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## *Land Programs in a Policy Framework*

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**A**S THE PRECEDING CHAPTERS HAVE MADE CLEAR, a variety of land programs have been and are the subject of attention in programs of this or that sort. It is less certain, however, that in general these programs have been or are being guided by sufficient foresight and intentness of concentration on over-all objectives to make them fit together nicely into a comprehensive public policy. Without such a guide, it would be a miracle if some of the programs did not conflict.

### **EVOLUTION OF LAND PROGRAMS**

Without in any way attempting to catalog land programs, reference to a few might well be made.

When this country first achieved its status as an independent nation, land was the one resource which was in relatively abundant supply. The thought is not always easy for us today to bear in mind that the land originally was in public not private ownership. Much of the land in the original area of our country was still publicly owned at the time independence was achieved. The original colonies wisely turned that public land over to the federal government and by so doing created the public domain. One shudders at the thought of the confusion and conflict which would have reigned if the states had attempted to handle this domain each in its own way. Expansion of the borders of the United States to the Pacific later added vast areas to that public domain.

The major question with regard to land confronting the new nation was one of disposal. Theoretically, at least, there was a choice between retaining the land in public ownership or turning it over to private owners. The debate, however, did not center on this question. Overwhelming sentiment favored private ownership. The differences with respect to policy related to whether the purpose should be to dispose of land gradually in a manner to provide the greatest income to the treasury through its sale over a period of time or to get it into private hands rapidly with the view to its development and exploitation. While sale was the usual method of disposal, the program came to be guided primarily by the urge for settlement and development. This was illustrated by the disposal operations. It was made clear in the pre-emption program of 1841 and later in the Homestead Act enacted in 1862. Land grants for various purposes in the main were part and parcel of this same program of expansion and development.

Hindsight tells us that the program of land disposal fell far short of perfection. While few would take exception to the broad objective of transferring land from public to private hands, students of land economics today are well aware of many instances where modifications in the program and methods employed would have prevented or at least lessened some of the problems of land use pressing on us today. Some lands not suitable for agricultural development were turned over to private ownership for this purpose. In general, the tendency was to regard nearly all land as being potential agricultural land and to treat it accordingly. As we look back on these activities, we can see a number of instances where public interests might have been protected more effectively if greater discretion and more selectivity had been employed.

Our criticisms, however, must be tempered by the realization of the fact that those who preceded us had to make decisions with relatively little information available to them regarding the suitability of the land or prospective needs in various uses. Forests seemed limitless. Mineral resources were largely unknown. Erosion was not a matter of concern. There is no reason for believing that we would have done the job any better under the circumstances. There was no urgency in those days arising from a limited land supply. Instead, there was almost an embarrassment of abundance of land with respect to other resources and the public reacted accordingly.

With the passage of time, our understanding of and concern over land problems has broadened and deepened. We are gradually appreciating more and more that land is one of our basic resources and that how well we live and what the prospects will be for generations yet unborn are determined largely by how efficiently we use land and how well we conserve that resource.

The majority of our people today depend entirely on others for their food supply. Even the farmers themselves are far from being self-sufficient with respect to their food needs. Assurance that an adequate food supply will continue for the longer-run future, consequently, has become a matter of vital importance to the public generally. This, of course, does not mean that the urgency of our food supply compares in any way with that in some of the overpopulated areas of the world as, for instance, the Orient. While there is relatively little concern over the ability of agriculture to provide an ample supply for current needs, the public rightly takes an interest in having produced the proper quantities and qualities of food and having that food distributed as efficiently as possible in order that the rank and file may enjoy the highest possible levels of living.

Our ability to produce agricultural products continues in the stage where we are more concerned with supplies pressing on the market than over the pressure of population on food supply. We have experimented and are continuing to experiment with governmental programs designed to increase farm incomes by manipulating prices of farm products and with efforts to hold production and sales in check in order to produce the desired price levels. These undertakings inevitably have a bearing on land use and we ought to consider them carefully from that standpoint and to see whether they actually fit into the framework of policy which we are seeking to formulate.

Farm credit problems similarly have been centers of attention over the years and attacks upon them likewise involve questions of land and land values in a variety of ways. We need to bring some angles of these programs into review in this connection.

Farm tenancy has been a matter of popular concern for a good many years. This country started out with an ideal of farmers owning their land, and ownership of the farm by the operator has continued the cherished goal for the vast majority of farmers. We are concerned about facilitating its attainment in every way possible. Programs to this end cannot be ignored.

Taxation also enters this picture, particularly because of the importance of the general property tax in the support of local units of government and the major reliance which must be placed upon farm real estate as a source of revenue to support public services in rural areas. Taxation furthermore becomes an important aspect of programs involving outlays of public money.

Then, there is the entire field of soil conservation which today is attracting attention not only from farm people but from citizens generally. Here are many policy angles and problems.

The preceding are illustrative of types of programs bearing on land which need to be fitted into an over-all policy framework to avoid repetition of present cross-purpose operations. It may be profitable to examine these and other matters in some detail.

Before we undertake this, however, we need to develop some notions regarding what we expect from a framework of policy. Few of us are likely to argue for a master plan to blueprint all details. Not many of us are that sure of our knowledge and understanding. We also are skeptical of anyone else having the required knowledge and understanding to do so. We consequently are looking for basic principles to guide us, rather than seeking iron-clad rules to bind us. We believe in experimentation. Heaven help us if we ever lose the willingness to venture. We recognize that trial-and-error processes must be kept available in this experimentation. We want answers but we want to be reasonably certain that they are the right answers, or at least the best attainable under existing conditions.

#### **PRINCIPLES AND GUIDES FOR POLICY FORMULATION**

A general policy and guide for land programs may be found in the over-all aim of securing the best possible productive use of land as a resource for the satisfaction of man's wants.<sup>1</sup> It must be granted

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<sup>1</sup> The most productive use is brought in here only as a general guide for land programs. It does not mean that it is the only one. The objectives of public policy

that this is somewhat elusive and intangible as a guide. However, any guide for such a purpose necessarily must be broad rather than specific. The latter would become a dictation rather than a guide. Let us hasten to add that best use of land does not mean the most intensive use of all land. In fact, for some land it will mean no economic use at all. Nor does it mean the largest possible output without regard to costs. Best use of land cannot escape giving consideration to fitting that use to existing and prospective conditions of the market. The economic use of land is for the purpose of meeting requirements which are reflected in the market place. Such a basic idea involves giving consideration to the use of land not only today, this year, and the next but also to its use over the longer run. Such a generalization at least provides us with a backdrop against which we may test specific programs and proposals. Unless they fit this general aim, we have reason to question their advisability.

No purpose will be served by pretending that it is an easy assignment to determine the most productive use to which all parcels of land should be assigned or to decide on the exact intensity in that use. Some land bordering on a natural harbor such as found at New York or San Francisco is used for a seaport and becomes the site of a metropolitan center. Even though such land were highly adapted to some form of agricultural production, shipping and related services would have first claim. No one will question that the primary use of the land in Story County, Iowa, is agricultural and that within agriculture, corn will continue to have a major claim. No one proposes that we use Lower Manhattan for a pasture or that it be converted into a forest preserve. Neither is anyone proposing that we scatter Empire State skyscrapers all over Story County, Iowa.

We observe the principle of first choice in operation in land use and while man's knowledge and judgment are not perfect, most of us will agree that the results obtained in the broad allocation among uses are not too bad. They are far short of perfection, however, and consequently we see the need for further study and research to correct past mistakes and to guide future decisions in land use. We also see that individual initiative and discretion may not always be adequate to serve the best interests of general welfare and conse-

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in general cannot be reduced to one single item. The economist naturally emphasizes maximization of returns. The political scientist, the sociologist, the psychologist, and others will rightly insist that there is a whole complex of factors which influence the expectations and demands of people from public policy.

quently have found place for some public direction, participation, ownership and control.

Examples of the latter are numerous. Providing for our timber needs for the long-run future involves operations beyond the readiness of private citizens to assume in full. Markets two or three generations away are hard to appraise and compounding of return on investments piles up where such an extended waiting period is involved. In consequence we have established extensive public forests and have made some progress in regulating the cutting of the timber on private lands as well as in public forests. Some regulations likewise are imposed on extracting oil, natural gas and other natural resources from the earth. Zoning ordinances also have a place in this picture. These are well established in cities and adaptations to rural lands are progressing. While perfection has not been attained in regulatory measures, the basis on which they rest is that of best resource use.

A number of years ago a leading soil scientist of that day criticized very severely the economist's concept of submarginal land. His principal objection was its intangible nature. He was accustomed to dealing with factors subject to physical measures and did not find in the idea of marginality any standard yardstick which he could employ in deciding exactly how a given parcel of land would classify. By contrast, this scientist pointed to physical productivity as something identifiable and measurable. He wanted to discard the concept of marginality and to rely solely on physical productivity as the guide.

His concern apparently was that of finding some formal way of classifying land which could be applied under any and all conditions. What he failed to appreciate adequately was that to be serviceable land classification must be helpful in answering questions regarding the use of the land. Physical productivity is an important factor but by no means the only factor in deciding the use for which a given tract of land is best suited. Islands of good farm land may be found in areas such as the cutover sections of the lake states but may remain undeveloped because of location, costs of clearing and other limiting factors.

The point which this emphasizes is that problems of land policy and land use are not reducible to simple, automatic measurement. They are a complex bundle of factors and judgment must be given wide latitude. There are differences of view regarding what the most productive uses of land are, but in spite of those differences, the general guide of efficient land use is the best backdrop available for testing out how well specific programs fit into a general policy framework.

## SPECIFIC LAND PROGRAMS

With that background, we move next to a review of a few specific illustrations of land programs. In the instance of farm lands, a widely accepted ideal in the United States is ownership by the farm operator of his farm. Some will not be satisfied unless it is also pointed out that those farms should be "family-type" units. How far shall we go in our insistence on these points? Do we want all farms to be operator-owned regardless of whether this results in the best and most productive use of our resources, or will we accept some modifications in the interest of good resource use? Similarly, are we to demand that only family farms be permitted to exist and that large-scale enterprises in agricultural production be banned without weighing pros and cons in terms of want satisfaction?

The "family farm" has become glorified in the popular mind. There is no clear-cut concept of what a unit must be like in order to qualify for this classification. Wide differences on this point are evident with the result that some who plead for the retention of the "family farm" neither know just what they are after nor what it is that makes it such an ideal. Some, especially nonfarm people, have the impression that it is a small, relatively self-sustaining unit. Some are inclined to view farming as a way of life, implying that the farmer should not be too concerned over the matter of economic returns. They fail to see that the market supply on which our population depends does not come from farms where the operator is engaged primarily in a mode of living. It comes from farms which are managed by persons of considerable skill and capacity. Such farms are business enterprises rather than a way of life. The operators cannot escape concern over costs, prices and economy of operation. They have expenses to meet, bills to pay and success or failure depends on their skill in managing the farm business. It is time that city people get over their notion that farming is an activity calling mainly upon brawn rather than brains.

Perhaps it is not intentional but there are some who apparently want to make of the farm a sort of bed of Procrustes, that is, they want to make the man fit the farm by stretching him to the size, if it is beyond his capacity, and lopping off the ends if his capacity is beyond that of the farm. Would these persons likewise restrict the expert driver of a ten-ton behemoth mounted on rubber to a half-ton pickup? This does not seem to fit the general objective of best resource use too well. Had we not better recognize the importance of fitting the farm to the man rather than the man to the farm if

we are concerned with attaining the best use of resources and developing the greatest satisfaction of our wants?

Every farm management study of operators' earnings reveals a surprisingly wide range in the results on different farms, even on similar units in comparatively restricted areas. The human factor too often is overlooked even though it is of prime importance. We will do well to free our minds of the notion that farmers run close to a given type and that there is one ideal size of farms which will fit all cases. At the best, the popular measurement of size in terms of acres is far from a fixed standard. A quarter section farm in one area under one system of farming actually may be a larger farm business than a section farm under other conditions and in other areas. If we hold up best resource use as a guide will we not concentrate more on fitting the farm to the man rather than vice versa? Is not the ideal size of farm one which fits the capacity of its operator? It is poor use of the resources placed at our disposal to assign a one-talent man to a farm calling for five-talent ability or to put a big operator on a self-sufficing unit. While the results would not show up in vital statistics in the same way as the peculiar practice of Procrustes in adapting man's size to the bed, the notion is equally absurd.

The worry evidenced in some quarters lest agriculture be taken over by corporate farms is without substantial foundation. While some lines of operation are well suited to large-scale enterprise, it is apparent that the individual farm unit remains the most efficient type for our agricultural production in most instances. There, no doubt, are many more cases where farms today are too small than where they are too large. The size pattern was determined before the advent of modern machines and methods. From the standpoint of efficient production and desirable levels of living it will be well to aid rather than hinder the enlargement of farm units in many instances.

Should we shy away from the large-scale, corporate farm where such a unit has distinct advantages over the individual farm? Where would we be industrially if we had insisted that the village carriage maker should have prevailed and that large automobile concerns should have been kept from seeing the light of day? But the protest may arise that such large farms may exploit labor and take undue advantage of their position otherwise. One retort might be that of calling attention to the presence of considerable exploitation with small units. The real answer, however, lies in dealing with these problems realistically as they arise. As suggested previously, however, there is nothing in prospect now which would justify a forecast of



any general replacement of the individual farm unit in the foreseeable future. There, consequently, is no reason for getting very excited over the development of corporate farming.

But what about the other phase of this question, namely ownership of the farm by the operator? There are a good many things to be said for having farmers own their farms. Most of these relate in one way or another to the permanence of occupancy, or in other words security. We see the effects of short-lived tenancy arrangements on the tenants and their families and also on the communities where such a situation prevails. We also find instances where a landlord may take some unfair advantage of a tenant. This gives rise to demands that farm tenancy should be abolished. That proposal, however, takes on proportions of wanting "to throw the baby out with the bath water." Again, if best resource use is the aim, should not programs recognize that tenancy has good features as well as bad and seek to strengthen the good and, as far as possible, eliminate the undesirable?

A point which may be missed is that the institution of tenancy in agriculture is a consequence of the relatively small unit of production which is best suited to most lines of farming. It enables the separation of ownership of the land and its cultivation. In modern business and industry, a similar situation often prevails as a result of the corporate enterprise. The stockholders who are the owners of large business enterprises often take little or no part in actual operation. That is left to salaried executives who not only provide management but often determine broad policies as well.

Can the idea of resource use be applied as a guide to farm credit programs, as well? Attitudes with respect to farm debt often are colored by emotions rather than by careful weighing of facts. It is natural to sympathize with the debtor. He is assumed to be at a disadvantage. Perhaps, the image of Shylock and his demand for a pound of flesh is back in the recesses of our minds. The creditor usually is pictured as the silk-hatted, diamond-studded, opulent character; the debtor is more often caricatured with a patched-pants, down-at-the-heel, bedraggled appearance. What is forgotten is that some of our largest enterprises are debtors. A host of persons of modest means are creditors. Every holder of a life insurance policy, a government bond or a bank account is a creditor.

The basic purpose of farm credit is to facilitate production and ownership. The use of farm credit is for the purpose of increasing productivity and net return. All of us have heard representatives of farm credit agencies say that their function is to get the farmer

out of debt. Basically, that is not their function at all. It is instead that of helping their clients increase their productivity and returns by lending them capital. Borrowing is good business if the use of the funds is so productive that the returns provide more than the cost of the loan. Not all loans are in this category. However, farm loans should be. Programs of farm credit should aim to serve this end and to the extent they do will fit into an over-all policy framework.

Pressures become strong at times to use public funds to subsidize farm credit of one type or another. Before any programs of this sort are embarked upon, it is in order to examine how they will fit into the framework. Will they be of public benefit or are they in the nature of grants or benefits to certain individuals without due consideration to the rights of others whose claim for consideration may be fully as meritorious?

May there not be justification for some change in our attitude towards debt retirement? Our thinking is colored by the generally accepted idea that a farmer should be able to buy and pay in full for a farm within his productive lifetime. Many have and are doing just that. But why view it as such a criterion of success? If the operator earns a return adequate for a satisfactory living and is able to make suitable provisions for contingencies and for old age, is he not accomplishing all we expect of individuals in other lines of endeavor? Let us find more adequate measures of success and financial progress than that of paying off the mortgage. This will become of increasing importance in the future with the mounting capital requirements in agriculture.

It used to be that the land and improvements thereon constituted the major capital of the farmer. The application of mechanization to agriculture and greater emphasis on livestock production and special enterprises have altered this picture. The latter involves a greater investment of capital than the land on a considerable number of farms.

This change may lead to a more realistic valuation of land. Up through World War I the popular assumption was that land would continue to rise in price. The owner who felt dissatisfied with this current returns could find some solace in the thought that the increase in the value of his farm was building up an estate. The drastic fall in land prices during the 1920's and 1930's demonstrated that prices can go down as well as up.

Buyers of farms should appreciate that what they actually are acquiring is the right to the future net income which that farm will

yield and that its value is the present worth of those future increments of income. Credit and other policies will do well to help encourage and support a more general understanding of this point. This should be helpful in reducing the swings in land prices which so often have been causes of major distress to many farm people.

Land reclamation needs to fit in with the general objectives of policy. Pressures for reclamation from localities desiring such developments often are strong. This is particularly true when opportunities are seen for distributing the costs generally by having these projects undertaken and financed by the federal government. Pressures are specific and may be intense because of the benefits localities may expect. Resistance to their development may be more diffuse and less effective because the burdens of costs are seen less clearly, if at all, by the taxpayers in general.

Better guides for use in arriving at decisions in regard to reclamation are needed. An important test should be the prospect which the project has of being self-liquidating or at least its promise of providing returns to the public sufficient to warrant the use of public funds for its development. Will the lands for which reclamation is proposed be used for needed production? Will they produce more efficiently than some existing land, everything considered? Will the net incomes be sufficient to pay off the costs over a period of time?

Adequate answers to such questions often are not easy to develop. This situation becomes even more complex when reclamation projects, as is frequently true, are part of a broader development involving power, navigation, flood control, and water supply. The complexity, however, is no excuse for not trying to do a better job than has been the case to date.

Taxation may be an important influence in land values and land use. Property taxes are relied upon to provide much of the revenue needed by schools and local units of government. The result is a wide variation in tax rates. Some communities have provided more elaborate services than others. Some have a much greater tax base to draw upon than others.

Tax delinquency on land has attracted much attention, especially in such regions as some of the cutover sections of the Lake States. In the case of these areas, the problem is in fact much more one of land use than it is of taxation. Delinquency in some instances is the outgrowth of excess tax rates resulting from expanding public services in anticipation of development which has failed to materialize. Where this is the situation, the attack needs to be primarily on the side of land use rather than on the tax side.

Mention may also be made of the effects which policies of state aid to local units of government may have on land use in some areas. Because of the general concern over adequate provisions for education, there is ample justification for some general sharing in costs through a system of state and other aids. The question of federal aid to schools which is being debated so hotly at present involves the same point. While accepting the principle of state aid as being desirable, it is important to make certain that these aids are not applied in such a manner that they run counter to the aims of desirable public policies. Question may well be raised regarding the wisdom of such aids where they encourage settlement or continued occupation in localities not suited to such use. Transportation of children to schools is an effective help in providing better schools but taxpayers must wince when confronted with cases where the head of a large family in a remote location may derive a considerable share of his income from payment out of public funds for transporting his own children to school. In fact, settlement in remote locations sometimes has been made inviting by this provision.

The public is warranted in protecting itself against abuses of this kind. It also is interested in helping protect the individual as well as itself from inadvisable or undesirable land use. Programs of land zoning referred to previously have been developed for this purpose. It may be anticipated that with the passage of time there will be additional protective devices of this nature developed.

Consideration of programs to influence farm prices and production in order to increase the incomes of farmers opens up a "Pandora's box" of questions involving land. It is not evident, however, that questions of good land use have had any very prominent part in deciding upon features of such programs.

Agitation for or experimentation with farm programs has had a spot in the limelight for the past three decades. Talk of farm surpluses was heard frequently during the 1920's and the McNary-Haugen and other proposals were brought forward, mostly designed to attack the problem through action in the market by disposing of "surpluses" abroad. The Federal Farm Board was established in 1929 and soon found itself on the hot seat because of the disastrous break in prices which started in the fall of that year. Its influences on price were exercised mainly by withholding some supplies from the market. Effects on land use, consequently, were indirect.

The unfortunate situation in which the Farm Board found itself, with supplies for which it had no outlets, cleared the way for the adoption of a program of production adjustment designed to influence

price, and hence farm income, by reducing supplies of some commodities placed on the market. This shift in emphasis brought land use squarely into the picture even though the approach was not from that angle.

The unfavorable decision of the Supreme Court in 1936 voided much of the original adjustment program. In seeking other means of attaining the objectives, the idea of tying production adjustment to conservation was developed and that of shifting land from so-called soil-depleting to soil-conserving crops and of making payments to farmers for following certain practices continues to have a strong hold.

Principles of good land use have not been given full recognition in many of the programs which have been undertaken over the past two decades to manipulate farm prices in an endeavor to give the farmer a greater share of the national income. Honesty forces us to admit that good resource use often has had to take a back seat, if not being left behind entirely. To be sure, many of these undertakings have been viewed as meeting an emergency. But if we persist in employing emergency measures, that form of activity in time will come to represent our permanent policy. Nor does it seem unreasonable to stress the importance of recognizing sound principle even in emergency measures.

A difficulty which arises in any program involving limitation of production or sales is that such limitation usually is tied to some base period of the past. That pattern may have been far from ideal at the time and the farther away the base period is in point of time, the less adequate it will be for the current situation. Its perpetuation tends to lead away from best use of resources. Land use requirements tend to be dynamic; control programs are likely to be more on the static side and, consequently, interfere with adjustments.

To hold production in check temporarily because of a temporary surplus condition in the market or as part of a shift in resource use is one thing. To embark on a program of maintaining excess human or natural resources available for use in agriculture and as claimants to shares in the farm income is something else. Programs to this end do not fit into a framework of policy guided by good resource use.

This reference to resource use may also remind us of the limitations of price in effecting an increase in return by itself. Price yields income only as it is coupled with goods or services. If curtailment of output is required to produce a given price situation, incomes will be reduced correspondingly. The growing complexity of eco-

conomic society makes it easier for man to overlook the elementary fact that wants are satisfied by production, not by its lack. As a consequence, efforts to get more for less have great popularity. The only way to get a larger slab of pie for everyone is to bake a larger pie, that is, by producing more goods and services. This calls for good use of land and other productive resources.

An aspect of marketing quotas and acreage allotments which has not received the attention deserved by its importance is the tendency of bidding such "rights" into land prices when transfers take place. Where this occurs, the income gains from the programs go to the man who holds title while the capitalization process is under way. The new owner finds his costs correspondingly higher and that this increase nullifies his income gains from the program. However, he comes to have a vested increase in the continuation of the program because he fears that its end means a decline in the valuation of his farm.

#### NEEDED ADJUSTMENTS

Some of these adjustment activities have been glorified by describing them as being in the interests of conservation. Some of our adjustment programs may have had some very valuable conservation results as by-products. If we draw upon the public treasury for making payments to add to the incomes of farmers, however, we ought to do so knowingly and openly. Let us not cloak such payments in some other dress and in the process of trying to add to its respectability actually mislead the general run of people.

Also, where it becomes advisable to apply controls or restrictions to output let us constantly keep in mind the importance of efficient land use. Let us not develop rules and regulations which will keep poor land in use while better land lies idle. Let us not saddle ourselves with a program which runs contrary to the basic idea of good resource use. We need to keep ever in mind that agriculture is a highly dynamic industry and that we can ill afford to lose the flexibility necessary to keep our agriculture efficient. There is danger in historical bases, allotments and quotas in that they will tend to become protection to the ins against the outs and that they will tend to handicap the more progressive for the benefit of the less efficient. At least these are angles which need more careful examination in the formulation of programs than they have had up to the present time.

When it comes to the question of soil conservation, no one can deny that here is a field of tremendous importance to general welfare.

Both the individual farmer and farm operator and the general public have some very important stakes in matters of soil conservation. The job yet undone is that of determining with reasonable exactness the division of responsibility between the individual farmer and operator and the general public. Certainly, the public has some very decided interests in soil erosion because washing or blowing soil may do damage to people far removed from the place where the initial damage takes place. Losses of this sort are not purely individual matters. They are of general concern. Not only to the folks now on earth but to the generations which are going to occupy this planet in the future.

We are coming to modify some of our ideas with respect to property rights and are beginning to distinguish a little more clearly between rights to use resources and rights to misuse or abuse such resources. Without setting up a dictatorship to tell a man how he shall use his land, there is room for developing some rules which will help both the individual and the public to determine whether or not an individual is adequately protecting the resource which he is privileged to use.

We need to distinguish much more clearly and effectively between the private capital of the owner and operator and the public interest. Take the matter of soil fertility. It cannot be denied that there is a relationship between soil fertility and erosion control and that in this sense the public has an interest in building up soil fertility as a means of controlling erosion. However, in a large measure, soil fertility is part of the farmer's private capital. The major objective in maintaining and improving upon soil fertility is that of maintaining and improving upon the productivity of the land. For the individual, the goal is the highest possible net return. We should, consequently, distinguish between programs which serve the interests mainly of the individual operator and those programs which serve the interests of the general public. If public funds are going to be spent generally on building up soil fertility, then the public is entitled to ask for returns not only in soil conservation but also in terms of a share in the greater efficiency of production. In other words, the gains in efficiency should be reflected in lower prices in the market place.

The point is that while we need to give more rather than less attention to soil conservation that attention needs to be pointed up more effectively than it has been done up to the present time.

Some serious questions are raised by the tieup between programs to influence farm income and conservation. The popularity of con-

ervation is so great and the willingness of the public to provide funds for that activity is so strong that there is danger that programs may be sold to the public under guise of conservation when they are primarily something entirely different.

Considerable sums of money have been distributed to farmers under this program. In 1947, 2,729,794 farms were credited with conservation practices under the Agricultural Conservation Program and the total "credit earned" was \$264,796,570.<sup>2</sup> Apparently nearly 42 per cent of the total was for practices involving the use of lime and other inorganic materials. Practices involving protective and green manure crops absorbed 14 per cent of the total amount. Mechanical erosion controls covered another 14 per cent. Pasture and range practices totalled over 13 per cent. Drainage accounted for over 4 per cent and irrigation about 3½ per cent. Forestry practices received 0.22 per cent and miscellaneous practices nearly 9 per cent.

The contention is not that these are undesirable practices. Many of them unquestionably are very helpful in adding to soil productivity and to some extent in limiting erosion. The troublesome policy questions which these figures raise but leave unanswered are such as the following: Has or will the public receive 264 million dollars of benefits in terms of soil conservation from these expenditures of public funds during the year 1947? To what extent were these payments "earned" by farmers for doing things from which they rather than the public receive the gains? That is, to what extent does such a program provide conservation returns to the public and to what extent is it a program which adds to the incomes of the participating farmers? To the extent they are the latter, how acceptable would they be to the general public in a year when farm incomes were relatively high?

Surely, if we have programs to direct and adjust production they ought to fit into our soil conservation needs as fully as possible. That point is not in question. The issue is over the question of the extent to which we may be using conservation as a convenient cloak for making payments to farmers which add to their incomes.

If we find it advisable and necessary to continue programs to buttress the income situation of agriculture, payments to farmers may well have a prominent place. Their nature and the purposes

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<sup>2</sup> Statistical Summary 1947, Agricultural Conservation Program, U. S. Department of Agriculture, Production and Marketing Administration (processed December 1948).



for which they are made, however, should be kept clear at all times. To do otherwise is to delude the public. In the end any such subterfuge might do real soil conservation serious harm. A disillusioned public might turn thumbs down on the entire program of soil conservation throwing out the good with the objectionable.

In addition to the conservation programs just referred to, other programs designed more directly for dealing with the consequences of erosion by wind and water have been expanded very decidedly in recent years. The importance of the problem which these programs attack is so great that few will question the desirability of their objective. It is probably true that we have not had all of the knowledge and information which we need to guide us in these programs, and mistakes, no doubt, have been made and may be made in the future. The need for arousing public interest in soil conservation has led to the employment of methods which at times have had the flavor of evangelistic fervor. The result in terms of awakened public interest may be all to the good. However, it may be possible that a certain amount of exaggeration at times may have tended to mislead people. Confusion on this score has not been lessened by the appearance of some books which paint future prospects in rather doleful colors.

Population questions involve some matters of interest in connection with public policies. For example, population numbers, real incomes and the way in which the incomes are distributed are very important in deciding upon the demands for products of the land. A rapidly growing population calls for expansion of agricultural output because the volume of consumption is related to the number of mouths to be fed and bodies to be clothed. When population growth levels off, expansion in agricultural land use needs to follow suit.

While population numbers as such may not be the focal point of public policy, the geographic distribution of population may create situations calling for policies—and land use may be affected. Two important aspects of population are one, the slowing down in the rate of increase as a result of a fall in the birth rate and restriction on immigration and the other, the differential population growth in different areas. The urban centers do not have a birth rate sufficient to maintain their numbers so are dependent upon migration from rural areas to replenish and increase their populations. Nor are the rates uniform in rural areas. Some of the highest birth rates are in areas not too well supplied with either natural resources to provide economic opportunities in agriculture and other fields or

industries to provide employment. Areas such as the Southern Appalachian region seem destined to play an important role as suppliers of population to industrial centers in the years ahead.

This situation provides a setting for a number of lines of action involving policy decisions. From the standpoint of levels of living and efficient land use in some of these areas, programs to aid migration away from them or to develop nonagricultural opportunities near at home have an important place. Improved educational facilities, better provisions for health, expanded employment services, and the development of industrial and other employment not too far away may play important parts.

That there is underemployment of the available manpower in some lines of agriculture is well known. While such a situation becomes aggravated during prolonged periods of depression and non-agricultural unemployment, it exists continually. Mechanization and improved technology bring this situation into sharper focus. Changes in market requirements or shifts in production among regions, particularly in crops such as cotton requiring much man labor, have some far-reaching consequences. This nation is following a policy of maintaining prices on cotton which limit export sales and invite replacement by synthetic fibers. On top of this, regional shifts from the Southeast to Texas and other areas to the west, together with developments in Arizona and California have added to the problems of older regions. If the mechanical cotton picker is adopted at all, generally other major changes in both employment and land use will follow. These changes are not so simple and easy as sometimes assumed. A shift from an enterprise such as cotton calling for much labor to some extensive enterprise such as grain and livestock calls for enlargement of farm units and for other employment for workers no longer needed in agriculture. Instead of being resisted, desirable changes should be faced realistically in order to bring about a better use of resources and improved levels of living. Here is a situation calling for co-ordination of programs guided by a sound over-all policy.

The agriculture of the United States developed during a period when we had available an active foreign market. In fact, agricultural exports played a very important part in providing the means of obtaining and paying for capital for the development and industrialization of our nation. The growth of the urban population and of industries here at home has made the domestic market the outstanding one. However, farmers continue to have a very direct interest in foreign trade. Some farm commodities such as cotton, tobacco, wheat,

rice and the like still look to overseas outlets to provide markets for important shares of the total. Unless these export outlets can be maintained over a period of time, our agriculture will be faced with some extensive and costly readjustments. Farmers likewise are interested in international trade because of their interest in imports as sources of supplies of things which they need.

Farmers likewise are concerned with international trade as a phase of international cooperation so important to a peaceful living together of the nations of the world. All of us consequently should have a very direct interest in seeing to it that programs fit into our over-all international aims and objectives. This is particularly so because the United States occupies such a position of world leadership that its actions play a very important part in deciding upon the actions of other nations. Unfortunately, there is conflict between some of our domestic programs and our international interests. For example, if we continue to endeavor to maintain farm prices at artificially high levels, it is inevitable that we will endeavor to protect that price structure from competition from abroad. Such a program is inherently nationalistic in nature. The popularity of the idea that we can dump farm products abroad to get rid of surpluses illustrates the point that we have not yet thought through fully the consequences of some of these proposals.

It is to be hoped that our domestic programs will fit into our international interests and that we will not lose sight of the importance of maintaining and developing the best possible markets for farm and other products abroad. Our programs along this line have some very important relationships to the matter of land use.

## INTEGRATION OF PROGRAMS

The preceding review of illustrative cases suggests that not only do we need to fit various land programs into a general policy framework, but that we also need co-ordination in programs in various fields. The different segments of our economy cannot be treated as if they operated in water-tight compartments. Policies relating to land use and agriculture in general need to dovetail with policies relating to labor, industry, business, commerce, and finance. All of them should aim at serving the best interests of all.

This is a point which is not grasped too clearly at present. The tendency, not unnatural, is for each segment to be primarily concerned with its own limited field. Downward adjustments in prices are resisted even when resulting gains in maintained or expanded

output may outweigh the reduction in unit returns, or the losses may be less than in curtailment of output. Labor often sees wage increases more clearly than it sees the need for offsetting those increases by greater productivity if costs to workers and others are not to reduce or wipe out gains. Farmers center attention particularly on prices, and a good many appear willing to accept drastic limitations on their output in return for promises of price protection.

As far as agriculture is concerned, there is no government program of price protection in sight which can mean as much to farm welfare as active production and full employment in nonagricultural lines. Farmers need this to provide the best possible markets for the food and industrial raw materials they produce and employment opportunities for the share of the farm population not needed on the land. A major worry of our farm people today is that the rest of the economy may go into a tailspin. A good agricultural situation and the best use of our land resources depend upon reducing the violence of swings in the economic situation in order that losses of severe depression periods may be outmoded. This will not be accomplished through reducing the economy to a static state. It must continue to be dynamic. Without change there can be no progress. Not all changes are in the nature of progress. We must seek changes which lead to improvement and to check those which do not. This cannot be done without effective co-ordination of the entire framework of policy.

A repetition of the generalization made earlier may be suitable as a concluding observation. We live by production, not by its lack. The beacon light for policy must be that of getting the best and most efficient use of resources and the fairest possible distribution of the results to the end that mankind may have the highest possible levels of living attainable.

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