I think that Messrs. Wells and Thompson have done a complete job in providing the facts of the case with respect to wheat. There is little which can be disputed in the material which they have presented. My remarks are directed first at some topics which are stimulated by their facts about the present programs. Then I shall comment on some of the alternatives which have been suggested.

This discussion is not actually directed at all wheat, but rather at Great Plains wheat. The problems of wheat relate largely to hard-red winter wheat, and hard-red spring wheat. These wheats are the particular problems of plains agriculture.

I must also suggest at this point that it is difficult to talk only about wheat. The problems of wheat are symptomatic of the difficulties of all agriculture. The listener will note an increasing tendency to deemphasize wheat as a separate commodity as this paper progresses and to deal more heavily with the entire agricultural setting.

One of the basic troubles of wheat, as in the case of other agricultural commodities, is the fact that our ability to produce it, per acre, has risen since the 1920's, not as rapidly as corn, but significantly nevertheless. Thus, if we estimate a trend line through harvested yield data since 1920 the increase has been from 11 bushels to 18 bushels per acre, or over 60 percent; this amounts to 1.5 percent per year. The data given by Wells and Thompson indicate what this has meant in production, in recent years. This rise in producing ability has been due to the introduction and use of new technologies, and has characterized the whole agricultural industry.

In the current discussions (and debates) on controls of farm production, it is instructive to review the history of production controls. The McNary-Haugen legislation of 1929 created a program which, under the Federal Farm Board, provided for marketing subsidy and storage with no control over production. This lack of control over production proved to be an Achille's heel, as we found that we could not market our troubles away. Wheat (and cotton) prices were raised when the government purchased stocks and were later lowered similarly when the government later released these same stocks when appropriations were exhausted.

With the Agricultural Adjustment Act of 1933 came the first attempt to control acreage of crops, voluntarily. Drought was more important than this program in reducing wheat acres, however. More firm means of restricting acreage came into being with the Agricultural Adjustment Act of 1938. Under this and succeeding legislation allotments and quotas were in effect in 1938-42, 1950, and from 1954 to the present.
The control has been over the acreage of wheat rather than over its actual production, however, since marketing quotas have been calculated by applying normal or actual yields, which ever is larger. Farmers increased their yields on allotment acres for several reasons; thus while wheat acres harvested were reduced 22 percent from 1953 to 1960, yields rose 49 percent higher (this includes the effects of very good weather in 59-60) and production increased 17 percent. In addition farmers raised feed—corn, sorghum, small grains—on their diverted acres.

In 1956, however, we took more direct means to reduce production by creating the Acreage Reserve. Drought conditions played a large part in the sign up in the Plains area in 1956 and 1957. The three million wheat acres (5.5 percent of the wheat allotment) now in the Conservation Reserve represents a longer run commitment; as a production control measure, however, they are pretty well offset by the acres exempted from penalty on farms with allotments of 15 acres or less.

At this point reference should be made to the oft-repeated hypothesis that the price support—acreage allotment program, through the exemption of small producers from controls, has spread the production of wheat, and increased production outside of the wheat areas. The data fail to support this notion. Thus for 1954 the nine Great Plains states had 73.4 percent of the allotted acres, and still had over 73 percent in 1960. During 1951-53, before controls were re instituted, the nine Great Plains states planted 73 percent of the nation's wheat acreage. During 1954-58 the proportion averaged 71 percent. While it is true that recent figures seem to indicate a shift in total production of wheat from the Plains the underlying cause here was drought in the Plains during several years in the 50's which lowered total wheat production in that region. Production in the Plains during 1958 and '59 indicate that the proportion of the total production in this area was similar to that in the 1940's. It should also be noted, however, that the alternatives to wheat on diverted acres in the Plains are probably not as "close" economically as are the alternatives to allotment crops in areas with more rainfall. Thus the economic "pain" from diverting acres may be greater there than in more humid areas.

On the domestic demand side we find that the use of wheat for food has been surprisingly stable; the effect of increases in population have been almost exactly offset by decreases in per capita consumption. In the meantime we have cut the use of wheat for livestock feed to a nominal level because wheat has been priced higher than its feed value in relation to other cereals.

In the face of a steadily increasing yield of wheat on the one hand, and a stable, inelastic domestic consumption on the other, we have institutionalized the supply acreage of wheat by fixing the minimum allotment acreage at 55 million. Apparently this figure has been a "last ditch" beyond which we have not wanted to retreat.

Frustrated in our attempts to reduce production, or perhaps being really unwilling to do so, with little possibility of increasing domestic consumption of wheat for food, and being unwilling to price it for use as feed, we have engaged
heavily in the variety of export operations outlined by Wells and Thompson, most of them subsidized from the federal treasury to greater or lesser degree. Despite our success in increasing exports to the point where they have equaled our domestic consumption, storage stocks have continued to mount quite steadily to over 1300 million bushels on July 1, or the equivalent of a year's crop. Visualizing no possibilities for increases in either domestic or export uses, and assuming no program changes on the supply side we can expect in the years ahead a continued buildup of storage stocks at the rate of about 100 million bushels per year.

The basic weakness of our present approach to the wheat surplus problem has been our unwillingness to take a firm grip on production. It would seem that we could have done so under our present laws by decreasing the allotment acres more drastically, by using market quotas based on production rather than acres. It is almost redundant to say that a program involving price supports, a form of control, will inevitably result in build-up of storage stocks if production is not also controlled.

The public concern over the cost of storage stocks, and of exact subsidies is recognized. In fairness, however, the nominal impact of price supports on wheat to consumers is also to be noted. Thus we can compare the one cent per loaf impact of price supports with the increase in the price of bread from 14.3 cents per loaf in 1950 to 19.6 cents in March, 1959 in the U. S., an increase of 35 percent. During this period the price per bushel received by farmers for wheat declined by 12 percent as the support level dropped.

The impacts of our export programs on the foreign market, as discussed by Wells and Thompson, are indeed controversial, and in ways other than their impact on the world price of wheat, which is negotiated through the International Wheat agreement. Data from Canada are suggestive. In 1957, for example, the carryover of wheat (all of it on Canadian farms) was 135 percent of its 1950-54 production, compared to 81 percent for the U. S. In that year the carryover in Canada was 1.6 times as large as its domestic and export use, while in the U. S. the comparable ratio was .9. Between 1945-49 and 1957 the build-up of stocks in relation to production was twice as rapid as in the U. S.

The statement of one of our Canadian graduate students to the effect that "Canadian wheat farmers didn't mind competing with U. S. wheat farmers, but that competing with the U. S. Treasury was more difficult" illustrates this impact in less abstract terms. In fairness, however, it is my understanding that we are now working more closely with the Canadians, and other competing exports, than was true a few years ago.


CRITERIA FOR APPRAISING FARM PROGRAMS

In appraising a farm program, it is appropriate that we specify the criteria used for evaluation. Presumably, a program may be judged against at least the following criteria, and a new program must meet them acceptably.

1. Its effect on efficiency of the industry and on the economy.
2. Its effect on income distribution among farmers, and between agriculture and the rest of the economy.
3. Its political acceptability.
4. Its administrative feasibility.

I shall comment on these criteria in more detail in relation to the present program.

THE PRESENT PROGRAM

Efficiency

There are several definitions of efficiency. From an individual farmer's standpoint it can probably be said that our past programs have provided incentives toward increased physical productivity of land and labor. Higher incomes have enabled them to acquire more capital items, particularly machinery. Undoubtedly, wheat farmers have applied more fertilizer, adopted more improved practices, and invested in more machinery under our price support-acreage allotment program than they would have in the absence of a program.

From the standpoint of the economy, however, an increase in output by itself does not necessarily represent efficiency. It depends upon the value placed on the product. By itself the buildup of stocks of wheat which no one wants is not efficiency. Neither do export programs whose principal objectives are to rid us of embarrassing stocks represent efficiency. Cutting the allotment of a supported crop but letting producers plant other substitute crops of which there are also surpluses on the diverted acreage is not promoting efficiency. Historic allotment bases tied to land, regardless of land productivity, do not make for efficiency. Consumers in the economy, as well as foreign customers, apparently do not want our wheat in the quantities produced and at the prices asked. Further, domestic consumers would not want food wheat in much larger quantities if the price were cut one-fourth or by one-half, or even if it were given away free. It is true, of course, with an inelastic demand that the margin between under-production and over-production is narrow. This margin translates into a high degree of price variation for wheat on the open market, without storage programs. Of course, if we allow the price to drop to a feed level the wheat not eaten by people would become part of the overall feed supply, the problems of which are being discussed in another paper.
In the general sense, where an industry shows the propensity, with the resources presently committed, to produce more product than consumers will take at satisfactory returns to the resource owners, the long-run solution from the efficiency standpoint involves moving out enough land, labor or capital, until the supply is decreased, and prices consequently raised to levels where the resource returns, on the average, are satisfactory. (The net effect, after all the accompanying adjustments is a lowering of total costs, but a raising of marginal value products.)

The problems of wheat are inseparable from the problems of the entire agricultural economy from the efficiency standpoint. The present price support-acreage allotment programs must be regarded as involving resource inefficiency from the standpoint of society as a whole.

Income distribution

As suggested by Wells and Thompson, wheat producers have experienced higher incomes under the price support programs than they would have without these programs. These income increases represent a transfer of income to wheat producers from society. Of course they had to shrink the acreages of wheat, but they recouped the major portion of the income lost on diverted acres by raising feed crops. Income transfer came in three forms: (1) Purchases by CCC of wheat, by way of taxes (2) Subsidy of exports, again from taxes (3) Increase in market prices--a transfer in the market place.

In economics it is not possible to really say that one income distribution is better than another. We do have minimum standards for income for industrial workers which are regarded as socially desirable. A price support program is quite impersonal in transferring income, up to the maximum payment limit. It affects producers in proportion to their gross production. An important share of price support money, at least half in the case of wheat, more in the case of corn, does not end up in farmers' pockets at all but in the pockets of feed dealers, fertilizer dealers, grain storage agencies, and transportation agencies.

It must be noted that agriculture, and particularly the wheat industry, is peculiarly vulnerable in the market place, if prices are allowed to move freely, to the effects of production increases on income because of the peculiarly inelastic demands which it faces; small mistakes in production can have drastic effects on incomes. Because of this it is likely that agriculture will get special attention from the income standpoint for a long time to come. However, if income transfer in years of low income, or regions of low income is our objective, there are much cheaper ways to do the job than by price supports and acreage allotments.

Political acceptability

One reason why the price support-storage program has been with us this long is that, while not particularly popular, they have apparently been less objectionable in the minds of voters, farmers, and congressmen than some other
programs. Thus an income transfer through the price support program has been more acceptable than one made by means of a direct payment, although we do have direct payments in the case of wool, and use them in many other ways also. There is evidence now that consumer taxpayers of the nation have become increasingly disenchanted with storage stocks; it is not that taxpayers object to paying taxes to support a farm program. Rather, it is that they have seen no solution to the "farm problem," as evidenced to them in storage stocks.

Administrative feasibility

It is self evident that a successful program must be possible to administer. Knowing little about this subject I shall not comment further.

ALTERNATIVE SOLUTIONS TO THE WHEAT PROBLEM

As I suggested earlier the "wheat problem" is really not unique. Wheat is but one of several sources of human and animal food. Therefore in the following I shall pay special attention to wheat, without confining myself to it. Further, my remarks will be made from a background which is largely Plains and western cornbelt in orientation, and I shall note particularly the impacts of general programs on this region.

The free market

A return to free market prices would not cut the production of wheat; in fact production might increase as diverted acres in specialized wheat acres returned to wheat. The price of wheat would tend to be about 10 to 12 percent higher or more than the price of corn. The market supply of feed would be increased by the wheat now diverted into storage, plus the increase in production of calories on acres now diverted to substitute crops. Wheat consumption by people would not increase; the wheat not consumed by people would be fed to livestock or exported. Incomes of wheat farmers would decline, and become variable. Declining prices would not cut production in the short-run. In 1929 the purchasing power of a bushel of wheat was only three-fifths of what it was in 1919. U. S. farmers raised almost as much wheat, yet had only 46 percent as much income. This was when they turned to the government for help.

With free markets the disposal of the present storage stocks would be a troublesome problem until they were liquidated. Any sudden large scale release of stocks would be disastrous as far as agricultural income is concerned.

Under a free market farmers, including wheat farmers, would be subjected for a long time to a downward drift in income created by the combination of inelastic demand, increase in production, and the inherent lack by the industry of the ability to assume organizational control over its production.
Even though we are not willing to convert to the free market now, but interested in doing so later, we ought not delude ourselves by thinking of programs as but temporary expedients which after a few years can be phased into the free market. We had better design our programs sensibly and not as emergency measures, because they will likely be felt necessary for many years.

Marketing program for wheat--a variation of marketing quotas

The program presented to the second session of the 86th Congress by the National Association of Wheat Growers, with the support of several other farm groups, was a variation of the so-called domestic parity plan which has been discussed for a long time. It was a two price plan, involving a separation of markets so that a higher price for food wheat derived by restricting supplies in the food market. Wheat growers would thus in effect receive a blended price, through the use of marketing certificates which should accompany wheat sold for food and export. Wheat could be sold freely for feed at a feed price. The volume sold for food and export would be carefully regulated to achieve the desired price. The foreign buyers would pay the world market prices, with the difference being made up by the U. S. Treasury.

The wheat growers' plan had several important innovations, however, as compared to earlier two price proposals. First, it called for a retirement of 10 percent of the original wheat base by each producer to a conservation reserve totaling 7.8 million acres, without payment; an additional 10 percent might be retired with government payments if the funds were available. These measures would reduce competition with the feed grain sector. Second, the plan included a proposal for the liquidation of CCC stocks at the rate of 150,000,000 bushels per year. More controversially, it called for a doubling of export subsidies on wheat. The 100 percent parity price of $2.36 which was called for would without doubt be subject to criticism, but was undoubtedly a lead from which bargaining might start.

From the efficiency standpoint this program would score in the reduction of storage stocks. An innovation not proposed by the wheat growers which would promote land use and farm organizational adjustments even more would be to make the quotas, and by inference, the retired acreages negotiable. Thus some farmers might buy additional quotas and specialize in wheat production. Others might take over acreages of retired land simply for the rental. This would tend to keep the more productive land in wheat, and the less productive land in diverted use.

In summary this program would accomplish the income transfer objective more heavily through the market than the present program; it would promote efficiency by liquidating storage stock and requiring the retiring of marginal land. It would involve the government in heavier export subsidies than is now the case.

Single commodity approaches complicate the achieving of overall solutions to the problems of agriculture. However, if we are to adopt the single commodity
approach this plan goes further in production control measures than have similar plans for grains in the past.

This plan could be made part of an overall marketing quota system for the grains such as has recently been suggested. Such a system would involve estimated fair prices, national marketing quotas for each commodity, or for composite collections of substitutable commodities, and allocations of quotas to individual farmers. Such quotas would be negotiable. If rigidly enforced these quotas would raise farm prices and income. With negotiable quotas efficiency would be encouraged between farmers. Of course, program benefits would become capitalized into the price of quotas in the same way as they are now capitalized into land values.

Farm incomes could be increased by these programs, by means of a transfer of income from consumers to farmers through the market, with higher market prices. Important problems relative to international trade relations would have to be solved.

The land reserve approach

This label denotes several kinds of programs including the acreage reserve of recent history, the present conservation reserve, the whole farm bid plan which died "aborning", as well as compulsory retirement schemes. Most current discussion seems focused on some sort of expanded conservation reserve, say, from the present 30 million on up to 60 million acres or more, most likely on a voluntary basis rather than being compulsory.

This program as commonly conceived involves the shifting of land from use for wheat and feed grain production to non-use, except for practices consistent with erosion control. There is no doubt that if enough land were shifted from use to non-use, production of feed and wheat would be reduced. The program would result in higher farm prices, and would consequently provide the incentive for farmers to add more variable inputs to the crop land left in production; however these increased inputs could be offset by taking out additional land. Personally I feel that 100 million acres is not to be regarded as a surprising requirement if the job is to be accomplished in the longer run, and in view of the fact that we would not be taking out "average" acres.

We should not be under any illusions that a land retirement program will not also result in the release of other resources from farming--capital and labor. Our experience during the last few years has indicated that people nearing retirement, those with special skills who live near a job vacancy, those in ill health, and others who are similarly less committed to farming are the first to take advantage of this program. A land retirement program is actually a device which makes it more certain that these people will not be replaced, either by their sons or by others who would otherwise till the land which is released. As these people leave farming they will disinvest the capital resources which they have in farming--machinery, equipment, livestock, and buildings. This retirement of the human factor, and associated capital, will take place whether the program involves whole farms or parts of farms, albeit more slowly if the latter is the case.
A land retirement program is quite logical if it can be somehow applied to the land areas which we regard as marginal for tillage. Thus, during and after World War II the wheat acreage rose from a low of 53 million acres to 84 million acres in 1949; most of this increase came in the Great Plains States, presumably on the more marginal land. Recent research has indicated the location of other areas of marginal cropland around the country. 3

To be successful a land retirement program should be on a permanent basis; farmers shouldn’t be given the incentive of waiting out the program as they are now doing in order to plow the land up as soon as possible. To my knowledge there is nothing in the present legislation which provides for a renewal of conservation reserve contracts at the end of the contract period. The C. R. land can be brought back into production in a higher state productivity than when it was taken out.

The contracts should be for as long a time as possible, and should be on both whole farm and part-farm basis. A voluntary program might provide for the sale of land to the government in lieu of rental payments. Careful attention should be paid to classes of land under the program, and payments should reflect differences between land classes, within the range of land classes included. A voluntary program related to land classes would cost less than a program which called for the same proportion of land between counties, or even more extreme which called for a similar allocation to each farm.

A conservation reserve type of approach might be worked in over say a 10-year period to replace the price support-allotment program; it would be less expensive if not conducted on a crash basis, since it would give more farmers a chance to make definite plans for adoption, and to adjust themselves to the program. Farm communities would also have a chance to adjust to the program. At the end of 10 years the production of farm products would have presumably been cut so as to achieve satisfactory price levels, storage stocks could have been liquidated, and the price support-storage program terminated.

In the Plains area another advantage of a long-run approach would be that the program could be applied more heavily during drought years, and in affected areas. Recent history in the Plains area indicate that farmers are more apt to move out during drought, if they have a place to go. 4

The use easement approach

A variation of the reserve scheme is the land use easement, about which there has been less discussion. From the long-run standpoint it makes more sense economically than does the non-use approach. This is true because land which is


marginal for wheat (or corn) is not necessarily marginal for grass. While $25 gross income per acre under wheat may represent a long-run loss situation, $15 gross income under grass may represent economically viable production. Under this program the government would purchase the right to till crops on a land area for a very long period, or better yet, permanently. Farmers could produce native grasses on this land, and use them for livestock feed. Such shifts will reduce the production of feed units, since the shift is from an intensive system to an extensive system from the standpoint of other resources combined with land. Such easements could be released temporarily, when national emergencies called for more grain production; the easement land should be transferable so that farm and ranch units can be reorganized.

In its encouragement of the release of the labor factor from agriculture, and its effects on rural communities, this program would be similar to the non-use retirement programs, except that its effects would probably not be as severe, particularly in areas with large eligible acreages. It would increase the production of grass, and consequently the production of forage consuming livestock. This production would be competitive with cattle production in grain areas, but the competition would be consistent with consideration of long-run competitive advantage, and also with the projected increases in total demand, and demand per capita for beef in the future.

Incidentally a program under which the federal government is presently supporting the conversion of cropland to native grasses is the Great Plains Conservation Program. Since millions of acres of grassland in the Plains were plowed up at the behest of society during a period of food scarcity, it is not inappropriate that society also support financially the costly and risky process of converting this land back to another use when its cereal product is no longer needed. Unfortunately, however, up to this time more funds in the Great Plains Conservation Program have been used for practices other than regrassing, including even irrigation development, than have been spent for regrassing. Also, society has no real assurance that the regrassed land will not be plowed up with the expiration of the contracts.

Expansion of exports

Having touched on a couple of supply control programs of particular interest to wheat, it is also appropriate to note a couple of other programs which would attack the surplus problem via demand expansion. There appears to be little possibility for any important expansion of our commercial exports of wheat abroad in volume large enough to affect the storage stock situation. In fact we will do well to maintain our present exports. A troublesome problem with respect to commercial exports of wheat has been that of grading practices. Our foreign customers have complained in the past about the amounts of foreign material which has been allowed, and in fact deliberately mixed into wheat going abroad for export. Apparently this has been improved lately, but there are still problems concerning the variation in quality which may be found within one grade, such as No. 1 hard red winter. Apparently we need grading standards which more closely represent baking quality. At this time some of our foreign competitors may be doing a better job of grading relative to baking quality than we are.
A more dynamic topic is that of the use of food for foreign economic development. Many people look upon this as a humanitarian way to solve our surplus problems. However, the two objectives implicit in that statement need to be separated very clearly in our thinking. It is conceivable that more wheat than is now being shipped overseas under Public Law 480 and related programs might be used for economic development of certain developing countries under the best of conditions. These conditions would include our provision of technical assistance as well as other aid in the form of tools, machinery, and other non-food items. Food aid is only part of the total picture. We will have to think in terms of long-run agreements. Our primary interest will have to be in the best way to help these countries develop their economies, and not in terms of how much food they can take off our hands. We might better decide to turn these materials over to them free, instead of building up bank accounts of local currency. And in this process we will find that our surplus situation will not be alleviated without some kind of production control, since our farmers can rise to the challenge of improved prices resulting from increased exports with even more production, and we will be back where we were before as far as storage stocks are concerned.

Other program alternatives

Other program alternatives which would have an effect on the wheat sector might be discussed. However, time is too limited to do other than simply mention two.

No economic possibility expanding the industrial use of wheat seems very tangible.

I suspect that direct payments as a means of coping with drifting farm incomes are politically remote, as well as offering troublesome administrative problems.

Collateral programs

In closing, I would like to note some collateral measures which are not so widely discussed, but which have meaning toward particularly the long-run solution of problems in the Great Plains area, as well as other agricultural areas involved in long-run resource adjustments.

Food and feed reserve

Reserves should not be regarded as a solution to surplus problems. Assuming this, then, it would appear that there may be sensible reasons for considering the establishment of two kinds of reserves of feed and food which should be kept separate from each other. First, we might well have an ever-normal granary which might include an average of up to 500 million bushels of wheat kept as protection against
crop failure, as well as variation in demand. This reserve should not be used to support prices, but rather to keep market prices stable. It would be decreased by government sale when prices exceeded a specified limit, and replenished up to the storage limit, by government purchase, when prices fell below a certain limit. The stocks would have to be rotated, and this rotation going on annually should not be the cause for political excitement.

A second reserve program might involve the storage of food and feed in the vicinity of livestock production centers and population centers against the contingency of nuclear attack. A reserve of even as much as a billion bushels of wheat, or at the minimum, one year's domestic needs would not seem too startling. The cost of this reserve would seem chargeable against defense appropriations in the same way as other stockpiles.

Homesteads in reverse

Assuming a national economy which will continue to grow, and accepting the premise that the continued transfer of underemployed farm labor out of agriculture will be desirable for some time to come, it would seem possible to facilitate these adjustments and increase human welfare by several means. We have suggested that production control programs are going to encourage the outmovement of farm labor at a faster rate. These people might be provided with financial assistance for moving, and in getting established in other occupations. We could provide more complete job placement service, including specific job training. A variation in this general class of program, at a time when we are thinking of shorter work weeks, might be the lowering of retirement ages for farmers under social security, say to 60, or to 55 years.

Community assistance

A forgotten sector of the farm adjustment problem in the discussion of programs is the rural non-farm community. It is well known that some of the most vigorous objections to the whole farm soil bank came from rural communities which saw in this measure their own deterioration. They have not been completely enamored with the conservation reserve type of programs in general, and would raise objections again to an expanded form of this approach. Are there not ways to help rural communities in areas which will be affected most by land retirement or conversion, particularly in view of the fact that there are at least as many non-farm people in the rural communities who are as directly dependent on farming as there are on the farms of the same community? Perhaps special training and other types of relocation assistance might be provided to non-farm people of rural communities also. Financial assistance might be given to assist in the consolidation of roads, schools, utilities, and local government. Perhaps special help in developing non-farm industrial activity might be possible in certain communities where this is feasible. The challenge here is to help the community to adjust along with its farms, rather than ignore it as we have, setting up farm programs in the past.
The long-run

In the long run we would hope to see wheat grown in its areas of greatest comparative advantage; in the long-run the Great Plains will have to compete on an equal basis economically with other farming areas. This area can grow wheat competitively. While the Plains have somewhat unique adjustment problems relating to the lack of opportunities for intensive types of farming because of low and variable rainfall, because of the heavy costs of land use shifts, and because of the particularly costly problems facing rural communities as they attempt to adjust to decreasing populations, the fortunes of the Plains in the long-run will be tied to the fortunes of the whole agricultural industry and in particular with the feed-grain-livestock economy. In designing programs it is essential that the long-run view not be ignored.