in the paper suggests that the difference in industrial land development cost between prime and non-prime agricultural land is substantial. Moreover, part of the South's advantage in economic development in recent years is attributed to the abundance of relatively cheap agricultural land. Any program that offsets this advantage through higher land development cost could have a negative impact on industrial development and, hence, economic development in the South. An alternative argument would be that such a policy could enhance the South's position in economic development. The impact of such a policy would depend on the rate of prime agricultural land conversion and site development costs in the South, relative to other areas in the country. If the rate of prime agricultural land conversion to non-agricultural uses is greater in other areas of the country than in the South (as implied by Hite and Dillman), then this might be expected to put the South at an advantage in attracting industry and, hence, economic development. In addition, if the differential in site development costs between prime and non-prime agricultural land is larger in other areas of the country than in the South, the South's position in industrial development would likely be enhanced.

Another observation is that the differential in site development cost between prime and non-prime land is expected to affect industrial locations differently. For example, this differential may have a substantial impact on the location of labor-intensive industries, whereas the impact of location may be of lesser importance to indus-

tries that are highly capital intensive.¹ In any case, the question of the importance of this cost in decisions of firm location still remains.

In conclusion, the discussion in the Hite and Dillman paper and the discussion here have primarily concentrated on explaining the underlying concerns for the loss of prime farmland; there has been less discussion of the potential

consequences that might be associated with the loss of prime farmland. It would seem that uncertainty associated with these consequences demonstrates the need for concentrated research on this question. Moreover, important to this research is the need for accurate, positive information to be used in normative analyses of prime farmland loss.

REFERENCES

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¹It could be argued that national agricultural land protection legislation could slow economic development in the South because of the relative importance of differential site development costs for labor-intensive industries that have traditionally located in the South.

