

EMERGING ISSUES, POLICIES, AND PROGRAMS FOR THE SEVENTIES

Don Paarlberg
Director of Agricultural Economics
U.S. Department of Agriculture

In terms of agricultural policy the question today is: *Who is making the decisions in agriculture?*

There were many years when it would have been idle to ask such a question because the answer was evident. It was the farmer who made the decisions: What to plant. How many animals to produce. When, how to sell. How to use his resources. In the farm policy field there also was an easy answer to this question. The decisions were made by the farm bloc of the Congress with the aid of the farm organizations, the Department of Agriculture, and the land-grant colleges. And it would have been idle in those days to ask who was making the policy decisions in agriculture. True, there were some disagreements, differences. But on the whole, the decision-making process was rather well specified.

But agriculture has been going through some enormous changes. We have been experiencing an agricultural revolution. The farms are bigger. They are fewer. They require vastly more capital. They use much more technology. New managerial forms are emerging. There are new ways of managing agricultural resources. There are contracts. There is vertical integration. And the farmer finds some of the decisions now being made by people off the farm.

Agriculture is losing its uniqueness. There was a day when agriculture was different, distinguished in a marked fashion, and in a preferential way, from other sorts of activity. The farmer was the cornerstone of democracy. Agriculture was not just a way of producing crops and livestock; it was a way of producing people. It was a good way of life. And everything in agriculture was different, meritoriously so. But this has been changing, and agriculture is entering the mainstream of economic and political life in this country. The things that distinguished agriculture from the rest of the society are gradually becoming blurred.

I can remember when it was a matter of pride with farmers that they could distinguish themselves from other people by dress and manner. But now I hear farm people saying proudly that you can-

not distinguish a farmer from anybody else. They look and talk and behave in the same fashion.

This means that some of the unique qualities of agriculture are in the process of change. Historically, the economist would say that the farm operator provided himself, in his own person, all the productive resources that were used on the farm. He provided the capital, the land, the labor, the management.

The modern farm is very large and requires an enormous amount of capital, a great deal of managerial skill, and much labor. It is harder for the average person to find bound together in himself all these resources.

So the factors of production formerly all supplied by the farmer are now being supplied in some degree separately by different people. And the one thing that is very precious to the farmer—the decision-making prerogative—is to some extent also up for grabs. What farmers are trying to do is to hold on to that very special prerogative. They may have to borrow their money, even though they do not like to do it. They may have to rent their land—maybe they cannot own enough land. They may have to hire their labor. But they do not want to give up that decision-making function.

Of course, there are some exceptions to this. We have seen the broiler industry transformed, with the operator becoming a sort of piece worker, or a wage worker. And there are questions whether this style of operation is going to move into other sectors of agriculture, whether agriculture is going to become like bricklaying, or like taxi driving. Who can tell?

This is something about which farmers are very much concerned, and you know that from your close association with them. There is a struggle in the new form of agriculture that is emerging to see who will be making how many of what kinds of decisions. There is a long list of contenders. The farmers themselves are trying to develop new techniques for retaining the decision-making function. They do this with bargaining groups, new kinds of commodity associations. They are restructuring their cooperatives, and are trying to learn how to retain for themselves the decision-making prerogative.

Agribusiness firms are trying to take over the decision-making function. Nonfarm corporations are venturing into agriculture, financial interests are supplying the capital and trying to supply the decision-making function with the capital. Food processors and retailers are trying to restructure agriculture in order to have control of the time of delivery, the quality, the grade, and the volume, in order

to adapt the inflow of agricultural products into the new merchandising institutions that are arising. Labor is trying to take over a larger role in the decision making within agriculture. Those of you who are from the far West will be particularly aware of this. There is an effort to unionize farm labor to convey to labor some of the decision making concerning the manner in which agricultural commodities are to be produced and harvested.

Government is venturing into the decision-making forum for agriculture with pure food regulations, with environmental quality control, with pesticide regulations, and with programs that prescribe how much and what kind of agricultural commodities are to be produced.

It is like Jimmy Durante says, "Everybody is getting into the act." But the question of who makes the decisions in agriculture is an essential one.

Farmers ask themselves, where should we fight this battle? How much of this battle should we fight in the marketplace? How much of it should we fight in the legislative forum? Obviously they have to make the fight both places. When you decide where you are going to fight your battles, you want to know something about the strength of the base from which you elect to fight. The question is how much of which battle do you fight in one place and how much of which battle do you fight somewhere else. There is a change under way in the farm policy format.

I think the best way I can characterize this change is to outline what I shall call the farm policy agenda committee. I mentioned before that farm policy is developed and decisions made within a group of institutions. One of these is the farm bloc in the Congress, another is the Department of Agriculture, and another the farm organizations. Then another is the land-grant universities. The land-grant universities do not think of themselves as policy-making institutions, but they train the leaders, they are part of the thought process, they are the intellectual elite, they have their role.

For long years the policy agenda committee had almost undisputed control of shaping the farm policy format. They were pretty well able through the years to keep off the agenda those items they did not want to see considered. It is true that they could not always get enacted the things they wanted to see enacted, and they had their quarrels among themselves. But they were agreed on one thing—they were the agenda committee.

Now this is changing, and I think I can illustrate it best from my

own experience. I was in the Department of Agriculture during the 1950's, and at that time the agenda committee was pretty well in control of the farm policy agenda. They had put at the head of the list the commodity programs that dealt with price supports and production controls for the major crops. They had some trouble getting enacted the kind of legislation they wanted, and there was some disagreement concerning just what was wanted. But nevertheless, all were agreed this was the top farm policy item.

But what farm policy issues have occupied the Secretary and his people during the last year and a half? One item is payment limitations: How much money is going to be paid to any one person under these commodity programs? Now you can be sure that the old agenda committee did not put that on the agenda. That was put on the agenda by nonfarm people. Then there was the banning of DDT. How did that get on the agenda? Well, the old agenda committee did not put that one on either. That was put on by the conservationists.

Unionizing farm labor is an issue. That was put on by Caesar Chavez with help from the labor unions, the churchmen, and the academic community. Civil rights in the administration of agricultural programs—how did that get on the agenda? That was put on by the Civil Rights Commission, with help from many interested people. Problems of the rural poor—did the agricultural committees put that on the agenda? Oh no, that was put on by the Rev. Ralph Abernathy, with help from a number of others.

Food for the malnourished, how did that get on the agenda? Well, that got put on after a CBS documentary and a special study by a number of private citizens and by a select committee of the United States Senate. There is no question but that this has been a top question of agricultural policy. Allegations about the high price of food, how did that get on the agenda? Again not by the old agenda committee. That came up because of the interests of private citizens, the consumers of food who find large numbers of people to express their views. Allegations about the unwholesomeness of food and about the effect on human health of the use of tobacco—who brought that up? The medical profession.

Meanwhile the Secretary and the farm organizations have been trying to get the Congress to act on the old agenda items—price supports, production controls, income payments for the major commodities. And with all the other issues, they have not got the job done, though passage of a farm bill is in sight.

What comes through if you look at this objectively is that the old

agenda committee no longer has control of the agenda to the degree it once did. Farmers are losing control of the farm policy agenda. That is significant, and so is losing the initiative. If I have learned anything from watching all those football games, it is that you do not score points unless you have the ball. But worse than losing the ball, is to lose the ball and think you still have it.

We have many problems in agriculture that call for enlightened and sympathetic understanding and an intent of helpfulness by government. But we cannot get these effectively before the people unless we have a considerable input in the shaping of the agenda. Something else that I learned by being in the college is that the most important committee on the faculty senate is the agenda committee. They decide what is going to be discussed and the terms under which it is to be discussed. One of the most important committees in the Congress is the rules committee, which is really an agenda committee. They decide what items are going to be discussed and under what rules. And the most important group in farm policy is the group that defines the issues. We in agriculture have to consider how to get a bigger input than we have had in recent years in the agricultural policy agenda.

Now we might speculate a little about how it is and why it is that we have been losing influence. Certainly the loss in political power is a big item. When I was a boy, 25 percent of the people were living on farms. Now the number is only 5 percent. The loss in political power may not have been exactly proportionate to the shift in the rural-urban balance, but it has certainly been substantial.

There also has been a loss in image. I described earlier the fact that the farmer is losing his uniqueness. The early idea was that the farmer was especially meritorious. Now, he is just a citizen like everybody else. The city limits sign which once was the line of demarcation between two cultures has become increasingly just a line that divides two units of local government. The earlier notion that the farmer was the cornerstone of democracy, that he was uniquely productive of the truly worthwhile things, has been blurred and with it have been lost some of the favorable attitudes that once prevailed toward farm people.

In addition, certain of the farm programs with the very heavy payments made to a limited number of individuals have created an adverse reaction toward farm people. I do not think we can turn out statements, publications, and radio speeches that are going to alter this in any fundamental sense. What we have to do is to favorably represent the farmers to the people of this country and to make it as clear as possible that farmers are efficiently producing the most needed

commodities, that they are providing the public the best diet any people ever had, at the smallest percentage of the consumer's income. This needs to be said again and again and again. You are helping to say it. The Secretary works at this constantly. But I do not think this is going to be enough. I think people are going to expect to see some fundamental changes that are more than cosmetic in nature. They are going to insist on some program changes, insist on our doing things differently in agriculture from the way we have long done them. The payment limitation in the new farm bill will help.

Another development prompting this change is a growing interest in the people left behind. Here I want to talk plainly, perhaps more plainly than you are accustomed to hearing. I look at the programs of the Department of Agriculture and the land-grant universities to see which people are benefiting from these programs. I find, and I think you will have to agree, that these are by and large the better farmers whose incomes are already above the average. That is the way it has long been. But the climate of public opinion in this country has changed, and I do not think that our present approach is good enough. We are under criticism in agriculture and in our agricultural organizations on this point. This is making some difference in our attitude toward what to do.

Furthermore, the commodity problems for corn, wheat, and cotton are now thirty-five years old. We still do not have the answers, and people are growing weary. How long can you keep a public policy issue before the American citizenry without resolving it? There is some sort of limit to the attention span of people with reference to a public policy issue. I do not know what it is. What I am saying is that the farm policy agenda is in need of some reshaping, and that these changes are being forced on us.

Now, what to do? I think we must take into account the legitimate interests of nonfarm people in agricultural affairs. We are now a minority—5 percent of the population. When you are a minority, you have to act like a minority. When we were numerous and powerful in the farm policy area, we could decide what to do, and often we could do it. We got in the habit of thinking that way. Earlier we could afford quarrels among ourselves—we could afford to disregard nonfarm interests. But the situation has now changed, and this is no longer true. What we must do is broaden the base of public support for agricultural programs, for agricultural issues, for agricultural people.

Rural development is one base for broadening this support. It is concerned not only with the problems of the large-scale farm op-

erators, it is concerned also with the well-being of the smaller farm operators. It is concerned with the well-being of nonfarm people who live in rural areas, with the well-being of those people engaged in farm service of one sort or another who may not themselves be producing farm products, with the well-being of people in the small towns and the villages in rural areas. It is a broad base.

I have been surprised to find during the last year and a half in my second tour in Washington that city people appear more concerned about rural development than rural people. The city people are beginning to say to themselves: "Look, we have these enormous urban problems; what has caused them and what is causing them?" They realize in part that they are caused by people who leave the rural areas where there is no employment opportunity. They move to the cities in enormous numbers, with poor education, without vocational skills, ill suited for the urban environment. They arrive in large numbers, are unassimilated, and there are all sorts of problems. Now city people are beginning to say it might make more sense to try to solve this problem in the rural areas, to develop some job opportunities for these people out where they want to live among their friends and neighbors.

So if you add up what is being done by what we call the urban departments of government to create jobs in rural areas and to provide better living conditions, better housing, better sewers, better water supply, better roads, better services, better health, the total comes to more dollars than if you add up what is being done by the Agriculture Department. When you add up what is being done by the Department of Health, Education, and Welfare, by Housing and Urban Development, by the Office of Economic Opportunity, by Commerce, and all these others, you find they are making a bigger input in rural development than are the Department of Agriculture and the institutions that we regard as rural oriented. Now that is something to think about. It is symptomatic of the broad interest in these problems, albeit not yet a very broad interest on the part of the old farm policy agenda committee.

Environmental improvement is another possible base for broadening public support for what needs to be done in agriculture. In rural areas, we have more acres of environment than anybody else. Those who have been thinking of environmental issues as a fad are, I believe, mistaken. At this stage of development there are some unfounded emotional outbursts. But these are symptomatic of a deep and legitimate public concern. With the passage of time these concerns will settle down and focus on issues of real substance where intelligent efforts can be made. Do not write that one off.

Broadening the base of public concern in the farm policy area will have two merits, as I see it. First, it will refocus our efforts in areas of real need. Second, if we do refocus our efforts in areas of real need, we will win the public support we need to attack the parochial problems of agriculture—the historic problems of price supports, production control, and income payments for the commercial end of agriculture.

We need to take account of the legitimate interests of nonfarm people in the farm policy area. We need to try to broaden the base of support, and to work at private efforts to retain decision making. We need to improve our cooperatives, so that farm people can continue to make the decisions about how to use this institutional resource, so that the decision-making function will not be rustled away from us by agribusiness firms, or by integrators, or by the financial community, or for that matter by government. We need to work with bargaining associations. We need to try to develop innovations in contract bargaining and integration to help keep decision making in the farmers' hands. No integrator or agribusiness firm is going to develop a contract that preserves for the farmer the decision-making prerogatives that the farmer wants. Farmers themselves have to make this input through their own bargaining associations, or through the help of their land-grant universities or in whatever way may be possible.

There is the danger in effectuating or writing about any kind of public policy work of perpetuating the old issues. They are historic, deeply felt, and known to everybody. So the temptation always is to deal with the same old issues. I think that this is a mistake. A responsibility and opportunity of enormous potential is lodged with this group. You can accommodate the new and, I think, constructive mood of America, to help reshape the farm policy agenda, to de-escalate commodity programs, now thirty-five years old, and to try to accommodate a growing public interest in problems that have not hitherto had as much attention as perhaps they should. You can help shift the focus of public policy into the new avenues toward which it is reaching.

In large measure the broadening of the base of farm policy issues that I have tried to describe is itself evidence that you have already been redirecting attention into these areas. Or, at least, you have been articulating the changes in the farm policy agenda that I have tried to describe. You have a special opportunity to give support to the sincere efforts of our farm people to try to hold on to the most precious of all their possessions—their decision-making power. Con-

ditions are in a state of change and there is the opportunity for us not only to witness this change but to help articulate the new emphases that are developing. We who have had special awareness of the important evolving pattern of agriculture should take advantage of this opportunity to participate in what I think is the first major reshaping of agricultural policy within a generation.