

# WHO WILL CONTROL AGRICULTURE— WHY WORRY?

*Wallace Barr*

*Extension Economist, Public Affairs and Outlook*

*Ohio State University*

The issue of who will control agriculture is ancient yet new. It is ancient in that from the time man divided up tasks in providing food until the era of modern commercial farming, the organizational system has been of importance to farmers. It has been important to those associated with farm production or marketing and to those dependent upon it for food—thus, it is important to everyone.

The farm system in the United States is moving from dispersed small unit proprietorship toward the opposite direction—concentration in both production and market organization. We use the term dispersed to avoid being bound to the terms and the system of the past or present. A concentrated organizational system refers to farm production and marketing being controlled by a relatively few firms.

## PRESSURES FOR CHANGE

Why is the traditional farm production and marketing system changing? There are numerous persistent pressures for volume production and reorganization of the system. Some of them are:

1. Increasing technical complexity and specialization.
2. Increasing labor costs, which encourage mechanization and larger size operations.
3. Greater certainty of annual productivity increases along with improved credit practices that make it possible for larger sized firms to assume higher risks.
4. Scarcity of highly productive farmland coupled with the need for nonfarm uses.
5. Tax laws and rules that make it easy for nonfarmers to outbid farmers for land.
6. Advantages of aligning with business organizations based upon merchandising strategy.
7. Minority political position of farmers.

The consequences of more centralized control of production and marketing would differ from the present system. The consequences would differ for producers, for firms supplying production inputs, for firms marketing and processing products, for rural communities, and for consumers. The uncertainty of the consequences of changing the organizational system for agriculture is one of the reasons that people worry about who will control U.S. agriculture. It is one of the reasons why policy educators should worry about the control of agriculture issue.

#### DECISION MAKING AND CONTROL OF AGRICULTURE

Control is closely related to decision making. People in general, and farmers in particular, place a high value on the decision-making role. Formerly, when farmers were numerous and had political power, they controlled U.S. agricultural policy and the organizational system. Everyone knew who would make the decisions in agriculture—farmers. They ran the farms, controlled farm organizations, and elected congressmen. Farmers and agricultural interests did not raise policy issues about tobacco and health, or pesticides, and the numerous farm-related environmental or pollution issues. It is different today.

The issue of who will control agriculture and the type of organizational system that is to prevail is strange and foreboding to many of us. But decisions will be made and people are asking for assistance when they pose such questions as:

1. Who will own the resources used in agriculture?
2. Will farm operators be decision makers?
3. To what extent will farmers organize and delegate some of their decisions to cooperatives or bargaining groups?
4. Are suppliers of inputs or marketers wanting to integrate or contract farm production going to control agriculture?
5. Will tax advantages attracting nonfarm capital into agriculture shift landownership to a new landholding class of people?
6. Will farmers have access to markets? To capital? To new technology? To labor?
7. To what extent will society impose its decisions on agriculture?

These kinds of questions are being asked by enough leaders and lay people that many of us should begin to worry about our role as policy educators and to tool up for the task ahead.

## FURTHER IDENTIFICATION OF THE ISSUE

The policy issue is not concerned with keeping things as they are—it is neither possible nor desirable. The basic issue is what type of farm production and marketing organizational system is to prevail and who will control it.

Involved are the fundamental questions of, “What kind of agriculture do we want?” and “What rules of the game do we want to play by?” The normal criteria of income, efficiency, freedom, security, and equity apply. With the obvious conflicts some trade-offs are necessary. I do not intend to review goals and values. But, if we are to come to grips with the control of agriculture issue, we must include some definition of alternative national agricultural policy goals. Some consensus must exist in the desires, values, and goals of farmers, tenants, hired workers, marketers, input suppliers, rural communities, and consumers if viable and acceptable solutions are to be found.

Many think that the outcome is settled, that the system of a dispersed individual proprietorship open market type of agriculture is doomed. Others think that efficiency is the only criteria, and if the corporates can produce food the cheapest, then they should take over. Still, many other people do not believe the issue is settled. Some feel this issue in all its ramifications could challenge some public policy educators for many years.

## SOME MANIFESTATIONS OF THE ISSUE

A number of related issues are emerging publicly and in legislative halls around the core question, “Who will control U.S. agriculture?” and the underlying issue of the organizational system. Some of these manifestations include:

1. Legislation now before the U.S. Congress to preserve the family farm. The Family Farm Act would keep big nonfarm corporations out of farming. The legislation would prohibit both ownership and leasing of land by such corporations. Also prohibited would be contracts with others or integration.

2. Bargaining legislation before Congress. The legislation intends to strengthen producer groups or provide countervailing forces in dealing with the firms that buy their products.

3. The revival of interest in farm cooperatives as a means of achieving some economies of scale and market strength on the input side of farming, the output side, or both.

4. The concern about nonfarm people or nonfarm corporates investing in farmland for tax savings purposes.

5. The great interest in programs and policies improving off-farm employment opportunities for rural residents. This interest, in another sense, is a manifestation of interest in dispersing population, landownership, and control of the land resource.

### THE FRAMEWORK

The terms “dispersed agriculture” and “concentrated agriculture” differentiate between extremes and are useful for initial contrast purposes. But, the world of reality may be somewhere in between. So a range of choices is used to assist in classifying the farm production and market organizational system for analysis and discussion. The range includes:

1. Independent producers—open market
2. Corporations
3. Cooperatives
4. Government
5. Combination

The afternoon panel session on the forces and alternatives for control of U.S. agriculture will be based on this classification of organizational systems. Other approaches such as examination of some alternative farm–food chain organizational systems could be used. While the above set of alternatives may oversimplify a very complex issue, it does provide a framework for analysis and discussion.

### SUMMARY

Farm operators, citizens, businessmen, legislators, and others are expressing increasing concern over the organizational system and who will control U.S. agriculture. The concerns of people are broad, philosophical, and real, but they can be related to two major trends. These trends are: (1) the increasing size of farms and concentration of production and (2) greater involvement of forces outside of farming to coordinate production through contractual or integrated arrangements.

Farm operators may be more concerned than others at the present time because they are faced with a combination of these two developments. As evidence, a leading Ohio farmer recently said, “Vertical integration will increase. The concern of farmers is, who will control it? Will integration be backward or forward? Who is to have the decision-making role?”

The people favoring different actions vary widely from those that prefer to leave things as they are, to those that want to speed up change, to others that prefer to modify or eliminate the forces now in motion, and still others that want to create countervailing forces.

The issue will be with us for a long time. We as public policy educators have a challenge in helping identify the issue, assisting in clarification of objectives, providing a framework for discussion of the organizational alternatives, supplying facts, and assisting people in assessing the consequences of the various alternatives. Whether we as policy educators worry about the issue is not important. Are we going to help? What we do can make a difference.