The third annual agricultural policy conference has been directed to the objective enunciated in founding the series; namely, to provide opportunity for free and objective analysis and discussion of policy goals, means and results aided by new data and interpretations available. However, the environment surrounding agricultural policy, both in political considerations and economic understanding, is so complex that a great deal more effort is required.

Policy programs remain the number one problem of American agriculture and a major problem of American society. This is true as measured empirically by treasury funds allocated to agricultural programs, by the "felt need" of the public and still lack of a generally-agreed-upon program, by the degree of economic disequilibrium and level of labor returns in farming, or by other standards. Even though it is true that policy is the priority problem in terms of public investment in agricultural industry, yet the amount of research, professional discussion, knowledge and objective education is still scant relative to other scientific fields and problem areas. For example, agricultural policy still receives much less emphasis in research, education, professional meetings and similar efforts to solve problems and create knowledge than does farm management, agricultural marketing, soil fertility, animal nutrition and a number of other particular fields.

Progress in knowledge and understanding has certainly been made over the past two decades, especially in the last decade. If the growth rate of the total previous period is compounded over the next 10 years, we may begin to approach the appropriate investment for analyzing policy, in attaining proper understanding of alternatives and consequences and in defining publicly acceptable long-run solutions. It is unlikely that long-term and publicly acceptable policies will be attained until analysis and interpretation are broadened and carried to a larger segment of the farm and urban population.

The environment of communication, education and general public discussion on agricultural policy has improved over the past decades so that this task can be tackled more vigorously. It will continue to improve since more state universities now have the courage to do so and since more formal organizations are emphasizing agricultural policy analysis and education. The amount of resources so allocated, however, is still too small in relation to the public's need to understand the underlying economic forces and the likely long-run consequences of various policy alternatives.

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Public Decision-Making Process

Open discussion of policy conforms with two foundations of our society; namely, the public (democratic) decision-making process and freedom. Certainly one characteristic of freedom and free societies is that university and other public employees are able to conduct and publish research on policy, and to conduct education and public discussion on policy matters. Groups are not able to use various means to scuttle research and education and public discussion. However, in social systems which are the antithesis of our own and where freedom obviously does not prevail, the doctrinaire stand of the dominating group cannot be questioned. Heads fall both figuratively and literally if persons dare to analyze and publicly discuss potential policy alternatives or to question the policy position expressed by particular interests. Freedom, especially that surrounding agriculture, will be best preserved when many groups and organizations are able to conduct analysis and discussions and to have both scientific findings and recommendations or even hypotheses labeled as such brought to the attention of the public.

Detailed discussion of policy through semi-academic, professional, public or political means is part of the democratic decision-making process. Moreover it is highly similar to scientific research, wherein all previous knowledge is reviewed, alternative hypotheses and propositions are formulated and, under estimates of the most likely outcome, one alternative is tested. Unfortunately, few policies can be previewed in the manner of a small experiment, with the results eventually extended in broader manner to the complete population or universe. Frequently, the only way in which the results of a policy can be estimated is to put the policy into effect and measure the outcome. If it proves unsatisfactory or its results differ from those hypothesized, a new trial must be made through testing a new alternative or one modified from previous trials. American farm policy has, to an important extent, been one of public experimentation in this manner.

However, although there will always be some degree of experimentation involved in national policy because predictions are not errorless, it is not necessary for policy to lie entirely in the realm of "first hypothesis" testing. Two means exist whereby policies adopted can have a stronger base. One is in research and prediction of possible outcomes, opportunities which have not been fully exploited. Another is in the realm of public discussion of the full range of policy alternatives and consequences, without various or dominant interest groups denying consideration of hypotheses other than their own. Discussion, even where it does not have research base to give it exact empirical content, is the universal process for reasoned calculation on democratic social policy. Any group engaged in making a group decision can do so efficiently only if the decision is preceded by an appropriate extent of discussion. A legislative committee, a 4-H Club, farm organization officers, a university or any other group (even a Politburo) necessarily must engage in sufficient discussion if it is to make efficient decision -- even if solely for itself.
Unless all members of the group have supernatural powers and wisdom, voting in any organization, certainly in a large and democratic society, cannot be conducted successfully without discussion. Discussion and explanation provide the means for exchange of information among groups or bodies. Ordinarily attempts to minimize discussion are made where there is special interest in ramrodding a selection which is not optimum for the group at large.

The political process itself is a method of public discussion and exchange of information and hypotheses. It is a means by which the gains and losses from different policies or even the lack of policy might be particularly evaluated and estimated in relation to minorities and particular group interests. The route is roundabout but in the long-run public and political discussions lead policy towards the public interest and increased aggregate community welfare.

It is still true, however, that too little research and particularly too little education have been made available to aid the public decision-making process on agricultural policy. The Extension Service, providing objective services for these purposes, need not fear attacks causing it to have to "burn the books." While "burning or hiding the books" is literal in non-free societies, its equivalent is sometimes approached by pure voids in education programs or timidity in education on major policy problems.

Long-Run Perspective

In terms of this framework and of policy alternatives and choices for the next decade, several propositions are perhaps worthy of further examination. First, policy can have only minor effect on the major structural changes taking place in commercial agriculture. Regardless of historic policy orientations to the contrary, the economic growth forces of the nation are too strong and extend too broadly beyond agriculture for farm policy to have any significant restraining effect on the long-run tendencies toward capital-intensive farming, larger farms and a smaller labor force.

These structural and agricultural changes are affected by two sets of prices: those for farm commodities and those for resources used in agriculture. Price or income support mechanisms may bolster commodity prices and have ultra short-run effects in altering the outflow of labor resources, although it is not evident that this is the effective restraining parameter.

But even if price and income supports alone did serve thus, tendencies in real resource prices in the long run point towards larger and fewer farms using more capital and less labor. Agriculture now uses a small proportion of the nation's total resources and these resource prices are determined clearly outside of farming. Hence, under continued economic growth the real cost of capital declines relative to the price of labor. Capital
is being rapidly substituted for labor and land whereas a century ago the ratio of annual inputs in agriculture was 75 labor to 25 capital. The situation is now reversed for commercial agriculture. With the scale or cost economies associated with many capital inputs, the tendency will continue strongly towards greater volume and larger farms simultaneously with the rapid trend to a smaller labor force and population in agriculture. Even under higher support prices, these tendencies, which have been brought about by changing resource prices and productivities, still continue. Hence, while price and income support policies may serve as short-run cushions, they cannot offset the stronger long-run forces stemming from economic growth, which forces affect the relative real prices of capital and labor. Even if by stepwise function, policy needs better to recognize this "inevitable" in the effect of economic growth on farming structure and provide better means to accommodate it while preventing great capital losses to particular strata of farming.

The "voice of agriculture," its political strength, also is similarly a direct function of economic growth and its relative effect on prices of commodities and services as well as its effect on relative prices of capital and labor. With growth and higher per capita incomes, the total commodity mix of the nation includes a smaller proportion of agricultural products and a larger proportion of non-farm products. This change in the "shape of things" under economic growth draws labor from agriculture just as does the lower real price of capital under economic growth, which causes labor to be reduced in farming. With further economic growth, both in sight and necessary, the "voice of agriculture" can only decline further since voters are attached to labor resources. Policy should thus also be turning in the direction of the inevitable of the next decade. Perhaps the appropriate question is not what unique policy agriculture can retain or attain aside from the general policies of society. Perhaps the question is how to guarantee non-farm society (a) incentive for economic progress (b) positive rewards for contributing to this progress (c) stability in level and expectations of income and (d) prospects of growth in income? Appeal will be better made to general society in providing policy measures to agriculture now possessed by itself rather than in providing special and unrelated policies to the farm industry. Just as price supporting policy elements can only slightly restrain the tendency towards the longer-run structure mentioned above, so retarding legislation on reapportionment can perhaps slightly restrain the decline in the voice of agriculture. However, economic growth, with its effect on relative prices of resources and their distribution throughout various economic sectors, will override both of these restraining measures in the long-run -- and the long-run is now close at hand.