Chapter 16

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Effects of Alternative Programs of Supply Control Upon Land Withdrawal[1]

WE USE THE TERM supply control to refer to purposive action designed to restrict the quantities of agricultural products coming to the market. The restrictions involved are measured by the adjustment needed to relate supply to demand, commodity by commodity, at prices judged to be "fair" to producers and consumers. Alternative program proposals to achieve the required adjustment are many and varied. In general, they involve either a system of marketing quotas established on saleable agricultural commodities or a system of input restrictions aimed at control of production.

To date, most of the attempts at supply control have been of the input restriction type where the input directly involved has been land. This is true of the acreage allotment programs and of the more recent Soil Bank legislation. No serious consideration has been given to production control through restrictions on other classes of inputs, with the possible exception of labor. Some sporadic discussion has taken place regarding a tax on mineral fertilizers. There have also been suggestions for restrictions on agricultural credit, and some recent pronouncements have called for a reduction of inputs devoted to research in agricultural technologies.

Because of land's crucial importance as a production input, it is evident that any form of supply control program will have widespread land use significance. A thorough discussion of land withdrawal and land use implications inherent in alternative supply control programs, however, would require far more time than is available. Furthermore, other chapters have touched on land use problems associated with earlier agricultural programs — which, as we have indicated, were primarily of the land restriction type.

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[1] In developing the argument presented in this chapter the authors have benefited from discussions with Walter W. Wilcox and from the comments of Lyle Schertz to an earlier draft.

Therefore, we concentrate our attention in this chapter on land use and land withdrawal questions surrounding the market quota type of supply control program. We will discuss these programs in terms of their probable effect on the extent and intensity of land use adjustments. In so doing, we will attempt to appraise the appropriateness of these adjustments from the standpoints of landowners and users, the community and the economy. The discussion of land use implications requires that we not consider the adjustment of agricultural supply to demand in isolation from other goals of society. Our evaluation, therefore, must include discussion of a wide range of problems associated with land use and land withdrawal. Included are land needs for urban expansion, for recreational purposes, tenure relationships and tax structures.

We will not concern ourselves with the problem of goal setting — i.e., what level of control is required. Neither will we attempt to justify the need for supply control. We begin with the assumption that supply control is to be considered seriously as a potential solution to the agricultural adjustment problem. The question of the land withdrawal implications of alternative programs is, therefore, a legitimate topic for discussion.

Relatively little research has been completed regarding the detailed operation of a widespread supply control program utilizing marketing quotas. Our remarks are thus liberally sprinkled with questions, hypotheses and highly tentative conclusions.

Although the term supply control is conceived and discussed as a global concept, it is emphasized at the outset that controls upon marketings must of necessity apply directly to specific commodities or products. The degree of limitation on marketings will be different for different products, and the continental expanse of American agriculture will guarantee that the impact of marketing restrictions will vary geographically. We can identify in this regard three classes of products in terms of the dominant forces influencing the decision concerning the location of their production:

1. Products whose zone of production is sharply delimited by climate and soil considerations. Tree and bush crops and forest products are prominent examples.

2. Products for which perishability, storage, transport or institutional considerations dominate the decision of where to produce. Fluid milk is the outstanding example of this class.

3. Products whose zones of production are dependent upon factor and product price relationships, with a wide range of choice available to the producer faced with the question: What to produce? The conventional hog-corn-soybean-beef feeding types of

farming of the Middle West provide the dominant examples in this group.

The mechanics of supply control and consequent land use adjustments are less difficult for groups 1 and 2 above. The area of critical difficulty for any supply control program involves products falling under type 3 above, for which the land user enjoys a wide range of substitution possibilities. The success or failure of supply control programs depends on the effectiveness with which the supply of this class of products can be controlled.

The market quota type of programs to which we have reference would involve the national imposition of marketing quotas implemented through certificates to be presented when any agricultural food product was offered to the market. It is beyond the scope of this paper to present in detail the mechanics through which a program of this kind would be administered.[2] The principal variations, however, center around the nature of the marketing certificate and the freedom with which it can be transferred.

In most proposals, initial allocation of the certificates would be based on some historical record of past marketings, specific to a land area and to an individual. Under one version, the certificates could be made to "run with the land," and in this form they would differ only in detail from past programs of the "acreage" or "planting" quota type.

The certificates could also be made to "run with the person" in that they would expire at his death, or would revert to some national administrative agency after a specified period of nonuse or following a decision of the certificate holder to quit farming, for whatever reason. Alternatively, the certificate could be made an unrestricted personal right, independent of the land, and freely negotiable by the original holder. It is this third alternative that has been most prominently considered in recent proposals for this type of supply control effort.[3]

Let us consider the probable effects upon land use and withdrawal of a system of supply control based on negotiable marketing certificates that do not run with the land. What would be some of the probable consequences of this type of control?

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[2] See W. W. Cochrane, Farm Prices, Myth and Reality, University of Minnesota Press, 1958, and W. W. Cochrane, "Some further reflections on supply control," Jour. Farm Econ., Nov., 1959.

[3] The feature of free negotiability has particular appeal to economists because of the implications it carries concerning resource mobility within agriculture. Because transfer of certificates is effected through a market system, this form of control also implies greater freedom of individual decision making than would be true of many other supply control mechanics.

It is instructive to begin with an examination of the nature of the right created by the establishment of a negotiable marketing certificate. In the past our concept of ownership rights in land has included the right to dispose freely of the products of the land. It has been an integral part of the core of the "bundle of rights" concept of land ownership, ranking with the right to exclude others and the right of unrestricted use as one of the crucial rights involved in the ownership complex. Where this right of disposition over the product is detached from the bundle and made separately saleable, a fundamental change has been introduced into our conception of land ownership. A right that has in the past been associated with real property has now been defined as a personal property right. Where this change is accomplished it will precipitate fundamental alterations in the structure of legal rights and privileges traditionally associated with land ownership. We have, of course, tested the power of the government to separate these rights in past market quota legislation. Such a separation of rights, in fact, is imposed on producers of wheat and sugar beets currently. We have not had experience, however, with the problems that are likely to arise where this separation of rights to market the product of agricultural land is extended to all or most of agricultural production or where these rights are made separately saleable.

One of the most important problems associated with this change will arise at the outset. Unless the marketing certificates are distributed in some reasonable relation to present structures of land values, they are certain to run afoul of the fifth and fourteenth amendments to the United States Constitution. If, through an exercise of the police power or otherwise, a general limitation is placed on the marketing rights of all landowners, it seems probable that this could be accomplished without incurring any obligation to compensate the owners although their property would have been depreciated in value by this act. If the imposition of the marketing certificate system has a differential impact on landowners, with little relation to the productivity value of their land in its current use, it is virtually certain that this would be adjudged a taking of property rights for which compensation would have to be paid.

These considerations suggest strongly that any imposition of marketing quotas would, of necessity, be based initially on some historic record of acreage of land held or used, or quantity of product marketed. In short, to avoid the problem of confiscation of property rights without just compensation, the initial distribution of marketing rights probably would have to bear some reasonable relation to the present distribution of land ownership rights.

Assuming then that marketing quotas are imposed at the outset in ratio to current patterns of land use and production, what consequences flow from the negotiable nature of the certificates? It would be possible, for example, for an individual to conclude that the effort and uncertainty in continuing to produce his customary crops were sufficiently great to justify his sale of the marketing right to a producer more favorably situated. Two types of circumstances, in particular, might lead to this conclusion. On the one hand, production areas subject to high natural risk have tended in the past to generate a structure of land values based on earnings whose long-term average levels fail to reflect the extreme cyclical fluctuations to which they are subject.

Where the high yields of a few "boom" years must compensate for a possible succession of poor years, it would be necessary for the producer to carry over his excess output from good years for which his marketing certificates would be inadequate. This would involve storage costs, or the emergency purchase of marketing certificates at premium prices. In either case he would suffer a marketing disadvantage. All other things being equal, the producer of the same commodity in areas less subject to climatic risk would have lower costs and fewer occasions to make emergency purchases of marketing certificates in order to dispose of his bumper crops. It seems reasonable to conclude that we might witness the migration of marketing certificates, and production, from areas with histories of extreme year-to-year fluctuation to areas with more stable annual output histories.

The differential availability of alternative nonfarm employment might be another factor affecting the decisions of producers to sell their marketing rights. In spite of generally increased farm earnings under a successful program, some producers' incomes will continue to be unsatisfactory judged in terms of nonfarm alternatives. The difference is likely to be thrown into sharp relief as a result of the relative certainty with which future farm earnings can be assessed under the program. Moreover, the cost of increasing labor income through the purchase of additional marketing certificates would be clear-cut. An additional incentive will be the income that can be earned without sale of the homestead and accompanying farm land through sale of the marketing certificates. It seems probable that in this situation agricultural producers in favorable labor market areas might well conclude that a sale of their marketing certificates and a transfer of occupations is in order.

This reasoning suggests that the strategically placed bidder for marketing rights might be the producer who is located in an area of relatively low climatic risk, but relatively distant from alternative job opportunities. In time, marketing rights might well tend to migrate from the most extensive and most intensive present margins of land use to some middle ground, i.e. from the relatively arid production regions and from the urban fringes.

There are other considerations that might lead to a migration of production away from both the present intensive and extensive margins of land use. The separation of the right to market the products of land from other aspects of land ownership rights would have a differential impact on land values, depending on the extent to which demand elements in the land market reflect considerations other than those based upon the net earnings of the land in agricultural use. In general terms, these demand elements fall into two groups:

1. Demand forces internal to the farm firm but not based upon the capitalized net earnings of the specific tract of land in question.
2. Demand elements that are external to the farm firm and that reflect estimates of present or future land values in uses other than agricultural.

Within the farm firm there are in general two different types of demand elements at work in the land market in addition to the productivity inherent in a specific tract of land. On the one hand is the "internal economies of scale" element, reflecting the fact that some farm units are too small for the effective utilization of modern agricultural technology, or are too small for existing stocks of equipment or skills of management. Where this condition prevails, the price of an additional tract of land sufficient to raise the farm to some threshold level of economic size will be bid out of proportion to the price that would be justified for that particular tract by a capitalization of its specific net earnings. Since the existing farm organization of the potential buyer is out of balance, the advantages resulting from bringing it into balance can be bid into the price of the additional tract of land.

In areas where an internal economies-of-scale problem exists, current levels of farm land values reflect a substantial element of value that is rooted in this tendency to capitalize all of the advantages of achieving an efficient organizational unit into the price that will be offered for the additional land needed. This has been a powerful demand element in the farm land market from 1945 to 1960.

A second demand element that is internal to the farm firm but only weakly related to productivity value arises from cultural patterns or individual preferences that place a high value on a rural-farm way of life. Farm families may choose to remain in farming in spite of unfavorable returns to family labor when measured against opportunity wage rates available in alternative employment. To the extent that this occurs, we can expect to find this voluntary freezing of labor mobility reflected in land values. The land values will be higher than those justified by capitalized net earnings attributed to land when farm labor is valued at opportunity-cost wage rates.

The demand elements for farm land that are external to the farm firm are widely varied. They include the demand for farm land for residential sites for families whose primary source of income is outside of agriculture. Some of these are urban families who have "moved to the country"; others are farm families who have shifted to nonfarm employment but have retained ownership of farm lands. In either case the earning capacity of nonfarm jobs is available to be drawn upon in paying for the purchase of farm land.

Where this occurs, the effect is to "export" a demand for urban housing into the rural countryside, and to convert it into a demand for farm land. This demand element is strongly present in areas surrounding the larger urban centers, and extending out for distances of 30 to 50 miles. The effect is to build into farm land values in these areas a demand element that is unrelated to the productivity of the land in agricultural uses.

In addition to this diffused pattern of nonfarm demand for rural residential sites, there is a variety of more specific urban demand elements for farm land. These include the use of rural land for airport locations, highway improvement and expansion, water supply protection areas, public parks and recreational areas and private golf courses, hunt clubs and the like. While none of these demand elements, by itself, will influence farm land values in any substantial area, their cumulative effect is substantial.

In summary, the urban explosion triggered by the automobile and good roads has led to a sharp increase in the element of nonagricultural productivity value currently reflected in market prices for agricultural lands in the vicinity of urban centers.

We have identified above a variety of demand elements for farm land that are unrelated or only weakly related to the productivity of the land in agricultural use. Where this nonproductivity component in the present structure of farm land values is large, the introduction of a system of mandatory but negotiable marketing certificates to control supplies will have results that may seem surprising on first inspection. Where farms are uneconomically small and there is a consequent strong demand for land for farm expansion purposes, there will be a tendency for this "expansion demand" to shift to the demand for marketing rights, with a probable sharp reduction in the premium that will be freely paid for additional acres alone. Where there have been substantial economies of scale to be achieved through farm expansion, and where this has led to higher priced farm land, it would seem reasonable to expect a rather sharp deflationary influence to be exerted upon land values by a system of negotiable marketing certificates. Where individual farmers had, in effect, paid a premium for their additional land, they now would find themselves more or less compelled to repeat the error and pay a premium for additional marketing certificates to enable them to retain their marginal grip on the threshold of efficient size. They can be expected to be strong bidders in the market for negotiable marketing rights.

Where nonfarm demand elements have resulted in a high price for farm land in terms of its productivity value, it seems probable that this element in the land market will not be greatly affected by the introduction of marketing certificates. The supply price for land in these areas may, however, be somewhat lower because of the additional income that can be obtained by the original owner through sale of his certificates. In any case, it is unlikely that buyers of land for residential or other "urban" uses will be an important influence in the market for marketing certificates except in an indirect manner.

For types of production that lend themselves to geographic concentration, of which chicken broiler and turkey producers are good examples, there may well be both production and nonproduction-oriented reasons why the purchase of marketing rights would be profitable. In this situation the premium for the marketing right would arise from low-cost production advantages and from structural advantages in marketing growing out of large-scale operations. Advantages achieved by vertical integrators, for example, may be even greater under a market quota program.

These considerations suggest that the same broad reasons that have led farm people to pay premiums for farm land for agricultural uses will also tend to lead them to pay premiums for marketing certificates. The nonfarm element of demand for farm land is not likely to be greatly influenced by the imposition of a quota system. If this reasoning is correct, it suggests that there may be two principal groups of strong bidders for these marketing rights:

1. Individuals whose personal value system includes a high premium on a rural way of life.
2. Individuals whose current size of farm operating unit is at

or below the threshold of economic scale under present technological conditions.[4]

If these are the individuals who can be expected to be on the buying side of marketing right markets, who can be expected to be on the selling side? It seems reasonable to suppose that the landowners whose farms are already adequately large, who are situated in areas relatively remote from urban land market influences and who are well within the low weather-risk area of humid agriculture will find themselves under little pressure to enter the market for marketing certificates as premium bidders except possibly in the first year or two that the program is in operation.

In short, the type of firm that might not feel any compulsion or visualize any reward from the premium purchase of marketing certificates may tend to be the larger family-sized farm in predominately agricultural districts remote from urban centers. Although they might not enter actively into the market as buyers of marketing certificates, it also seems probable that they would not enter actively as sellers. As a class of farms, they might well play a passive role.

Where then would the sellers of marketing rights be found? We have already indicated one source of these rights for sale: Producers in areas of high climatic risk whose average yearly marketings reflect an arithmetic fiction compounded from extremes of boom and bust years.

Another class of sellers of marketing rights could well be composed of individuals from a wide variety of farming areas whose decision to sell is prompted not by the size or organization of their production enterprises but by their stage in the family life cycle. With an active market for separately saleable marketing certificates at hand, it seems probable that many elderly farm couples might decide to sell their marketing rights while retaining ownership of the land. This could become an acceptable substitute to an increasingly difficult alternative of farm operation at reduced scale under conditions of advancing age. It might well lead to earlier retirement "on the farm." The fact that land ownership remains in the hands of the farm couple would enhance this prospect. It would be reasonable for the elderly parents to conclude that as long as they held title to the land, they still held the door open for some member of the family to decide that he wished to farm, with the price of entry

[4] Included in this group will be those individuals whose scale of operation is reduced below tolerable levels by the imposition of the program. This latter group will probably decline in importance after the first few years of operation of the program.

represented by the purchase price of the needed marketing rights. In the meantime, the elderly couple would have the proceeds of the marketing rights as a form of retirement annuity.

If this trend should develop, it would represent a partial disposal of the assets of the prospective estate of the farm owner. He would in effect reduce the inheritance expectations of his heirs. He could do this without sacrificing any of the family motives built into the desire to "keep the farm in the family." To the extent that these motives played a prominent role in the value patterns of family members, the reduction in the size of their prospective inheritance would be regarded as tolerable when measured against the alternative possibility that the farm might have to be sold to provide retirement income for the elderly parents. When the alternatives are total sale of the farm land and marketing rights, or sale of marketing rights only, it might well be that parents and heirs alike would conclude that sale of the marketing rights was the less undesirable alternative.

Based on this reasoning, it is suggested that one possible source of supply of marketing rights would be provided by elderly farm couples who now feel compelled to continue farm operation well beyond the years at which they might otherwise choose to retire.

Another source of supply of purchasable marketing rights might be provided by landowners whose motivation for ownership is strongly influenced by a desire for an anti-inflation hedge. Landowners who are not dependent upon land income for their principal source of support might nevertheless desire to hold land minus marketing rights as a form of insurance against war or economic disaster. It would be reasonably predictable that in time of war or economic collapse a system of transferable marketing rights would be drastically altered or would break down. Should a crisis in international relations develop overnight, a rapid change in the issuances of marketing certificates could be predicted. Some landholders might well reason that they could afford to continue the ownership of land without appurtenant marketing rights as a form of disaster insurance. Should disaster occur, they would have every reason from past history to believe that the marketing quota system would be quickly abandoned in favor of a total drive for "all out" production. The strictly inflation-hedge landowner might thus develop as a relatively ready source of saleable market certificates. Because of the opportunity cost of holding highly productive land out of use, it is likely that most of the land held for these purposes would be marginal in terms of agricultural use.

Much of the ultimate success of a supply control system based on separately saleable marketing certificates will depend on the tax treatment accorded the certificates. They represent a form of wealth ultimately based on real property. Under present law they would unquestionably be included in the personal property tax base. The fact that they are saleable separately from the land will increase the possibility of tax evasion, complicate the task of assessing this form of personal property and give rise to some difficult problems of periodic re-evaluation. In addition, in any areas where a substantial volume of marketing rights had been sold off of the land, the local units of government would find themselves called upon to provide local public service out of all proportion to the remaining local property tax base.

The twin pressures of need for replacement revenue and need for new devices of appraising this unfamiliar form of "property" might well bring about a thoroughgoing change in the rural use of the property tax.

In speculating on the possible directions that this property tax change might take, it is necessary to ask: What will be the nature of the markets in which these separately saleable marketing certificates are exchanged? On the one hand, the sale of these marketing rights could take a form comparable to a central commodity exchange in which some right, roughly similar to a warehouse receipt, was being exchanged.

Alternatively, the markets in which these certificates were exchanged could be more nearly akin to the traditional land market, rooted in the county register of deeds office, in which titles to real property and any incumbrances against it are registered. In view of the property tax crisis that would be occasioned by any substantial sale of marketing rights separate from land, it seems probable that the markets in which these will be transferred will include a transaction recording device that will be more nearly comparable with the register of deeds office than with a commodity exchange.

It is possible, for example, that some separate register of titles to marketing rights could be established, parallel to conventional registers of titles to land, in which all parties interested in a particular marketing right could be shown. Registered in this fashion, the marketing right would be available as a base for personal property taxation, and the disruption that this method of supply control would cause in the traditional sources of local public finance would be reduced.

It is also possible that a property tax treatment for the marketing certificates would be difficult, if not impossible, for local units of government to exercise because of the difficult problem of assessment and levy. As a consequence, one possible alternative might be the imposition of a turnover tax on the marketing certificate whenever products were sold, the tax to be levied against the seller. The proceeds of this tax could be aggregated at regional or state levels and distributed to local units of government in accordance with some standard of need, in much the same fashion that centrally collected sales or income taxes are now distributed.

One point seems clear: Any turnover tax levied against the marketing certificates would need to be uniform among states. If it were not, the flexibility in the location of production introduced by the device of the separately saleable marketing certificate could be seriously impaired.

If we shift our view from that of the community in need of revenue to that of the seller of a marketing right faced with a potential property tax bill, still another dominant consideration comes in sight. Some immediate reduction in property tax burdens would be mandatory whenever there was a sale of marketing rights independent of the land. Unless the landowner could reckon with a sharply reduced fixed charge for carrying his land minus marketing rights, he would have a greatly reduced incentive to dispose of these rights separately.

In agricultural areas close to urban centers it is conceivable that the remaining value of the land after the marketing rights had been separately sold may be almost as high as was the level of value when marketing rights were included. At the opposite extreme, on the extensive margin of arable farming, it is also conceivable that the separate sale of the marketing rights may virtually extinguish any value in the land. Only where recreational uses, forestry or mineral production were realistic alternatives, would the land have any productivity value minus the rights to market its agricultural products. At both the intensive and extensive margins of use, it is thus probable that a method of determining the remaining value of the land that depended upon subtraction of the capital value of the marketing right from the current market price of land would yield intolerable results. For land uses in areas feeling the full force of urban expansion or recreational uses, this method would result in remainder values that were unrealistically low. At the extensive margin in farm-forest or semi-arid regions the resulting residual value would almost certainly be too high, reflecting the fact that land value levels in these areas are currently unrealistically high in relation to prospective earnings at the new and reduced levels of permitted output.

It seems reasonable to conclude that the introduction of this form of supply control program would force a radical alteration in conventional methods of assessing property taxes. Without this radical revision the potential effectiveness of this type of control program would be seriously jeopardized.

A parallel readjustment in conventional forms of land-based credit would also be required. With marketing rights separately saleable, prospective creditors would need the security of a mortgage against the land plus some form of chattel mortgage or assignment to cover the marketing right. With this dual form of security in hand, it seems probable that institutional lenders would consider loans against the land plus marketing rights for a sum that would total a larger percentage of the consolidated value than is presently considered safe in conventional mortgage credit circles. Since the marketing right would be immediately saleable, in a much larger potential market than is normally available for the sale of farm land, the security represented by the two elements of value combined would be upgraded. In effect, the size of the market in which the security could be converted into cash would have been increased.

The extension of this line of reasoning to cover the probable effects upon the land market opens the door to an intriguing possibility. Since the marketing rights are divisible, in terms of commodity units, they would offer a prospect for the serial purchase of one of the assets needed in getting established in farming. The inconvenience, cost and confusion that would be involved in buying a farm one acre at a time would not necessarily extend to the practice of buying the "marketing right" a few bushels or a few head of livestock at a time. The divisible nature of the intangible rights represented by the marketing certificates would also lend themselves to piecemeal transfer between father and son. In this sense, the individual units of the marketing right would be akin to shares of stock in a corporation. One unintended by-product of this method of supply control might thus be the creation of a realistic method whereby farm families could take advantage of present income tax regulations permitting repeated gifts inter vivos, in limited amounts and in successive years, free of gift or inheritance taxation.

The credit uses to which the marketing certificates would be put, coupled with the prospective use of these certificates in the piecemeal purchase or transfer of the farm, reinforce the probability that the market mechanism in which these certificates are traded would be similar to the present land market. Title could be based on some form of local registry of marketing rights comparable in form to present systems whereby mineral lease rights are recorded and traded.[5]

There remains one prominent area in which the effects of this form of supply control are difficult to predict. This concerns the lease and rental market for farm land. If marketing rights are separated from the land, it seems probable that the contribution of these rights, in a tenant-landlord relationship, would tend to gravitate into the hands of the tenants. Equipped with the livestock, machinery and working capital that are the conventional contributions of tenants, it would now become necessary to procure suitable land and the necessary marketing rights. The door would be open for a dual form of rental market to emerge: One market for land and another rental market for marketing rights.

If he held marketing rights, acquired through lease or purchase, the tenant would have a direct incentive to apply his equipment and marketing rights to land that would offer the maximum yields for a given unit of effort and capital. We can anticipate that fertile and strategically situated land would command a premium rent, in this circumstance, even if it were devoid of its marketing rights. Since the marketing rights would presumably exchange at a "national" market price, adjusted for differences in cost of transport, it seems reasonable to anticipate the emergence of differential rents for land without marketing rights that would approximate present differentials in land values. To push this line of thought one step farther, it also seems probable that the differential levels of rental values for land without marketing rights would be more sharply graduated than are present land value structures. With price uncertainty reduced, attention would shift to production efficiency and to the differential fertility levels of alternative tracts of land. Our reasoning on this point suggests that the introduction of this type of supply control program would enhance the desirability of the "good" lands.

However this may be, one point seems certain: This method of supply control would result in a substantially more complex tax, credit and tenure structure than has been customary in American agriculture. New institutions would be needed, coupled with radical changes in existing ones. To select one prominent example, radical changes could be expected in the conventional crop-share leasing arrangement now dominant in many agricultural regions of the United States.

[5]Some of the possible lines of development are suggested in L. A. Parcher, "Some factors influencing mineral rights separation in land sales," Okla. Agr. Exp. Sta. Bul. B-431, July, 1954, and in "Mineral rights management by private landowners, Great Plains Agricultural Council Publication No. 13, Okla. Agr. Exp. Sta., Stillwater (no date).

Let us summarize briefly. The land withdrawal pattern that we envision in earlier pages does not differ greatly in form from the trends in land use that we have witnessed from 1945 to 1960. We do anticipate that the rates of withdrawal and shifts in use would be accelerated, and that the differential levels of land rent would be more sharply graduated than is now the case. It also seems probable that land remaining in production will continue to be consolidated into larger-sized units, and at an accelerated rate.

A system of supply control with negotiable marketing quotas will occasion major institutional changes, both in the form of a new market for the marketing certificates and in the form of radical changes in present land tenure institutions. We would expect the land-based tax structure in rural areas to undergo drastic revision. In addition, rural credit institutions, farm transfer and inheritance practices and established forms of landlord-tenant arrangements will require an extended period of adjustment to the forces put in motion by creation of saleable marketing rights.