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## Agricultural Organizations and Policies: A Personal Evaluation

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THE DILEMMA of the price system is that it has at least three roles to play in society and these roles may easily be contradictory. The first of these three roles is the allocation of resources in response to changes in technology and demand. That is, one of the functions of the price system is to move society in directions such that there isn't too much in the way of resources in any one occupation. We see this in agriculture. For example, in this country we have moved from 90 percent of the population in agriculture to 8 percent in 200 years. We've done this in large measure through the operation of the price system. Nobody said to the farmer, "You have to get out of farming." He just followed Mr. Staley's good advice<sup>2</sup> and got out of it. In this sense the price system has been a very powerful organizer of our society.

The price system also has a great deal to do with the distribution of income. I am personally very much interested in the price of economics being high and the price of everything else being low. The real income of any individual or group depends on the relative price structure. The higher the price of the commodity you sell and the lower the price of what you buy the better off you are.

The third responsibility of the price system is not, I think, as generally recognized among economists as the other two, but I wish to put it in the trinity on an equal basis. This is the role of organizing the process of economic growth and change and particularly the process of economic development. One of the things the price system does is to decide which are the things we

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are going to work on in the way of improvements. That is, if something is scarce and its price is high, we are more likely to work on it to make it more plentiful and cheaper than if it is plentiful and its price is low.

One of the major dilemmas arises between the first two roles. Frequently the role of the price system in organizing the allocation of resources runs up against our sense of what is right and just in the way of distribution of income. We see this of course very clearly in agriculture. In a progressive society, and particularly in a society which has institutions like Iowa State University, agriculture continually declines as a proportion of the total economy. One of the major causes of this is Iowa State University itself! That is, the greater the productivity of labor in agriculture, the fewer farmers there are going to be.

The dilemma is, however, that if you are to get resources out of any occupation, you have to squeeze it. The only way I know to get toothpaste out of a tube is to squeeze the tube, and the only way to get people out of agriculture is likewise to squeeze agriculture. It just has to be made less profitable than other occupations. When the price system is doing this, it's doing fine; this is just what it's supposed to do. If we had a progressive society in which agriculture was profitable, this would be a sure sign of social decay. A high profitability of agriculture would be a sure indication that something was definitely wrong with the society. We have succeeded in progressing for over 200 years pretty well. So agriculture has been unprofitable for 200 years; people have been squeezed out of it for 200 years; it has been technically progressive for 200 years, and all this is just fine.

However, from the point of view of social justice we get uneasy. We look at the 8 percent of people in agriculture and we see that they get only 4 percent of the income. Maybe we can find some other 8 percent of the labor force that nobody bothers about at all who also only get 4 percent of the income. It's just because agriculture is visible that we notice it. But then we still feel, quite rightly, that this is unjust. But the economist says that the only recipe for this problem is increased mobility: if the toothpaste is thin you don't have to squeeze the tube very hard; on the other hand, if the toothpaste is thick you have to put real pressure on it. If you can't get people out of agriculture easily, you are going to have to squeeze agriculture very hard to get them out. You are going to have to do farmers severe injustice in order to solve the problem of allocation.

Suppose the economist says that mobility is the solution both to the problem of allocation and to the problem of justice — that is, of course, if we are looking only at the price system. Now of

course the difficulty is that the price system is not the only organizer of social life and it is not the only organizer of the economy. Besides the exchange system we have what I call the grants system, the system of unilateral transfers. This is composed of taxes, subsidies, grants, budgets, philanthropy. In short it is that part of the economy where you shovel money out and it gets taken away. This is very different from the price system. As a matter of fact, economics does not have any very good theory about it. I've been struggling with the theory of philanthropy. This is quite difficult, really, because foundations are quite incomprehensible organizations. There is no way of telling whether they are doing any good, and I suspect that many are not. That is, after studying philanthropy I decided that we may eventually have to do what Henry VIII did with the monasteries — liquidate them. Foundations can be dangerous centers of irresponsible private power, and the least we can do is to have an anti-trust law for them. The mere fact that you said you were doing good did not mean you could not be a menace to society. The people who set out to do good often did a great deal more damage than the people who didn't — but that is a nasty-minded economist's point of view.

We have to recognize that there is a "grants" sector of the economy and that it can alter the distribution of income, it can alter the allocation of resources and it can alter economic development quite substantially. I would agree with Mr. Thompson<sup>3</sup> that it is quite legitimate to use it. In spite of the fact that I am an economist I don't really think the price system can do everything, although I think we underestimate what it can do. I think also that the hostility towards the price system, especially among the theologians, is really quite unfortunate. The market is really a very useful form of organization and we shouldn't really have any prejudice against it.

The way in which society effects allocation and distribution of wealth outside the price system is through coercion, taxation and subsidy, and also prohibitions and law. For instance, as Mr. Hamilton<sup>4</sup> pointed out, we put quotas on tobacco and this gives a present to all the people who were growing tobacco in 1942. What this has to do with justice I don't know, but as an economist I have a very strong prejudice against it. I have an extraordinarily strong prejudice against coercion as such. This is why I think government is fundamentally demonic. It is an intrinsically evil thing which can occasionally be subverted to good ends. I don't know how this is theologically, but I have a feeling that the

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<sup>3</sup> Tyler Thompson, Professor of Relig., Garrett Theol. Sem.

<sup>4</sup> W. E. Hamilton, Director of Research, Amer. Farm Bur.

Lord uses the devil for His own purposes and that as a matter of fact if it were not for the devil we might not have such an interesting world. Where would redemption be if it were not for the devil? Not that I think we can wholly avoid being coercive. Even though I have always wanted to be an anarchist, I have never quite been able to make the grade; I have to admit the need for a little government in society. But I have a certain sympathy with the feeling that whenever you decide to employ coercion you want to look at it three times. Coercion is a dangerous shortcut to social justice. It often goes along with the use of quotas, quantitative restrictions and the limitation of supply, and these can easily result in a freezing of an obsolete system.

### FARM POLICY PROBLEMS

It is now time to turn to the problems of agricultural policy. Now this isn't economics, and I am not speaking authoritatively as an economist. In the first place, I think it is unjust to discriminate either in favor of agriculture or against it. I am against agricultural fundamentalism and I do not agree with the view that virtue peculiarly resides on the farm. In fact, a case can be made the other way: that farmers are dull, cloddish and selfish and that almost anything decent that has ever gone on in the world has happened in the city. Civilization, after all, is a product of the cities; the very word tells us that. As a matter of fact, even most agricultural improvement is a product of cities. The improvement of agriculture is not due to farmers, who have usually resisted it. It is due to all these city folks who come out and shake it up. So in a way I am almost an agricultural nonfundamentalist, though on the whole I would like to think that virtue is fairly evenly distributed. Christianity, incidentally, is unfailingly marked with the stamp of Jerusalem and Tarsus. There's nothing rural about it; it is an extremely urban product.

But all joking aside, I think the principle of no discrimination is a vital one, whether this is about Negroes or farmers, and it is just as wrong to discriminate in favor of people as it is to discriminate against them. Now this is not to say that we exclude counterdiscrimination. You can sneak in a case for the state discriminating in favor of the farmer on the grounds that everybody else discriminates against him. I will admit this in theory. But on the whole I won't really admit it in practice, because I think we have put far too much into agriculture. We have overredressed the balance absurdly. We now know too much and do too much about agriculture and not enough about other things.

Counterdiscrimination may justify helping the poor but it does not justify helping the farmers. Agricultural policy has been sold under the name of justice on the basis of a wholly fallacious syllogism. The major premise is, "We ought to help the poor." We all agree to this, especially professors. The minor premise is that farmers are poor, and the conclusion is that we ought to help farmers. The difficulty here is in the minor premise. Some farmers are poor and some farmers are filthy rich. When you help farmers you tend to help the rich more than the poor; this has been pointed out previously.

My next point is that we do want to continue Iowa State University. We do need to continue the process of technological development and the increase in knowledge even if this does away with agriculture altogether, as I suspect it will do. Agriculture is really a terribly primitive way of raising food. I expect that this process of the diminution of the agricultural population will go on until what we have always thought of as agriculture becomes perhaps almost a negligible part of the economy. Whether we approve of this or not there is not much of anything to do about it. Anyone who advocates plowing under Iowa State University is under a delusion. We are not going to stop this process and we have to learn how to ride it. Once we have been chased out of Eden there is no way back; the angel with the flaming sword stands there. Once we have eaten of the fruit of the tree of knowledge there is no place to go but onward to Zion. We cannot go back to innocence and ignorance. The basic principle of my goals and values for agriculture is that if we are going to have policies they ought to be people-centered and not commodity-centered. We cannot do justice to a commodity; we can only do justice to people.

This is why I advocate abolishing the Department of Agriculture and also the Department of Labor and the Department of Commerce, for it is absurd to have commodity pressure groups in the executive branch. We have got quite enough of them in the legislature. I would very much like to reorganize the executive branch and have a Department of Science and Research, a Department of Poverty and Economics. That is about all we would need. That policy should be directed towards poverty, towards knowledge. There is practically no excuse for directing it towards agriculture as such, for agriculture is not an important enough sector of the economy.

We may soon get to the point where drycleaning is a more important industry than agriculture, and I want to worry about the family drycleaner just as much as I want to worry about the family farm. These laments about the family farm seem to me

mainly hokum. In the first place, I think the family farm is here to stay — we aren't going to get rid of it. It is an efficient unit, especially in livestock enterprises. Cows almost have to be part of a family, as they need tender loving care. When we go over to algae, perhaps this will be the end of it. But this is still a long way ahead.

### PROFESSOR'S GRADES ON FARM POLICY

How bad is American agricultural policy? The only physical product of a professor is grade sheets, outside of books, which don't really count. So I suppose what I am expected to do in evaluation is to give out A's, B's and C's, and I am quite prepared to do this. It may be a gross example of the original sin of human pride and presumption, but it is still what professors are paid to do.

What I have tried to do is to assess, first of all, American agricultural policy in general, and then the policies which are advocated and promoted in the preceding papers to see how they stack up against the three tasks of the economy: allocation, distribution and growth.

For American agricultural policy as a whole, in point of allocation it gets a B, because we have succeeded in getting a lot of people out of agriculture. We could have done it better and more humanely. We could have done it faster. We ought to do it faster. But we aren't doing so badly. So this gets a B. In point of distribution (social justice) I think it gets a D. Social policy is clearly unjust if it subsidizes the rich. We have an agricultural policy which is based on price supports. If you don't sell anything, however, it doesn't matter what price you don't sell it at. Agricultural poverty arises out of the fact that the poor have so little to sell. From the point of view of distributional justice, therefore, we make quite a low grade.

From the point of view of growth and development we make an A plus. We might even make it an A plus plus. We have done extraordinarily well on this — and all for the wrong reasons. The genius of our whole society is that we always do the right thing for the wrong reasons. This is much better than doing the wrong things for the right reasons, which is what I think the Communist side often tends to do. We have been extraordinarily lucky. For instance, we set up Iowa State University, which is very much against the interests of agriculture and particularly against the interests of agricultural fundamentalists. We did this on the grounds that the way to make agriculture prosperous is to make

it efficient. Of course this isn't so. If you make agriculture efficient you make agriculture unprosperous and all the rest of us prosperous. So you see the non-farmers really ought to have to set up Iowa State. But it was the farmers who did it. This is one of the cases where ignorance was bliss.

I would argue that even our price support policies, foolish as they are, have been good from the point of view of economic development. They have introduced a certain stability into agriculture which has, I suspect, increased the rate of technological change in it, and we would not have had this degree of technological change if it hadn't been for the price supports. So everything we have done for justice has created injustice and growth, and on the whole growth is much more important than justice. If we don't have growth we can't afford to have justice. This is the best of all possible worlds, obviously.

If you compare our agricultural policy with policy in almost any other sphere of life, it stands up extremely well. Compare it with national security policy: here we have spent 500 billion dollars on national security since 1950 and the answer is, "Dig your own holes, boys." If we had achieved a corresponding degree of success in agricultural policy, we would be saying, "Look, we're terribly sorry. We don't have any food, but how about digging your own garden?" By these standards agriculture has done very well indeed. Compared with almost all other policies, agriculture stands at the top, in spite of the fact that we have done most of the right things for the wrong reasons.

In conclusion, let me go down the list of the various organizations that seem to be represented in these papers and see if I can hand out a few grades. The Farm Bureau first: I would give it a B on allocation, because it is almost the only farm organization which is not fundamentalist and which recognizes that if agriculture is going to prosper, it has got to be small and people must get out of it. This point of view is very sensible. On distribution I give it a D. The Farm Bureau consists mostly of people who have licked, personally, the problem of poverty in agriculture, and they have no interest in people who have not. The Farm Bureau has persistently fought any attempt to solve the problem of poverty in agriculture, apart from the solution of letting things take their course. This, of course, is a solution of a kind — but a very expensive one. In regard to growth I would give the Farm Bureau an A, especially in regard to commercial agriculture. But on second thought I might reduce this to a B for failing to care about economic development in the poorer sectors.

The National Farmers' Union gets no more than a C on allocation. The Brannan plan, while not perhaps an official doctrine of

the NFU, is nevertheless close to its heart. This would have pauperized American agriculture permanently and subsidized people to stay in it instead of subsidizing them to get out of it. It would indeed have eliminated the surplus of commodities but not the surplus of farmers. On distribution of income I am tempted to sneak the NFU a B on account of its warm heart and its real sensitivity to the problem of poverty. On the other hand, its remedies are either worthless or discriminatory. The danger of all policies of price or income support is that they might be generalized, on the grounds that anything which is good for farmers is good for everybody. I have been advocating around Michigan, for example, that we declare automobiles an agricultural commodity. It would solve our problems nicely if we could put a parity support price on them. If we could not sell them at that price, the government could stockpile them. We could ship them abroad under P.L. 480, and they could be used as chicken coops in Siam. This would be (for Michigan) the best of all possible worlds. From a growth position, here again NFU gets a B. It is not hostile towards technical development but it is not what I would describe as enthusiastic about it.

I've given the Grange a C on all three counts. The Grange ought to go back to whatever classical gods or goddesses it worships and think again. Really, it ought to get past the 1920's. I think that on almost any score its policies have been unrealistic. It is still wedded to McNary-Haugenism. It hasn't learned that dumping is a thing that makes you lose friends and alienate people. From the point of view of the growth objective this is absurd. The way to get income parity is to get people out of agriculture, and the way to get people out of agriculture, as I suggest, is to increase mobility. But the Grange doesn't want to do anything about this, as Mr. Thompson suggests; it just doesn't have any policy, really, as far as I can see, except what it had at the time of Calvin Coolidge's veto. Where has it been since 1920? I don't know. It's my business to be frank.

I think the National Farmers' Organization also ought to get a C on all counts. This seems to me a most extraordinary pipe-dream if ever I saw one. It should read some of the studies of whether labor unions have succeeded in diverting the national income to labor, which on the whole economists agree they haven't. Collective bargaining is extraordinarily inefficient as a means of redistributing income, absolutely the least efficient and the most costly method there is of doing it. If anybody can organize enough farmers to do collective bargaining on any scale which would make any difference I would be extraordinarily surprised. Here again, from the point of view of realism it doesn't make any sense.



The NFO doesn't organize mobility out of agriculture; it tries to keep people in agriculture. It is not even really proposing to control production. If you want a monopoly you have got to control production. If you want to exploit the rest of society you have got to control production. Just holding a few supplies off the market occasionally has little effect. In fact, the more successful you are at it the less successful you are going to be. People will stay in agriculture. They will produce more. You will just have an increasing problem and a fundamentally unstable social system. The NFO is very good for morale. As a matter of fact this is also the main function of the trade union: the NFO keeps people busy (I'm all in favor of this) and gives them an interest in life. Thus, sociologically I think it's wonderful. But economically it makes no sense.

Now we come to the churches, and I propose to jump the gun and amalgamate the Catholics and Protestants — while amalgamation is perhaps a hundred years off. From the point of view of social policy the Catholics and Protestants are almost indistinguishable. This is one of the things that I find gratifying. The ecumenical movement has gone a long way here and the differences seem to be small. I seem to have given them a B on all counts, not quite an A. On allocation I would say they are almost going up from C to A. They used to be agricultural fundamentalists but they are beginning to realize that this is unrealistic. On the other hand, they are beginning to think about how to organize mobility, which is a very important ethical problem. Too few people are concerned with this and I think this is enough to raise them to an A.

On distribution I'm not going to raise them to an A — especially the Protestants on account of the Mexicans. I am very annoyed with the National Council of Churches and I have been fighting it for several years now because it wants to discriminate against Mexicans. That is, it's a national council of churches; it preaches an American Christ; it wants to keep Mexicans out so that we can all be nice little rich Americans together. Very often the only hope for really poor people is migrant labor. At this point the church is not facing up to the realities of the world at all. It thinks America is secure in its little Tokugawa Empire; it is willing to dole out little bits to the rest of the world, but it is not going to let them in. I have been fighting this battle of ethnocentrism and nationalism in the National Council for quite a while and I have finally decided that from the ethical point of view this is the weakest link in the council's whole structure, just as the weakest link on the part of our Catholic friends is their unrealism about population.

Population is another question and a large one. But obviously if we are going to have death control we have got to have birth control too, just as, if we are going to have Iowa State, we can't have a lot of farmers. If we are going to have modern medicine we have to control population. There is no way out of this. We have got to control it morally, of course, and I expect that is the only way to control it. The worst thing, however, is not to face the problem and to refuse to talk about it. The Catholic Church has a very grave responsibility at this point which, incidentally, it shares with the Communists. But this is beside the present point and does not have much to do with agriculture or even with farmers. I doubt if the birth rate is any higher among commercial farmers than it is among professors. I am always embarrassed about this because I have five children myself, which makes my Malthusian speeches sound a little hollow.

On growth I think the churches get a B in the sense that they are not quite aware of the implications of it but that they are coming along in this way, and perhaps I can almost say that they get an A.

Now we turn to the United States Department of Agriculture. I give it a D on allocation, and I am in favor of abolishing it. There is no excuse for that big building in Washington. It deals with much too small a part of the economy. There has been a tremendous misallocation of very scarce resources into what I call the intellectual side of agriculture, which has resulted in a severe absence of these resources elsewhere. I can give it a C on distribution, actually, because it has not really emphasized the major problem; but perhaps that really is unfair because it gets bullied by the Farm Bureau. The Department did try to tackle poverty in the Farm Security Administration and things of that kind, but the great agricultural middle class didn't want to have anything to do with poor white trash, and that was the end of that. On the whole, therefore, I would say that we have done very little and that our conscious policies have done practically nothing towards abolishing poverty in agriculture. On growth I think the Department gets an A. I think it is very good on this.

I have got now to the universities and the extension services, which will be the last. I give them a C rising to A on allocation; that is, I think 25 years ago they were not realistic about it. Now, thanks to Iowa State University, I give the universities a pretty good score. On distribution I am not sure how good a grade I can give them because the universities and the extension services are still very fundamentally middle class. I am terribly worried about the thing I mentioned earlier, which is the separating out of our economy the 75 percent who make it to affluence

and the 25 percent who don't. The universities are not doing anything for that 25 percent; they just can't be bothered with it. From that point of view they don't get a very good grade on distribution. On growth they get an A plus; this is where most of it comes from.

For those who like tables, my grades are summed up below. And for those who do not like my grades, I can only suggest what I once told a student who made a similar complaint — that this was an unjust world and that education was intended to prepare us for it. Perhaps even conferences have the same objective.

#### EVALUATION OF AGRICULTURAL POLICIES

Organization	Allocation	Distribution (Justice)	Growth
The United States . . . . .	B	D	A+
The Farm Bureau . . . . .	B	D	A
National Farmers' Union . . . . .	C	B	B
The National Grange . . . . .	C	C	C
National Farmers' Organization . . . . .	C	C	C
The Churches . . . . .	B	B	B
The U.S. Department of Agriculture . . .	D	C	A
The Universities and Extension Services . . . . .	C to A	C	A+