Chapter 9

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Goal Conflicts in Agriculture[1]

PRECEDING CHAPTERS have discussed in detail the values of American society in general and of farm people in the United States in particular and have identified a number of goals of farm people. Our assignment is to analyze the goal conflicts of agriculture, particularly those arising between farm and nonfarm people and between groups within the farm sector. In accordance with the book title, the discussion will focus on goal conflicts in relation to agricultural policy.

Divergent views on agricultural policy are common. The current situation is characterized by sharp disagreements among farmers and between farm and nonfarm people. These disagreements reflect a mixture of (1) goal conflicts and (2) interpersonal differences over questions of (a) fact and (b) analysis. Differences in analysis arise when one of the parties to a dispute fails to follow the rules of logic. Differences in information or the failure to accept a common set of rules of evidence can lead to different beliefs about the facts. Disagreements involving questions of analysis and facts can be reduced by more and better information and higher standards of scholarship. This is the basic function of research and education in agricultural policy. Even with the best possible information and the highest standards of scholarship, however, some disagreements over farm policy will remain. These disagreements will center around the problem of goals and values.

[1]It was originally planned to have a sociologist, Ward W. Bauder, collaborate with the present authors. After a series of discussions it became clear that an integration of sociological and economic approaches to the subject would indeed be useful, but that it could not be accomplished by us, certainly not in the time at our disposal. The present paper has been much improved by Bauder's suggestions, but not to the point where he should be held responsible for any of the views expressed.

MEANING OF GOAL CONFLICT

The meaning of "goal conflict" which appears to be most useful for the present purpose emphasizes the nature of the substitution relationship in the production of goal attainment. For a conflict to exist between goals, this substitution relationship must be of a special kind; namely, a higher level of attainment of one or more goals must involve a lower level of attainment of other goals.

According to this view, goal conflicts arise because of a scarcity of means to achieve ends.[2] Interunit conflict — and this chapter is concerned almost exclusively with conflicts between, rather than within, decision-making units — may arise if people want the same things; it may also arise if they want different things, if what they want requires the same scarce means. A world in which there was no scarcity of means, either because wants were very meager or because the power to satisfy wants was abundant, would be a world without goal conflicts.[3]

The basic restraints on goal attainment by individual decision-making units may be classified into the following two broad categories: (1) the limited total supply of means and the "state of technology" determining the transformation of means into goal attainment and (2) the claims of other decision-making units on the limited total supply. The first is bound up with the physical environment and its characteristics, whereas the second is related to the social environment, particularly the arrangements for the ownership and control of the supply of scarce means and the distribution of the fruits of their use.

There is a third restraint, perhaps less basic than the other two, but still of great importance. It is the skill with which the scarce supply of means is utilized in goal attainment. This also is related to the social environment, especially its arrangements for the administration of scarce means.

An individual decision-making unit may increase its goal attainment via two main routes: (1) by increasing total goal

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[2] T. N. Carver, Essays in Social Justice, Harvard University Press, Cambridge, Mass. 1915.

[3] In his discussion paper, Cochrane appears to accept our definition of a goal conflict, but apparently disagrees with the idea that goal conflicts arise because of a scarcity of means to achieve ends. However, if one accepts the proposition that a goal conflict exists when a higher level of attainment of one or more goals involves a lower level of attainment of other goals, it must follow as a matter of principle that there must be some increase in total goal attainment power which would permit a higher level of attainment of all those goals that are in conflict. Consequently, a scarcity of goal attainment power (means to achieve ends) must exist if such goal conflicts exist.

attainment power and (2) by obtaining a larger share of the existing goal attainment power. The critical problems of goal conflict involve the latter. As long as individual decision-making units enhance their goal attainment by the first route, there is no necessary sacrifice of goal attainment for other decision-making units. However, when goal attainment is increased via the second route, one or more decision-making units must forego some of their goal attainment. A goal conflict then arises.

Public policies in the United States have been concerned both with increasing total goal attainment power and changing the distribution of the existing goal attainment power among decision-making units. While policy goals are seldom unambiguous, they presumably describe the characteristics of a preferred social situation. Typically, they are intermediate ends in a vast and complex system of means-end relationships extending from ultimate means on the one hand to ultimate ends on the other. Thus, they are instrumental goals — means for achieving more ultimate ends — in contrast to primary goals — those ends desired for their own sake.

Even in the zone of intermediate ends, however, there is a hierarchy of goal levels. A goal at one level becomes the means for achieving other goals at higher levels. So what is a means and what is an end for policy-making purposes depends on the level at which goals are identified. The choice of goal levels in the formulation of public policy has a bearing on the problem of interunit goal conflict, as will become evident at a later point.

The analysis of goal conflicts of agriculture requires two critical kinds of information: (1) knowledge of the goal structures of farm and nonfarm people and (2) knowledge of the relevant goal substitution relationships. Existing knowledge about the first is exceedingly small. While more seems to be known about the second, at least for certain types of goals, even here the information is largely qualitative. If, in what follows, some types of goal conflicts are discussed more fully than others, this simply reflects the available information, and does not indicate a judgment that these are the most important ones.

"Values are not the concrete goals of action, but rather the criteria by which goals are chosen." Values have an ordering function with regard to behavior. As Robin Williams puts it, "They are modes of organizing conduct, principles that guide human action."[4]

This scheme, we should emphasize, represents a rational,

[4] Robin M. Williams, Jr., American Society. Knopf, New York. 1951.

objective analysis of goal conflicts — as they might be seen by an outside observer but are rarely seen by actual participants. Among the latter, the situation is likely to be quite cloudy. Probably not all goals will be explicit; some may be implicit, or inarticulate, "felt" rather than "stated."

GOAL CONFLICTS BETWEEN FARM AND NONFARM SECTORS

Farm people share the major values of society as a whole. Likewise, farmers hold many goals in common with other sectors of American society, especially the more generalized, higher-level goals. This area of agreement has grown as farming has adopted business methods of thought and as rural families have been reached by the same mass communications as urban families.

The general goal of equality has social, political and economic dimensions. The economic dimension has dominated agricultural policy in the United States for many years. To most farm people, the phrase "equality for agriculture" means primarily economic equality. This dimension frequently has been viewed as either an ingredient in social equality or as the essential means of achieving it. In recent times, political equality has not been a major issue of agricultural policy. Political inequality, however, has played an important role in the effort of agriculture to achieve economic equality.

The goal of economic equality for agriculture has been expressed in a number of ways, including (1) a "fair" share of the national income, (2) equal per capita income and (3) comparable returns for labor and capital in farming. Not all expressions of economic equality have operational significance. They give widely different results in terms of income levels and the distribution of income within agriculture. It is obvious that economic equality means different things to different people.

The way in which the goal is defined will affect the nature and intensity of the resulting goal conflicts. Space does not allow us to discuss all of these variants. So, for the purpose at hand, economic equality will be defined as a situation in which real income earning opportunities for labor and capital in farming are on a par with those in other sectors of the economy. This definition does not imply that all farm families would earn incomes in excess of some minimum welfare standard. It simply means that the terms on which income is earned in farming would be the same as in other industries. If this goal were achieved, income opportunities in farming would be as good as in other industries, but all industries would have some poor people because all industries have some people whose resources are too few or too poor in quality to earn satisfactory incomes. This problem, however, is not specific to any one industry.

An income goal conflict between farm and nonfarm people may arise whenever public efforts to increase the incomes of farm people result in the transfer of income from nonfarm people to farm people. The transfer may occur via the market place or the taxing and spending power of government. Every such transfer does not necessarily involve a conflict of goals, however. This will depend, among other things, on the goal structure of nonfarm people, the conditions under which the transfer occurs and the amount of the transfer.

If other things are equal, nonfarm people undoubtedly prefer low food prices to high food prices. When low food prices are the result of an excess supply of farm products, the real income gain of nonfarm people is obtained in large measure at the expense of farm people. Consumers are able to buy food at prices below long-run opportunity costs of production. Their gain is reflected in a disparity in returns to resources in farming and low incomes of farm families.

Undoubtedly, some nonfarm people would be happy with this situation. They would not look with favor on public efforts to achieve economic equality for agriculture if these increased food prices. For others, however, the interest in cheap food under these circumstances may conflict with their interest in distributive justice. Many nonfarm people apparently recognize that the social goal of economic equality applies to farm people as well as themselves. Thus, their interest in cheap food may be tempered by their interest in economic equality. Evidently, this has been one of the considerations behind urban support for government programs in agriculture. Still, it is unlikely that they want to pay more for food than is consistent with equal income opportunities for farm people.

While many urban people have supported government expenditures to raise the incomes of farm people, they probably prefer programs that would provide economic equality for agriculture consistent with minimum food prices at the lowest possible expenditure of public funds. Yet as the Brannan Plan made clear, there are conflicts involving economic equality for agriculture, cheap food and low government expenditures for farm programs among urban groups. In general, it appears that the higher income groups have been more concerned about government expenditures and less concerned about food prices than lower income groups.

Because alternative farm programs can have different effects on the incomes of nonfarm people, the intensity of the farm-nonfarm conflict involving income goals may vary with the type of program. Of two programs equally effective in achieving economic equality for agriculture and equally acceptable on other grounds, the one that produces the smallest adverse effect on nonfarm incomes would create the least amount of farm-nonfarm conflict.

In relation to income goals, programs that achieve equal income earning opportunities for farm people by raising the economic productivity of their resources are likely to make for less farm-nonfarm conflict than programs that raise incomes by excessive stock accumulation, diversions to lower valued uses and/or underemployment of resources. By raising the economic productivity of resources less of the income increase experienced by farm people is reflected in an income decrease in the nonfarm sector. National income increases at the same time the incomes of farm people are raised. Even when the economic productivity of farm resources is increased, there is likely to be some redistribution of national income in favor of farm people. However, this is likely to be much smaller than when farm family incomes are raised by other methods. When national income is increased, there will be some distributions of this income that actually could make everybody better off.

Comparatively few farm programs, however, have been designed to increase farm family incomes by facilitating adjustments in resource use that would raise economic productivity. In part, the Farm and Home Development program has done this, as also has the Rural Development Program and the Extension Service. This, however, has been a minor fraction of the total public effort to deal with the income problems of agriculture.

Most of the effort has focused on raising farm prices. The price support and production control programs have been accompanied by a significant amount of economic waste. Farm products have been diverted from higher valued uses to lower valued uses, and some resources have been unemployed. The excessive accumulation of stocks has diverted an inordinate amount of resources into storage facilities. And there probably has been some effect on the transfer of farm resources to more productive nonfarm employment, although this may not be large.

Typically, these programs have transferred income from nonfarm consumers and taxpayers to farm people. In the process, there has been some reduction of the national income, so that the farm income effect has been less than the decline in the incomes of nonfarm people. In other words, nonfarm people would have had larger real incomes if the farm income effect had been induced by a simple redistribution of money income between farm and nonfarm people. While these programs have raised the income of farm families, they have not eliminated the disparities in income-earning opportunities in agriculture. And they have been unnecessarily costly in the sense that the income gains to agriculture have not been achieved with a minimum income loss to the rest of society.

The specific methods employed in past efforts to achieve economic equality for agriculture reflect the influence of various nonincome restraints. Other goals have conditioned the choice of programs to achieve economic equality, including goals relating to family farming, farm population and entrepreneurial freedom and responsibilities in agriculture. While a few nonfarm groups have expressed a position, there is little real evidence that the majority of nonfarm people have been particularly concerned about these goals one way or the other.

Many farm people apparently want income equality for agriculture without inducing significant changes in the organizational structure of the industry. A few have even expressed the view that organizational trends should be halted and satisfactory incomes should be provided for the existing number of farm families. In general, there has been strong rural opposition to program proposals that would facilitate the movement of resources from farm to nonfarm employments, even though average income earning opportunities off farms are admittedly higher than on farms. Likewise, there has been strong opposition to proposals that would facilitate the reorganization of the industry into fewer and larger farms.

Unquestionably, there are important nonincome amenities associated with farming, at least for many people. There is the opportunity to be one's own boss, to make managerial decisions, to live close to nature away from the traffic and congestion of the large city and so forth. Quite naturally, a person enjoying these amenities would prefer to go on enjoying them and still earn as large an income as he would if he gave them up and accepted a nonfarm job. Many more people would want to farm today if they could have these things and at the same time have an income equal to what they earn in their present jobs.

Under present and prospective technological and market conditions, the farm industry cannot support the existing quantity of resources at return levels that compare favorably with those in the nonfarm economy. If economic equality is to be achieved with the existing organizational structure, nonfarm people will have to be willing to forego a large amount of income. Is the nonfarm sector likely to pay this cost? Are the benefits to nonfarm people sufficient to make this sacrifice worthwhile?

Unquestionably, there are some benefits to nonfarm people from the existing organizational structure in the farm industry. In the short run, the pressure on public and private facilities in urban areas would be greater. Some nonfarm people might find more intense competition for nonfarm jobs. In view of reapportionment problems, few urban people are likely to accept the argument that the best safeguard to our democratic way of life is a large farm population living on small farms. Strong opposition to policy measures that would reduce farm population has been voiced by business groups in small towns that are largely dependent on the surrounding farming community for income generation. These groups undoubtedly benefit from the existing organizational structure.

Yet, it is extremely unlikely that these benefits would be sufficient in the minds of most nonfarm people to offset the cost of providing economic equality for farm people within the existing organizational structure of agriculture. The interests of a majority of nonfarm people appear to lie in programs that would achieve economic equality for agriculture by raising the economic productivity of farm family resources and ease the adjustment burdens which these would entail.

The problem of income inequality in agriculture has a large part of its roots in the rapid advance of farm technology. The biggest beneficiary of these improvements has been the nonfarm population. Agriculture, however, has not been able to fully digest these technological changes. This has meant lower incomes for farm families and a smaller total national income than would otherwise be the case. Although there is reason why farm people might oppose the introduction of better production methods, they are today strong supporters of the use of public funds for agricultural research. Undoubtedly, this support has been based mainly on observation of the income effects on the individual producers, particularly the early adopters.[5] The interest of farm people in technical progress in agriculture in the years ahead might diminish as they learn more about the income effects on the industry. Should this happen, farm and nonfarm people might be at odds over the rate of improvement in farm technology, farm people favoring a slower rate and nonfarm people favoring a faster rate.

[5] Other considerations are the increase in leisure which new techniques permit and the reduction in individual uncertainty about disease, pests and weather problems.

Farm Pressure Groups

The major farm organizations represent attempts to move in the direction of organizational equality between farm and nonfarm people. They are a part of the farmers' movement which, like the labor movement, originated in a felt need for relief from maladjustment. Unfortunately, the farmers' movement is often associated with its occasional violent acts of rebellion and radical legislative proposals rather than with its expression of a significant historic development growing out of deep and persistent maladjustments between the economic enterprise of agriculture and the social status of rural people on one hand, and the economic enterprise and social status of urban people on the other.[6]

Although there have been others, the major objectives of farmers' organizations have been and remain adjustments in the market and price system by alteration of the organizational structure of the system or the farmers' relations to it. Efforts to achieve these objectives have followed two principal channels. One has brought extensions of farmer control over the system through cooperatives, and the other has attempted to change it by means of governmental regulation. The latter has placed farm organizations in the role of pressure groups, active in lobbying in state legislatures and Congress.

The oft-repeated criticism that agriculture is a house divided stems largely from regional and commodity differences in policy goals, but there are also other basic differences. A recent analysis of policy statements of the three groups suggests that in their positions on international affairs as well as on domestic issues, the Farmers' Union is the least conservative, the Farm Bureau the most conservative, and the Grange is intermediate.[7]

Because of the declining proportion of population in agriculture, farmer organizations represent a smaller and smaller minority. This influences their mode of operation and consequently their policy position. They are no longer in a position to take the bold action of the Nonpartisan League, since in all but the most rural states farmers would be hard pressed to obtain a majority of the popular vote. Instead, they take what advantage can be had from the outmoded apportionment situation in the states and the still strong position of the agricultural bloc in Congress. They may begin to trade favors with other lobby

[6] Carl C. Taylor, Rural Life in the United States. Knopf, New York. 1955.

[7] Wayne C. Rohrer, Conservatism-liberalism and the farm organizations. Rural Soc., 22:163-66. 1957.

groups in obtaining their desired goals, but so far, for the most part, farmers' organizations have avoided "deals" in their lobbying activities and depended on general appeals to the rural-based values of society and the good fortune of disproportionate representation.

CONFLICTS INVOLVING AGRICULTURAL SUPPLIERS, PROCESSORS, AND MARKETERS

Let us turn from farm organizations and agriculture as a collectivity to consider the individual farm firm. Small, with creditors but no stockholders, with few workers and fewer employees, the farm firm is simple or even primitive compared with typical firms in the corporate sector and especially its "Big 200." The farm business is intertwined with the farm family, and as we know, income goals have conflicted with family-held traditional values such as avoidance of change. But these differences are disappearing — in part because the sales efforts of agricultural supplier firms and sometimes of marketing and processing firms have helped to strengthen the profit goal and in particular to develop favorable attitudes toward changes necessarily associated with rational production planning. (Salesmanship and advertising are, after all, effective and socially approved methods of bringing about changes in goals and values in our society.)

Unlike the large corporation, therefore, the typical farm firm conducts its business affairs with little need to worry about social responsibilities or business "philosophy."[8] Honesty and other common ethics guide farmers without having to assume sophisticated forms. The farm's simple internal structure creates no problems of management hierarchy or stockholder and employee relations. Its small size and lack of market power free it from concern for sales strategies and price policies: it is a "price taker." A suitable "corporate image" is wanted neither to defend the long-run political position of the firm by means of public relations nor to assuage the psychological conflicts of its manager.[9] Not Red Roof Farm but Jersey Standard seeks to operate "in such a way as to maintain an equitable and working balance among the claims of the various directly interested groups — stockholders,

[8]Edward S. Mason (ed.) The Corporation in Modern Society. Harvard University Press, Cambridge, Mass. 1959.

[9]Francis X. Sutton, et al., The American Business Creed. Harvard University Press, Cambridge, Mass. 1956.

employees, customers, and the public at large."[10] The agricultural firm can carry on its daily business affairs unencumbered by policy pronouncements, creeds, and images. Problems of this kind appear only when agriculture as a whole ventures into public policy.

Although as a rule the farm firm is small and simple, it is not isolated or autonomous. It sells food and fiber not to consuming households, but to a series of marketing and processing firms. It produces not by merely combining ordinary labor with the original productive powers of the soil but by using so many purchased inputs that modern farms might properly be called processing firms rather than "primary producers." Exactly as parts makers stand behind automobile assembly lines, manufacturers and sellers of machinery, fertilizers, formula feeds, motor fuel and electricity and other agricultural inputs assist the modern farmer.[11]

The existence and secular growth of agricultural input industries complicate the farm management function, of course, but they do not seem to generate major conflicts in the area of goals and values so long as our focus is on the individual farm business. True, the objective of the fertilizer salesman is to maximize his own and his company's returns, which may lead him to push his farmer customers into purchases of uneconomic amounts and qualities of fertilizer.[12] Overextension of credit may also result from its use as a form of price competition (or as a device for product differentiation), and obviously prices themselves will also be points of controversy.

If, however, we take the point of view of agriculture as an industry, instead of that of one of its member firms, the picture changes. A "composition effect" appears. The use of purchased inputs has been a principal reason for the growing output of

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[10] Mason, op. cit., p. 60.

[11] A special income concept has even been developed to take account of this situation. "Farm gross national product represents the portion of gross national product originating on the farm. It is a value-added concept and is obtained by subtracting from the total value of farm output the value of (intermediate) materials used up in the production process, such as fertilizer, purchased feed, and motor fuel. It measures production occurring on farms without duplication and is 'gross' only in the sense that depreciation and other capital consumption allowances are not deducted." U.S. Department of Commerce, Note on farm gross national product, Survey of Current Business, 38(Oct., 1958):11-14.

[12] Jesse W. Markham, The Fertilizer Industry. The Vanderbilt University Press, Nashville, Tennessee, 1958. For a contrary view, see Zvi Griliches, Are farmers irrational? Jour. Polit. Econ., 68:68-71, 1960. Also see: "... Reply" by Markham, "Rejoinder" by Griliches, and "Positive policy in the fertilizer industry," by Vernon W. Ruttan, 68:630-34. 1960.

agriculture as well as (in connection with growing use of capital in general) a means of substituting for labor in producing each particular level of output. Together with the well-known secular behavior of demand for agricultural products and the immobility of labor, these developments have created the "agricultural adjustment problem." At this point the nature of the controversy will depend upon the kind of public policy proposed as a solution. Policies which would raise the qualities or lower the prices of farm inputs would not necessarily improve the income position of farmers as a whole, though they might help quick-adapting individuals, at least for a time.[13]

Much the same convergence and divergence of goals appears when we examine the farm and farming in relation to marketing and processing firms. Once again we notice that these firms have been active in helping to develop a rational, or "commercial" point of view among farmers. A well-known example is in dairy farming, where improvement of product quality on the farms by careful management and by rapid adoption of improved practices has long been fostered by dairy plants. Meat packer efforts on behalf of the "meat type" hog is another current example. As for quantity of product, we can be sure that at any moment of time a marketing or processing firm's profits would be improved if it could increase the volume of its business.[14] Where the effort to do this takes the form of raising the public's aggregate demand for food and fiber, for example by advertising or product quality control or the development of new product forms, farmers will ordinarily approve. (We recognize but do not discuss the issues involved in making a social evaluation of demand-creation activities.) On the other hand, this same objective of volume sales may breed a conflict in the public policy area, where processors

[13] This, however, does not necessarily condemn such policies as proscription of monopolistic practices, facilitation of entry of new firms into agricultural input industries and others likely to have these effects. Consumer welfare and in general the proper allocation of resources in the economy will also have to be considered.

[14] Thus, President Porter Jarvis of Swift & Company writes, in his company's 1958 Year Book, "Federally inspected beef production in 1958 was down 7.2 per cent from the same period in 1957. Pork was down 2 per cent, veal 24.5 per cent and lamb 6.5 per cent. Industry efforts to utilize current capacities more fully intensified the bidding for reduced livestock marketings. As a result, livestock prices were high relative to selling prices of meat. This situation, together with the general upward trend of marketing costs, produced almost continuous pressure on profit margins. Results in beef, veal, lamb and pork divisions were unsatisfactory." Among retail food marketers, the same point is operative. See B. R. Holdren, The Structure of a Retail Market and the Market Behavior of Retail Units. Prentice-Hall, Inc., Englewood, N.J. 1960.

will oppose policies that might restrict farm output.[15] This is one reason why, on the whole, one would expect processors and marketers to resist public policies that might raise farm prices; another is that the public criticizes food processors and sellers for their prices rather than for their margins.[16]

In our present assignment, we are not asked to consider all aspects of the structure and performance of agricultural marketing and processing businesses but only the effects of these on farmers, directly or indirectly. Increasing the degree of competition among bakers might give consumers better and cheaper bread without significantly bringing higher prices to the wheat farmer. At any rate, this kind of result is a possibility; one is not justified in assuming without proof that farm incomes would necessarily rise after this kind of trust busting. On the other hand, one can imagine changes in industry structures that might not reduce consumer prices but might redistribute the proceeds from marketer to farmer. Of course, both consumer and farmer might gain at the expense of the disestablished monopolist, and if this result could be reliably predicted we could be sure that proposals for this kind of market reform would attract strong political support. In short, according to the forms they take, antitrust and other trade regulation in this area will involve different kinds of conflict and consonance among goals.

Broader social consent for antimonopoly policy will usually also occur if the proposed measures for alleviating monopoly are consistent with widely accepted goals, such as those of maintaining or creating a competitive economy. Proscription of unfair and restrictive practices and perhaps even trust busting by dissolution of firms should be preferable for this reason to more narrowly conceived devices of countervailing power such as establishment of countermonopolies. If public policy does not come forward with these remedies, however, farmers may want to solve the problem by setting up their own marketing and supplying

[15] As for the input suppliers, we note that under the title, "The doctrine of inefficiency," the National Plant Food Institute expresses shock at proposals "suggesting that fertilizer and pesticide factories be closed down — a type of Soil Bank for the farm chemical industry." "Obviously, we would have less total output if farmers were less efficient — but only at the cost of food shortages, and much higher food prices for consumers. Official figures indicate, for instance, that during the past 10 years improved efficiency by American farmers saved consumers at least $70 billion on their food expenditures." Plant Food Rev., 6:3, Spring, 1960.

[16] "Although packers conducting legal operations were squeezed between higher prices for their raw material and ceiling prices on meat, to the point where the government had to pay them heavy subsidies during World War II, they drew at least as much public denunciation as cattle ranchers and hog raisers who were really profiting." Simon N. Whitney, Antitrust Policies: American Experience in Twenty Industries, The Twentieth Century Fund, New York. 1958. Vol. I, p. 87.

firms, as indeed they have often done already. The NFO experiments with bargaining associations are obviously intended for this purpose, although their success is bound to be limited unless they can obtain and maintain a much greater dominance of the total supply than they have yet been able to do. Cooperatives also have been used for this purpose. Farm Bureau-sponsored businesses are well-known examples. The latter, by the way, may generate goal and value conflicts within the sponsoring organization, between members whose principal reason for associating with the organization is the "business" objective of buying economical fertilizer or insurance and those who conceive it as essentially an agency for political action.

GOAL CONFLICTS WITHIN THE FARM SECTOR

Most of the important farm policy goal conflicts within the farm sector appear to center around the distribution of farm income, the organization of the industry, regional economic development and entrepreneurial freedom and responsibility. These conflicts are reflected in the policy positions of the general farm organizations, commodity groups and individual farm leaders. At times they have caused serious cleavages within the ranks of particular organizations. In part, they account for the current inability of agriculture to present a united front on legislative matters in the Congress.

The conflicts arising over income goals are closely bound up with the economic interdependence of the farm industry. Agriculture is highly competitive. There is competition among producers of the same product, among producers of related products and among producers in different geographic areas. Because opportunities for product substitution in production and consumption are widespread, economic developments impinging on one important product or area are quickly transmitted to other products or areas. As a result, efforts of one group to better its income position can have adverse effects on the incomes of other groups within the industry.

Some of the more serious goal conflicts within commodity groups have involved partially differentiated products or shifts in geographical specialization with attendant effects on the distribution of commodity income. While most producers probably have been concerned about changes in their competitive position irrespective of the cause, program-induced shifts have usually generated more vigorous opposition than those prompted by "natural" economic developments.

In wheat, producers of hard red spring and durum have been at odds with producers of other wheats over quota allocations. Spring wheat producers have argued that the surplus problem is not in hard spring or durum but in other wheats. Therefore, they should not be required to share the same adjustment burden by having to reduce their production in line with that of other wheat producers. Undoubtedly, there is an element of truth in their argument about the relative size of the surplus in hard red spring and durum. The stockpile of wheat is made up almost exclusively of wheats other than hard red spring and durum. This is a result of the way price support differentials have been set. Other wheats have been overpriced relative to hard red spring and durum. While this might suggest that price support differentials and quota allocations need some adjustment, there can be little doubt that the wheat surplus problem includes spring wheat. This would become apparent rather quickly under free market conditions. Substitution opportunities among the classes of wheat are sufficient to induce large spill-over effects when prices of nonspring wheats get far out of line with the prices of hard red spring.

In dairying, producers manufacturing milk in the Midwest have objected to restrictions on the flow and utilization of fluid milk in Eastern milk markets. Their point is that producers in the East have been sheltered from midwestern competition under marketing orders and unduly strict sanitation requirements. By restricting fluid milk use under classified pricing schemes, additional milk has been diverted into manufacturing uses. This, they argue, has depressed prices and incomes of dairy producers in the Midwest.

The shifting location of cotton production, induced by advances in technology and irrigation development, has prompted a policy goal conflict between producers in the irrigated areas of the West and those in the Old South. Producers in the irrigated areas have objected to production controls and the size of their allotments. They believe their production has been unduly restricted in relation to that of the older producing areas. Apparently, many producers in the newer areas consider their competitive position strong enough to meet both domestic and foreign competition, and therefore, they favor a return to free market pricing.

In recent years, some of the sharpest conflicts within the farm sector have been between wheat and cotton producers on the one hand and feed-livestock farmers on the other. The surplus problem in wheat and cotton came to a head in 1953 when supplies reached marketing quota levels as set forth in the Agricultural Adjustment Act of 1938, as amended. Under the impact of the quota programs, the area in wheat and cotton declined by more than 28 million acres between 1953 and 1955. Producers of wheat and cotton were free to shift their resources to other crops, and for the most part this is what they did. Upwards of two-thirds of the land taken out of wheat and cotton went into grain sorghums, oats and barley — grains that compete directly with corn in livestock production. While these programs took some of the pressure off wheat and cotton, much of it was transferred to the feed-livestock economy. This contributed to the build-up in feed grain stocks, lower prices for feed and livestock products and reduced incomes for feed-livestock farmers.

The control programs, including the Soil Bank, have not eliminated the excess supply problem in either feed grains or wheat. Feed-livestock farmers fear that additional efforts to solve the wheat problem will bring increased pressure on an already serious feed grain situation. The opportunity of wheat and cotton farmers to divert resources to other crops under the quota programs meant a smaller cut-back in income for them but at the expense of other producers. Feed-livestock farmers are afraid this might happen again. The opportunities to substitute wheat for feed grains in livestock production are much greater than the opportunities to substitute feed grains for wheat in the human diet. Thus feed-livestock producers probably have more reason for concern over the solution to the wheat problem than wheat producers have over the solution to the feed grain problem.

A growing number of producers in both groups seem to recognize that both problems stem from the same basic cause — an excess supply of resources in the farm industry. Yet, there appear to be strong pressures within each to minimize its own adjustment burden, notwithstanding what this may do to the adjustment problems of other groups. Beggar-my-neighbor methods are still popular among groups in and out of agriculture.

Feed-livestock producers have some conflicts within their own ranks. Some of the important feed deficit areas have typically favored low feed grain prices, whereas feed surplus areas have generally favored high prices. It is probably more than coincidental that many dairy and poultry producers in the Northeast have looked with approval on administration efforts to reduce price supports. To the dairy producers of this area, cheap feed coupled with milk marketing orders may appear to be the solution to their economic problem. To most of the livestock farmers of the Midwest, cheap feed ultimately means cheap livestock and lower incomes for them.

The drift toward a feed-livestock economy in the South and the rapid expansion of cattle feeding on the West Coast are causing concern to midwestern feed-livestock farmers. There are people in the Corn Belt who believe the developments in the South were prompted in large part by the corn acreage allotment program. However, the proposition that the corn program pushed corn production out of the Corn Belt is not supported by the facts.[17] Aside from some push from the cotton program, these developments appear to be mostly the result of normal economic forces. Nevertheless, midwestern producers are not likely to be strong supporters of any program that will strengthen the competitive position of other areas.

One of the more interesting goal conflicts within the farm sector involves the use of product advertising and promotion. For example, a successful program to advertise and promote the use of pork will have the effect of increasing the demand, so that more will be consumed at any given price. Given the nature of the substitution elasticities, this is likely to mean a decline in the demand for such closely competitive products as beef and poultry. In the short run, the incomes of hog producers may rise, whereas the incomes of beef and poultry producers may fall. Extending the program to cover all meat may diminish but is not likely to eliminate the problem of goal conflict within the industry.

RESOLVING GOAL CONFLICTS IN AGRICULTURE POLICY

According to the assignments, this chapter is supposed to say something about the resolution of goal conflicts in agricultural policy. Basically, this is a political problem and properly falls in the field of political science. It should be analyzed by a political scientist (or by a politician!). A couple of economists are not likely to have anything significant to say about this kind of problem. We shall, therefore, limit ourselves to but a few comments.[18]

One approach to the general problem of goal conflicts is to minimize their intensity. This implies reducing the degree of scarcity of means to achieve ends either by decreasing the variety and intensity of men's desires or by increasing total goal attainment power. For centuries, Western civilization has been mainly preoccupied with increasing goal attainment power. The Western

[17] Geoffrey Shepherd and Kurt Ullrich, Our corn-hog-cattle belt. Iowa Farm Sci., 14(Feb., 1960):5-6.

[18] The particular problem of concern here is that of selecting from among conflicting goals. For example, if Smith's and Jones' claims for more income are in conflict, whose claim should be satisfied? The solution to this problem involves a value judgment. Our view is that such value judgments are an essential ingredient of social action, but the disciplines of economics and sociology do not provide any basis for making such judgments.

concept of freedom has given free reign to men's desires subject only to the proviso that there be no significant injury to other people. This basic value largely precludes the possibility of lessening goal conflicts by reducing the variety and intensity of man's wants. This leaves the possibility of increasing goal attainment power.

This problem has two important facets: (1) expanding the supply of basic means and (2) doing a better job of utilizing existing means in achieving ends. Aside from the possibility of gifts, the first calls for investment in people, research in the physical and biological sciences, natural resources and plant and equipment. The second also requires investment, particularly in activities and institutions relating to the administration of resources. For example, it calls for investment in research in the social sciences.

The second has particular relevance to the problem of reducing goal conflicts in agricultural policy. The intensity of these conflicts can be lessened by designing more efficient programs. As mentioned earlier, if two programs are equally effective in achieving the goal of income equality for agriculture and equally acceptable on other grounds, the one that achieves this goal with the smallest sacrifice of other goals, including the goals of nonfarm people, will be the most efficient. Minimizing goal conflicts implies exploiting all opportunities to reduce the sacrifice imposed on one group in achieving the goals of another group. While this is a sound principle and has some application to the existing agricultural policy situation, the main difficulties in designing more efficient programs to achieve economic equality for agriculture grow out of nonincome restraints relating to other goals held by farm people.

It seems reasonably clear that achieving economic equality for agriculture via programs that raise the economic productivity of resources owned by farm families will minimize the cost to nonfarm people. However, this would mean a major reorganization of the farm industry, including fewer and larger farms and a smaller farm population. As long as farm people strongly desire something approaching the existing organizational structure in agriculture, there are few important opportunities to reduce the intensity of this goal conflict. But the urbanization of rural America is proceeding at a rapid clip. In the process, the relative importance which farm people attach to the existing organizational structure appears to be diminishing. So the time may not be far off when programs to raise the economic productivity of farm family resources will find much wider acceptance among farm people.

Perhaps the greatest potential for lessening the intensity of goal conflicts between farm and nonfarm sectors is in an increase in the unity of diversity — an increase in the incidence of overlapping identities and multigroup memberships between farm and nonfarm groups. However, this is likely to be accompanied by some intensification of the goal conflicts within agriculture, probably along the lines of labor-management conflicts in the nonfarm economy.

Our democratic political system is the main instrument for resolving goal conflicts in agricultural policy. In theory, the majority principle operating under the rule of one-man-one-vote is the basic tenet of this system. The aggregation of individual interests occurs by a process of free discussion, voting and the delegation of power. It is a system that requires a high level of knowledge on the part of its citizens for efficient operation.

In practice, the procedures for determining representation and the allocation of decision-making power and other factors have given the system certain biases. In agricultural policy matters, there has been an agricultural bias. Even the agricultural bias has been biased. At times, some geographical areas, farm commodities and farm income groups have been favored over others. What can or should be done about this problem, we leave to others.

It should be pointed out, however, that the changing structure of agricultural organization is also changing the political influence of agriculture. The decline in farm population as measured by the census will cost the predominately farm states a number of congressional seats in the near future. As this continues, the political power of agriculture is almost certain to diminish. And this is likely to mean that the interests of nonfarm people will be more fully reflected in the farm programs of the future.

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Discussion

THE AUTHORS of this paper begin with the proposition that a goal conflict exists when "...a higher level of attainment of one or more goals must involve a lower level of attainment of other goals." With this proposition one cannot quarrel. But then they borrow a proposition from economics, and proceed to argue that "...goal conflicts arise because of a scarcity of means to achieve ends." They are very sure of this position for they take an even more positive stand a few lines later as follows: "A world in which there was no scarcity of means, either because wants were very meager or because the power to satisfy wants was abundant, would be a world without goal conflicts."

Now this writer believes that this proposition holds true for the world of economic goals, or real goods goals. But it is totally meaningless for another world of goals — ideological goals. Men have been killing one another for centuries because one man held a goal regarding the true road to heaven different from that of another man. More means or fewer means has no meaning for this conflict of goals. The beginning of this paper treating with goal conflicts reminds me of Neville Chamberlain and his bourgeois goals going to deal with Adolph Hitler and his Wagnerian goals; Chamberlain's rational utilitarianism caused him to miss the whole point of the conflict. So in the case of this paper — the limited structure of the paper forces it to miss and/or treat with little perception many goal conflicts.

The authors recognize at one point in their paper that goals are the overt manifestation of subjective valuations. They say, "Values have an ordering function with regard to behavior." And this is true; man's valuation of things guides and directs his behavior toward those things — sets his goals. But man can and does value things other than worldly goods or real income. Some men, for example, value the superiority of the white man over the black more than they do high incomes or even life itself. Still other men value more highly the running of a four-minute mile, or expressing their inner thoughts in art, or walking down a nature trail more than they do holding a steady job. And still others value rural living, the ideal of the family farm and the instinct for workmanship more highly than they do a highly commercial life leading to higher incomes.

Now the point of all this is that the goal conflict arising out of the situation wherein some men hold the goal of the superiority of the white man over the black and other men hold the goal of equality of treatment for men of every color, will not be resolved, or minimized, by increasing the "total goal attainment power" (i.e., increasing the means to achieve ends). There is no such thing as total goal attainment power in the kind of world under consideration here; the very concept renders impossible effective thought and action relative to this conflict. This conflict will be resolved, or minimized, only as the subjective valuations on which the goals are based are changed over time by such things as war, where the value systems of certain of the protagonists are destroyed, or miscegenation, where the black and white characteristics are lost, or scientific development and education, where new information is brought to bear on the problem, or the rise of a new philosophy carrying with it a new and different system of values.

Let us consider another case — the case of the goal conflict within the same farm people and among different farm people arising out of two goals held in some degree by all farm people: the goal of the good life associated with rural living in a social organization of many small free-holders or family farms, and the goal of the good life associated with rising real incomes. It is perfectly clear that the latter goal among all farm people is advanced, or rendered more achievable, by making more abundant the means of achievement (i.e., productive resources). But achieving the goal of rising real incomes through the vehicles of farm technological advance and capital formation has reduced the number of free-holders in the past 20 years, gives promise of reducing the number still more in the 1960's, and will in my opinion ultimately destroy that ideal, and eliminate that type of producer in our society. Now this writer submits: (1) that the growth of goal attainment power in the form of more productive farm resources has not resolved, or minimized, the goal conflict under consideration — on the contrary it has intensified it, and (2) there is no such thing as total goal attainment power applicable to both of these goals. This idea of total goal attainment power leads us astray rather than aids us in this analysis of goal conflicts.

Goal conflicts will be understood, with perhaps increased potentialities for resolving them, only as the value systems of the men and women involved are understood — only as the nature and structure of human valuations, the processes of change in the ordering of valuations and the conversion of subjective valuations to observable social goals are understood.

The dim outlines of an analytical model for considering goal conflicts emerges from the paper by Kaldor and Hines. That model assumes the following form: on the farm side of society we have two prominent goals that are well recognized — (1) the drive for equality of incomes and (2) the maintenance of the family farm and the traditional values of a rural society; on the urban side two goals, as they relate to agriculture, may be identified — (1) the goal of low food prices as a means to increased real incomes and (2) the goal of distributive justice for farm people. This model is not explicitly stated or recognized, but it threads through much of the discussion. And it seems to me that if the authors had used their time, first, to sharpen and expand this analytical model, second, to develop the changes in goal priorities that have occurred over time, and third, to have used it to analyze the goal conflicts resulting from different courses of action in agriculture, we would be further along the road to understanding the potentials for action in agriculture than we are now.

How would the authors have gone about this — you ask? The formulation and refinement of the model would follow a process similar to that employed in the formulation of econometric models — the building of the model would be dependent first upon the authors' knowledge of the subject area under consideration, second upon their ability to state the variables involved with precision, and third upon their artistry in relating the variables in the model in a representative fashion. Such a model would, of course, be qualitative in nature, but it would serve to organize and focus the discussion of goal conflicts in agriculture in the same way that the demand and supply cross does economic behavior.

Changes in the ordering of goals over time would need to be studied in terms of changes in human valuations over time. And there is little likelihood that this could be done in a direct fashion, such as through interviewing and surveying. An indirect approach would probably be required in which changes in valuations, hence goals, were deduced from the changing content of farm magazines and newspapers, from changes in the resolutions and actions of farm interest groups, and from studies of changed activities of farm people (e.g., educational behavior, political behavior). And a similar indirect approach would be required on the nonfarm side. But from these behavioral results, as they have changed over time, we should be able to piece together and construct the changing ordering pattern of relevant goals over time.

In terms of the crude model formulated by him from the Kaldor and Hines chapter, this writer would hypothesize that an historical analysis would indicate that the priority of the rural-living, small free-holder goal would have declined relative to the income equality goal over the past 30 years, and on the nonfarm side, the distributive justice goal for farm people would have declined in priority relative to the cheap food goal over the same period. In other words, the present writer hypothesizes that the increased tendency toward commercialization, the increased emphasis on material well being and the greater social mobility would have worked to downgrade the goal of the traditional rural life on the one hand, and the goal of distributive justice for farm people among urbanites on the other.

Whether the above goals are stated with sufficient precision to be useful and whether the above hypotheses regarding their ordering are in fact true will be ascertained only after some good research that clearly does not exist now. But assuming that the goals are usefully formulated and that the hypotheses are true, then some reasonably firm policy conclusions flow from them. The pursuit of programs designed to achieve the income equality goal, but which require important changes in the organization of resources and in the institutions of rural-living, are likely to give rise to less intense goal conflicts within agriculture now than 30 years ago, the state of the income disparity being equal. On the other hand, with the lower ordering of the distributive justice goal for farm producers among urban people, the sympathic interest of urban people in the income equality goal of farm people will have been lost to an important degree. Thus, programs designed to achieve the income equality goal for farmers, which must operate to raise food prices to consumers, run squarely against the now higher priority goal of cheap food among urban people. Consequently, we would expect to find a more intense goal conflict between farm and nonfarm people arising out of policy efforts to increase farm prices and incomes. The economic struggle between farm and nonfarm people is now more naked than it once was. The rural-life tradition is less of a restraining influence over the drive for increased incomes among farm people than it once was, and the distributive justice goal for farmers among urban people is less of a restraining influence over the drive for low-priced food. Thus, the struggle over distributive shares is sharpened and intensified — the rural-urban goal conflict is intensified.

This, the writer believes, is the state of affairs as of the 1960's whether the foregoing analysis is correct or not. But the point of this discussion is not to score a point — it is to indicate the direction in which goal conflicts may be analyzed.

In the latter part of their paper, the authors make a series of statements that are particularly annoying to me. Regarding the resolution of goal conflicts they have this to say, "Basically this is a political problem and properly falls in the field of political science. It should be analyzed by a political scientist (or by a politician!). A couple of economists are not likely to have anything significant to say about this kind of problem."

The above statements might be acceptable coming from an economic theorist (even this the writer doesn't really believe), but it is certainly not acceptable from men who do research and teaching in agricultural policy. In the first place it should be recognized that politicians and political scientists often do not give us any formal help in this area of the resolution of goal conflicts: the politicians because they are practitioners not students, and the political scientists because they tend to be concerned with institutions and political operations rather than the structure of social action.

Finally, as everyone involved with determining goals and values knows full well, agricultural economists have taken over the field of agricultural policy. They teach policy; they do research in policy; they give speeches on policy and they hold conferences on policy. And they are fast learning the connection between valuation problems and policy issues. Now are we going to turn around and say that we cannot make a contribution to the resolution of goal conflicts in agricultural policy (i.e., make a contribution to the taking of effective action in problematic situations involving goal conflicts)? This writer says no. As a very minimum, we must be prepared to explore and discuss the conditions under which, and the means by which, resolution may be achieved. And in some situations we must be prepared to undertake the maximum — that is, be prepared to put our heads on the block and say — "this is the way." If we can't do this, then we should turn in our agricultural policy badges.

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Discussion

THE AUTHORS have done a very nice job of discussing some of the goal conflicts (1) between the farm and nonfarm sectors, (2) between farmers and the marketers of farm inputs and outputs and (3) within the farm sector itself.

FARM-NONFARM CONFLICTS

The authors interpret the conflict between the goals of farm and nonfarm people as centering largely around the desire by farmers for income equality and of nonfarmers' conflicting goals concerning low food prices, distributive justice, and the adverse effects of farm programs on nonfarm incomes. They point out that "if other things are equal, nonfarm people undoubtedly prefer low food prices to high food prices. When low prices are the result of an excess of supply of farm products, the real income gain of nonfarm people is obtained in large measure at the expense of farm people .... However, the interest in cheap food under these circumstances may conflict with their [nonfarmers'] interest in distributive justice."

Similarly, other things equal, the farm program that "produces the smallest adverse effect on nonfarm incomes would create the least amount of farm-nonfarm conflict."

The authors go on in this vein explaining how, ceteris paribus, other aspects of alternative farm programs may influence the intensity of the conflict between farm and nonfarm people. This writer finds little in this discussion with which he disagrees. His chief comment is that they have not included what he believes to be a very major source of the objection of many nonfarm people to most price support and other farm programs aimed at achieving the goal of distributive justice.

The writer would venture the hypothesis that the primary hostility toward farm programs stems from the fact that ours is largely an economy of privately-organized economic power. Most nonfarm industries are able to take care of their own "adjustment" problems without significant direct government aid, with only a relatively few exceptions such as "cheap" imports. The reader unquestionably can think of other exceptions to this generalization. However, most of these exceptions also are under actual or threatened attack, and are defended much as are agricultural programs — on grounds of being special and temporary cases. But significantly, most American business and labor interests have as an ultimate objective the achievement of private economic power with a minimum of direct government intervention to achieve or maintain it.

The American public really complains very little about industries which are able to adjust capacity nicely to shifts in demand, thereby generating price stability and preventing disastrous consequences on profits. The writer contends that most Americans not only consider this normal industrial behavior but sound and desirable economic behavior as well. As long as prices and profits are generated in a free (and by free most Americans mean free from government intervention) market, consumers complain little about the level of prices and profits. Because Americans still hold this view about what constitutes the normal way of determining prices and returns, they feel it is economically abnormal to have government take a hand in generating the level of prices, incomes and profits. This is why we usually defend — or apologize for — such intervention in agriculture and elsewhere in the economy by insisting that it is really only temporary and due to abnormal economic conditions.

As long as most nonfarm people have such a conception of the way our system should operate, there will be continuing hostility toward programs aimed at improving farm incomes by procedures foreign to the way most of the rest of our economy handles its "adjustment" problems. Simply put, it is not the high food prices that are the main concern of nonfarmers, but the "abnormal" way in which they are generated; and it is not simply a matter of conflict between consumers' interests in cheap food and distributive justice, but a basic hostility toward the procedures used to bring about such distributive justice. Let's face it! Apparently most of the American public and certainly the controlling public press (including most farm journals) believe that there is something basically un-American about most of the means used since the Thirties to bring about distributive justice for agriculture. And, conceivably, as more sectors of our economy increase their market power through private means, and this includes labor, hostility toward government-buttressed power may actually increase.

If the preceding characterization is correct, perhaps the only way to lessen this source of farm and nonfarm conflict is the development of farm programs which emulate the procedures of other parts of the economy. This, of course, calls for lessening direct government intervention, especially in terms of large expenditures for supporting farm prices. Programs which the writer envisions as creating the least conflict are those aimed at providing a legal framework within which farmers assume the bulk of the administrative and other costs. The actual programs created within this framework could conceivably vary considerably, and of course, many would probably not achieve much for farmers.

CONFLICTS INVOLVING AGRICULTURAL SUPPLIERS, PROCESSORS AND MARKETERS

The writer especially likes the introductory discussion to this chapter. It sets out concisely the way in which the unique market structure of agriculture determines the farm firm's conduct. As the authors put it, "Its small size and lack of market power free it from concern for sales strategies and price policies: it is a 'price taker.' A suitable 'corporate image' is wanted neither to defend the long-run political position of the firm by means of public relations nor to assuage the psychological conflicts of its manager . . . . The agricultural firm can carry on its daily business affairs unencumbered by policy pronouncements, creeds and images. Problems of this kind appear only when agriculture as a whole ventures into public policy."

It is, of course, this characteristic of the market structure of farming which causes farmers to look upon one another as neighbors rather than rivals.

But the market structure of allied supply and marketing industries may induce actual or imagined conflicts between farmers and these allied industries. Included among the authors' examples of supplier-farmer or farmer-processor relations which may result in conflicts are the following: (1) the efforts of the fertilizer salesman to push farmer customers into purchases of uneconomic amounts and qualities of fertilizer, (2) the desire of processors for increased volumes of farm products and (3) the interest of farmers for greater competition in processing industries.

The writer takes only two exceptions to the authors' treatment of this area of conflicts.

First, they say categorically, "As for quantity of product, we can be sure that at any moment of time marketing and processing industry profits would be improved if they could increase the volume of their business."

This is a conclusion about which we cannot be sure without analysis of the market structure and demand elasticities of the industry about which we are speaking. For example, fruit processors who give their blessing to diverting or destroying a large part of the peach crop in years of large supplies do so because this improves their profits, not just those of farmers. Hence, we cannot say categorically that farmers and processors always will be in conflict with respect to the appropriate size of marketings, and hence over programs designed to control the volume of marketings.

Another point on which the writer disagrees with the authors is their conclusion with respect to the kinds of remedy to monopoly in the food processing industry which is most acceptable to the public. They contend that "Usually, wider social consent for antimonopoly policy will also occur if the proposed measures for alleviating monopoly are consistent with widely accepted goals, such as maintaining or creating a competitive economy. Proscription of unfair and restrictive practices, and perhaps even trust busting by dissolution of firms, should be preferable for this reason to narrowly conceived devices of countervailing power such as establishment of countermonopolies."

The writer questions whether the public seriously prefers government proscription of unfair trade practices and trust busting to the attempted development of countervailing power by the parties most immediately affected by market power. He has the feeling that the authors are expressing the values of liberal economists (and perhaps sociologists) rather than interpreting the values of the American public. I think that one of the chief reasons Galbraith's countervailing power concept is much more acceptable to the lay public than to most economists is that it runs counter to the welfare concepts of economists but is consistent with the views of many Americans as to the appropriate way to handle the monopoly problem in our economy. The widespread support given to agricultural cooperatives as a way to solve farmers' market problems illustrates vividly that this approach is considered entirely legitimate within our system. And, significantly, cooperatives are most often justified on grounds of helping farmers establish countervailing power.

CONFLICTS WITHIN THE FARM SECTOR

In their discussion of goal conflicts within the farm sector the authors assert that most of the important conflicts "appear to center around the distribution of farm income, the organization of the industry, regional economic development and entrepreneurial freedom and responsibility." They then go on to cite many well-known examples of this including the conflicts between producers of hard red spring wheat and durum wheat, midwestern manufactured milk producers and eastern fluid milk producers, wheat and cotton producers and feed-livestock farmers, and between producers sponsoring advertising programs of substitute products. Significantly, all of these conflicts have economic origins; they do not result from different noneconomic goals or value systems. The writer does not criticize this characterization of the origins of the main conflicts within the farm sector, and admits to being of an economic deterministic persuasion himself.[1]

But if these conflicts are mainly economic in origin, is it not likely that they can be analyzed most appropriately within an economic framework? If so, economists should have considerably more to contribute to analysis of such goal conflicts than the authors seem to be willing to concede.

As an illustration of his point, the writer thinks that cartel theory and experience provides a very useful frame of reference for analysis of conflicts related to governmentally authorized and enforced supply control programs in agriculture. Using such a framework we can pinpoint the main economic sources of conflict among farmers in an industry contemplating this particular type of program. Very briefly, on the basis of theory supported by industrial experience, cartels are likely to be encouraged and operate successfully and stably when an industry is relatively depressed, its demand is very inelastic, firm numbers are small,

[1]Of course, the writer is not implying that the authors of this paper believe that all conflicts among farmers have economic origins.

entry is difficult, production costs are similar, product differentiation is slight and economic incentives of participants are similar. In other words, the degree of conflict among farmers is a function of these economic variables; as you change one, the degree of conflict changes. One important variable is the extent to which incomes are depressed at any given time. This explains why, when times are really bad, this variable offsets many other sources of conflict. But with the return of prosperity this variable becomes less important and the original cartel arrangement may become unacceptable to many participants.

Another crucial variable in the case of supply control programs is the extent of differences in the production costs of various groups of producers. Although a governmentally authorized and enforced cartel may control firm output and entry, cost differences among farmers may be so different that many farmers may be unwilling to accept a supply control program now, although many have relatively low incomes. First, the largest, most efficient producers have sufficiently lower costs so that they do quite well at a time smaller firms are doing very poorly. Hence, cost differences among producers are so great that the kind of program which is good enough for low-cost producers is not good enough for high-cost producers. And the kind of programs which are necessary to get prices high enough for small producers may require such strict production control and permit such slow expansion of individual farms that even many small producers would object because they would be prevented from expanding rapidly to larger size.

Analysis of this and other variables suggested by cartel theory helps in understanding the severity of conflicts arising from alternative programs. Also by analyzing the way in which various variables are likely to change in the future, e.g., smaller (or greater) differences in the costs of various farmers, economists should be able to predict whether the intensity of conflicts within the farm sector is likely to lessen or increase. The writer suspects that such a purely economic analysis would indicate a more favorable atmosphere for supply control programs in some farm products in the future than exists today.

These comments have not been intended as a criticism of the authors' treatment of goal conflicts. Rather, the writer is merely suggesting an alternative framework which recognizes explicitly the economic origins of many goal conflicts within agriculture.