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Donald R. Kaldor
Iowa State University

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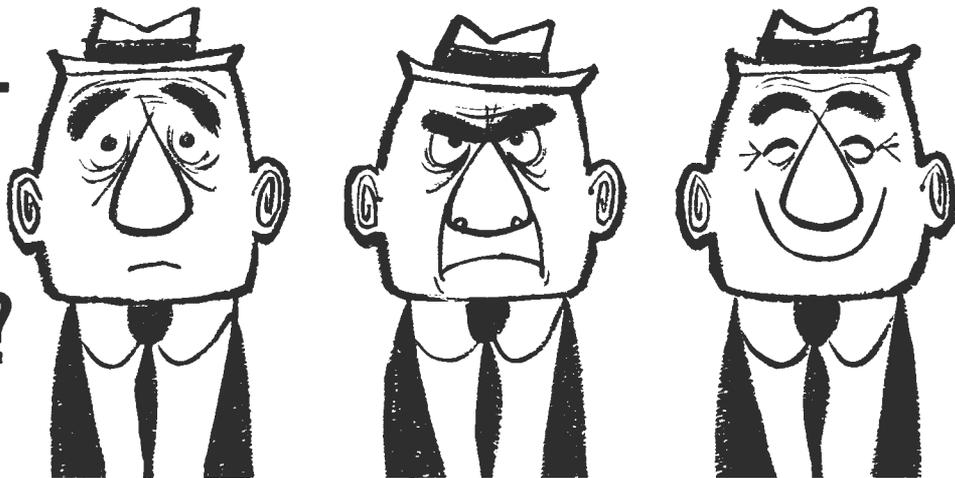
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Why DON'T We Agree on Farm Policy?



by Donald R. Kaldor

SHARP DISAGREEMENTS are found in much of the current discussion of farm policy. Few people seem happy or satisfied with existing programs. But there's lots of disagreement on what changes should be made.

People disagree on the nature and seriousness of our farm problems, on the causes and on the kinds of action that should be taken to deal with them. There are wide differences of opinion among farm people and their organizations, among nonfarm people and groups and between farm and nonfarm groups.

Many of these disagreements will need to be resolved if we're to achieve workable solutions to our farm problems. What lies behind these disagreements — and who can do what in overcoming them?

Goals and Values . . .

It has been suggested that an "ideal" farm program would accomplish at least the following: (1) provide parity incomes for all who want to farm, (2) reduce government spending, (3) make food and fiber cheaper, (4) take government out of the storage and distribution business, (5) leave farmers free to produce as they see fit and (6) make more friends than enemies abroad.

A program to do all of these things is an economic impossibility. Yet, if we put together all of the views of people in and out of

agriculture, our farm policy would have to accomplish all of these and more. This points up an important source of disagreement.

Conflicts in Goals: People hold different ideas about the goals for farm policy. Many of these ideas center around income, the organization of agriculture and the role of government. Mainly they reflect individual and group values and interests. Sometimes these conflict. What one group wants isn't consistent with what another group wants. And both groups can't have what they want at the same time. Because of different ideas about goals, people arrive at different answers on the kinds of farm programs they want.

Equality of income opportunity, as an example, has long been a goal of American society. It has been expressed in many ways. It means different things to different people. In agriculture it finds expression in various goals—parity prices, equal per-capita income or equal returns for labor and capital in farming. Each of these gives widely different results in income levels and the distribution of income among farm families.

Farm-nonfarm conflicts—A conflict of interest between nonfarm and farm may arise when public efforts toward economic equality for agriculture result in a transfer of income from nonfarm to farm people—whether through an increase in farm prices or in government spending. But such transfers don't always lead to a conflict of interest.

With other things equal, non-

farm people undoubtedly prefer low food prices to high food prices and low taxes to high taxes. But when low food prices result from an excess supply of farm products, the income gain of nonfarm people is obtained largely at the expense of farm people. Consumers, then, are able to buy food at prices below real costs of production. The consumer gain is reflected in a disparity in labor and capital returns in farming and lower incomes for farm families.

Some people would be happy with this situation and wouldn't favor any public efforts toward equality for agriculture if these increased food prices or raised taxes. For other people, their interest in cheap food may conflict with their notions of what is fair and just. This evidently has been one of the factors behind urban support for farm programs. But it's only reasonable that nonfarm people don't want to pay any more for food or taxes than is necessary to provide equal income opportunities for farm people.

Different kinds of farm programs can have different effects on the income of nonfarm people. And the seriousness of the conflict of interest can vary with the type of program. Programs that try to raise farm income by raising the economic productivity of resources in agriculture, for example, make for less farm-nonfarm conflict than programs that raise incomes by building up excessive stocks or that underemploy the resources actually being used in agriculture. When the economic productivity of agriculture is increased, national income increases

DONALD R. KALDOR is professor of agricultural economics and a member of the staff of the Center for Agricultural and Economic Adjustment at Iowa State.

at the same time the incomes of farm people increase.

If this is so, why haven't more of our farm programs centered on increasing economic productivity to improve farm incomes? Though the details are complex and little understood, the main reason our farm programs haven't been so centered is fairly clear: People's ideas on the goals of farm policy include more than an expression of income equality, and the extremes of some of these goals more or less rule out major efforts to increase economic productivity.

Many farm and some nonfarm people apparently would prefer to achieve economic equality without greatly disturbing the existing organization of the farm industry. Generally, for example, there has been strong rural opposition to programs that would aid the movement of resources from farm to nonfarm employments, even though average earning opportunities are higher off farms than on farms. Likewise, there has been strong opposition to the trend toward fewer and larger farms.

Increasing economic productivity does involve changes in the organization of agriculture. All of the consequences of these changes haven't been acceptable to most farm people. So other means have been used in trying to improve farm incomes. But these efforts haven't achieved economic equality.

Nonfarm taxpayers, meanwhile, are growing more concerned about the increase in farm program spending. Excessive stocks have disturbed both farmers and consumers, though for different reasons. Foreign surplus disposal has been criticized as an inefficient way of aiding foreign economic development and also because it tends to antagonize other exporting nations.

Conflicts within agriculture—Conflicts of interest within agriculture are numerous too. Producers of hard red spring and durum wheat have been at odds with producers of other wheats over quota allocations. Cotton producers in irrigated areas argue that their production is unduly re-

stricted in relation to producers in the Old South. And one of the most serious conflicts of interest within farming has been between feed-livestock farmers and wheat and cotton producers.

Between 1953 and 1955, about two-thirds of the land taken out of wheat and cotton under quota programs was diverted to feed-grain production. This took some of the pressure off of wheat and cotton but transferred it largely to the feed-livestock economy. This, in turn, contributed to the buildup in feed-grain stocks and to lower prices for feed and livestock products.

Control programs so far haven't eliminated excess supplies of wheat or feed grains. Feed-livestock farmers fear that additional efforts to solve the wheat problem will increase an already serious feed-grain situation. Opportunities to substitute wheat for feed grains in feeding livestock are much greater than opportunities to substitute feed grains for wheat in the human diet. Thus, feed-livestock producers believe they have more reason for concern over the solution to the wheat problem than wheat producers have over the solution to the feed-grain problem.

Feed deficit areas typically have favored low feed-grain prices while feed surplus areas generally have favored high prices. Dairy and poultry producers in the Northeast, for instance, have looked with approval on efforts to reduce price supports. To dairy farmers there, cheap feed coupled with milk marketing orders may look like the solution to their economic problem. But to most livestock farmers in the Midwest, cheap feed sooner or later means cheap livestock and lower incomes.

Values May Differ: Disagreements may also arise because people attach different importance or values to the same farm policy goals. To illustrate, two farm operators might agree that income equality and freedom to operate their farms are both desirable goals. But one may place the most weight on income equality; the other, on freedom. One will prefer a program that provides

greater income equality and less freedom to one that provides more freedom and less income equality. The other will have an opposite preference.

This kind of difference in values attached to the same goals explains some of the disagreements among farmers and their organizations over price supports and production controls. That is, they may differ less on the goals than on the relative values assigned to them.

Sometimes both the goals and values are viewed in the larger context of the role of government in economic affairs and the division of responsibility between the individual and society. Here, there are all shades of opinion. Indeed, some of the sharpest disagreements among the major farm organizations seem to be based on different views of the proper role of the government. These lead to different ideas on the kinds of government action that are acceptable.

Beliefs and Facts . . .

Another source of individual and group disagreements is concerned with matters of fact. People may agree on the goals of farm policy but disagree on the best ways to reach these goals because of different beliefs about the facts.

Facts enter policy discussions at a number of points—in describing problems, in judging how serious they are, in analyzing their causes or in explaining what creates them and why they continue. Facts enter again in the design and selection of programs and in estimating the consequences of different programs. Even facts themselves and their relationships may be interpreted differently.

The basis for a person's belief about a fact may range from imagination, fiction or rumor to the best scientific evidence obtainable. Many differences in beliefs about the facts stem from differences in the amount and quality of evidence available to different people. At the same time, there are instances where there isn't enough evidence to warrant firm conclusions.

Examples of policy disagreements that stem from different beliefs about the facts are many. Here's one example:

Some of the disagreements on price and production policy hinge on the nature of farmers' response to price in the short run and over time. Some people argue that a certain reduction in price would increase output; others argue that output would decrease; still others argue that it wouldn't change measurably. Even among those who agree on the direction of the change, there's disagreement about the amount of change in relation to a given change in price.

These different beliefs on the relation of output response to price have led to different policy positions. Those who say that output will increase with a decline in prices argue that the price system can't be depended on to bring production in line with demand at satisfactory prices; therefore, the need for direct controls. Those who say output will decrease lean toward free markets and production adjustment by the price system.

Errors, Mistakes . . .

People may agree on goals. They may agree on the relevant facts. But they still may disagree on the course to follow. Another source of policy disagreement is what we'll call "errors of analysis."

Errors of analysis arise whenever one or both of the parties to a dispute make a mistake in logic. Both may start with the same assumptions and facts but reach different conclusions simply because there's a failure to reason correctly by either one or both.

Suppose you and your neighbor are arguing the effect that an increase in farm output will have on total farm income. Say that both of you start with the assumption that, when output increases, the price goes down more than in proportion to the increase in output. You conclude that an increase in output will reduce farm income; your neighbor decides that it will increase farm income. Logically, you both can't be right. The assumption that price goes

down more than in proportion to an increase in output is a fact for almost all farm products. Given this fact, however, the conclusion reached about the effect of an increase in output on farm income is a matter of reasoning or analysis.

This source of disagreement may or may not be important in farm policy. In practice, of course, errors of analysis in this area are likely to involve a far more complicated chain of reasoning than this example.

Research, Education . . .

With all of these sources of disagreement on farm policy, can research and education help in resolving conflicting views? In some ways, yes. New knowledge and new facts can be discovered. Alternative programs or policies can be analyzed objectively. The results can be made available to improve knowledge and understanding of the facts and the implications and consequences of different programs.

But what about the disagreements involving conflicting goals and interests? Here, the methods of scientific inquiry and analysis can give few direct answers. The question of whether Mr. Jones's or Mr. Smith's goals should be followed can't be answered by simply piling up evidence. The answers involve value judgments on what is good and desirable or bad and undesirable, and these are moral and ethical matters.

The more direct contribution of research and education is in the areas of disagreements arising from differences in beliefs about the facts and from errors of analysis. These are the areas in which the methods of scientific inquiry can work most effectively. Much can be and needs to be done here—not only in uncovering new facts and in testing old beliefs—but also in the educational area of improving knowledge and understanding.

Farm policy, in the end, can be no better than the knowledge and understanding of the people who make it. And, in a democracy, this is a lot of people. Research often is a slow and painstaking

process of collecting and analyzing evidence. It isn't a magic wand that can be waved to produce an immediate flow of new facts relevant to farm problems and policies. Nor is education a magic process—not even among those eager to learn.

People also disagree on the role of the land-grant institutions in the area of public affairs and farm policy. At one extreme is the view that it isn't an appropriate activity for these institutions. At the other extreme is the view that researchers and educators should take direct and positive action in promoting particular farm policies.

Analysis and facts are two of the ingredients needed in making farm policy, and these are the special areas of competence of the scientist and educator. But they're not the only ingredients needed.

In addition, value judgments are needed about the goals to be achieved and their relative importance. These judgments rest ultimately on ethical and moral considerations. Their truth or validity can't be established by the methods of science. If researchers and educators were to talk and act as though they were based on "scientific proofs," it would be misleading to the public and intellectually dishonest as well.

Summing Up . . .

Outlined in this article are some of the sources of disagreement on farm policy. Many of these disagreements will have to be resolved or reconciled to achieve workable solutions to our farm problems. Questions of both fact and values are involved.

Land-grant college scientists and educators have been and are accepting responsibility in the area of farm problems and policy. This responsibility, however, is not to make farm policy or to judge values. It is a responsibility of fact-finding and analysis and of improving public knowledge and understanding. The final decisions and judgments of values rest with individual citizens acting through our democratic processes to make their decisions and wishes known.