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Acceptable Farm Policies

THE TITLE GIVEN ME for this chapter leads to the question, "Acceptable to whom?" Farmers? Consumers? Processors? Retailers? Exporters? Importers? Our partners and allies in other countries? All these "publics" or "interests," as well as others that might be listed, are concerned with the national farm policies of the United States. Each interest group in some measure sets a limit on public policy affecting agriculture.

A farm policy that required public ownership of packing plants clearly would be out of the question in America. But on a more subtle level, any policy affecting the supply of livestock must reckon with the interest of the meat packing industry.

Developing farm policies broadly acceptable to every group from the large meat packing firms to the farm organizations which want to establish tight control over farm production is a towering political task. But it is the method of democratic government to try to reconcile the conflicting interests. An acceptable policy probably will not really please anyone; it will be the least common denominator — the solution tolerable to all. Such a policy must avoid the extremes. It represents compromise. It is the "art of the possible."

In examining what farm policies are acceptable, or possible, in the United States in the 1960's, it will be useful to look first at the nonfarm interests which have a voice in policy. What are the limits on farm policies established by interest groups outside agriculture?

I

Farm people and their leaders are inclined to think of the nonfarm interest in agricultural policy as primarily a concern about food prices. They believe the resistance to policies which

would raise farm income stems from this consumer interest. They think of opposition to government price supports, production controls and subsidies as a consumer opposition. There is much evidence to support this view.

But the author doesn't believe it is entirely realistic, for two reasons: One, the American consumer as such has little voice in politics. Economic pressure groups with weight are almost exclusively producer oriented.

Two, the nonfarm public in this country has grown so rich that food has become of secondary importance in most household budgets. (Food is still the largest single item in the average budget. The author uses "secondary" here in the psychological sense.) The margin of average family purchasing power above basic food necessities has widened rapidly since the 1940's. Demand for food has become less elastic. The public has become so accustomed to plenty of food that it no longer is so greatly concerned about the matter of cost. One hears complaints about the prices of food, of course, but those the author hears are rather mild. The attacks on government farm programs in recent years which have tried to appeal to this consumer interest have not roused the citizens to revolt.

There are some indications that in the postwar recession periods consumer demand for food was maintained or even increased slightly. People seem to have reacted to the mild unemployment by reducing installment buying for consumer durables but not by cutting food spending — perhaps even splurging on steak to ease the pain of not getting a car or refrigerator. Food has attained a new status in the United States economy — former "luxury" foods are now "necessities," and variations in consumer spending for food have been reduced. Because of his affluence in food, the consumer does not think of food as a vital issue of public policy.

If there is any pressure group in America that represents people as consumers, it is organized labor. Union leaders make very little noise about food prices, and when they do it is the processor or the distributor who gets the blame, seldom the farmer. The high cost of living in general serves as a labor union target — but not often the cost of food. This may be partly a feeling of sympathy for the farmer as a low income earner and partly the desire of labor leaders to build a farmer-labor front in politics. But the author thinks the main reason is the simple one that most wage earners just aren't greatly excited about the cost of food.

Many labor union leaders even have supported farm policies which would mean higher food costs in the market place or in

taxes. They could not do this if labor union members were complaining about the grocery bills and about the rich farmers getting subsidies. Labor union leaders put their main emphasis on wages, hours, working conditions. When they complain about the high cost of living, their solution to the problem usually is higher wages, not lower prices. They do not pay much attention to the outgo side of the family budget, especially not in the case of food. One only needs compare the political pressure applied by the labor leaders on the medical cost problem with the pressure they apply on farm policy to appreciate the point that food costs are not a large political issue.

Food costs may have been a big issue in the Great Depression when the action programs to raise farm income began. Henry A. Wallace and the farm organization leaders of that day were worried about consumer reaction, and they really feared that the "farm monopoly" being created might be abused to the detriment of the consumer. These statesmanlike reservations led to the Consumers Counsel set up in the Agricultural Adjustment Administration. But a guardian of the consumer interest proved largely unneeded. The food consumer has done exceedingly well under the farm programs.

So this author's conclusion is that opposition to farm policies to raise farm income does not derive mainly from outraged consumers. Judging by the record, this writer believes farm policies which raised food prices above the level of recent years would be acceptable to consumers. In other words, consumer resistance is not likely to be a major hindrance to the adoption or carrying out of policies to limit market supplies of farm products, or raise price supports, or increase taxes for farm subsidy payments.

II

This is not to say, however, that urban congressmen will not oppose such farm income support policies. This author is merely arguing that this opposition comes from something besides a surge of feeling about high food costs. What does it come from then?

It comes, the author believes, mainly from business interests and from the nonfarm public as a whole on ideological grounds. Farm programs of the federal government have been under attack from the beginning as socialistic, as setting a pattern for intervention in business, and as therefore intolerable to the business community. The National Association of Manufacturers and the

U.S. Chamber of Commerce repeatedly issue statements condemning the farm programs as unwarranted government meddling in the economy. They advocate policies of "freedom for farmers." But it isn't the freedom of decision making for farmers which concerns them so much as the implications of such programs for other types of business.

Business groups often are able to overlook their moral objections to subsidies and government intervention in business if the intervention is beneficial to them. They are inconsistent in approving tariffs, fair trade price laws, and the like, while indignantly opposing similar programs for farmers. They are also inconsistent at times in failing to mark the difference in management between industries of a few large firms and the farm industry with $4\frac{1}{2}$ million units. The planning and discipline over supply which can be obtained privately by oligopolistic industries require government action in the case of farming.

Despite these inconsistencies, it is well to recognize that the ideological objections to government farm programs are powerful. The theory about free enterprise and free markets has powerful appeal in United States politics, whether the facts fit the theory or not. Farm policy planners must recognize that there are definite limits to government management of agriculture which will be tolerable to business leaders. These leaders have great political influence directly, and in addition they have a great indirect influence through some farm organizations.

Associated with this attitude about free enterprise is the view that price-setting or market controls are wrong if done by government but right if done by private business. Presumably, it would be approved doctrine for the Swine Growers Association to set quotas on hog marketings for farmers, but it would be unacceptable if the government did the same thing.

Most social scientists probably would argue that if monopolies are to be created in agriculture, with power to control output and set prices, then these monopolies must be governmental, so that the people can maintain a checkrein on them. However, the political climate in which farm policy is made seems more agreeable to private farm monopoly.

III

So far the author has considered acceptability of farm policies to nonagricultural groups from the standpoint of food prices and from the standpoint of general business ideology. On the first point, the author's conclusion is that it is not a big factor

in itself. On the second, his conclusion is that it is a very large factor.

A third factor affecting public acceptance of farm policies is the relationship of those policies to the general prosperity. One of the big selling points for farm income support programs always has been that high farm income is essential to national prosperity. At times, this argument has been ludicrous — for example, the old “seven to one ratio” slogan. Each dollar of gross farm income was supposed to generate seven dollars of national income. So high price supports for agriculture were promoted on the basis of increasing national income.

The author hasn't heard anyone making that kind of argument lately. The ratio would have to be changed to about ten to one instead of seven to one, and it is becoming wider year by year. The rise in national prosperity in recent years while agriculture has been suffering a decline makes it more difficult to put over the story that depressions are “farm led and farm fed.” Nevertheless, a farm policy, to be acceptable to nonfarmers, ought to be defensible as not causing trouble elsewhere in the economy.

A good example right now is the soil bank. By various calculations, one can show that 60 to 80 million acres of cropland ought to be removed from production. And from the agricultural economic viewpoint, a great deal of it ought to come out of specific areas. The cities and towns in these areas, however, have a natural reluctance to being put out of business. So it simply isn't feasible, either for political reasons or economic reasons, to remove land from production in such sweeping fashion. The gains to agriculture as a whole have to be balanced against losses to the areas affected and the social costs of a massive adjustment in institutional overhead. There has to be some compromise between retiring land which is least efficient in crop production and preventing wholesale business disaster to certain areas.

From the point of view of many farm related businesses — those supplying production goods and services to farmers as well as those buying, handling or transporting farm products — volume of farm production is more important than the level of net income to the farm producer. In other words, the great bulk of so-called “agri-business” is not primarily interested in a high level of net farm income but in a high level of production of agricultural products.

This creates a natural area of contention in agricultural policy. Farm policies that are the best from the standpoint of raising farm income quite often will not be acceptable to agribusiness. Farmers should not expect that national farm policy

can be based entirely on their interests. Neither can the farm related businesses expect that policy should be adapted entirely to their interests.

IV

In the last eight years, the influence of farm related businesses on agricultural policy has been relatively stronger than at any time in my experience. Agricultural policy has tended to swing away from emphasis on raising the net income of farmers and toward maintaining a large volume of production.

This is not entirely because of the change in 1953 to a political administration with a more conservative economic policy. It is partly because a majority of the agricultural community wanted such a change. The largest farm organization, many farm commodity organizations and other groups, including probably a large proportion of the members of the Farm Economics Association, favored a trend away from crop acreage control. They also favored lower price supports and were opposed to direct subsidy payments from the federal government.

Of course these groups didn't consciously favor lower farm income. They thought low price supports and full production would bring higher income. Or at least they thought the "freedom for farmers" they were advocating was worth some minor losses in income for a while.

It has always been something of a mystery to this author why the voluntary acreage allotments or even the marketing quotas were deemed to be such onerous controls. These restraints are modest indeed compared with those that exist in almost every trade or business. Yet the emotionalism about farm controls has been so intense that half the people of this country probably still think farmers are supervised by federal marshals whenever they do their spring planting.

This raving about controls is still going on — and some farm organization leaders are doing a great deal of it. They say that farmers don't have freedom of choice, that crop production is frozen into uneconomic patterns geographically because allotments prevent change. There is some truth in this "freezing of crop patterns," but it has been vastly exaggerated in the telling. Many of us in the Farm Economics Association have been guilty of emphasizing the inefficiencies of crop acreage allotments on an historical base to the degree that we have overlooked the inefficiencies of overproduction and low net farm incomes.

The point being made is that acceptability of farm policies

among farm groups, as well as among city groups, often turns on ideology and opinions about what is morally right or wrong — instead of on practical considerations.

Furthermore, acceptability depends on the state of knowledge about the problem to be met. Fifteen years ago, or even 10 years ago, agricultural leaders and farm economists did not really grasp the significance of the sharp upturn in production and in productivity of agriculture. Neither, the author thinks, did many see what rising national affluence was doing to the demand for food. The war and the postwar years with large exports to Europe tended to hide the true situation. In recent years, however, a growing awareness of the overproduction problem has crept over the farm community.

What was unacceptable 10 years ago is becoming more and more acceptable as time goes on. A few years ago a statement by a prominent agricultural leader that congress would not pass, farmers would not accept and the U.S.D.A. could not administer controls that would really work, seemed fairly reasonable. Now, after several years of lower farm prices and incomes, farmers appear to be more willing to accept some forms of regulation in production and marketing. Acceptability of controls depends on how bad the income pinch is.

The Iowa Opinion Poll conducted by The Des Moines Register in early April of 1960 indicated that about two-thirds of Iowa farm people favor some kind of discipline over farm production in return for price support protection. In this poll, only 18 per cent of the people interviewed were in favor of abandoning government price supports and crop controls and going to a free market. About 18 per cent had no opinion. The remaining 64 per cent were in favor of crop acreage allotments or something stronger in the way of production control. About 12 per cent were in favor of production control with grain quotas in bushels.¹

These results are significant in light of the fact that the Farm Bureau, which opposes production control, is so dominant in Iowa, with more than 100,000 members. After two years of freedom from acreage allotments on corn, Iowa farmers want to return to the allotment plan.

It is significant, also, that the Illinois Agricultural Association approved a resolution calling for compulsory crop acreage retirement, and the Iowa Farm Bureau suggested the possibility of requiring participation in the soil bank as a condition for receiving price support benefits.

¹ Polls conducted by Wallace Farmer have shown about the same distribution of opinion.

Again, acceptability of farm programs depends on the seriousness of the economic plight which the programs are designed to correct. It is foolish to be dogmatic about what farm people will or will not accept. Many of us who have been associated with farming and farm people take as a matter of faith that farm people are more independent, more resentful of government regulation than other people. Despite the fact that this idea is imbedded deeply in our folklore — and one must recognize that folklore itself has a bearing on attitudes — it is doubtful that the difference between farm and city people in attitude toward regulations is very great. It seems to the author that farmers will accept order and discipline readily enough if they are convinced they will be helped by doing so. We must not generalize too sweepingly from the cases like that of Stanley Yankus, the Michigan farmer who went to Australia because he couldn't bear the wheat quota regulations.

Remember that substantial majorities of farmers have voted for crop marketing quotas in cotton, tobacco and wheat year after year. The rejection of corn acreage allotments here in the Farm Bureau-dominated Corn Belt was a special situation. Corn allotments obviously had not been successful: cross compliance on other feed crops was not applied, and farmers were promised at the time of the vote that corn price support would continue at about the same level if they voted to throw out the allotments. So it seems to me that was hardly a test of farmers' objections to controls.

One cannot be dogmatic about what farmers will accept in the way of national farm policies. Some farm groups favor government action more than others; it is a gross error to talk about "farm opinion" as though it were a solid, identifiable reality.

Still, I shall indulge in one bit of dogmatism about farm attitudes. Farmers will not accept a national policy of laissez faire. They do not want free markets and no controls, no matter what some farm leaders say. By every test that can be applied, the conclusion is that most farmers will choose government subsidy or government regulation rather than completely free competition when the chips are down.

This is only to say that there are limits to the power of the "freedom from control" ideology.

V

In conclusion, the bounds of acceptability of national farm policies are wider than many politicians assume but are still

fairly narrow. Consumers are not up in arms about the cost of food and would not rebel at some increases, in the author's judgment. The chief barrier to changes or innovations in farm policy is the ideological barrier — both in the body politic as a whole and in the farm community itself.

This ideological barrier is elastic. Under present circumstances, radical changes in farm policies are not likely to be acceptable. But if farm income continues to decline, farm people will become more willing to accept production restrictions. In wartime or depression, some policies are acceptable which would not be in other times. For example, subsidy payments to live-stock producers were quite acceptable during the war. But there does not seem to be much chance that such a program could gain backing now — even from farmers themselves. The same is true of a large-scale food stamp program. It would be acceptable under some circumstances but not when the general prosperity is high. In the author's view, direct payments, as a method of sustaining farm income and of stabilizing such cyclical enterprises as livestock, would be preferable to government purchases of commodities on such a large scale as in the 1950's. Also, food stamps are superior to direct relief handouts as a method of providing food for low income families. But one must recognize that these two programs have been saddled with a "socialistic" label and are just not politically digestible now.

Radical changes in the relationship between government and private industry are always unlikely in this country. Even in the early 1930's, though there was much radical talk and despair was widespread, no majority could be mustered for drastic alteration of the system — such as nationalization of principal industries. The New Deal was essentially a propping up operation, with some reform, to be sure, but it was not the revolution which hard-shell opponents of F. D. R. tried to make it out to be.

Judging from our national history, one would expect that alterations in farm policy will be halfway steps, with no neat cures likely. John D. Black once took me to task gently for saying that "we will continue to muddle along by compromise, experimentation and half measures — this is the way of democracy and it is the best way." Black accused me of a counsel of despair. He was more hopeful than I that a nice, round package of farm legislation could be written which would meet the problems of agriculture. But in laying out his specifications, it seemed to me he was actually engaging in "compromise, experimentation and half measures." And he later conceded as much to me.

At any rate, I still believe that this principle of moderation and compromise is the key principle in making farm policy

acceptable in this country. And I don't think this is a counsel of despair. It provides some assurance that our mistakes — and they will be made — will be little ones.

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Discussion

AMONG THE LIST of conference participants I recognize the names of only two newspapermen, Lauren Soth and this author's.

A newspaperman always feels flattered when experts — professors and government officials — ask him to talk before them. In this case, though, my left eyebrow is raised just a bit.

The program has been arranged so that Soth and this writer are paired off, with Lubell commenting on Soth's paper, so that we can have our own private little battle.

I am not suggesting this was the purpose of having this author's talk follow Soth's. Maybe it was just a coincidence.

Several of the speakers at earlier sessions have made the statement that the heart of the nation's dilemma, over agricultural policy, is a deep-seated conflict in value judgments. This, of course, is the theme of this conference. The emphasis troubles the writer.

In the philosophic sense one can argue, of course, that virtually everything people do or do not do involves a value judgment. Also there is no question that agricultural problems are complicated by some conflicts of values and goals.

Still, this writer believes the farm crisis is essentially a crisis of technology out of control.

The heart of the problem is less a clash of values than that we simply do not know how to bring production and demand into balance.

The pace of technological improvement in agriculture is too rapid, and the potential for further productivity increases is too rich to be overcome by any policy of adjustment that anyone has so far proposed.

That statement is made, perhaps the writer should stress, not as a farm expert which he is not. Still he has been systematically interviewing farmers for more than ten years. To be able to ask these farmers sensible questions he has had to talk to many farm experts and do much reading — too much reading — on agricultural developments.

Every year that this writer goes out into the farm belt, he

comes back feeling that the problem of balancing agricultural supply and demand has become less manageable than it was the year before. We seem to be slipping further and further behind the technological eight-ball.

Or perhaps the writer should say, if he can be permitted to scramble his metaphors, we appear to have learned how to make two eight-balls grow where only one grew before.

Examine, if you will, the varied adjustment approaches that are advanced and ask yourself whether any would achieve balance with technology.

The free market? Changes in prices do cause farmers to shift some of their resources from one type of agricultural production to another. But the evidence is overwhelming that the price mechanism by itself cannot be used to reduce total agricultural productivity.

In recent years many farmers the writer has interviewed have complained "some farmers around here have had to quit." Always the writer asks, "What happened to the land that the farmer had to give up?"

Always the reply comes back that the land was taken over by a more efficient farmer who probably is producing more on the same land.

What of the migration of farm population to the cities and towns? This movement has been impressively large in recent years. But if anything it has only spurred the greater use of farm machinery and other crop stimulants.

What of controls on production as a solution to the farming problem?

Certainly these can be made more restrictive and more effective. But neither the farmers, nor the politicians nor the consuming public has pushed for really effective controls. In part this represents a conflict with the traditional beliefs in so-called free enterprise, but I doubt that ideology is the main source of farmer resistance to government controls.

In my own surveys the writer has found that the main divider between farmers who want production controls, and those who oppose them, is how farmers calculate their chances of riding out the adjustments that might be forced by declining farm prices.

Nearly all farmers think that there are too many farmers in the country and that some farmers are going to be squeezed out. If a farmer thinks he can survive the "shake-out," possibly because he is clear of debt or because he is a better farmer, he tends to say, "I'll take a chance on a free market for a couple of years anyway."

In contrast, if a farmer feels uncertain about his ability to

ride out a decline in farm prices he tends to favor production controls.

Right now there are more farmers on this uncertain side than there are willing to gamble on a free market.

However the farmers who prefer government intervention to a free market want these production controls to be only partially effective. They want enough slippage in the system of controls to avoid too drastic an adjustment. Also whatever program is set up, the farmers try with might and main, with fertilizer and machinery, to beat the program.

The farmer's resistance, in short, is not based on "values" but on calculation. It is not primarily a problem of his allegiance to some principle, but that he has calculated that either truly effective controls or a free market would be too disruptive on his own farm.

Another suggestion that has been gaining support among some farm experts is the idea of solving the farm surplus problem by getting rid of the marginal and submarginal farmers.

This notion is, the writer suspects, largely a statistical mirage. Some nimble-machined statisticians have figured that the excess production on the market roughly equals the farm output contributed by the smallest, most marginal producers. The statisticians seem to have reasoned that if the production of the marginal farmers can be erased away, the production figures can be brought into balance with demand.

But this is like telling a man to cut down his weight by amputating an arm or a leg.

Last year this writer worked with the Iowa Extension Service and the Des Moines Register-Tribune on a state-wide survey of farmer reaction to the so-called Conservation Reserve. We found that it was easy enough for the government to rent the poorest lands or farms which were being operated by older, sickly people who were looking for some means of cutting down on their work load.

By increasing the rate of payment, it was also clear, more productive land could be taken out of production. But long before 60 or 80 million productive acres could be retired, you would precipitate a major social and economic crisis. Not only would communities be threatened with being put out of business but tenants everywhere would be threatened. Thousands of tenants would be displaced as farms were placed into the reserve and the bargaining position of other tenants would be weakened.

After our Iowa survey, this writer wrote a series of articles that appeared in newspapers around the country. From a dozen states he got letters from city people asking how they could put

the farm they owned and which was now run by a tenant, into the reserve. Some of these letter writers were widows; others were managers of estates or had inherited a family property or had bought farms as a hedge against inflation. These letter-writers were attracted by the prospect of being freed of the chores of getting along with a tenant and of converting their land acreage into the equivalent of a government bond, which paid a fixed return each year.

Nor does it seem likely that the so-called marginal farmer will be lured out of farming by the expansion of nearby industrial job opportunities. The more likely result — at least this is what is found as one travels among farmers — is the intensification of part-time farming, with the farmer using his job in the factory or town as a means of holding onto his land.

Here, we do come into a real conflict of values. Many farmers do not feel that dollar efficiency is the most important value in life.

In Lucas County the writer remembers stopping at one farm which was on a slope. The road into it was eroded and rutted. A 1952 Dodge car stood outside the farmhouse which was unpainted and weather-beaten.

The farmer living there had put his land into the conservation reserve and gone to work for a neighbor to make enough money to finish paying for his land.

The writer decided to put the issue to him bluntly. "Some people say that farmers like you, on such small acreages, ought to quit farming. Why don't you?" he asked.

This farmer didn't get angry. He replied quietly, "Nothing would make me quit farming. I like it as a way of living."

"What if the government gave you training for a new job?" was the next question.

"I'm too old for that," he replied.

He then went on to say, "We don't expect much out of our farm. I used to work up in Story County and made a lot more money up there than I do down here. But people around here are much more friendly. They're not in such a hurry. They don't work so hard. They stop and talk more."

At that point his wife, who was cooking dinner on the stove, broke in, "Up in Story County people have dollar signs in their eyes. Down here they don't."

In rich, fertile Story County this family had felt itself a misfit. In Lucas County the soil was poorer and more eroded — but still more friendly.

Again, Professor Duncan was with the writer when we talked to a highly intelligent farmwife on another small, hilly farm in Wayne County.

"We like a farm as a place to bring up children," she explained. "My father doesn't understand that. When he visits us he keeps asking how can we try to farm down here. To him farming is a business. He owns nearly a section of land in Greene County. He has four tractors and every other kind of machine you can think of. But I can remember how he worked us kids when we were young to get that machinery."

When the writer asked her, "What would it take to get you to quit farming?" she replied, "I don't think you could get us to quit."

Her husband works off the farm in Des Moines and uses the car all day. This farm wife, if she has to go anywhere during the day, either hitchhikes or rides the tractor.

Why didn't they buy another car?

She laughed and replied, "All the money around here is too busy. None of it is ever idle."

There are many persons who do not believe that money is the dominant value in farm life. They will not be drawn off the land easily. It is also anything but honest thinking to put the blame on them for our farm surpluses and not on the major producers.

Curiously, the automobile has given many of these people the technological means by which they can stay on their land and supplement their limited farm earnings with an off-farm job.

To sum up so far, conflicts over values and goals are important, but even if these conflicts could be reconciled — and many cannot be — they would not yield us a solution of the farm problem.

It is the extent of the adjustment that would be required to balance production and demand — not ideological conflict — that is the crux of the farm policy dilemma the nation faces.

Put another way there is no solution to the farm problem.

We would be wise, in fact, to drop the word "solution" from our thinking, to revise our dictionaries and label the word "obsolete." It is self-deceiving to talk as if the goal of agricultural policy can be some program which will enable us to feel the problem is taken care of and can be forgotten.

To most of the problems that vex our society there are no solutions. There is only an unending search for a higher percentage of satisfaction from the alternatives we can pursue.

This appears also to be Lauren Soth's view. On this point we two newspapermen are in accord, that "the only alterations in farm policy" we can expect will be "halfway steps, with no neat cure-alls."

As Soth emphasizes the key word is "acceptable." The problem is to formulate policies which will be acceptable to many

varied groups and interests. What is acceptable will have to be determined by moderation and compromise — plus some cash.

How does one go about searching for this highest common denominator of acceptability?

One possible approach that the writer would like to propose is to deal with the problem as an exercise in collective bargaining between the farmer and his legislative representatives on one side, and the representatives of the consuming public on the other.

Of course, some collective bargaining now goes on through the agricultural committees of the Senate and House. But the process is considerably obscured by the fact that these committees generally present their demands in terms of detailed changes in technical formulas, in such things as price supports, minimum acreage allotments and so on.

Open collective bargaining might make clear the real nature of our agricultural problem to both the farmers and the public.

What could come out of such an approach?

There seem to be five possible reforms in our thinking:

1. A recognition by the nonfarming public that farm surpluses are a valuable asset to our society, vital insurance against drouth and crop failure at home and famine abroad.
2. A recognition by the farmer that a dollar ceiling has to be put on what this insurance is worth — a fixed limit to the cost of the whole farm program.
3. A general recognition by both farmers and the nonfarming public that an effective halt has to be called to inflation.
4. A general recognition that whatever farm program is adopted must be effectively policed so the government gets what it pays for.

This would require an end to using lax administration of the farm program as a means of buying votes.

5. Agreement on a new, more realistic definition of who is a farmer.

Five years ago, in a book on world trade, the present writer wrote:

Currently the tendency is to think of our surpluses as costly liabilities. But two world wars and the whole course of the postwar period have shown that the free world's strongest single asset is the ability of the American economy to generate sizable surpluses of every kind, from food and machinery to medicine and clothing.

When famine threatened India and Pakistan, we were able to send these countries shiploads of wheat, without taking a slice of bread from an American consumer. Should Asia's "rice bowl" fall into Communist hands, it would be our surplus stocks that other Asiatic countries would have to look to for the food which would keep them free.

Although the heads of many foreign governments do not seem to realize it, our productive resources are the cushion which permits them to sleep in political stability and freedom.

It was encouraging that both Vice President Richard Nixon

and his self-appointed chief prodger, Nelson Rockefeller, endorsed the idea of a stockpile of some farm products as a reserve against drouth and famine.

Such a reserve should be created and an orderly, less expensive storage program set up to see that wheat, corn and other commodities do not rot and spoil; also to see that the government gets full value for every storage dollar paid out.

In exchange for recognition of the fact that surpluses are an asset, the public is entitled to an effective limit on the cost of the farm program.

The cost of such a program is expressed, of course, in two ways, food prices and the subsidy coming out of the treasury.

In his paper, Lauren Soth dismisses resistance by the consumer as a factor of major importance in determining farm policy.

This author's own interviewing indicates a considerable concern over high food prices among consumers, particularly among worker families.

The rise in food prices in recent years has also had some upsetting effects on the rest of the economy.

Many families have told the author that two to three years ago they had to increase their weekly allowances for food. The increase generally was on the order of a jump from \$25 to \$30 a week. This increase forced many families to curtail their buying of other things. This was particularly true during the recession, and it has remained true, since then, in areas where workers have not been able to get overtime.

Resentment against the rise of price in groceries is also the factor cited most often by workers in justifying their demands for wage increases.

The fact that union leaders, as Lauren Soth points out, "make very little noise about food prices," is only evidence of the widening gulf that has been developing between union leaders and their members. Most union members would prefer wage and price stability to further inflationary rises in food prices and higher wages.

What might be more to Soth's point would be to ask why, when the prices received by the farmer do decline, aren't the benefits passed on to the consumer?

The second cost effect of the farm program is on the general budget.

The several billions of dollars that are going into farm-price supports and storage costs represent that many billions which could be diverted to expanded defense, or to some other worthwhile purpose.

Now this writer happens to believe that federal taxes are too

low in relation to our need. It is sometimes said that federal taxes take one day's pay of every week's earnings.

Is it too much to ask every family head to contribute 52 days of service during the year to the defense of his country?

It is also unfortunate that the Defense Department, by tolerating so much waste, makes it difficult for people to do their patriotic duty.

Nor is the farmer standing alone in the subsidy line. He has a lot of company in the people who are getting some form of government subsidy.

Still, we appear to have reached the point where whatever goes out of the budget for one purpose conflicts with spending for other needs.

A farmer once interviewed in Boone County suggested a possible way of dealing with this problem. He thought Congress should put a limit on what the total cost of the agricultural subsidy should run — so much and no more.

Once the total cost had been determined, the farmers and their representatives could fight it out among themselves as to how they could live within it.

I'm not sure this is a practical suggestion but it has the merit of dramatizing one need — of an upward limit to what the agricultural program can cost the taxpayer.

On the farmer's side, his representatives should be seeking alliance with those other elements in the economy who are opposed to a policy of continuous inflation. Repeatedly farmers have told me, "The prices we're getting are all right if the cost of what we buy didn't keep going up."

Currently the main squeeze on the farmer is not coming from a decline in farm prices. The squeeze is being exerted through rising costs. This squeeze, in turn, presses the farmer to take advantage of every manageable technological advance to increase his own productivity.

On this score some shift may be needed in the orientation of both the farmers and farm experts. Farmers, of course, have long been educated to the fact that they suffer from a basic organizational disadvantage, in adjusting their production to changing market demands.

Many of the papers that have been read at this conference have concentrated on this conflict of economic organization between different segments of the economy, of how difficult it is for the farmer to hold up his prices by curtailing production as industry can, or by withholding his labor from the market as a trade union can.

But perhaps more attention should be devoted to the cost side

of the squeeze, to what it is that operated to make continued inflation the policy of the administrations elected in 1952 and 1956 in Washington.

The author suspects that the economists are devoting too much time and energy to comparisons of industrial and agricultural organization and not enough attention to the implications of the management of our economy from Washington.

A fourth reform that is needed is a stiffer administration of whatever program is adopted so that the government gets full performance for what it pays for.

One is shocked by the number of farmers who tell one that they put land into the soil bank which never was planted to any crop.

Others have said, "The government is a sucker to pay me for doing something which the farmers intended to do anyway."

No government should make a fool of itself with its own citizens. Many so-called conservation practices need overhauling to conserve respect for the government.

Part of the trouble, of course, is that some farm programs have been put into effect primarily to buy votes. This was true of the soil bank program that was rushed into operation during the 1956 presidential campaign. As this writer wrote at the time, most farmers looked on the soil bank as a "vote buying farce."

One Minnesota farmer the writer recalls referred to the land he had put into the soil bank as "Benson's acres."

When asked what he meant by that he replied, "We call them Benson's acres if they're acres we put into the soil bank that wouldn't have produced anything anyway."

Another blow to the morality of the farm program was Secretary Benson's decision to extend price guarantees to corn producers who had not signed up for acreage reductions. The corn farmer who had signed up felt Benson's action was immoral.

The farmers, the government and the nation — all will be better off if each farm program is regarded as a contract which requires farmers to measure up to the exact performance for which they are being paid.

As the farm programs have been drawn up and administered they have been an invitation to abuse.

Finally, surveys by the author among farmers make him feel one other thing is needed — a clearer definition of just who is a farmer, and just who is entitled to farm income payments, subsidies and other advantages of a farm program.

During the recent primary contest in Wisconsin, for example, the author stopped at one farmhouse before which three automobiles were parked. The farmer living there protested bitterly,

"You can't make a living farming anymore." When asked about the three cars parked outside, he explained that both he and his two sons had full-time jobs off the farm. They used the cars to get to and from work. They had all come home for lunch.

As the writer drove away from that farm he wondered was it really the government's responsibility to subsidize the farm production of a family into which the income from three nonfarm jobs was flowing?

At what point did a man stop being a farmer or stop being entitled to government aid?

That Wisconsin farmhouse was not exceptional. In every state the division between the farmer and nonfarm worker is being blurred. Ten years ago one could stop at almost any house by the road and the occupant was almost certain to be a farmer.

Now a person has to hunt up silos, or look for cows and pigs to be able to locate a farmhouse.

Who is a farmer has become one of the great unsolved mysteries of our economy.