

## FARMERS' APPREHENSIONS ABOUT THE FUTURE—REAL OR FANCIED

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The question of how poorly or how well farmers are doing is clouded by the fact that there are many sorts of farmers with many kinds of problems. Even our farm management associations, which deal with a pretty typical, better than average and perhaps younger than average farmer, have a hard time coming up with the information we need for an intelligent answer to the question.

How much has a farmer a right to expect as a return on his investment? Should we try to make a correction for the overpricing of agricultural land which is due to many factors including government programs? What about overinvestment in machinery and poor utilization of all kinds of equipment? Are there real tax advantages and how much are they worth?

It has been no trick to come up with figures to prove that the farmer is doing very poorly indeed and that farm prices need to be raised as much as 50 percent. Yet observation of how farmers live and how those with reasonably good operations get ahead would bear out a feeling I have that the prices of the past couple of years, even before the rather spectacular rise in beef and hog prices, were pretty realistic and fairly adequate. I believe at present cost levels farmers should be able to make money on dollar corn. I do not know the Great Plains very well, but I think farmers should be able to manage quite well on \$1.50 wheat out in the real wheat country.

Let us call this a seat-of-the-pants assessment of the situation. Some economists will disagree, and I know most farmers would disagree. Very few people are happy with their labor return. It is easy to feel sorry for your own lot.

Many people have been telling farmers how bad off they are. The census is still a million or two off in its definition of a farmer, and the subsequent income averages can look pretty awful. Sophisticated economists can sort these figures out, but there are people throwing the statistics around who cannot or will not get at the facts.

This is not to say that all is well. A revolution such as the one which has swept agricultural practices and business is bound to hurt

many people and leave behind it a big job of adjustment and rehabilitation.

#### APPREHENSIONS—REAL OR FANCIED?

My task is to discuss the apprehensions of farmers and to determine as far as possible whether they are real or fancied. The latter becomes rather academic because if the apprehensions exist, they are real in the mind of the victim, no matter how fancied they may seem to the eye of the analyzer. I do not think there are good grounds for fear of the future on the part of the better than average farmer with enough education to roll with the punches and grow with his vocation. But apprehension has become something of a way of life lately with farmers, the stronger as well as the weaker, and it has to be dealt with.

Perhaps there is no psychosomatic illness here that cannot be cured by \$25 hogs, \$28 cattle, and \$2.25 wheat over a long period of time, but obviously any attempt at such guarantee would be an illusion and a fraud. I am certain that year-to-year price levels are going to be a good deal lower than these recent peaks, and the farm producer will have to find ways to live with both the lower prices and his own apprehensions.

The question is: Are the apprehensions understandable, are they capable of treatment? Can we find ways to dispel the cloud of pessimism that seems to have settled on farming and which has been especially destructive to the new generation?

I proceed on the premise that what we understand we will not fear, or at least we will fear it more intelligently. Looking at the whole problem of change and adjustment philosophically, I find myself wondering what trends are inevitable, which are good, and which should be resisted or ameliorated. While we can sit back and philosophize on these matters and hash them over at conferences such as this, the farmer has to vote daily one way or another in a whole chain of decisions, and he can certainly be pardoned for feeling some apprehension over whether he is voting right.

#### ATTITUDES OF THE FUTURE

Who is afraid of what? This question has two parts, who and what.

First let us look at who. Immediately there comes to mind the insecure older people whose doubts arise from inability to deal with the game of farm management as it is played today, or who simply

cannot or will not tackle the seemingly colossal task of putting together the land and the equipment needed for an adequate operational unit in the light of today's technology and stewardship. I will not dwell on this group because not much can be done, and perhaps not much needs to be done. Many are already part-timers, many have enough in the way of equity to see them through if other opportunity can be found for their children. I note, too, that both the government programmers and the militant free enterprisers are pretty well agreed now that these older people should be helped to stay where they are rather than be uprooted and retrained.

I am more concerned about the attitudes of the middle-aged, competent farmers who have kept on top of things, who are in no great financial distress, but who are apprehensive of the future to the extent that they fear for their sons. The other day such a man sought my advice. He had three sons, all of whom would have an opportunity to go through college. Of the three, two were far enough along in school so it appeared they would make other vocational choices, but one had all the signs of being a born farmer.

Believe it or not, the father was deeply concerned about whether the well-equipped 700-acre corn, hog, and cattle feeding farm in central Illinois was going to be big enough to give the boy a fighting chance in the competition that lay ahead.

I think also of the substantial, middle-aged farmers who have joined the NFO, convinced that farmers must somehow acquire some kind of labor-union type "clout" to save independent farming for the future.

Most important to us is the young farmer who has the abilities needed for success in the agriculture that appears to be shaping up, but who is very apprehensive and inclined to reach for nostrums or, what may be just as bad, for a super-duper automated setup far beyond his financial capacity and perhaps beyond his managerial ability too.

The University of Wisconsin recently conducted a survey of farm organization membership, in considerable depth, and reached the conclusion that the young farmers were in NFO and the old farmers in Farm Bureau. With all due respect for virtues and faults in both organizations, I think it is fair to characterize NFO as the group that tends to ignore economic considerations and put its faith in organizational clout, while the Farm Bureau comes out strong for efficiency, competitive strength, and entrepreneurship.

## FARMERS' FEARS OF THE FUTURE

Let us look at what farmers are afraid of. First, there is the sheer enormity of the job. Many farmers who have done nicely so far are wondering when they will run out of gas in view of the continuous escalation in size of farm, size and cost of machinery, degree of automation, ballooning of purchased inputs such as chemicals, and growth in credit requirements. For the last couple of years I have been talking and writing myself blue trying to tell farmers, and especially young farmers, that the super-duper setup is not necessarily the most successful, that there is such a thing as owning too much land, that a good middle-of-the-road policy may be better than the all-out-for-bigness approach, that a power unloading wagon may be more economical than a push-button system. But I get the impression they are not listening very carefully. They are thinking I am a nice guy but I am probably wrong.

Farmers are inclined to be hypnotized by what I would call the steamroller concept of modern agricultural technology. Perhaps we have all had a hand in creating that hypnotic state, not least the farm publications, although I have in my own work insisted that we play down the spectacularly new and counsel caution in jumping into what is untried and very expensive.

Technology is a fascinating thing to watch as it unfolds, but it can also be a fearsome thing—and it can generate fear even as it fascinates. Farmers are loath to believe that there can be a plateau, that we might look for a breathing spell, that there is some kind of a law of diminishing returns in such matters.

To a certain extent the older farmer can take these developments or he can leave them, but not so the young man who has many years ahead of him and a heck of a lot of social security payments to make, to say nothing of kids to educate.

It is generally agreed in country talk that there is no way to get started farming except to inherit a farm or marry one. If this is really true we have problems. Inheritance is not a solution. I see many farmers violating their own good judgment in an effort to equip the farm so that it will keep one or more sons from taking off for greener pastures.

Our kind of farming needs freedom to enter as well as to leave. I am quite sure that there will be an actual shortage of managerial material in our agriculture within ten or twenty years. Here is a problem which we have said very little about. We have been so darn

busy getting kids off the farm that we have unwittingly added to the pessimism.

Before leaving this discussion of why farmers fear the future, let me mention one more point, the doctrine that the cards of economic competition are stacked against the farmer, perhaps for good. This is one of the arguments used extensively by NFO. You would be surprised how many intelligent, well-fixed farmers join in this belief, along with those who are having a hard time hanging on or getting started.

This says to me that we have not been successful in explaining economic stewardship, which I would define as faith in the principle that a man who does a good job and delivers a needed commodity or service will in the long run be adequately paid by the rest of society. Maybe you do not believe that, but I find it necessary to a wholesome viewpoint.

#### OPTIMISM—AN INGREDIENT OF SUCCESS

The job ahead for educational leaders, all leaders for that matter, is to discover ways to deal with farmers' fears. While doses of apprehension may result in good exercise of caution, they are more likely to cause paralysis and panic and to generate bad decisions on both the aggressive and nonaggressive sides.

I will not try to sort out the real grounds for apprehension and the unreal ones because in the end both yield to pretty much the same treatment.

First, I will risk writing a prescription that may not appeal to the economist. You have to take some things on faith. Perhaps economists have a formula that says the same thing in more acceptable terms. I have been telling my farmer audiences it is unthinkable that any segment of the economy which has improved its efficiency so rapidly and served the total economy so well with cheap raw materials and full pipelines can be destined to stay behind the economic eight-ball. To which some of my listeners will reply: Unthinkable is a strong word, but see how far you get signing it to a check for taxes or farm equipment!

But optimism is certainly a necessary ingredient of entrepreneurship. I might add it is also a necessary ingredient of youth, a fact which is also pertinent to the issue we are discussing. Optimism to me is that something which manages to generate a plus factor over and above what reason and economic projection set forth. This plus factor is very often the means to success, or at least a way to minimize

adversity. I have been handling agricultural economics forecasts in one way or another for about thirty years, and while I have never made any study of the correctness of forecasts, I have a feeling they have erred on the gloomy side. Things seldom turn out quite as bad as is predicted. I might add that the contemplation of disaster is usually worse than the disaster itself, and this is part of the farmer's problem today. I got out of college just in time to face the great depression of the thirties. I was in the middle of it and lost my first business in it, but I do not remember it as living up to the horrible accounts that I still hear.

Men learned and wise, and that is what we are supposed to be, have to tell the truth as they see it. We have to marshal the facts, run our projections, and give warning of danger ahead. But if we find ourself consistently overlooking or discounting the plus factors of optimism, imagination, the exuberance of youth, the hope of the unexpected break, perhaps we should contemplate the possibility that we are getting old and sour and out of touch with the world.

#### NEED FOR ECONOMIC UNDERSTANDING

My second prescription for the treatment of apprehension is economic understanding. Let us call it economic literacy. We just do not have enough of it. We work at our teaching job but we do not make the headway we should. There is no better cure for fear than light, and I think this is even more true of farming than it is true of walking through the cemetery at midnight.

Of late I have tried very hard to inject the teaching of basic economics into my own writing for farmers. I do not talk much about economic laws because they are not in good repute these days, but I try to explain in words of one syllable why some things just will not work. The economic laws did not come down to us from God on stone tablets—as some would have us believe—but they are the essence of long human experience in matters of production, trade, and business, compiled with much trauma because men have usually preferred nostrums and easy short cuts to the hard facts. Economic law is a kind of exterior conscience. It is bound to make you more or less uncomfortable, but you ignore it at great risk to your own well-being.

I try to explain that all the efforts to rig things against economic principle by government, by fiat, or by clout may work for a while but they will eventually come to grief. Somehow economic principle works its way to the top to control or frustrate the efforts of men and governments. It is hard for people to believe there are things the

government cannot get by with, and yet this is a point we have to put across.

I am very much dissatisfied with the quality of our economic teaching, my own as well as the more formal kinds in which most of you are involved. We do not get it in solid enough so it will withstand wishful thinking, oratorical persuasion, and hysteria. We do not get to the youthful mind soon enough.

The other day I discussed this problem at length with one of the leaders in 4-H. Neither of us could recall seeing a single piece of lucid and effective literature prepared by agricultural economists for 4-H use. Nor could we point to a 4-H project devoted primarily to furthering economic literacy.

How can you teach economics to the layman when economists do not agree? Some people make quite a thing of this disagreement. The problem is not as great as it is cracked up to be. I have watched from close hand the currents of liberalism and classicism ebb and flow through our economic thinking. By and large the differences are political. I think we can still get together on basic economics.

It is important that we analyze the nostrums, the oversimplifications, the clichés, the doctrines of wind without rain, which seem to be rampant today as never before. What are the consequences when government tries to do things that it cannot do successfully? What is clout and where does it clash with economic principle? What are the most prevalent kinds of monopoly in our time? How have they fared? What are their weaknesses? What are the real elements of bargaining?

Is there anything to the notion that everybody else sets his price and the farmer is the only one who has to ask: What will you give me? The agitators are getting a lot of mileage out of that one.

What about the farmer's traditional 16-hour day and the stubborn notion that he is the only one in the economy who really works—or worries?

I find myself spending more time trying to explain to farm audiences the harassed organization man, the weary commuter, and the bewildered youths in city high schools who also have apprehensions about the future.

This brings me to another job for all those who carry the torch for economic literacy. We need to pay more attention to those who are pushing the nostrums and feeding the flames of apprehension among farm people.

Not much can be done about the orator and agitator, professional or amateur, who appears on the scene when discontent has built to the boiling point. These merchants of unrest come and go, except once in a while one does emerge as a constructive citizen capable of real leadership.

The politicians will always be with us, but often we can work with them. They live under the principle that the first duty is to be elected, but after this has been accomplished they do try hard to do what is best for the country.

We have working right now in the commission investigating the food industry an excellent example of a tug of war between sound economics and political hysteria for control of the investigative machinery as well as the final report. I expect economics will emerge as at least a partial winner, as usually happens when time is taken to collect and analyze facts.

### **Role of the Clergy**

I do want to devote a paragraph to one group which is an increasingly powerful influence in shaping the attitudes of the farmer toward his work and his vocation. This group is the clergy, the men of the church who have taken a special interest in the problems of rural life and the economic struggles of farmers. For too long we assumed that this group was unimportant. How foolish can we get! Church involvement in farm problems has been building steadily for a number of years because the rural church feels quickly the impact of population change and loss of livelihood. But it took the civil rights issue to drive home to us the power of pulpit and participation on the part of the church in social and economic movements.

Joe Ackerman and I have been doing liaison work between religion and economics for a good many years. Our theological seminaries for generations have turned out men with the equivalent of the Ph.D. with hardly a course in economics or sociology. This is indeed a dangerous situation. Church leaders and land-grant universities have tried to bridge the gap by organizing on our campuses institutes and short courses in socio-economics for town and country clergymen, but we have merely scratched the surface.

A national committee made up of representatives of all the biggest church bodies, plus a dozen or more land-grant deans and professors is now working on such a program. We now have going State of Society conferences for church administrators in which the purpose is to acquaint them with the facts of life on the socio-economic scene. A six-state regional conference under that name



was held last spring at the University of Nebraska, and another on a state level is being held in December here at Allerton Park under the auspices of the University of Illinois. If we accuse preachers of being economic illiterates, they may accuse economists of being heathen, with some truth on both sides. We should get together more often.

#### FARMING'S FRINGE BENEFITS

I do want to add another suggestion of what we can do to dispel fear and improve farmers' appreciation of their rather unique vocation. We can delve more deeply into the fringe benefits and satisfactions of farming which counteract to some extent the admittedly uphill economic efforts. Recently I did a column on: Why do so many people want to farm? Why do we have this drag on mobility and convertibility which has kept us in an unfavorable economic situation for so long?

Admittedly, fear and inertia are among the chief reasons, and these may yield some if we do the things I have outlined here today.

Among the fringe benefits are the desirability of the family farm as an independent business, the independence of the farmer as an entrepreneur, the favorable mix of work and recreative pleasure that comes from the change of seasons and the variety of duties on the farm. Then there are favorable tax treatment as far as income tax is concerned, freedom from the strains of commuting, opportunity for constructive use of family labor (moonlighting right at home), and others.

To which the cynic retorts: These just ain't what they used to be! Granted. But neither are they dead and gone.

I have reason to believe that land will continue to be overpriced to farmers and that we cannot expect to get a decent return on our land investment from farming for years to come—unless it be in the form of a capital gain. I expect continuation of the drag on prices due in large measure to many marginal farmers hanging on, or part-timers subsidizing their small farming operations from off-farm income. I do not suppose very many farmers, even those with adequate operations, are going to get rich in the foreseeable future.

These are among the reasons why I would like to see a much better exposition of the nature and value of the fringe benefits. From time to time I have badgered economists for an evaluation of the real income differences between the farmer's labor return and that of salaried workers. They have pretty much shied away from anything

along this line, but we usually come up with an off-the-record estimate of about 30 percent more in real income. This would put the farmer with a labor and management return of \$6,500 up in the \$8,500 class, which is not too bad if he enjoys his work and feels good about the future.

Anyway, I think we ought to talk about these things more. We can label value judgments for what they are, but we should not leave these things entirely to the sociologists and the preachers.

### CONCLUSION

I have a strong hunch things are going to be hopping in agriculture in the next ten years. Almost anything can happen, and most of the things I sense around the corner will enhance rather than degrade the position of the farmer. We are talking a great deal about the march of technology outstripping our market for twenty-five or even fifty years. Many believe that what we call surpluses will be gumming the works for years. But we do not know.

When I do not know I like to do my guessing on the bright side. The time has come for more optimism about the future of farming. The farmer badly needs such an infusion. The people who know most about the farm business have a responsibility to counteract the crepe hanging that has adversely affected the morale of the farmer and his family for too long.