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Beliefs and Values Underlying Agricultural Policies and Programs

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PUBLIC POLICIES and programs are collective ways in which people determine how they live and make a living. Policies and programs stand or fall depending on whether or not they are in line with basic beliefs and values. This fact provides the standpoint from which I wish to assess the underlying basis of agricultural policies and programs now underway and in process of formulation.

To carry out this assignment we need to do four things: First, we need to lay out those basic beliefs and values long indigenous to our society. Second, we need to see how these have guided the evolution of farm policy with considerable success until very recent years. Third, we need to see how rapid rates of change have thrown historic beliefs and values into conflict at numerous points, thus generating serious policy problems. Finally, we shall evaluate current agricultural policies and programs as means of minimizing these conflicts by bringing actual conditions more in line with long-held basic beliefs and values.

Before entering upon these four lines of enquiry, I wish to state the meaning I attach to the terms beliefs and values. Beliefs are concepts of ways of living and making a living which people feel obliged to follow. Values are the degree to which people feel a need to follow given ways.

It should be clear, however, that all concepts are not beliefs. I might, for example, have a concept of proficiency in head-hunting as a way of living and making a living. In my case, this concept is not a belief, because I feel no need to engage in such practices in order to prove myself a worth-while person. For many primitive tribes, however, this concept is a profoundly

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motivating belief. Similarly, millions of people in master-servant societies have the concept of free elections, speech and assembly. But for them this concept is not a belief because, unlike ourselves, they do not need to follow these practices in order to prove themselves worth-while persons. On the other hand, in our society men have valued these practices more than life itself because of their profound need to prove themselves self-masters, subject to the arbitrary power of no one.

I consider values to be the degree to which people feel a need for following the practices that are interpreted (or conceived) as evidence of worth-while life. A concept of a given way of life is a belief only to the extent that a person values this way of life as evidence of the kind of person and society he prizes and feels obliged to achieve.

With these definitions in mind we now turn to our first problem: that of identifying basic beliefs and values that have long guided the evolution of farm policy.

HISTORIC BELIEFS AND VALUES²

Our society has long placed a high premium on technological advance. So high is this premium that American people find extremely distasteful any proposal to remedy the trouble such technological advance is causing by slowing down the rate of expenditure and effort going into research, development and the farm adoption of new techniques.

The high premium that our society places upon economic and technical progress reflects the strong sense of commitment in western society to the ethical significance of proficient work. Our capitalistic-democratic society in great measure was born in the late fifteenth and early sixteenth centuries. This was the period in which the religious reformers turned against the pre-capitalistic, feudalistic belief that dependence on economic work was a badge of inferior personal qualities. And they substituted the revolutionary belief that proficiency in any employment is the badge of superior character.

² For ideas in this section, the author is indebted to the writings of John M. Brewster, especially, "Beliefs and Values as a Factor in the Farm Problem," prepared for Agricultural Editors' Association Winter Meeting, Chicago, Ill., Nov. 29, 1961; "The Impact of Technical Advance and Migration on Agricultural Society and Policy," Jour. Farm Econ., Dec. 1950; "Agriculture's Evolution as Related to Political Thought and Action," prepared for the World Food Forum, May 1962, Washington, D. C.; "The Relevance of the Jeffersonian Dream Today: A Current Look at Griswold's Farming and Democracy," prepared for Homestead Centennial Symposium, Lincoln, Nebr., June, 1962.

The economic impact of this new attitude is tremendous. It means that excellent performance in all employments, whether tilling the soil or composing sermons, is unquestioned proof of a praiseworthy life. What counts is not what particular task one does, but how well he does it. Furthermore, no matter how highly an individual may be regarded, he can earn still greater recognition by performing his work with a still higher degree of excellence. No amount of wealth can exempt a person from the sense of obligation to do his work still better. If he succeeds in making two blades of grass grow where only one had grown before, thirst for a still finer image of himself then obliges him to find a way of making three blades grow where only two had grown before. Energized by this directive, people seldom find any rest and would be bored if they did.

This commitment of American people to excel in all employments has always included certain concepts of equity. The belief that the key responsibility of the individual to himself and society is to earn high standing through increased productivity includes the further belief that society owes three reciprocal debts to individuals. These debts are the obligations (a) to provide each person with the opportunity or access to the means necessary for developing his potential to the fullest extent possible (e.g. public schools), (b) to offer opportunities for productive roles in keeping with his abilities and (c) to give each a fair return for his contributions.

These three concepts of equity are all caught up in what is commonly called "the justice of equal opportunity." The first two debts are called distributive justice, and the third is called "commutative justice." That is, distributive justice includes the belief that society owes to each (a) access to the means necessary for developing his potential as fully as possible and also (b) opportunity for a productive role in keeping with his abilities.

Commutative justice includes the belief that society is obliged to return each a fair reward for his contributions. Thus the directive to each in society to work proficiently and diligently places society under obligations to the individual which are no less binding than those which it places on the individual to himself and society. And, it is impossible for the individual not to resent the unfairness of a society which fails to discharge all of these debts to the individual and at the same time expect him to earn good repute through excellent work. In the same way, it is impossible for society not to resent the unfairness of the individual who seeks a living and a favorable valuation of himself but is unwilling to earn these goods through superior industry.

In addition to these unique concepts of equity, American people have long placed a high premium on each of two opposite meanings of freedom. One is entrepreneurial freedom; the other is democratic freedom. Entrepreneurial freedom is the negation or absence of collective restraints on individual action. This premium is rooted in strongly held enterprise beliefs that to the individual belongs complete power and right to run his life and business as he chooses. In contrast, the democratic meaning of the term freedom is not the mere negation or absence of restraints, but the right and power of each to a voice in making the rules which all must observe for the sake of their mutual well-being. This meaning of freedom is rooted in strongly held democratic beliefs that all men are of equal dignity and worth, and that none is good or wise enough to have arbitrary power over any other. In terms of these commitments, the hallmark of free men is not exemption from restraints, but the right and power to participate in saying what rules all must observe for the sake of liberating themselves from ills which they inflict upon each other by their otherwise unrestrained individual action.

For a people with our historic beliefs and values, the good society would be one which automatically harmonized our concepts of distributive and commutative justice without requiring us to forego to any degree our entrepreneurial freedom through democratically imposed restraints on individual action. In other words, the ideal society is one which gives to each the equivalent of his contributions and also the means necessary to develop his productive potential without imposing any common rules on anyone. However, individual capabilities are themselves largely the function of goods and services that are within society's power to extend or withhold. Thus, we do not make an absolute value of entrepreneurial freedom, refusing to forego any measure of it for the sake of a larger measure of equity. The whole history of our social legislation is abundant evidence to the contrary. It does mean that we strive for policies and programs that bring conditions of life into line with our sense of distributive and commutative justice at as little sacrifice of entrepreneurial freedom as possible.

This fact becomes abundantly clear from a brief view of the evolution of farm policies and programs from early times.

CONCEPTS OF EQUITY AS DIRECTIVES TO AGRICULTURAL POLICY

In line with our concepts of equity, farm people have struggled for national policies and programs that would extend to them

an equality of opportunities to make themselves increasingly productive, on the one hand, and the opportunity to receive a fair return for their work on the other.

The long struggle for equality of productive opportunities is marked by three great achievements. The first was in land policy, the second was in agricultural research and education and the third was in agricultural credit.

Until about 1860 the great struggle was for land policies that would give the working farmer with little or no cash an equal chance with the rich to acquire as much public land as he and his family could convert into a productive farm with their own labor and management. Early land policies were distinguished by extreme inequality of opportunities for acquisition of public land. They gave moneyed men a virtual monopoly on opportunities for first acquisitions of public lands, which they commonly turned into speculative gains through resale in small tracts to farm families. The struggle to correct the miscarriage of distributive justice reached a climax in the Homestead Act of 1862.

Even before the issue of public land was resolved, farmers began to realize that equal opportunity to acquire public land was not enough to enable them to fulfill their aspirations for a better life through superior industry. They found that they also needed technical knowledge of ways to make their work more productive. To this end, over the next half century (roughly from 1860 to 1914), they sought to establish and strengthen agricultural research and educational institutions. The government responded through the Morrill Act of 1862, which established the Department of Agriculture and the present system of land-grant colleges; the Hatch Act of 1887, which established the modern system of agricultural experiment stations; and the Smith-Lever Act of 1914, which established the agricultural extension service.

In addition to research and education, farmers also found themselves in need of capital on longer terms, a need that private lending institutions were not meeting adequately. In due course, this need was met by the establishment of the Federal Land Bank, and later the organization of the Farm Credit Administration, which provided real estate credit, production credit and credit for farm cooperatives. The Farmers Home Administration and the Rural Electrification Administration were added in the 1930's.

Underlying all these farmer struggles for equality of productive opportunities was the unquestioned assumption that there was room enough in agriculture for all farm families to have an efficient sized farm if they wanted one. No one was disturbed with the thought that changing conditions would eventually throw into

sharp conflict the desire for programs and policies to achieve an agriculture of efficient sized family farms and the desire for policies and programs to enable all farm families to have productive, remunerative employment.

Achievement of a procedure to acquire public land, agricultural research and education, and credit institutions helped farmers achieve equality of opportunities to produce. But the opportunity to produce and the opportunity to enjoy a fair return for what is produced are quite different. Generally speaking, since the Civil War, except for war periods, farmers have felt themselves to be more the victims of institutions that withheld opportunities for a fair return than of institutions that failed to give equality of production opportunities.

The struggle of farm people for commutative justice — the opportunity for a fair return — has taken four main forms. In the late nineteenth century it expressed itself as a striving to achieve protection from exploitation by business monopolies. To this end, farmers sought policies and programs that would counteract the economic power of railroads, grain exchanges, elevators, warehouses and other types of business that exercised monopoly powers.

In the 1920's the struggle for a fair return reflected itself in a preoccupation with cooperatives and in an effort to apply a two-price system for agriculture. Many thought that through cooperative action farmers could solve their own economic problems by bringing big business practices to bear on agricultural purchasing and selling. Through the Capper-Volstead Act of 1922 farmers did achieve for cooperatives exemption from some of the restrictions of the anti-trust laws. Many cooperatives organized during this period were successful. But, by and large, the chief economic problems of the major commodities did not yield to the cooperative approach.

As this fact became apparent farmers sought more direct ways of achieving equality of income opportunities. Throughout the 1920's many farmers and farm leaders believed this could be done through implementing a two-price system for some agricultural products. It was thought that this could be accomplished by segregating total farm output into two portions — the first representing domestic needs, the second representing exports. For the first portion, farmers were to receive the world price plus the difference between the world price and the parity price. For the second portion, they were to receive only the world price. However, this means of achieving equality of income opportunities was never put into effect.

In the 1930's the struggle for a fair return shifted to policies

and programs that would help farmers to manage their total output in line with what consumers were willing to take at stable prices. To be emphasized here is the fact that throughout the 1930's, the 1940's and the early 1950's such programs were perched on the assumption that they were needed because of the lack of a full employment economy. They assumed that the absence of such an economy was a temporary ill which would soon pass away, whereupon supply control programs could be laid on the shelf. It turned out, however, that the kingdom of heaven was not this close at hand.

TECHNOLOGICAL ADVANCE AS THE GENERATOR OF CONFLICTS AMONG BASIC BELIEFS AND VALUES

It has become unmistakably clear that the greatly accelerated rates of farm and nonfarm technological advance since the close of World War II have generated more serious conflict than ever before between the high premium of people on doing their work with increasing excellence, and their equally cherished beliefs in society's responsibility to provide families in farming with the opportunity of receiving a fair return, having efficient sized farms and having no democratically imposed restraints on entrepreneurial freedom. The following chain of reasoning bears out this fact.

1. A phenomenal acceleration of the technological advance of agriculture has expanded farm output at an appreciably faster rate than the growth in domestic and foreign demand. This imbalance has brought about a downward pressure on farm prices and income in general. Therefore, in their attempt to become increasingly more productive, farmers generate an increasingly severe conflict between their high premiums on technological advance and the equally cherished belief that society owes the individual a fair return for his contributions.

2. In similar fashion, present-day rates of technological advance generate a sharper conflict than ever before between our historic commitments to commutative justice and to distributive justice in the form of an opportunity for all families in agriculture to have efficient sized farms. In 1959 there were 2.4 million commercial farms. Depending on what assumptions are used, one may reach somewhat different estimates of the number of efficient sized family farms that would be needed to provide society with all the food and fiber it needs at reasonable prices. But, all "educated guesses" indicate that somewhere around one million efficient farms would be enough to do this job. Conceivably,

we might provide these 2.4 million farms with productive employment opportunities in agriculture by expanding their resources and productivity to the point required for proficient operations. But, if this were done, the level of total farm production would be so great as to completely defeat the objective of a fair return to farmers as a whole.

3. The only conceivable way of resolving this conflict between our historic commitments to both commutative and distributive justice for farm people is to limit total farm output to a level that will bring to agriculture as a whole a fair return and allow farm operators of inadequate farms to achieve efficient sized farm units. This means the price level would have to be high enough to enable operators of inadequate farms to expand their present limited resources and productivity at least to the point that will yield sufficient earnings to do three things: (a) meet family living expenses; (b) meet operating expenses, depreciation, repairs, interest and principal payments on borrowed funds; and (c) accumulate sufficient reserves to make additional capital investments necessary to keep in step with technological advance.

But this method of resolving the conflict between commutative and distributive justice throws our historic premiums on technological advance and entrepreneurial freedom into opposition and conflict at another conceptual level. This is true because limiting the total output of farm units prevents operators from using new and available technologies in whatever ways they may desire.

As previously explained, farmers have been willing to forego some degree of entrepreneurial freedom for the sake of achieving a fair return through supply management programs. But this method of achieving commutative justice at the expense of entrepreneurial freedom is distasteful. In great measure, farmers have been willing to suffer this discomfort through the faith that supply management programs were mere temporary arrangements and would vanish once we succeeded in achieving a full employment economy.

The fact is, however, that the experience of the 1950's upended the validity of this faith. For that decade made clear that, for a long time to come, even high levels of employment and rapid growth of the national economy may be accompanied by a large excess capacity in agriculture and price depressing surpluses. In short, the 1950's showed that agriculture is caught in a long-run squeeze involving a persistent pressure of supplies on demand with the consequent strong downward pressure on farm prices. In keeping with this fact, realism behooves us to cease deluding ourselves with the faith that the long run is bound to

bring to pass that happy state of affairs in which these belief and value conflicts will have completely disappeared. Abandonment of the long-run myth of ultimate deliverance from all conflicts among our deeply cherished beliefs and values will enable us to divert otherwise wasted energies into lines of action that will minimize the discomforts of our conflicting beliefs and values.

POLICY AND PROGRAMS

The four main lines of action are as follows:

1. Expand the demand for farm products and, hence, the demand for farm resources.
2. Find new uses for farm resources, such as land, which are not needed in the production of food and fiber.
3. Increase nonfarm employment opportunities in rural and urban areas.
4. Limit the supplies of agricultural products to amounts that will clear the market at fair and stable prices.

These approaches differ in their degree of acceptability and effectiveness in resolving the belief and value conflicts. It has been the aim of policy makers to pursue the most acceptable of these approaches as far as possible before resorting to less acceptable ones. These approaches are now considered in their decreasing order of acceptability.

Demand Expansion

There are two characteristics of this approach to the farm problem which make it the most acceptable means of minimizing our belief and value conflicts. First, it enables farmers to use their resources in the traditional ways of producing food and fiber. Second, it puts the products of their work in uses that are highly prized by society, and especially by farmers themselves. For, as we all know, farmers take great pride in producing for human needs. Whatever the economics of the matter may be, they feel something is basically wrong about a world which calls upon them to cut back their production as long as there are empty stomachs in the world.

In line with this fact, the Department of Agriculture has pursued policies and programs designed to feed and clothe the underprivileged people at home and abroad. In the past, this approach has included the National School Lunch, the Special Milk,

Direct Distribution of Food to Needy Families and Institutions, and Foreign Food Aid Programs. The present administration has expanded activities along these lines. These expansions include:

1. Initiation of a Pilot Food Stamp Program that will be operating in 47 areas.
2. Expansion of the National School Lunch Program to cover more of the nation's children with priority given to schools and children in economically depressed areas.
3. Extension of the Special Milk Program through the 1967 fiscal year.
4. Expansion of the Direct Distribution Program to additional areas of economic need and an increase in the number and variety of foods distributed.
5. Expansion of our Foreign Food Aid Program designed to further economic development.

While this approach increases demand for farm products in general, and hence expands effective uses of farm resource, it is not capable, by itself, of bringing about a fair and stable return to farmers. Given the work ethic and the premium on technological advance discussed earlier, output in modern agriculture has a way of quickly catching up with expansions in demand.

New Uses for Farm Resources

Since demand expansion cannot provide a complete answer, policies and programs turn to the second most acceptable way of resolving belief and value conflicts in agriculture. This approach consists of putting land and other farm resources not needed in farming to the service of public needs.

It is estimated that by 1980 we will need 51 million fewer acres of cropland than we used in food and fiber production in 1959. Shifting this unneeded cropland to grass, forestry, recreation, wilderness areas and open space — all important in meeting the needs of an urban people — strongly appeals to the general public.

The nation's private lands hold a major potential for wildlife conservation and production for hunting and fishing, and for many other forms of recreation. Already, more than 85 percent of our hunting land is privately owned, and most of our game is produced on farms and ranches. This affords farmers a beneficial use of some of their resources not needed in the production of food and fiber.

The present administration has proposed a set of pilot

programs to convert farm cropland to grazing land, forestry, recreational and wildlife uses. The conversion of cropland to grazing land does not directly meet the outdoor needs of urban people, but it does represent a more extensive utilization of that land. And to the extent that recreational uses of otherwise surplus farm resources can be found, they serve the requirements of both commutative justice and distributive justice. They contribute to commutative justice because they tend to bring farm income into line with the requirements of a fair return. They serve distributive justice because they provide farmers a greater opportunity to make themselves more productive and useful citizens.

But while this true, this approach is somewhat less acceptable than the first. For, it requires the use of farm resources in more extensive ways and in the production of nonfarm services, thus calling upon farmers to make some departures from their customary modes of living and making a living.

Nonfarm Employment Opportunities

By greatly expanding the minimum size of efficient farm businesses, modern day technological advance not only causes a rapid decline in the farm population but also causes a rapid shift of services from small villages to central towns. While this does not mean that the total rural population is declining, total income — producing opportunities are declining in the smaller villages. Further, there are many living on the land who have not and will not be able to achieve efficient sized farm units. This means that many farmers can share equitably in the nation's employment opportunities only if nonfarm employment opportunities are made available to them.

It has been an objective of our over-all economic policy to maintain a high level of employment and economic growth. By doing so, nonfarm employment opportunities are made available to many farmers who are unable to achieve proficient farm units. But this is not enough. For many of these farmers, the cost of moving out of their community is great. And this cost is more than monetary. It involves the cutting of long standing social ties. To assist those who find it difficult to move to urban areas, the Department of Agriculture, in cooperation with other agencies, is currently engaged in a determined effort to generate expanding economic opportunities in rural areas. Probably the most promising potential source of new economic opportunities in many rural areas is to be found in providing commercial

enterprises. Each additional factory, commercial enterprise and public installation that locates in an area and builds a payroll generates the purchasing power base and need for additional commercial enterprises, trade and service, and professional services. Their payrolls, in turn, add still additional jobs and purchasing power in the area.

Modern transportation and technology is such that the size of a commercial enterprise may provide employment opportunities for a rather large geographic area. Thus, rural area development does not mean a factory at every crossroads. The concentration of employment in the larger towns is consistent with widely dispersed residences in rural areas.

This rural development approach provides rural people with a way of sharing more equitably in the nation's employment opportunities without having to move to urban centers. It is, however, a less acceptable way of minimizing belief and value conflicts than either of the above approaches, for it requires a transfer from farm to nonfarm employments. But it has the distinct advantage of providing proficient employment to these people without requiring them to leave the rural community; it tends to avoid the abandonment of rural institutions that their migration to distant metropolitan centers would involve.

Supply Management

The fact remains that even when pressed to the fullest extent possible, policies and programs of demand expansion, opening up new uses for farm resources and creating nonfarm employment opportunities are likely to fall short of achieving a fair return to agriculture for considerable time to come. "...studies show that we have millions of acres under cultivation now that will not be needed to produce agricultural products we can use, even two decades ahead."³ This means that our high premium on a technological advance in agriculture is in such fundamental conflict with our historic commitment to commutative justice that a fair return to agriculture cannot be achieved without some management of market supplies, hence some sacrifice of entrepreneurial freedom. Stated positively, there is little possibility of bringing total farm output in line with total demand at reasonable prices which does not involve supply management programs which, in some degree, limit the otherwise unrestrained power of farmers

³Food and Agriculture: A Program for the 1960's, USDA, Washington, D.C., March, 1962, p. 1.

to produce as much as they choose. It is conceivable that farmers might prize entrepreneurial freedom so highly that they would prefer sacrificing whatever degree of a fair return necessary to prevent any loss of entrepreneurial freedom. But, in general, we know of no evidence that farmers prize entrepreneurial freedom that highly.

This means that the real problem is not a question of supply management or no supply management; the actual issue is over what form of supply management policies and programs shall prevail. There are two general types to choose between: voluntary and mandatory.

By voluntary programs we mean programs that have the sanction of the majority of farmers, but this sanction is not binding on each and every individual. If the individual chooses to enter the program, he must forego some measure of his entrepreneurial freedom. But he need not enter the program if he doesn't want to. Mandatory programs are ones which are not only endorsed by the majority consensus of farmers, but which oblige all farmers to abide by the limitations on entrepreneurial freedom which are agreed to by the majority. Such programs are an example of the way free society has commonly liberated itself from the ills of unrestrained individual action through the exercise of its democratic power and freedom to determine what rules all must observe for the sake of their mutual well-being.

Neither this administration nor any other has ever advocated forcing supply management programs, whether voluntary or mandatory, down the throats of American farmers. Time and again I have stated that no supply management program will work which does not have the support of at least two-thirds to three-fourths of the farmers involved.

The point is, however, that the public's consent to either form of supply management turns on their relative costs to the U.S. Treasury. I know of no evidence that the public is unwilling, through government programs, to provide the organizational machinery enabling farmers to limit their collective output to levels that will clear the market at a fair price. This administration is, however, of the presumption that there is a limit to what the public is willing to incur in treasury costs on surplus farm resources, whether these resources take the form of land which the farmer is paid a price to remove from production or whether they take the form of farm products stored in warehouses.

If the magnitude of the surplus problem is small, a production-consumption balance can be obtained at low treasury cost through voluntary programs not requiring participation of all

farmers. In this situation, little entrepreneurial freedom is sacrificed for the sake of a fair return.

But the magnitude of the surplus problem has been so large in recent years that budget expenditures for maintaining a fair return to farmers primarily through price and income support programs reached the very large figure of approximately \$3.5 billion for the 1960 crop year. In the face of this fact there was great danger that the public would revolt against farmers and refuse to support its historic commitment of a fair return to agriculture.

Fortunately, this administration has made progress in proposing and receiving farmer acceptance of a new set of voluntary supply management programs which have significantly reduced farm output. These programs have also raised net farm income by about \$1.2 billion. These income gains were achieved through higher price supports and compliance payments, as long-run savings to the treasury were effected through the reduction of surplus stocks and the carrying charges related thereto.

We must not forget, however, that even these voluntary programs may not provide the long-run answer to the problem. Rates of farm technology advance are so rapid that the costs of maintaining a production-consumption balance through present programs could mount rapidly in the years ahead. Thus, the only alternative that will yield farmers a fair return and minimize treasury costs could turn out to be one that requires farmers democratically to manage their output in line with the needs of consumers for an abundance of food and fiber.

The policy choice presently confronting farmers is whether they want to achieve fair returns at the expense of some entrepreneurial freedom and some degrees of proficiency (i.e. allowing some of their resources to remain idle), or whether they prefer the fullest degree of entrepreneurial freedom and proficiency at the expense of a fair return. The hard fact is that the middle ground between these alternatives is rapidly passing away. This is not a popular statement but I would be less than frank if I refrained from saying it.

CONCLUSIONS

The job of agricultural statesmanship today is to design policies and programs that will minimize the serious conflicts which rapid rates of technological advance now generate among basic belief and value presuppositions concerning economic progress, distributive and commutative justice, and democratic and entrepreneurial freedom. These belief and value presuppositions are powerful; they will wreck any policy or program which fails to take full account of them.