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Goals and Values Underlying Farm Bureau Policies

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DIFFERENCES IN GOALS and values have contributed to the controversy that has long characterized discussions of agricultural policy. In the interest of resolving this controversy we need from time to time to re-examine all of its probable causes. On the other hand, we should recognize that the views of individuals and organizations reflect many complex and interrelated factors. While the reason for a difference of opinion may be a simple difference in goals or values in some cases, we should not expect this always to be true. Differences with respect to the merits of existing or proposed agricultural policies may also reflect differences in information, judgments as to probable results and emphasis on the relative importance of short-term and long-range effects. The list could be extended.

I shall refrain from entering into a philosophical effort to distinguish between goals and values. However, I would note that the term "goals and values" seems to include at least some of the things farm people more often refer to as "beliefs" or "principles." This brings to mind this observation of a former state farm bureau president:

If you know a man's principles you can usually figure out about what he will do in any particular circumstance; but if he doesn't have any principles, you can't tell what he will do.

Much the same thing can be said of organizations. It must, however, be recognized that policies of a democratic organization reflect a melding of the views of many people. Individual members may have different goals and values. There may be

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minority viewpoints on some issues. Moreover the voting combinations that determine the majority view may shift somewhat from time to time and from issue to issue. Accordingly, it should not be too surprising if apparent inconsistencies are occasionally encountered in the analysis of an organization's policies. Inconsistencies will also be found in an examination of individual viewpoints.

In examining the principles or goals and values of an organization, it seems appropriate to consider first the purpose of the organization and the process by which guiding principles and policies are determined.

The "Purpose of Farm Bureau" has been officially defined as follows:

Farm Bureau is a free, independent, non-governmental, voluntary organization of farm and ranch families united for the purpose of analyzing their problems and formulating action to achieve educational improvement, economic opportunity and social advancement, thereby promoting the national welfare. Farm Bureau is local, statewide, national and international in its scope and influence and is non-partisan, non-sectarian and non-secret in character.²

From this definition it will be seen that Farm Bureau places a high value on the voluntary organization of farm people to solve their own problems and that its goals include "educational improvement, economic opportunity and social advancement."

Farm Bureau owes its very existence to the desire of farm people for educational improvement. It originated as a part of the educational movement which led to the establishment of Co-operative Agricultural Extension work. Its policies have always reflected a high regard for the contribution research and education can make to the solution of farm problems.

The reference to "economic opportunity" is significant because it suggests that Farm Bureau members are seeking conditions that will permit the individual farmer "to earn" a claim on society for services rendered by the productive use of his abilities and resources.

The phrase "social advancement" indicates Farm Bureau's awareness of the importance of spiritual and cultural values. This awareness is spelled out in more detail in the following resolution on "Religious Life":

Our national life is founded on spiritual faith and belief in God. While Christianity has been the dominant force in the religious life of our country, we recognize the contributions of other religions.

² Farm Bur. Policies for 1963.

We pledge our organization to continued application of Christian principles in the solution of rural economic and social problems. The solution of problems arising from social and economic change involves recognition of spiritual and moral values.

We urge each Farm Bureau member to make every effort (1) to keep belief in God the dominant force in America, (2) to participate in the activities of the church of his choice, (3) to make certain that actions taken by his church are within the basic concepts of our American system, (4) to encourage growth of churches and extend their spiritual influence by active support, regular attendance and spiritual instruction in the home and (5) to encourage prayer and reading of the Bible in our schools.³

HOW FARM BUREAU POLICIES ARE MADE

Farm Bureau members not only are permitted to determine the policies of the organization, but a widespread effort is made to encourage all members to participate actively in the policy development process. This process involves study, discussion and decision by majority vote at community, county, state and national meetings.

To be certain that policies determined by the members, and their elected representatives, are carried out in a way consistent with the will of the membership, free elections are held — county, state and national. Through this process, official voting delegates are elected, officers are chosen and members of the boards of directors of the respective units of the organization are selected. The boards of directors, in turn, are responsible for guiding the activities of the administrative officers and staff.

While some states accept limited numbers of associate members, only farmers are entitled to vote. In addition, state and county farm bureaus quite generally have a rule that no member may hold office unless he receives more than one-half of his income from farming. These rules are all designed to keep policy making in the hands of bona fide farm family members.

The recommendations of state farm bureaus on national issues are considered by a national resolutions committee. In turn, this committee reports to an elected delegate body.

The national resolutions committee consists of the elected presidents of member state organizations from 49 states and Puerto Rico, the chairman of the national Farm Bureau Young People's Committee, the vice president of the American Farm Bureau Federation and representatives of the Farm Bureau Women's Committee.

³Ibid.

The delegate body to which the resolutions committee reports consists of the presidents of member state units, additional delegates apportioned on the basis of membership and four representatives of the Farm Bureau Women's Committee. The president of the American Farm Bureau Federation is also a delegate. Thus the national organization, as such, has one vote in a delegate body of approximately 170 people. No delegate may be a salaried employee of the AFBF, a member organization or affiliate. However, a person otherwise qualified is not disqualified by substantial full-time duties as an elected Farm Bureau official.

A further check on Farm Bureau policies results from the fact that Farm Bureau is a voluntary organization supported by membership dues. There are no checkoffs in Farm Bureau. No one is compelled to join to farm. Member families pay dues because they want to — not because they have to.

Thus, Farm Bureau members have a three-way check on the policies of their organization. The members make Farm Bureau policies. They elect the people responsible for carrying out these policies. Finally, they decide each year whether to continue their membership.⁴

There is no substance to the charge that Farm Bureau's membership record has been built by the desire of farmers to obtain cheap insurance. Insurance programs have been developed to meet a need expressed by Farm Bureau members. It is strong state farm bureaus that have created successful insurance companies rather than the reverse. It should not be surprising to find that some farm people are more interested in services than public policy, but it is downright insulting to farm people to suggest that those who are interested in policy would continue, year after year, to support an organization with which they disagree just to save a few dollars.

BASIC FARM BUREAU PHILOSOPHY

The goals and values underlying organization policy are not always made explicit in policy statements. Deeply held goals and values may be taken for granted until they are challenged. This is well illustrated by Mrs. Campbell's discussion of Farm Bureau's reaction when the Farm Security Administration undertook to reform the land tenure system in the late 1930's.

⁴Portions of the above discussion are based on the 1962 Annual Report of Roger Fleming, secretary-treasurer, Amer. Farm Bur. Fed. See also the Articles of Incorporation and By-Laws of the Amer. Farm Bur. Fed. (in force January 1, 1961, as amended).

A basic assumption of Farm Bureau people, which was challenged by the FSA, was that the best possible system of land tenure was that of private, individual ownership. This principle was taken so much for granted that it was not even mentioned in the AFBF resolutions of 1934, which summarized the land utilization policies of the Farm Bureau. In fact it was not until President Roosevelt's Committee on Farm Tenancy made its report in 1937 that the AFBF felt called upon to defend this principle. . . . The report recommended that the federal government purchase land and sell it under long-term contracts to operating farmers, who would not, however, be allowed to repay all the principal and obtain title to the land until after 20 years. . . .

The Farm Bureau's insistence upon the fee simple ownership of farm land followed the tradition of those who fought for the homestead policy and other measures by which the public domain had passed into private ownership.⁵

Since then, Farm Bureau has made a rather considerable effort to enunciate its underlying philosophy in policy resolutions. The following extracts from a policy resolution entitled "Farm Bureau Philosophy" are particularly pertinent to our discussion:

America's unparalleled progress is based on freedom and dignity of the individual, sustained by basic moral and religious concepts.

Freedom of the individual versus concentration of power which would destroy freedom is the central issue in all societies.

Economic progress, cultural advancement and ethical and religious principles flourish best where men are free, responsible individuals.

We reaffirm our belief that freedom may best be secured through the following concepts and actions:

Basic Principles

We believe in self-government, in limitations upon government power, in maintenance of equal opportunity, in the right of each individual to worship as he chooses, in separation of church and state and in freedom of speech, press and peaceful assembly.

Property rights are among the human rights essential to the preservation of individual freedom.

Individuals have a moral responsibility to help preserve freedom for future generations by active participation in public affairs.

The Constitution

Stable and honest government with prescribed and limited powers is essential to freedom and progress.

The Constitution of the United States has been well designed to secure

⁵ Campbell, Christiana McFadyen, *The Farm Bureau and the New Deal*, Univ. of Ill. Press, Urbana, 1962.

individual liberty by a division of authority among the legislative, executive and judicial branches; the diffusion of government powers; and the retention by the states and the people of those powers not specifically delegated to the federal government.

The trend toward centralization of power and responsibility in the federal government violates constitutional purpose, has reached a point dangerous to state sovereignty and individual freedom and should be reversed.

The constitutional prerogatives of each branch of the federal government should be preserved from encroachment by the other branches.

State and Local Government

We believe that the maintenance of strong, independent and responsible state and local government is imperative to the preservation of self-government and individual freedoms.

Public functions should be performed by the unit of government closest to the people which can effectively perform them. State governments should not perform functions which can be efficiently performed by local units of government.

We favor the assumption of responsibility by state and local units of government for the exercise of their appropriate functions.

Capitalism — Free Enterprise

We believe in the American capitalistic, free enterprise system in which property is privately owned, privately managed and operated for profit and individual satisfaction. We believe in a competitive business environment in which supply and demand are the primary determinants of market prices, the use of productive resources and the distribution of output.

We believe in the right of every man to choose his own occupation, to be rewarded according to his contribution to society, and to save, invest, spend or convey to his heirs his earnings as he chooses.

Efficiency of production and per capita output are the primary elements in determining standards of living.

These principles are consistent with our religious values and the highest goals of mankind. They contribute to the diffusion of power essential to the preservation of liberty. They have produced an unparalleled volume of goods and services and supported widespread educational and religious opportunity.⁶

Farm Bureau quite obviously believes that freedom and individual responsibility are basic to economic, cultural and spiritual advancement. Further, its views toward government appear to have much in common with Woodrow Wilson's famous statement:

⁶ Farm Bur. Policies for 1963.

....The history of liberty is a history of the limitation of governmental power, not the increase of it....⁷

As a consequence of these underlying views, Farm Bureau places a high value on the preservation of constitutional checks and balances, continued retention by the states and the people of the powers and responsibilities not specifically delegated to the federal government, and measures to strengthen the competitive, private-ownership and market-price aspects of our economic system.

THE APPLICATION OF FUNDAMENTAL PRINCIPLES TO FARM POLICY

The basic rationale of Farm Bureau's recommendations with respect to government farm programs is set forth in the following extracts from the currently effective Farm Bureau resolution on "Support and Adjustment Programs":

A major objective of Farm Bureau policy is to create conditions whereby farmers may earn and get a high per-family real income in a manner which will preserve freedom and opportunity. We firmly believe that this objective can best be accomplished by preserving the market price system as the principal influence in allocating the use of farm resources and in distributing farm production.

As a yardstick for measuring policies for agriculture, we propose the following guidelines:

Policies affecting agriculture should—

- Increase economic opportunity for farm people.
- Promote efficiency in the farm business.
- Protect the competitive principle.
- Be consistent with the law of supply and demand.
- Strengthen the market system.
- Stimulate market expansion.
- Encourage soil and water conservation.

Policies affecting agriculture should not—

- Open the way to price fixing.
- Stimulate excessive production.
- Permit development of monopolies.
- Erode individual freedom.
- Freeze historical production patterns.

⁷From address at the New York Press Club, New York City, September 9, 1912. Published in: *A Crossroads of Freedom — The 1912 Campaign Speeches of Woodrow Wilson*, ed. John Wells Davidson, Yale Univ. Press, New Haven, Conn., 1956.

Encourage use of synthetics or other substitutes.
Shift adjustment burdens from one producer group to another.
Increase farm production costs.
Make farmers dependent on government payments.

If farm people are to enjoy freedom, we must accept the discipline of competition. We therefore recommend that a start be made immediately toward restoring the market price system as the principal guide to needed adjustment in all areas of agriculture.⁸

The key to Farm Bureau's position on farm programs is a desire to create "conditions whereby farmers may earn and get a high per-family real income in a manner which will preserve freedom and opportunity."

Farm Bureau members want to earn their income rather than to depend on government hand-outs. They emphasize "per-family farm income" because they recognize that farmers don't spend national income statistics. They speak of "real" income because they realize that the value of dollar income can be eroded by inflation. Finally, they want to preserve freedom and opportunity.

Freedom and opportunity are interrelated; however, there are some who argue that freedom is not a relevant issue in farm policy. For example, in his presidential address to the 1961 annual meeting of the American Farm Economic Association, Bushrod Allin opened a discussion of "freedom" with these words:

Few terms are so loaded with confusion as the word freedom. It can have the negative meaning of absence of government restraints on individual action, or it can have the positive democratic meaning of the right of each to an equal voice in determining the restraints all must observe for the common good....⁹

Again, Dr. T. W. Schultz has argued that freedom is not an issue in the controversy over farm programs because "it is hard to see that our farm programs have endangered the civil rights of people" and there has been compensation — perhaps excessive compensation — for the economic restraints imposed by such programs.¹⁰

Farm Bureau insists that freedom is a relevant issue. Allin's contention that freedom means "the right of each to an

⁸ Farm Bur. Policies for 1963.

⁹ Allin, Bushrod W., "Relevant Farm Economics," *Jour. Farm Econ.*, Vol. XLIII, No. 5, December, 1961.

¹⁰ Schultz, T. W., paper presented to the Third Annual Farm Policy Review Conference, Center for Agricultural and Economic Development, Ames, Ia., Dec., 1962.

equal voice in determining the restraints all must observe for the common good" makes sense only if the role of government in relation to individuals is properly defined and restricted.

Almost any law or regulation will restrain individual actions to some degree. But there is a vast difference between the type of restraint that establishes "rules of the game" for equal application to all citizens and the type that gives some citizens an economic advantage over others on the basis of past history or other arbitrarily defined criteria.

Thus, it is one thing for government to require that meat must be inspected, that drugs must be proved safe before they can be placed on the market, that scales must give correct weights and that products offered for sale must be properly labeled; it is quite a different thing to fix prices or to allocate production rights.

It can be argued that there is no difference between a governmentally enforced rule requiring automobile drivers to stay on the right side of the road and observe certain speed limits and the regulations promulgated under marketing quota programs. But there actually is a vast difference. Traffic regulations supposedly are applied on a uniform basis; they do not operate to change the economic standing of individuals. The public would be outraged by traffic regulations which restricted the right of individual drivers to use the highways or the speed at which they may travel on the basis of what each did in some past period. But that is the type of thing done under marketing quota programs.

The contention that freedom means "the right of each to an equal voice in determining the restraints all must observe for the common good" seems to imply the majority is always right and the minority has no rights. It ignores the possibility of proposed restraints being more harmful to some than to others. It seems to mean that it is perfectly all right for sections of the country going out of cotton production to vote into effect programs which could destroy the cotton business for everybody.

If a policy is wrong in terms of fundamental principles, it does not become any sounder merely because it attracts a majority, whether in Congress or a producer referendum.

Dr. Schultz is correct in a narrow sense when he says that farm programs have not impaired civil rights, although the rules on eligibility to vote in referenda have necessarily been somewhat arbitrary to say the least. In a wider sense, programs which make people dependent upon the federal government certainly impair their freedom to decide how they will use their right to vote. Economic freedom and political freedom are

interrelated. Neither can be impaired without impairing the other. The man whose economic position depends on a particular program is under great pressure to vote for candidates who promise to continue the program, even though he may differ with them on numerous other issues.

Schultz is on weak ground when he contends there has been adequate, or even excessive, compensation for the economic restraints imposed under mandatory programs. The freedoms infringed by mandatory commodity programs are the freedom of the farmer to make his own decisions, freedom to change his operations when conditions change and freedom to compete for the right to supply a market. Most types of compensation are on a year-to-year basis, but the bad effects of restraints tend to accumulate over time. Further, the people who get the compensation are not necessarily the ones most adversely affected by program restrictions.

Support prices may be more than adequate compensation for acreage restrictions in areas going out of cotton, such as some sections of the Southeast. But what about the low-cost areas where economic conditions indicate a need for producers to expand rather than contract acreage? How do we determine the adequacy of compensation for programs that threaten to reduce economic opportunity by permanently destroying the market for a commodity?

California has three counties each of which produces more cotton than the state of North Carolina. Any one of these counties apparently has a greater stake than the state of North Carolina in the future of the raw cotton business. In the last cotton referendum, however, producers in these three California counties voted against marketing quotas by a margin of 11 to 6, while North Carolina producers approved quotas by a margin of 276 to 5. The number of producers, of course, is much larger in North Carolina.

It is a well-known fact that the "benefits" of restrictive programs tend to be capitalized into the cost of acquiring production rights. A 1960 study found that "the approximate market values of an acre of flue-cured tobacco allotment (without any associated land or buildings)" was \$2,500 in three North Carolina counties in 1957.¹¹ This type of "compensation" for production restrictions creates a windfall for landowners who receive production rights on the basis of past history. But it becomes a cost of doing business for anyone who subsequently buys or leases land to which allotments have been attached.

¹¹ "The Sale Value of Flue-Cured Tobacco Allotments," Publ. No. 35 of the Southeast Land Tenure Research Committee, April, 1960.

As Don Paarlberg has pointed out, the capital assets created by quotas "fall disproportionately into the hands of those farm people who already are in the upper ranges of net worth and income."¹²

Futhermore, a considerable amount of farm land is owned by nonfarm landlords. It is hard to see how "social justice" is served by creating a substantial capital gains windfall for those who own farm land at a particular moment at the expense of renters and future owners.

Farm policy should not be evaluated solely on the basis of its effects on a particular group of farmers. Equity would appear to require some attention given to the interests of other citizens as consumers and taxpayers. It would also appear to be good politics to take account of these other interests in a country where nonfarm people form an ever-increasing proportion of the electorate.

It is hard to see how the interest of the general public is served by policies that price farm products out of normal markets and force consumers to turn to substitutes. It is impossible to calculate the damage done to the national welfare when nationalistic farm policies force us to restrict imports, dump surpluses and join international cartel arrangements, such as the Geneva Agreement for limiting textile imports including those from the less developed countries we have so often professed a desire to aid.

It is, of course, argued by some that a system of deficiency payments would avoid pricing supported commodities out of normal markets, but the payment approach also has serious defects. A price supplemented by a government payment is not a competitive market price. Where demand is inelastic, a payment program would tend to depress prices below free market levels. This would have adverse effects on underdeveloped countries heavily dependent on exports of raw materials. Payment programs carry an open invitation to limitations on individual participation. Such limitations would level farm incomes downward and promote inefficiency, which ultimately would increase the real cost of farm products. In addition, the value of the right to receive payments would be subject to capitalization.

A market economy in which competitive prices are allowed to guide production and consumption must, of necessity, be responsive to human needs. It encourages the production of the things people want and the efficient use of the limited resources available to supply human wants.

¹² Paarlberg, Don, "Discussion: Contributions of the New Frontier to Agricultural Reform in the United States," Jour. Farm Econ., Vol. XLIV, No. 5, Dec., 1962.

The judgment of the market is impersonal. It reflects current needs, not the pattern of a by-gone base period. Finally, a competitive market has built-in checks and balances that automatically set corrective forces in action when errors are made. In contrast with the judgment of a market system, the judgment of men is subject to prejudice, oversight, political maneuvering and red tape.

It must, of course, be recognized that reliance on the market system does not automatically result in a Utopia in which there are no human problems. There is a place for private charity and for government programs to aid the less fortunate. But Farm Bureau believes that such efforts should be designed to supplement rather than to replace the market system. It also believes that private charity benefits both the giver and receiver, whereas the increasing assumption of welfare responsibilities by a centralized government tends to reduce the individual's concern with other people's problems.

Farm Bureau believes that a market system can and does contribute to individual freedom and well-being by providing a mechanism for the exercise of individual choice. If this assumption is correct, it follows that the effect on individual freedom of government intervention in the market will depend on whether the intervention improves or impairs the ability of the market to provide for the exercise of individual choice.

The functioning of the market is improved by improving public information and by assuring the public that the information available in the market is dependable. But the function of the market is impaired or destroyed when the government fixes prices or allocates production rights.

Farm Bureau's emphasis on the desirability of returning to the market system does not rule out all agricultural adjustment programs. It does, however, mean that the functions of the market system should be recognized in the development of such programs. With this in mind Farm Bureau members have developed the following "guides" for price support programs:

Where price support and production adjustment programs are used they should be designed to facilitate orderly marketing.

Price support levels should take account of competitive conditions, supply and demand, and market trends. They should not be based on arbitrary formulas nor left, to any greater extent than necessary, to the discretion of the Secretary of Agriculture.

Where special export pricing is necessary to regain or maintain foreign markets we should return to a one-price system as rapidly as possible.

When supplies of crops under allotment have been reduced, increases in acreage should have priority over increases in support prices.¹³

Farm Bureau has also recognized the need for transitional programs to liquidate accumulated surpluses and facilitate needed adjustments in resource use in order to keep the mistakes of past programs from placing an intolerable burden on the operation of the market system.

As one such transitional device, Farm Bureau has advocated a voluntary program under which cropland may be retired voluntarily for periods of not less than three years on a competitive bid basis with premiums for the retirement of whole farms. In contrast with programs that would force every farmer to retire a part of his acreage, Farm Bureau's cropland retirement program is designed to avoid impairing efficiency and to let individual farmers decide where adjustments should take place.

In conclusion, it should be stressed that Farm Bureau's policies reflect a carefully considered conviction with respect to the best way to advance the long-run interests of farm people as well as deeply held philosophical values. In the words of a distinguished economist, Dr. O. B. Jesness:

If farms are held below their optimum size, earnings will be lowered. Limiting opportunities in farming by reducing the scale of the business would be a sure way of driving the more enterprising and efficient elsewhere, leaving incompetents on the farm....¹⁴

In Farm Bureau's view, the economic freedom necessary for preserving the opportunity of each individual to make the most of his abilities will contribute to rather than impede the advancement of higher religious and ethical values.

¹³ Farm Bur. Policies for 1963.

¹⁴ Jesness, O. B., "Trends in Farm Population and Size of Farms," Natural Resources of Minnesota: 1962, Minn. Nat. Res. Coun., Minneapolis.