FARM UNLASINESS--A FARMER'S VIEW

Robert K. Buck*

Some of you men who have been off the farm for a good many years may forget how inconsistent a farmer appears to the casual observer. He is a basic optimist with a great deal of stick-to-it-iveness or he wouldn't be a farmer in the first place. He is also somewhat of a chronic pessimist and worrier. For this he should be forgiven because he has a lot to worry and complain about, being one of the last private enterprisers in our modern world of big corporate business and big labor unions. His planning is always being upset by weather and by unpredictable market behavior.

At the end of 1967 the mood of many commercial farmers in the Midwest is one of unrest, uneasiness and downright disgust. You may say, "Why should commercial farmers be uneasy? They never had it so good as in 1966." Granted 1966 was one of the best years income-wise for commercial farmers, it is clear that net incomes are sharply lower in 1967. The eight test farms owned by the Iowa State University Foundation, all but one livestock-share operations, show about a third less net income in 1967 than in 1966. I suspect this is a fair projection of the result for all farmers in Iowa.

This drop in income alone accounts for considerable uneasiness among farmers and farm suppliers. But we have always had sharp changes in farm income from year to year. The uneasiness we are discussing today is more involved. It has its roots in economic matters, of course, but it is partly a matter of emotions -- feelings of fear of the future, a sense of unfairness in farm as related to nonfarm earnings, and fear of being by-passed, forgotten, and even exploited by the new urban political power structure.

I see two major causes of sources of midwest farm uneasiness. The first is a corrosive and gnawing sort of reaction to change -- change that is no longer gradual but head-long. The second cause of current farm uneasiness is the sudden awakening late in 1966 from the fantasy, fostered by so many responsible leaders, that a new era had arrived when U.S. farmers must feed the world. There are other sources of this uneasiness which I will discuss later but let's take a look at these two major causes.

*Farmer, Waukee, Iowa.
Change is the Game

In the last 20 years change has been the watchword in U.S. agriculture. Change is regarded by many as synonymous with progress and growth. A significant portion of industry is involved in developing, producing and selling new machines, new fertilizer, new additives, new products of all kinds to farmers. They hire many college-trained men to sell these goods to farmers and especially to change customers from this to that. Our researchers and educators, public and private, are stoking the engines to turn out and disseminate new technology at an accelerating rate. The demand for new funds for these purposes, both public and private, seems insatiable.

It appears to some rural people that our society regards technology and change as ends in themselves, that farmers and rural institutions are expendable in our quest for change and economic growth. This may put the situation too strongly, but I suggest that the personal and social costs of change and growth, and the fear of a future which promises accelerated change, account for some of the uneasiness among farm people.

Educational programs have been carried out to help rural people understand and adjust to change. But the hard reality is that the impact of these changes in rural areas is to make a great many farmers and rural institutions redundant and even obsolete.

The statistics are well known. Those who are squeezed off every year are uneasy, to say the least. Some are bitter, frustrated and depressed. Of course, some of these dropouts adjust well and are better off economically in a few years. But, for those with problems of age or lack of training, who find opportunities for employment quite limited, the results of change or economic growth are frustration and loss of self-confidence. I won't dwell on this more dramatic fallout from the changes we all promote in U.S. agriculture. We usually tip our hats to this bypassed segment of U.S. agriculture as a problem that someone ought to study.

There is another facet of the growth problem, less dramatic than the dropout, but affecting many more families. We might call it fear of failure or fear of the unknown. This is shared by many commercial farmers who are solvent and capable operators. They have been adjusting almost frantically to the rapid succession of changes of recent years -- reducing labor, increasing capital inputs drastically, enlarging units, expanding debt and adopting the new technology as it is poured out.
Progress and change, innovation and efficiency all rate high in our system of agricultural values. I suggest that a by-product of recent trends and of the numerous dramatic projections for the decades ahead is the current uneasiness and unrest among many younger and middle-aged farmers. It is a feeling of being economically vulnerable in carrying a higher and higher overhead of semi-fixed costs in land, larger power units, combines, feeding systems, etc. Those younger farmers who have bought farms in recent years on contract at high prices, on top of large short-term debts, feel the most vulnerable of all. But many other farmers have an uneasy feeling when they examine their net worth and ponder the extent of inflated values in their assets.

For a number of years it was generally believed by farmers and economists, too, that the well-organized family farm of moderate size -- say 320 acres -- was near optimum or at least not at any significant disadvantage in economy of operation. With the increase in recent years of the very large tractors, plow, planters and combines, I believe many farmers in this middle group, always before confident of staying competitive, are now having misgivings. They wonder, "Can I keep up with this accelerating treadmill? How much debt can I stand? Am I wading into deeper and deeper water where it will finally get over my head?"

The impact of drastic change on man's behavior might well receive more attention by social scientists. I was interested in some of the insights of Eric Hoffer in the "Ordeal of Change."

"It is my impression that no one really likes the new. We are afraid of it .... Even in slight things the experience of the new is rarely without some stirring of foreboding.

"We can never be really prepared for that which is wholly new. We have to adjust ourselves, and every radical adjustment is a crisis in self-esteem: we undergo a test, we have to prove ourselves. It needs inordinate self-confidence to face drastic change without inner trembling. Drastic change, under certain conditions, creates a proclivity for fanatical attitudes, united action, and spectacular manifestations of flouting and defiance." (Harper and Row, Publishers, Inc. 1963.)

Feed the World Fantasy

The other major factor contributing heavily to the current unrest among farmers is the shattering of the illusion built up a year ago that U.S. agriculture had entered a new era. A combination of leaders contributed to a sort of fantasy or dream world in which U.S. farmers must "feed the world."
Surpluses were a thing of the past. World famine was imminent unless we waged a war on hunger. Farm policies should be reversed, old programs dumped, even new programs were needed to plow up the land held in reserve.

This was heady stuff. Even though invoked in the name of humanitarianism, many stood to gain economically by the increased volume of production and had a clear vested interest in the "war on hunger" idea. I am referring to those who manufacture and sell inputs of all kinds to farmers and those who process, transport, handle or store farm products, even those who develop and disseminate new technology.

This "brother's keeper" idea of feeding the world was appealing to farmers, too. We are as human as anyone in wanting to feed the hungry. But the idea was appealing, too, because it inflated our ego. We were the ones to "save the world from famine." And even though we find it difficult to admit, the idea appealed because it would help get farm surpluses off our back. As Lauren Soth pointed out, "We help ourselves financially and feel virtuous while doing it. What better farm policy could you want?"

Those rosy projections for sharply increased demand and the exhortations to "unleash the American farmer" came at a time when many farm prices were good by any standards. Hog prices were the highest in 1966 for any year I have farmed. Cattle prices were good. Corn jumped to $1.25 locally at harvest and beans got to $3.00. In the fantasy we built, many farmers and businessmen were in a "bull" frame of mind for the future.

This kind of way-out projection is a serious matter because it builds false expectations. It contributes to unwise and costly economic decisions. It results in an over-investment of capital in U.S. agriculture at all levels.

Quite a number of farmers held on to their 1966 corn in view of the bullish forecasts. Some are still holding it. They were shocked by the quick turn around in the feed grain supply situation. The public and private statements in the winter a year ago were that reserves were getting uncomfortably low. Therefore, the farm program should be loosened up and farmers encouraged to expand production. Now, a short year later the public and private information farmers are getting is that supplies are burdensome again and, unless farmers demonstrate heroic restraint in feeding this grain to livestock, disaster will be upon us.

A notion had been built up over a period of years that prices and incomes would automatically rise if surplus stocks were eliminated and we got the CCC out of the market. Farmers are puzzled, to say the least, that prices did not go up as expected, now that CCC is virtually out. When we come
back to economic reality abruptly as we did this year, farmers, the same as any other group, tend to look for a scapegoat or a devil. In this connection it strikes me as incorrect to make the USDA the culprit in assigning all the blame for the mischief caused by the "feed the world" fantasy of 1966. They must share responsibility, but many leaders contributed. They were in private industry, farm organizations, the land-grant colleges, and the farm press as well as the USDA.

There are other factors which contribute to current uneasiness among farmers. Like most other citizens, they are concerned about the Vietnam War, and especially the possibility that it may be escalated into a major war.

Farmers are uneasy about inflation of prices. Nearly every week there are news stories of fat pay raises in private industry and in government, strikes going on and strikes threatened. These constant wage increases in U.S. industry reach the farmer in a short time in higher costs. With his costs going up and his prices down, why wouldn't he be uneasy? In fact that puts the matter too mildly. He is getting "fed up." In addition, if he hires any labor, wage costs are higher every year. His local property taxes continue to soar.

A word about the so-called "cheap food" policy. I believe well-informed farmers understand that our national agricultural policies are of long standing and carry through several administrations -- under both parties. Our basic policy for the last 30 years, whatever the party in power, has been one of aggressive development and expansion of our farm plant. A very major policy, in terms of personnel and budget, focuses on programs (1) to develop and disseminate new technology, (2) to bring new land into production by irrigation, reclamation, drainage, clearing, etc. (3) to increase productivity by cost-sharing incentives in liming, fertilizing, terracing, fencing, etc. (4) to increase investment in new tractors, machines and equipment by tax incentives, (5) to make credit available, both short-term and long, on favorable terms.

The other part of the policy has been programs to protect farm income when the stimulated production out-ran markets as it did most of the time. These programs are quite familiar -- price supports, storage, surplus disposal and foreign aid.

What frustrates farmers is that the numerous programs designed to stimulate output are regarded as good and entirely consistent with the American system. Yet programs to protect farm income are regarded by many as bad and "socialistic." Some of the people supporting the programs to increase output oppose vigorously the programs to deal with the economic consequences of over-production.
Another matter that "bugs" farmers in recent years is what is widely regarded as a "breakdown" in the crop and livestock estimates. A surprisingly large number of farmers are coming to believe that these outlook reports do more harm than good because they are inaccurate and lead farmers to make bad plans.

I hope economists do not dismiss this matter entirely. We need to take a hard look at the adequacy of the basic counting and estimating procedures. We need to emphasize over and over that these are estimates and indicate clearly the range of error possible. We need more manpower on the research and analytical end of the job relative to the number of people interpreting, reporting, and predicting. It is appalling to think about the number of "information" people in radio, TV, farm magazines, trade journals, newspapers, farm organizations, and land-grant colleges, who take these rough estimates established by a very few persons in the USDA and flood farmers with pithy, precise price and prediction, do's and don'ts on buying, selling, etc. The sad thing is that some farmers take this stuff seriously.

We spoke of the "feed the world" fantasy that was built up a year ago and burst so violently this year. I'm beginning to wonder if we are building a similar fantasy this year in the "bargaining power" fad. My guess is that far more is being promised and suggested than can be delivered. No one is talking much about realistic price goals, for example. In view of the powerful forces expanding output we may do quite well indeed if corn can be kept from going below $1.00 per bushel at harvest time in most years. Eric Hoffer in the "Ordeal of Change" said, "For when we fail in attaining the possible the blame is solely ours, but when we fail in attaining the impossible we are justified in attributing it to the magnitude of the task."

Summary

To summarize, I have tried to explain the current uneasiness and unrest among farmers in terms of:

1. The feelings of fear and foreboding by many farmers as they consider the accelerating changes taking place in agriculture.

2. The feelings of shock and dismay as the "feed the world" fantasy of 1966 fell apart and in 1967 we faced the same old problems of production outrunning markets, soft prices, etc.

3. The frustrations growing out of the Vietnam War.
4. The increasing anger over the chronic inflation of wages and costs.

5. The growing concern over the inaccuracies in livestock and crop estimates.

6. The mixed reactions of hope and skepticism over the current rash of talk about bargaining power for farmers.