The Loss Of Our Family Farms

Inevitable Results or Conscious Policies?

A Look at the Origins of Government Policies for Agriculture

MARK RITCHIE

$4.00

The contention of this book *is that the "loss of family farms" is not the unfortunate result of policies which failed, but is in fact the result of carefully developed and successfully implemented policies to eliminate family-farmers.* The seriousness of this allegation, that the destruction of our rural economy was conscious policy, requires both careful explanation and documentation. We have examined a wide variety of documents which recommend public policies for agriculture put forward by groups representing both farm and labor organizations, and finance and industrial corporations. We have summarized or reproduced much of the pertinent information and documents used for this book in an available appendix. (See page 32.)

We will begin with the examination of the 1962 "A statement of National Policy by the Research and Policy Committee of the Committee for Economic Development" entitled *"An Adaptive Program for Agriculture"* (reference 1.).

The Committee for Economic Development, CED, was formed in 1942 by the presidents of several large corporations and economists from the University of Chicago. They were concerned with problems that would be created by the transition to a post World War II economy, especially "mass unemployment."

The social and political unrest of the Depression was still fresh in their memories. They wanted to avoid that challenge to the "free enterprise system" from being repeated.

They brought together corporate presidents with academics to develop policy and program recommendations in a wide variety of fields, ranging from welfare reform, to U.S.-Japanese relationships. They were one of many such groups, including the National Association of Manufacturers, U.S. Chamber of Commerce, American Bankers Association, and the National Planning Association, who issued policy statements on agriculture in the 1950's and 60's. The CED reports were chosen because they are representative of the sentiments expressed by other corporate-interest groups, and because they issued a series of reports, from 1945 until 1974, giving us an historical context to place their recommendations within:

In their own words, they describe themselves on the following pages, from the original report.

CED

The Committee for Economic Development

The Committee for Economic Development is composed of 200 leading businessmen and educators.

CED is devoted to these basic objectives:

1) *To develop, through objective research and discussion, findings and recommendations for business and public policy which will contribute to the preservation and strengthening of our free society, and to the maintenance of high employment, increasing productivity and living standards, greater economic stability and greater opportunity for all our people.*

2) *To bring about increasing public understanding of the importance of these objectives and the ways in which they can be achieved.*

CED's work is supported by voluntary contributions from business and industry. It is nonprofit, nonpartisan and nonpolitical.

The Trustees, who generally are Presidents or Board Chairmen of corporations and Presidents of universities, are chosen for their individual capacities rather than as representatives of any particular interests. They unite scholarship with business judgment and experience in analyzing the issues and developing recommendations to resolve the economic problems that constantly arise in a dynamic and democratic society.

Through this business-academic partnership, CED endeavors to develop policy statements and other research products that commend themselves as guides to public and business policy; for use as texts in college economic and political science courses and in management training courses; for consideration and discussion by newspaper and magazine editors, columnists and commentators, and for distribution abroad to promote better understanding of the American economic system.

CED believes that by enabling businessmen to demonstrate constructively their concern for the general welfare, it is helping business to earn and maintain the national and community respect essential to the successful functioning of the free enterprise capitalist system.

The CED report begins with this clear presentation of their view of the problem.

> *"The common characteristic shared by these [agricultural] problems is that, as a result of changes in the economy, the labor and capital employed in the industry cannot all continue to earn, by producing goods for sale in a free market, as much income as they formerly earned, or as much as they could earn if employed in some other use; that is—the industry is using too many resources!"* (Ibid., p. 9).

Using "Too many resources," measured by return on investment, is pin-pointed as the key problem. They see the cause of the "problem" being,

> *"The movement of people from agriculture has not been fast enough to take full advantage of the opportunities that improving farm technologies, thus increasing capital, create"* (Ibid., p. 7).

Thus, having stated the "farm problem" as too low return on investment caused by farmers *not* leaving agriculture fast enough, the CED report goes on to describe "Three Possible Approaches to the Problems of Agriculture" which include a "Laissez-Faire, Protectionist and Adaptive Approach." The last of these is their chosen solution.

> *"The adaptive approach utilizes positive government action to facilitate and promote the movement of labor and capital where they will be most productive and will earn the most income. Essentially this apporach seeks to achieve what the laissez-faire approach would ordinarily expect to achieve but to do it more quickly and with less deep and protracted loss of income to the persons involved that might result if no assistance were given."* (Ibid., p 11)

Their approach to "adapting" agriculture is through the removal of excess "resources" (farmers), to be utilized in other sectors of the economy, to generate "greater return on investment."

They state over and over again, there is a "persistent *excess of resources, particularly labor, in agriculture over the quantities that could have earned, by sale of their product* [*labor power, ed.*] *in free markets, incomes equivalent to what similar resources could have earned in other uses.*" (Ibid., p. 19).

Thus having defined the problem, and its causes, they go on to look at why there was this failure of "resources to flow out of farming." They concluded that,

> "*The support of prices has deterred the movement out of agriculture*" (Ibid., p. 23)

Having developed a careful explanation of the cause of the "farm problem" being the support of farm prices, they spell out their solutions.

> "*The Choices Before Us:* [*a*] *leakproof control of farm production or* [*b*] *a program, such as we are recommending here, to induce excess resources* [*primarily people*] *to move rapidly out of agriculture*" (Ibid., p. 25).

The Committee for Economic Development's "Program for Agricultural Adjustment calls for (a) policies and programs to attract excess resources from use in farm production and (b) for measures to cushion the effects of the adjustment on property and people." (Ibid., p. 31). In keeping with their concern that the program be "large-scale, vigorous, and thorough-going," they propose,

> "*If the farm labor force were to be,* five years hence, *no more than two thirds as large as its present size of approximately 5.5 millions, the program would involve moving off the farm about two million of the present farm labor force, plus a number equal to a large part of the new entrants who would otherwise join the farm labor force in the five years*" (Ibid., p. 59). (Emphasis added.)

In spelling out the policies and programs needed to bring about this removal of one-third of the farm population in five years they focus on the primary strategy of *consciously lowering agriculture prices.*

As they explain,

> "*The basic adjustment required to solve the farm problem, adjustment of resources used to produce farm goods* [*farmers* [*ed.*]] *cannot be expected to take place unless the price system is permitted to signal to farmers*" (Ibid., p. 40).

They recommend that

> "*. . . the price supports for wheat, cotton, rice, feed grains and related crops now under price supports be reduced immediately.* [*$.03/lb-rice, $.22/lb-cotton*].
>
> "*The importance of such price adjustments should not be underestimated. The lower price levels would discourage further commitments of new productive resources to those crops unless it appeared profitable at lower prices*" (Ibid., p. 42).

In addition to the displacement of over two million farmers and their families, the CED saw other "desirable" results from below-parity pricing.

> "*Also, the lower prices would induce some of the increased sales of these products both at home and abroad. Some of these crops are heavily dependent upon export markets.*
>
> "*Finally, these price adjustments would put the United States into position to begin disentangling itself from export subsidies, import quotas, and other inconsistent policies which now surround our foreign trade in these farm products*" (Ibid., p. 42).
>
> "*The effects of the adjustment prices would reach beyond our borders. The adjustment price suggested for cotton would permit our domestic cotton mills to compete on a more even basis with foreign mills, in our markets and in foreign markets. At present, foreign mills can buy United States cotton more cheaply than can our domestic cotton producers. The same would be true of our domestic flour millers and rice exporters.*

"For several reasons it is important that price supports be moved to levels that, if wrong, will be low rather than high.

"First, price supports on the low side will test the market demand for farm products. If this demand turns out to be higher than output at the support level we can meet the needs from our huge stocks.

Second, *new resources* [*especially people*] *should be discouraged from entering agriculture, at least during the adjustment period, and the rate of entry in the longer run should not be excessive. Price supports set too high will tend to continue the errors of recent years*" (Ibid., p. 44).

The corporate presidents and academics who make up the CED recommended the elimination of one-third of the farm population, within five years, by enforcing below parity pricing.

This report seemed to be developed to serve the needs of the industrial, finance, and trade corporations who make up the CED, not the farmers and rural communities who would be displaced or destroyed by their plan. As they stated, the primary benefits of their recommendations would be:

1) Increased return on corporate investment in agriculture

2) Over two million farmers and families entering the urban labor pool, which would tend to depress wages

3) lower prices of agricultural products, which would both increase foreign trade and provide cheaper raw materials for domestic food and fiber processors.

Some of the corporations belonging to the CED who would benefit directly include the following: (partial list)

Bank of America	California Packing Co. (now Del Monte)
Geo. A. Hormel & Co.	Oscar Mayer Co.
Anderson, Clayton & Co.	General Foods
United Fruit Co.	Campbell Soup
Pillsbury Co.	American Sugar
H.J. Heinz Co.	Nat. Dairy Products Co.
John Deere & Co.	Jewel Tea Co.
Swift & Co.	Simonds-Shields-Theis Grain Co.

In addition to serving these strictly economic interests of CED-type corporations, there seem to be many social and cultural changes anticipated. In their *Economic Development* textbook, Gerald Meier and Robert Baldwin capture some sentiments of many corporate planners, like the CED.

"Every specific principle of economic change should be considered alongside a specific principle of cultural change. For instance, the economic criteria of investment are alone not sufficient guide for investment policy: they must be supplemented by non-economic criteria. For illustrative purposes, some non-economic criteria for investment might be as follows;. . .invest in projects that break up village life by drawing people to centers of employment away from the village because, by preventing impersonal relations, village life is a major source of opposition to change. Such non-economic considerations may reinforce or contradict economic considerations, but they constitute an essential part in any assessment of the requirements for development." (p. 357)

They also believe that:

"Economic development of sufficient rapidity has not taken place within the present cultural framework. New wants, new motivations, new ways of production, new institutions need to be created if national income is to rise more rapidly. Where there are religious obstacles to modern economic progress, the religion may have to be taken less seriously or its character altered." (p. 356)

The interest of the vast majority of people, urban as well as rural, seem to be in direct conflict with the interest of CED-type corporations.

SIGNIFICANCE OF THE CED REPORT

Although there were many other "reports, recommendations, and solutions" to the "farm problem" being advocated at this time, the CED's report is quite significant since its authors, research staff, and advisors were the very people making government policy at that time, and who would implement the CED's recommendations during the next 15 years.

The following list of participants is taken from the original report.

Advisors to the Subcommittee

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FRANK O'BRIEN
GREGORY WOLFE

Several of the authors listed are worth looking at a little more closely.

Dale Hathaway—Department of Economics, Michigan State University.

In addition to being a key author of this report, he was the primary spokesperson for CED when they had to appear before the House Agriculture Committee in 1962 to defend their recommendations.

Hathaway served as a member of the President's Council of Economic Advisor's from 1955-56 and 1961-63. He has been an agricultural advisor to the Ford Foundation, and director of the International Food Policy Research Institute since 1975.

He was appointed by Carter as assistant secretary of agriculture for international affairs and commodity programs, where he oversees farm price support programs.

Ag. economists, including Hathaway, from Michigan State are presently working closely with the South Korean Ministry of Agriculture to develop and implement a farm policy designed to "remove excess resources" from agriculture and to move them into the cities. This is to provide additional labor (or create a larger unemployed labor pool) for multinational industries, such as textiles, which are "run-aways" to South Korea.

T.W. Schultz—Department of Economics, University of Chicago.

Chairman of the Research Advisory Board for the CED's 1945 and 1957 agriculture reports, Schultz is a senior figure in Ag. economics and policy planning.

Joseph Barr—Subcommittee member

Barr has served in a wide-variety of government positions, including the Department of Treasury from 1961-69, where he was the Secretary from 1968-69. He is also treasurer of O.L. Barr Grain Co., and a Board member of Control Data Corporation.

Herb Stein—Research Director

Head of Nixon's Council of Economic Advisors, the number one economic policy-making council in the government.

Kenneth Boulding, Dept. of Economics, University of Michigan

Influential agricultural economist, who once wrote:

> **"The only way I know to get toothpaste out of a tube is to squeeze, and the only way to get people out of agriculture is likewise to squeeze agriculture. If the toothpaste is thin, you don't have to squeeze very hard, on the other hand, if the toothpaste is thick, you have to put real pressure on it. If you can't get people out of agriculture easily, you are going to have to do farmers severe injustice in order to solve the problem of allocation."** (reference #2)

Paul Samuelson—Economics, M.I.T.

Often referred to as Mr. Economics, his introductory economics textbook is the classic for all beginning economists. In the 8th edition of the 1945 copywrited book he argues that resources (farmers) should be both forced and attracted out of farming. The book states that the only ultimate solution is to thin out the population of farmers. It points out that commercial farmers would feel pressure to become more efficient (capital intensive, and in debt) and many of the remaining farmers would find their incomes so low that they would go into industry or find part-time jobs off the farm. The really poor farmers would receive welfare aids. It's important to note that this is essentially the overall strategy for agriculture that has been put forward and enforced from 1946 until the present.

How successful were these influential people in getting the CED recommendations implemented? Fortunately we have both the historical record of agriculture, and a follow-up report by the CED in 1974 to determine the actual implementation of their plan.

This 1974 report "A New U.S. Farm Policy for Changing World Needs" (reference #3) begins with the following evaluation:

> *"The situation of U.S. agriculture has changed drastically within a decade. In 1962, when the Committee issued the policy statement* An Adaptive Program for Agriculture, *the problems of U.S. farming were mainly related to maintaining farm income in the face of continuing surpluses. The diagnosis was that agriculture was using too many resources; fewer farms and farmers could produce all the output then required or even more than could be marketed. As a result of these findings, we prescribed programs for the better use of our resources in agriculture [that], vigorously prosecuted, would enable the people involved in farming to receive higher incomes* without government controls or subsidy. **In general, policies of this nature have been pursued by the U.S. government, with the result described in the present statement: namely, that U.S. agriculture today is a far more efficient, far more productive industry."** (Ibid., p 8) (emphasis added).

Their evaluation was that their past analysis and recommendations were fundamentally correct, the government had faithfully implemented their recommended policies, and that the desired results, ⅓ fewer farmers, was achieved. Specifically, they recognize that

> *"The farm population [4.5 percent] is now so small in relation to the total population that further migration from farms will not be substantial. Annual agricultural employment, which was 4.5 million persons only ten years ago, is now about 3.5 million persons, or only 4 percent of* the total labor force, and it is still declining. **It represents approximately the optimum farm labor force that this Committee [CED] envisaged for the 1970's in its statement** An Adaptive Program For Agriculture (1962)" (Ibid., p. 32).

Although they do not examine the other effects of these policies, such as massive unemployment and social disruption in the cities, they do acknowledge that not everyone has benefited from their programs.

"We do not mean to overlook the poverty that still persists among many small farmers and other rural Americans. Although only about one third of U.S. families live outside metropolitan areas, they constituted about 40 percent of the 4.8 million U.S. families living in poverty in 1973. Farmers who can neither attain a decent standard of living in agriculture nor find an adequate nonfarm job represent a strong case for direct income support. But we do not believe that this should be accomplished through special support programs or other kinds of programs designed to aid farmers only.

"Where poverty has persisted on American farms through the recent period of record agricultural incomes, it is rooted in a combination of social and economic causes, not in farm prices. Assistance to low-income farmers should be contingent, not upon farm production or a presumption that low farm prices are the cause of the inadequate income, but upon need. Aid through an income-maintenance program based on need is the proper long-run approach in this case.

"We believe that the most effective way to give relief to farmers who are poor and to alleviate rural poverty in **general is through the development of an adequate federal welfare program based on a national minimum income.** *The family-assistance program considered in Congress a few years ago would have gone far toward answering the needs of small farmers and of disadvantaged rural people who do not operate farms, and we again urge the establishment of such a program."* (emphasis added) (Ibid., p. 36).

They summarize:

"This statement examines the vast changes that have taken place in U.S. agriculture in the past decade. The reduction in the number of farms, the great increase in productivity, the industrialization of farming, and the urbanization of rural life have produced two readily identifiable agricultural sectors.

"One sector consists of large farms that, although numbering about 25 percent of all farms, produce 80 percent of all farm marketings. This group is engaged in the production of the major food and fiber crops such as grains, oilseeds, and cotton. these products of commercial agriculture have been the focus of U.S. agricultural policy over the past forty years and are now the major crops in world trade.

"The other 75 percent of U.S. farms, accounting for only 20 percent of the output, are operated largely by farmers who are increasingly dependent on the industrial and service sectors of the economy to provide supplemental or full-time employment. Where financial distress exists in this group, it is rooted mainly in general social and economic causes, not in farm prices. Assistance for these farmers should be extended not through special support programs but rather through the same kind of program that should be made available to all disadvantaged Americans, urban or rural 1.e., through a national welfare assistance program based on a minimum annual income." (Ibid., p. 24)

The creation of a two-tier system of agriculture, with a few large, corporate-type farms, and the remaining majority only farming part-time or on welfare is the end result of the 1962 CED plan. By 1974, this had been accomplished, and recommendations to continue below-parity prices and to develop a national welfare plan are presented.

The authors of this 1974 report, like those in 1962, are well-positioned inside and outside government to have an enormous influence on implementing these recommendations.

They are listed below, from the original report:

Subcommittee on Government Farm Policy

Chairman
JOHN H. DANIELS, Chairman
Independent Bancorporation

JOSEPH W. BARR
Chairman and President
Franklin National Bank

[1]WILLIAM O. BEERS, Chairman
Kraftco Corporation

ROBERT J. CARLSON
Senior Vice President
Deere & Company

ROBERT C. COSGROVE, Chairman
Green Giant Company

R. HAL DEAN, Chairman
Ralston Purina Company

[1]ALFRED W. EAMES, JR., Chairman
Del Monte Corporation

ROBERT T. FOOTE
Chairman and President
Universal Foods Corporation

TERRANCE HANOLD
Chairman, Executive Committee
The Pillsbury Company

H. J. HEINZ, II, Chairman
H. J. Heinz Company

ROBERT D. STUART, JR., President
The Quaker Oats Company

Nontrustee member[2]
JAMES W. McKEE, JR., President
CPC International Inc.

[1] Voted to approve the policy statement but submitted memoranda of comment, reservation, or dis: See pages 64 to 66.

[2] Nontrustee members take part in all discussions on the statement but do not vote on it.

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CARL RIESER

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ROBERT F. LENHART
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Luther Tweeten

Department of Agricultural Economics, Oklahoma State University, he has been an extremely important researcher and policy writer during the past 15 years.

Most importantly, he was the primary contributor to Secretary of Agriculture Bergland's *1978 Report to Congress on the Status of the Family Farms*, indicating his influence in the present administration.

John Schnittker

At present a Washington-based consultant with his own firm, Schnittker Associates, he was an under-secretary of agriculture from 1965-69. He was one of the top candidates for the Secretary of Agriculture position in the Carter Administration.

D. Gale Johnson

Chairman, Dept. of Economics, University of Chicago.

Professor Johnson has served as a consultant to the U.S. Agency for International Development (1962-68), as agricultural advisor of the Office of the President's Special Representative for Trade Negotiations, as a member of the President's National Advisory Committee on Food and Fiber (1965-67), and on the advisory board of the State Department Policy Planning Council (1967-69).

Along with John Schnittker (mentioned above) and George E. Brandow, Johnson was cited as one of three economists having considerable influence on farm policy since 1960, by Cochrane and Ryan in their important book, *American Farm Policy, 1948-1973.*

He is one of the authors of the Trilateral Commission recent report on the world food problem.*

*For an excellent analysis of the Trilateral Commission report, see **The Trilateral Commission Takes on World Hunger,** League of Rural Voters, 3255 Hennepin Ave., South, Minneapolis, MN 55408

UNDERLYING MOTIVATIONS

Although the actual strategies and tactics of the CED are carefully spelled out, it's never hinted until the very end of this report what their underlying goals and motivations might be.

They make a strong point that the possibility of "A recurrence of agricultural instability" must be kept in mind so as to maintain **"an atmosphere relatively free of the political pressures from farmers experienced in the past"** (Ibid., p. 41)

Suddenly, the picture becomes much clearer. The real target of the CED appears to be the political strength of the farmers, and they acknowledge that their tactic of enforcing below parity prices, and providing income subsidizes, has successfully minimized farmers' ability to exercise political power.

The minimizing of farmers' power was crucial to the corporations for several reasons:

- Farmers had historically aligned themselves with trade unions and urban workers, including the formation of Farmer-Labor Parties which held political power in a dozen mid-west and southwest states. These parties were committed to the restriction and control of corporations, such as the state-owned bank and grain trading enterprises in North Dakota, and the ban on corporate farming in several mid-west states.

- The political strength of farmers was displayed in their ability to lobby for and win favorable farm policies. These policies helped strengthen their economic, thus political power, making it difficult for corporations to dominate agriculture as they were attempting to control other industries.

The intensity of the mass media campaign to discredit the American Agriculture Movement, and particularly the idea of parity is especially revealing of both the political power that farmers who have survived still hold, and of the importance to corporate interests of keeping farm prices down to break this remaining power.

ALTERNATE POLICIES—LEARNING FROM THE PAST

One of the dangers of focusing primarily on the policy recommendations of these corporations, and on the fact that they were often successful, is that it tends to negate the power or influence that farmers, consumers, and workers can have over policy. We begin to think that the corporations are all powerful, become discouraged, and feel unable to make any real changes in the situation we face today. This is, in fact, exactly what corporations are counting on.

If we can remember that is was the very strength of farmers and working people in the 30's and 40's which restricted corporations, forcing them to **need** policies that would take away power from farmers, we can begin to understand that things haven't "always been this way," and that they can be changed. The fact that policies favoring farmers (in relation to corporations) were in force earlier in the century gives us insight into the possibility that new policies can be enforced to reverse the current situation. Focusing attention on this possibility raises some key questions.

- Were alternatives to the CED-type corporate policies put forward? Why were they unsuccessful in being enacted?
- What can we learn from previous experience to guide our work today?
- What policies would put power back into the hands of farmers and workers, rural and urban?

By looking back through recent history, we can find policy statements from groups representing the interests of certain organized groups of farmers, trade unions, and consumers which can give us insights into their analysis of the situation, and the actual policies and strategies they advocated. Understanding these, and the reasons for their success and failure, can be important guides for our work today.

CONFERENCE ON ECONOMIC PROGRESS

Four years before the appearance of the 1962 CED "Adaptive Program" report, a group of farm organization and trade union leaders published a document entitled "Toward a New Farm Program: Economic and Moral Aspects of A New Program Fair and Beneficial to Farmers, Workers and Consumers." (reference #4)

This group, the Conference on Economic Progress, defined itself as follows:

CONFERENCE ON ECONOMIC PROGRESS

THE CONFERENCE ON ECONOMIC PROGRESS is a non-profit, non-political organization engaged solely in economic research, education, and publication of studies related to full employment and full production in the United States.

THE NATIONAL COMMITTEE of the Conference includes the following:

THURMAN ARNOLD
Attorney; former Asst. Atty. General of U.S., Judge U.S. Court of Appeals

WILLIAM H. DAVIS
Attorney; former Director, Office Economic Stabilization

ABRAHAM FEINBERG
Chairman, Julius Kayser Co.

RICHARD H. FROST
President, National Pneumatic Co.

A. J. HAYES
President, Int. Assn. Machinists, V.P. and memb. Exec. Cncl. Amer. Fed. Labor

FRED V. HEINKEL
President, Missouri Farmers Assn., Inc.

J. M. KAPLAN
President, Welch Grape Juice Co.

LEON H. KEYSERLING
Econ. and atty.; former Chmn. President's Council of Economic Advisers

O. A. KNIGHT
President, Oil, Chemical and Atomic Workers

MURRAY D. LINCOLN
President, Nationwide Mutual Insurance Cos.

ARMAND MAY
President, Amer. Associated Cos., Amer. Factors Co.

JAMES G. PATTON
President, National Farmers Union

MILES PENNYBACKER
President, Voltarc Tubes, Inc.

WALTER P. REUTHER
President, Cong. Ind. Organizations, United Automobile Workers

MARVIN ROSENBERG
Chairman, Cameo Curtains, Inc.

M. W. THATCHER
Pres., Nat. Fed. Grain Cooperatives

Unswervingly simple and direct in its presentation of "the nub of the farm problem" as "depressed farm income. . . (which) not only hurts farmers more, but also hurts the whole American people more, than the farm surpluses or the public costs of supporting these surpluses," (Ibid., p. 36). The study declares national farm policies "bankrupt," examines the nature of the "farm fiasco" and its relation to the economy as a whole, and proposes a new set, indeed a first set, of coordinated short- and long-range goals to be encompassed in a "Full Prosperity Budget for Agriculture."

Their proposed program included:

1. Application of the Employment Act of 1946, in order to achieve

a) expanded domestic and overseas consumption of American farm products;

b) adjustment of farm production and employment to consumption, recognizing the economic efficiency and social desirability of the family type farm (with the help of amplified, low-cost credit, limits on farm size and ceilings on public payments to individuals, for example).

c) a rising level of farm purchasing power, meaning the gradual attainment by farmers of income parity with the nonfarm population.

2. Price supports, production payments or other forms of direct income supplementation, as desirable, so that price levels can be related to income goals.

3. Rationalization and reduction of the public costs of maintaining a farm program.

The three fundamental ills being addressed in the study are the great deflation of farm income since World War II (a 23% real decrease between 1947-58 vs. a 48% **increase** in nonfarm income), the consequent erosion of the family type farm which was (and continues to be) supplanted increasingly by the "factory in the field," and the growing accumulation of farm surpluses that deepen farm price depression and raise public support costs to astronomic levels.

As for farm surpluses, they have been exaggerated, says the report. Although the problem they pose is undeniable, they have been used as an excuse "for the vain attempt to reduce them by impoverishing farmers" through deflationary income tactics. Stocks accumulated over a long period of years (1952-58) show a soaring surplus for some crops (wheat, corn, cotton, tobacco). But the annual record until 1958 reveals moderation of that excess and even a certain balance overall between production and use. Moreover, when put in the perspective of the national economy, the waste of unused production seems almost benign compared to the much more costly waste of idle productive resources through (created) unemployment, a strategy to which an executive of Ford Motors and CED member finally admitted after a good bit of prodding at Congressional Hearings called in response to their 1962 "Adaptive Program." In addition, they point out that deficient incomes of nonfarm families aggravate the farm depression, contrary to the thinking often propagated in this respect:

> *"There has been propaganda to the effect that farmers have been hurt by rising industrial wages. Just the opposite is true. Farmers have been hurt by the failure of wages and salaries to expand enough to help maintain full consumption and full prosperity for all. During the six-year period under review, the deficiency in wages and salaries was almost three-quarters of the total deficiency in consumer income. In 1958, the deficiency in wages and salaries was more than four-fifths of the consumer income deficiency."* (Ibid., p. 29).

Thus, says the study, if low wage earning families (who spend relatively more for food than higher income families) could earn enough to afford an adequate diet, total consumption of various food products would rise between one and three percent—more than the "surpluses" of many of these products. And, continues the report, if the low wages of farmworkers are "high" relative to the farmer's ability to pay, the remedy is to restore farm income so as to also lift farm wages; it is not to reduce industrial wages.

If the farm depression is mainly the result of falling farm prices, there is nevertheless another factor which plays an influential role, points out the report: the increases in "administered" prices of industrial goods which the farmer buys. Opinion has it that rising wages are responsible for price inflation so damaging to consumers and producers alike. But an examination of the period leading up to the 1956-57 recession reveals that the huge corporate profits derived from "administered" price hikes were in no way justified by wage and other costs, for they rose much faster than either wage rates or prices. And when investment in means of production exceeded consumption, the big industries preferred to raise prices still further rather than reduce them in order to expand sales. Simultaneously, consumer prices rose rapidly.

Here, the study is signaling a critical probe, whose long-range implications for food and farm policy are profound: Rising consumer prices and the agitation against higher workers' wages (on the part of the forces of capital responsible for deflating farm income) only serve to keep farmers and consumers divided, preventing them from recognizing the basis for the alliance of their interests. Rising retail food prices are the reverse side of the coin of falling farm prices, with the accumulated surpluses and burdensome public costs perpetuating the vicious circle. The only ones who benefit are "those between the farmer and the consumer, who buy farm products too cheaply, and who hire labor for less than they should pay" (Ibid., p. 33).

The one, but unfortunately crucial, weakness of the Conference on Economic Progress document and the New Farm Program it proposes, is its failure to carry the implications of its cogent understanding of the "price economy" to their conclusion. Although it unequivocally states that "falling farm prices. . . have contributed far more to the depression of farm income," the document makes no forceful argument for the establishment of a pricing structure that would give farmers economic strength and security. Only once does it deal with the concept of parity and then in reserved fashion, calling it "misleading" (Ibid, p. 53). In its advocacy of price and income supports "when desirable" (a condition it does not specify), the study seems to be upholding a form of welfare which will serve at best only to mitigate the helpless dependency of farmers on a marketing system weighted heavily in favor of the corporate oligopolies. Furthermore, in its discussion of the farmers' "income weakness" with respect to price setting (Ibid., p. 41), the document is disturbingly ambiguous about the extent to which its authors see that vulnerability as an evil to be done away with. They appear to view it instead as an inescapable given in the structure of agriculture, which at most can be compensated for, but not corrected by "worthy" national policies.

This organization was able to articulate a wide range of problems facing farmers and urban workers, stemming from U.S. farm policy, and made excellent recommendations. The fundamental weakness in their analysis stemmed from viewing the "problems" as mistakes or happenstance, rather than as conscious corporate strategies. Based on this analysis, their conclusions were not fundamentally different than those offered by the CED. Higher income supports, increased exports, and facilitating the exodus of millions of farm families are the same "solutions" offered by both groups.

THE SITUATION TODAY

Similar incomplete analysis still persists, consequently many of the "new solutions" are limited in their effectiveness.

A wide variety of programs, ranging from gasahol to boost demand for grain, (in hopes of raising prices) to food coops and direct marketing (to cut out the middleman) are being promoted by a variety of groups committed to addressing the "farm crisis." These are critical partial solutions to alleviate some of the conditions which presently exist, yet none of these confront the overall problem, a corporate strategy which would break the political strength of farmers through enforced below-parity prices.

Although many of these solutions might help to raise farm income, there is an important distinction between "insuring income" and maintaining political strength. Political strength is often dependent on adequate income and financial stability, but a corporate-planned welfare "solution" might "guarantee income" yet break political strength. From this position of "adequate income" yet total dependency, the few remaining farmers can be easily displaced when they are no longer needed.

The frustrations of ineffective solutions often lead to further confusion, such as being easily diverted onto secondary contradictions, and problems. The current spotlighting of the "Big Family Farms vs. Little Family Farms conflict" as highlighted by Sec. of Ag. Bergland in his recent speech to the National Farmers Union, is a prime example. **In an attempt to hide the actual social forces which are creating the situations out of which these conflicts arise, our attention gets focused onto the results rather than the causes of social problems. The breakdown of the old political alliances among farmers, workers, and consumers is a sign of the effectiveness of this tactic.**

These issues are crucial to keep in mind in our analysis of possible "solutions" to the serious problems we see throughout rural America today. By addressing the "root causes" as conscious strategies, our "solutions" can insure long-term political strength, not further dependence and weakness.

This issue will become even more critical as mis-calculations of the strength of farmers to resist the massive dis-location becomes apparent. Corporate planners have already recognized certain "changes" in their strategies which must be adopted, and are adjusting accordingly.

One change in the strategy is the current adoption of the "plight of small farmer" as an issue of fashionable concern. After "squeezing" out most of the moderate-sized, family farms, hundreds of thousands of small farms, both subsistence and "hobby," were left.

Many corporate executives and planners recognized this pattern, and discovered how it could be used to the advantage of their long-term goals. These small farms came to be seen as important suppliers of inputs to larger farms and processors (especially those inputs which were extremely labor-intensive, such as feeder pigs, broilers, etc.). These were much more cheaply produced on small, marginal farms than on large, hired-labor and capital intensive corporate-type farms. This pattern fits perfectly with the two-tier structure of farming which resulted from the CED's 1962 plan, and would continue the elimination of moderate-sized family farms.

Another example of changing strategies is the sudden interest of a major multinational computer corporation, Control Data Corporation, in the "plight of the small farmers," under the guise of "social responsibility." Speeches, financial grants, and new programs have all been thrown into the cause of saving small farms, long the "sole domain" of social activists and liberal organizations. This is especially interesting since one of the members of the Board of Directors of Control Data, Joseph Barr, is one of the key members of the CED committee who had previously written the CED Report recommending the elimination of over one-third of all farms.

This appears to be a contradictory situation, until a closer investigation reveals the strategy. Control Data recognizes, as do the corporate planners cited before, that "saving small farms" can be good for business.

At a recent meeting, Control Data executives explained that part of their interest in small farms was their usefulness as research and development grounds for new "appropriate" farm technologies and techniques. These will be important for corporate-type agriculture to adopt as petroleum-based farm inputs become increasingly scarce. More importantly, these small farm practices will be useful for exporting to third world countries, where the failures of the "green revolution" have lead to a new "small farm strategy" by the World Bank, A.I.D., and the Trilateral Commission.

Control Data made it quite clear that the "overseas market" was going to be the main focus of the marketing strategy for their computer-assisted information, technology, and education system which they are developing and testing on small farms in the United States.

CONTROL DATA

The connection between an organization wanting to force farmers out of agriculture and a corporation supposedly wanting to help these farmers is critical. It seems that the strategy is to create a serious crisis (destruction of our rural economy) and then to come along and be quite willing to help the distressed farmers created by this strategy, for a price.

By "speaking the same language" of concern for the small farmers, corporate planners are able to both confuse many people about the fundamental goals of corporations, and to elicit the cooperation of many sincere people through their "social responsibility" rhetoric. We must maintian our fundamental analysis and respond to the wide-variety of new corporate strategies which are being developed.

WHERE DO WE GO FROM HERE

Realizing that what we see as the **problem**, the destruction of rural society and loss of family farms, has actually been the **success** of a conscious corporate strategy, demands a new approach to solutions.

Through a careful analysis of the political conflict and struggle between various social and economic interests, we can begin to get a picture of where our work should go in the future. This document is a beginning for that process. The following is a summary of this analysis, and some ideas where we should begin.

1. The political strength of farmers and working people, rural and urban, in the 20s and 30s and 40s restricted the power of corporations in agriculture, reflected in a relatively low rate of return on capital investment.

2. Corporate policy planning groups concerned with countering this strength, studied this issue, and chose the elimination of one-third of all farmers through enforcing below-parity pricing as the primary strategy to minimize farmer political power.

3. These policies were successfully implemented until 1974, when corporate planning groups determined that the "necessary" forced out-migration was accomplished, and that the majority (75%) of the remaining farmers should be maintained on a national welfare program.

4. Farmer, trade union, and consumer groups were aware of the devastation taking place in agriculture, attacking many of the specific problems through a variety of programs, but they failed to define the "problem" as a strategy, thus their own policies and programs were politically ineffective or defeated.

5. The increased concentration of control that took place as a result of this de-population strategy had a devastating effect on food system, including speculated land and depressed farm prices. For workers and consumers in urban areas, the results have been equally devastating; massive influxes into the cities, with the accompanying unemployment, miserable conditions in housing, schools, hospitals, etc., as well as the skyrocketing food prices.

This analysis can help us develop a political program that is both knowledgable of the strategies behind our "problems" and learns from the mistakes and failures of other groups with similar concerns. This political program would be a three part program, including:

Part One:

Reversal of the corporations' primary strategy, the breaking of farmers' power through the enforcement of below-parity prices, through both national legislation and local efforts such as collective bargaining, direct marketing, etc.

Part Two:

Establishment of policies and programs to reverse the trends created by almost 30 years of this corporate strategy, and to repair the damage that has been done. This would include

- Anti-trust legislation and enforcement
- Soil conservation and re-building programs
- Encouragement of less non-renewable energy dependent ecologically sound agricultural practices
- Programs to encourage new farmers to get back on the land
- New taxation policies designed to stop and reverse the preference given to Capital, and to encourage agricultural development consistent with the long-term needs of farmers, workers, and consumers.
- Strong production control measures
- Participation in international grain agreements

Part Three:

Political programs which would anticipate the reaction of corporations to these new policies in ways that would attempt to discredit or destroy them. For example:

- Strict controls on food and land price increases to prevent corporations from forcing these up, and blaming it on parity policies
- Anti-trust legislation in all sections of the food economy to prevent control of agriculture, through inputs and marketing.

This political program would require the building of strong alliances among all sectors of our society who have been hurt by the implementation of past corporate policies.

This will not be an easy task. Corporations have control over much of the mass media, educational system, and channels of communication. They have used this control to discredit the needs of one group by claiming that they would hurt another, in an attempt to foster conflicts and divisions.

The threats that "parity prices would hurt consumers by raising food prices" is one prime example. We did have relatively low food prices thoughout the 50s and 60s when farmers were getting the enforced below-parity prices. But in 1974, when corporations were in control, food prices skyrocketed. Of course these price increases didn't end up in the farmers pockets, who the corporations wanted to be maintained on a welfare program paid out of our taxes. Even the USDA can only rationalize a threat of 5-10% retail price increases with parity prices, which is less that half of last year's "below parity" price increases.

Another threat made by corporations is that parity prices will mean additional increases in the price of land (since farming would suddenly become profitable) thus small or new farmers would be squeezed out of farming. Although the corporations are experts at "squeezing farmers out" so we should respect their opinions in this matter, this threat seems to be designed to create conflicts between new and small farmers (and their "friends" in urban-based advocacy groups) with medium-sized farmers. Part of the corporate strategy is the desire to have agriculture made up of many small farms (primarily supported by off-farm income) and large corporate type-farms. This desire allows them to put on a pro-small farmer hat when they know it will help in the "squeezing" of medium-sized farmers.

Although these "threats" are not inevitable, they are definitely tactics which corporations could use to discredit and destroy gains that could be made through political action. This requires that we anticipate these attempts and take political action to insure that they do not happen. Price controls on food and land would be one way to address this issue. Many others would have to be developed.

Topics of discussion to pursue with groups which we must develop alliances among include:

Consumers

Nobody has to point out the skyrocketing price increases which have occurred during this period of below-parity farm prices, and most consumers understand that behind most increases is a corporate strategy. We need to develop a political program to control food price increases, before and after the stopping of the enforced below-parity prices. In addition, the building of long-term political alliances among consumers, farmers, and workers in the food industry is extremely important for a wide variety of issues. These alliances should be based on building political strength together—not the destruction of the political strength of one group under the camouflage of helping another group.

Labor and Trade Unions

Wage increases won by working people are being taken back through the strategy of skyrocketing price increases. The relationship between the strength gained by corporations through below-parity pricing and their ability to enforce food price increases needs to be demonstrated. Likewise, the conscious de-population of the rural areas is a major contributor to the persistent unemployment crisis faced by the cities, and the lower wages resulting from such large available pools of unemployed labor. The ability of rural people to purchase the products produced by urban workers is linked to the prices farmers receive.

The historic role of farmworkers in corporate agricultural strategies is another important issue to pursue, as well as the increasing mechanization of all phases of food production.

Rural Communities

Every agricultural job lost due to the loss of farms creates an additional loss of almost three other jobs. This has translated into a tremendous de-population and devastation of rural America. A thorough examination of these effects has been done by hundreds of researchers and reporters and could be well documented.

Churches and other Community Organizations

With the decline in population of rural areas, the membership of rural organizations such as churches has declined, and the average age of participants has grown older. The financial drain on national church denominations who have attempted to keep their rural churches alive is only one on the severe costs of these policies.

"If, as I have suggested, the growth of corporate control of agriculture is not a product of efficiency, intelligence, and hard work . . . but a consequence of policies and manipulations . . . the task is to formulate policies . . . so that the competitve advantages of large-scale operations are removed, so the ordinary working farmer has a chance. If this is done, it may not be necessary to resolve the dilemma between freedom, and equality.

Dr. Walter Goldschmidt, UCLA

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The League of Rural Voters is a national non-profit organization dedicated to improving the quality of life for rural America through policy research and voter registration.

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Minneapolis, MN 55408

First Printing	1979
Second Printing	1980
Third Printing	1981
Fourth Printing	1986