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VALUES: THE PREMISE FOR PLANNING

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John Maynard Keynes is reputedly to have said that:

> "...the ideas of economist and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually slaves of some defunct economist." (Keynes, 1957, 383)

How many planners, specifically rural planners, are enslaved by some defunct economists? Presumably planners are not too different from the rank and file citizenry of the nation and if this premise is correct, it can be safely assumed that most planners equate the Declaration of Independence with Adam Smith's invisible hand of self-interest; and thus the political economist, Adam Smith, in the eyes of many, is a "deified" prophet in this country and the Western World as it pertains to business, economics and politics, which could not help but ensnare the planners, for they have been and are to a large degree, the obedient servants of the masters of industry.

But how can any "red-blooded" American quarrel with the concepts of "laissez faire" and the competitive free market, for are they not the "virtuous" underpinnings of the "American Way of Life"? There is a constant reaffirmation of these "amoral" economic principles and patriotic virtues. For example, some twenty years ago, two of Dwight D. Eisenhower's Cabinet members spoke eloquently on the subject. Ezra Taft Benson, then Secretary of Agriculture, proclaimed in the Forward of the 1954 Yearbook of Agriculture (Marketing) that:

> "...Our marketing system is intricate. It is sensitive to many economic and international developments. It includes millions of processors and dealers, each making his own plans. When one first looks at such a complex system, he may easily get an impression of disaster in it.
>
> Yet there is a guiding principle. Adam Smith, a Scottish political economist of the eighteenth century, pointed out that the individual producers and businessmen, acting in their own self-interest as they make their countless separate decisions to buy or sell or hold or ship, are led as if by an invisible hand to benefit the general public. The principle is one of beneficial competition." (Yearbook of Agriculture, 1954,vii)

Ike's esteemed Secretary of Defense in effect announced to the nation, "That what is good for General Motors is good for America". It is interesting to note that Charles E. Wilson had been President of General Motors for twelve years just prior to his secretariat position. But now twenty years later, the scoffers should take note, for it is plain for all to see that what is bad of General Motors is bad for America. And rarely, if ever before, have most of the nation's farmers enjoyed such high prices, all because they are the recipients of Earl Butz's (our present Secretary of Agriculture) insistance upon the nation's agriculture being a part of the world's free and competitive market place.

Those who live in Arizona are very much aware of the merits of free enterprise because every student attending public high schools is required to take two years of "free-enterprise" economics, an educational program now in its fourth year. And a very recent news item dated December 30, 1974 quotes Arizona's retiring State Superintendent of Public Instruction and formerly Dean of Students at Arizona State University,"...that the social, political, philosophical, and economic aspects of the free market system should be an essential and integral part of the public school curriculum from the first grade through high school." (Scottsdale Progress, December 30, 1974, 2) The citizens of Arizona are obviously in tune with the economic values that have made this nation great.

Planners can not help but be caught up in these "right" kinds of ideas that are part of the establishment's panaceas of what must be. But now that we face another economic recession, that may be reminiscent of the thirties, many economists are peddling even more vigorously the ideas of John Maynard Keynes (who would probably prefer to be remembered as something other than a defunct economist) that advocate the "priming of the pump" which induces the multiplier effect, and relies upon the propensity of the consumers to consume,

whether it be conspicuous or otherwise. But this sort of activity will not alleviate the inflationary trend that still persists, so the classical laissez faire libertarian economists, spearheaded by Milton Friedman, at the University of Chicago, proclaim the merits of the free market and assume that "God and/or nature" and/or time, will take care of everything and that the chips should fall where they may. In the midst of all this political and economic maneuvering, where do you stand, sir? And to what extent are we enslaved by the ideas of defunct economists?

In this regard, it would probably be reasonably safe to say that the radio commentator, Paul Harvey, would not acknowledge being a disciple of John Maynard Keynes, but on April Fool's Day of 1974, Mr. Harvey may have been pulling a prank on his admiring radio audience when he dramatically stated: "By raising our level of longing, we raise our level of living. This is the function of advertising. This is the story of free-enterprise." I doubt that April Fool's Day had any significance or bearing upon Paul Harvey's pronouncement, and if this assumption is correct, it would appear that Mr. Harvey has been influenced by more than one economist, for he could have said following his first sentence, "Thank you, Mr. Keynes" and following his last statement he could have said, "Thank you, Mr. Smith, or even Dr. Friedman, Mr. Butz, Mr. Benson, Charlie Wilson or the State Legislature of Arizona." To what extent are planners any different than Paul Harvey?

Present events in the world as pertaining to economic theory and the environment are raising a number of questions about the validity of many of our economic notions. Many people are becoming alarmed about the apparent finiteness of our resources and scholars are investigating many of our premises that we have assumed were basic upon which many of our institutions, programs and functions have been built, including the role that planning plays in the

institutional scheme of things. In this regard Lester Brown states:

> "Some of the difficulty experienced in assessing the earth's capacity to sustain continuous growth derives from the fact that many economists consider ecology a subdiscipline of economics, when in reality the converse may be more accurate. Those of us who are economists forget that the economic structure man has erected rests entirely on the earth's capacity to produce food, to absorb waste, to supply fresh water and energy fuels, to produce forest products and fish, and to supply mineral and other raw materials. Without these, there would not be even the most rudimentary economic activities on which man's existence depends." (Brown, 1974, 15)

Brown is not the only one concerned with the increasing growth theme. For example in May of 1973 a public symposium was sponsored by the College of Liberal Arts at Oregon State University that addressed itself to the "Environmental Spectrum" and more specifically to the "social and economic views on the quality of life". The symposium consisted of ten papers being read that have since been published by D. Van Nostrand Company, and the papers represented the disciplines of chemistry, philosophy, economics, sociology, microbiology, history and management. Economic growth became one of the principle subjects in the essays presented, with some holding that economic growth was essential, others seeing the need to modify views of economic growth, while others raised serious questions about the concept of economic growth. Daly's essay was perhaps the most outspoken against economic growth, and also expressed a concern for ethical values. In this regard, he states:

> "There is no alternative but to accept the humiliation, abandon the pet theory (of economic growth) and get on with the job of figuring out how an economy consistent with physical limits, a steady-state economy, can be attained.
>
> But ignorance of physical limits is not the only failing of growth economics. For too long we have, in the name of positive science, evaded the ethical and moral issues of just distribution by hoping that growth would mean prosperity for all with sacrifice by none. The sins of present injustice were to be washed away in a future sea of absolute abundance vouchsafed by the amazing grace of compound interest. This evasion was never very honest. It is now exposed as absurd. Precisely the same evasion is employed by the ideologist of Soviet Communism or 'state capitalism'". (Daly,1974, 38-39)

Others of the essayists also made comments regarding the need for value and life style changes. Anderson in commenting on economic growth in a finite world of resources calls for a new game and points out that new rules for the old game won't work, and that "a new game means a shift of values and life styles..." (Anderson, 1974, 20). Barnett states:

> "We seem to be pouring into the environmental bottle all our individual and social yearnings for peace, stability, and quiet; for social justice in the world; and for more meaningful lives. To these we have added our passions for reform of values and improved quality of life generally; and our antagonism toward modern industrial growth and abuses of private enterprise." (Barnett, 1974, 35-36).

Bedau concludes his essay with the following statement:

> "If this had been a sermon I would have taken as my Biblical text 'What does it profiteth a man if he gains the whole world and loses his own soul?' Our species has conquered this planet, exploited its resources, and subdued some limitations of space and time. Yet we are always in danger of losing our souls by neglect of social justice, as our prophets and revoluntionaries have declared for millennia. So it is not enough to have a clear and uncluttered physical environment if only some have it, or if all have it but at the expense or the neglect of other liberties and rights. It is also necessary to have a social system which accords with our articulated moral principles and thus does not affront our sense of fellowship with other persons, our common personhood." (Bedau, 1974, 140-141)

And Nash's essay entitled "Environmental Ethics" remarks as follows:

> "In concluding, I want to reemphasize the idea that ethics must underlie the environmental movement if it is really to succeed in transforming man's thought and man's action. Conservation must become a matter of morality, not merely a matter of economics or of aesthetics or even law. We must be concerned about environmental responsibility not because it is profitable or beautiful, and not even because it promotes our survival, but because it is right." (Nash, 1974, 150).

These negative notions regarding economic growth would have been regarded as gross irresponsibility twenty years ago, while today there are more than a few who are at least extending a curious and/or sympathetic ear. Out of this intellectual controversy will likely come new socio-economic and ethical values and thus new premises which will presumably alter and reshape our future institutions and which cannot help but have an impact upon the future of rural planning.

For some two decades I have been profoundly interested in the ethical economic values of people, but only recently have I been able to express some of my findings and notions on ethical economic values without feeling a deep sense of academic guilt for I was made to feel that values were outside the realm of scholarly endeavor. But times are changing; for example, values and/or ethics were specifically mentioned or alluded to in nine of the ten essays mentioned above. One of the ten authors, Kurt Baier, a philosopher at the University of Pittsburgh, tends to confirm my guilt complex with the following statement:

> "It has long been and probably still is the received view that the social sciences must be 'value free'...Accordingly, when scientists confront value problems, they either hand them over to those who have no compunction im making them, expertly or otherwise: politicians, philosophers, clergymen, and pundits of all kinds; or they so disguise them that they can pretend to others and themselves that no value judgements have been made." (Baier, 1974, 68-69).

Baier then takes a certain delight in pointing out how Professor Neil H. Jacoby (Professor and founding Dean of the Graduate School of Management at the University of California at Los Angeles and one essayist who did not directly mention values or ethics in his paper) did a pretty good job of disguising values but did a rather commendable job of making value judgements. A similar statement comes from Sister Annette Buttimer, a geographer at Clark University who states: "American geography, until quite recently, paid little attention to the question of values, except perhaps to caution about their 'danger' in empirical analysis." (Buttimer, 1974 , 21). Fortunately there seems to be a breakthrough in academia that may legitimize research and dialogue in the area of values, and especially values as they pertain to the ralationship of ethics and economics.

As a graduate student two decades ago I was much impressed with a passage I found in Ralph Linton's book, The Study of Man, first published in 1936, which among other things said:

> "What the modern world needs far more than improved production methods

> or even a more equitable distribution of their results is a series of mutually consistent ideas and values in which all its members can participate. Perhaps something of the sort can be developed in time to prevent the collapse which otherwise seems inevitable." (Linton, 1936, 287).

Linton further envisioned another "dark age" unless some essential values are forthcoming. Linton did not suggest a common strand of values and it has become rather apparent that the common strand of values that he so urgently stressed is not likely to be found among the current 'cherished' economic values of the "Western World; if for no other reason than that most of the third world people or even tribal people of our own nation have been reluctant to fully embrace our "Western" economic values. Yet over the years I believe that I have gradually arrived at the point where I perceive a possible common strand of ethical economic values.

This perception has come about because of my close working association with a number of different people representing a number of different American Indian tribes, through the acquaintance of students from Tribal Africa, reports coming from Peace Corpsmen working with tribal people overseas and from VISTAS working with American Indians in the United States, from my acquaintance with Maori friends from New Zealand and with government administrators working with tribal people in India and Vietnam. I found some remarkable similarities in the traditional ethical economic values of these diverse cultures; and that these similarities closely parallel the ethical economic values as found in the scriptorial writings of the Jewish, Christian and Islamic religions. It also became apparent that the "American Way of Life" fosters a double standard of values, one standard seemingly consisting of personal preferences that resumble the values of the "real world", and the other standard more nearly resembling the idealistic values of the traditional Judaic-Christian philosophy.

The double standard of values mentioned above can clearly be demonstrated by administering a value test of my own devising which I refer to as the "Value

Test" or as the "How Would You Like to Farm?" Test. This test evolved from some questions that were prepared as a part of a survey questionnaire used during the summer of 1961 in a sincere attempt to ascertain from the indigenous inhabitants of an Arizona Indian Community their desires in the utilization of their alloted land, which is deemed a proper procedure in rural planning. Both the survey questionnaire and the "value test" questions presented some options on how people would prefer to farm and utilize their land. The "Value Test" has been given to students, Peace Corps and VISTA trainees, to American Indian people representing a number of different tribes, and to other groups including foreign students coming from tribal cultures. Over this period, well over 1,000 people have been tested with the results from a representative sample being presented in this paper.

The ethical economic value test requires that a simulated situation be created where the following assumptions are made:

Assumptions of the Simulated Situation

1. Would you assume that you have just inherited 1,000 to 5,000 acres of very productive agricultural land sufficient, if managed properly, to provide a very good living.
2. The land is located in an area where you would most prefer to live.
3. That your neighbors are all congenial friends and/or relatives.
4. That you are young, vigorous and healthy.
5. That you are a good farmer and that you would not want to do anything else.

With these assumptions in mind, those taking the test are then given four different options in how the newly acquired land might be utilized:

Land Use Options

1. Farm your land as a private entrepreneur.
2. Consolidate your land holdings with other farms in the area and create a large corporate farm where you would be the largest stockholder and where you could be manager if you so desired. Also, being the largest stockholder, you would of course receive the largest share of the profits.

3. Consolidate your land holdings with other farms in the area and create a large democratic cooperative corporate farm where each stockholder would have but one vote and where the stockholders (on a one man-one vote basis) would elect or otherwise select their manager. The profits or earnings of the cooperative corporation would be distributed as patronage refunds on the basis of participation or contribution to the organization.

4. Consolidate your land holdings with other farms in the area and create a large democratic collective corporate farm where each stockholder would have one vote and where the stockholders (on a one man-one vote basis) would elect or otherwise select their manager. The profits would be distributed on the basis of wants and needs.

With this background information, the questions of the value test are as follows:

The Ethical Economic Value Test

1. Which of the four options listed above would be your first personal preference in farming and utilizing your land?

(Results of Past Tests)

Options

	1	2	Total of Options 1 & 2	3	4	Total of Options 3 & 4	5*	Total %
White Replies	59%	13%	(72%)	13%	10%	(23%)	5%	100%
Indian Replies	24%	9%	(33%)	22%	43%	(65%)	2%	100%

2. Which option do you think your great grandfathers or ancestors would have selected?

White Replies	86%	5%	(91%)	5%	3%	(8%)	1%	100%
Indian Replies	17%	5%	(22%)	8%	67%	(75%)	3%	100%

3. Which of the four options would you choose if you were to believe implicitely in what you consider to be the concepts of free-enterprise, capitalism and the "American Way of Life"?

White Replies	63%	23%	(86%)	6%	2%	(8%)	6%	100%

(Not given to Indian people)

4. If you were to farm individually, would you want to be the most successful and most wealthy farmer in your community, or would you like to see the other farmers in the community equally successful?

White Replies	38% - Most Successful	62% - Equally Successful
Indian Replies	14% - Most Successful	86% - Equally Successful

*Up until the current year, the leasing of one's land to another was used as a 5th option.

5. Based on your knowledge of religion and the basic scriptures, how do you think God or your Creator would want you to farm?

	1	2	1 & 2	3	4	3 & 4	5	Total
White Replies	35%	4%	(39%)	14%	46%	(60%)	1%	100%
Indian Replies	16%	0%	(16%)	2%	82%	(84%)		100%

6. Which of the four options do you think would best implement the humanistic concept of "love your neighbor as yourself"?

White Replies	27%	1%	(28%)	16%	54%	(70%)	2%	100%
Indian Replies	14%	3%	(17%)	0%	83%	(83%)		100%

7. How do you think the traditional American Indians would have preferred to farm?

White Replies	14%	2%	(16%)	19%	64%	(83%)	1%	100%

7a How do you think the white man would prefer to farm?

Indian Replies	73%	19%	(92%)	0%	1%	(1%)	7%	100%

8. How do you think Karl Marx would want you to farm?

White Replies	0%	1%	(1%)	1%	98%	(99%)	0%	100%

The scope of this paper limits an extensive analysis of the "Value Test", therefore the following highlights and summary are presented:

1. The "Value Test" sample indicates that a sizeable portion of "Western Society" have personal economic preferences that are in conflict with what they consider to be their ethical principles.
2. Most respondents indicate God would not want them to manage a corporate farm.
3. About twice as many would prefer to be associated with a cooperative or a collective farm than to be associated with a large corporate farm.
4. It would appear that American Indians may have different ethical-economic values, and that complete acculturation has not yet been achieved.(1)

(1) The results obtained from testing Indian groups are not as consistent as the results from non-Indian groups and my Indian sample has not been as extensive as I would have liked.

What are the values of rural planners and what are the values of those who will be presumably better served by rural planners?[2] Are the economic, energy and environmental problems of today sufficiently extenuating to warrant a serious review of values on the part of planners? Can the planning of the future address itself to the vested interests and rely upon the invisible hand of greed and the gluttony of insatiable consumption? A transition and a change of values seems inevitable if the world, the nation and the community is to avoid chaos. It would appear that planners will be faced with the challenge and the responsibility of playing a difficult and often lonely role in this regard.

How can rural planners be effective innovators of values? This won't be easy for as the results of the "Value Test" as presented in this paper indicate, the "Western World" is suffering from a dichotomy of values, a malady I fear of rather long duration. The results of this malady are becoming more and more apparent as viewed from the recent events at the highest levels of our government where a double standard of values has revealed a rather complete lack of credibility of our leaders in almost every walk of life, thereby placing our institutions on a rather shakey foundation. Furthermore it appears that most people are primarily concerned with a very short range perception, for in 1952 a five-volume work of President Truman's Materials Policy Commission (also known as the Paley Commission) indicated that within the next quarter century we could experience some shortages in basic resources. Now that the fateful hour appears to have arrived, one is still generally appalled at the lack of voluntary self discipline and self-sacrifice on the part of the consuming public. The current flurry of cadillac sales is just one case in point.

(2) May I encourage those who become acquainted with this paper to administer this test to their students or other groups or individuals. Test instructions and answer sheets can be obtained by writing the author.

In September of 1958 a rather interesting article appeared in Fortune Magazine under the title of "The Businessman's Moral Failure", written by Rabbi Louis Finkelstein, who, as a voice crying in the wilderness, declared:

> "If American businessmen are right in the way most of them now live, then all the wise men of the ages, all the prophets and the saints were fools. If the saints were not fools, the businessmen must be.
>
> Too many businessmen never stop to ponder what they are doing; they reject the need for self-discipline; they are satisfied to be clever, when they need to be wise. They worry about their place on the economic ladder, but are not concerned sufficiently with whether the civilization in which they work is likely to collapse. They can defeat a local competitor, but may well be defeated by the competitor of us all, which is moral decay." (Finkelstein, Fortune Magazine, September 1958,116).

Perhaps rural planners in their educational roles in participatory democracy will acquaint themselves with what the prophets, the wisemen and the saints have had to say about ethical economic values, whether the sages of the past be associated with well known religious movements or whether they represent the multitudinous teachings of Holy Men of tribal cultures. If one will but take the time to search out religious scripture or the traditional values of tribal people (a research endeavor in which I am engaged) one will find that they all have about the same ethical economic values. Therefore it is my hypothesis that the common strand of values, stressed as being so essential by Ralph Linton, is the ethical economic values as espoused by traditional tribalism and as found in religious scriptures of all faiths; and that the teaching and implementation of these values at this point in history may be most valid and pertinent to society's present and impending crisis and future well-being.

The Old Testament, the New Testament, the Koran, the Talmud, the Bhagavad-Gita, the Upanishads, the Bahai writings, the Mormon writings and the Buddhist philosophy and writings are all abundantly and richly endowed with ethical economic philosophy that would imply that most western and/or "classical" economists are indeed defunct. I should like to illustrate my point with representative quotations from various religious scriptures or descriptions of religious philosophy and accounts of traditional tribal values:

E.F. Schumacher in discussing Buddhism and Buddhist economics states:

> "It is clear, therefore, that Buddhist economics must be very different from the economics of modern materialism, since the Buddhist sees the essence of civilization not in multiplication of wants but in the purification of human character... "
>
> "He (the modern economist) is used to measuring the standard of living by the amount of annual consumption, assuming all the time that a man who consumes more is better off than a man who consumes less. A Buddhist economist would consider this approach excessively irrational since consumption is merely a means to human well-being, the aims should be to obtain the maximum of well-being with the minimum of consumption" (Schumacher, Resurgence Magazine, 1968)

From the Bhagavad-Gita: "Take care neither to acquire nor to hoard...You have the right to work, but for the work's sake only. You have no right to the fruits of the work. Desire for the fruits of work must never be your motive in working. Never give way to laziness either." (Bhagavad-Gita, 1951, 40)

From the Upanishads: "My Lord, if this whole earth belonged to me, with all its wealth, should I through its possession attain immortality? No, your life would be like that of the rich. None can possible hope to attain immortality through wealth." (Upanishads, 86)

From the Psalm: "The earth is the Lord's and the fulness thereof; the world and they that dwell therein." (Psalm 24:1) or "Behold, these are the ungodly, who prosper in the world; they increase in riches." (Psalm 73:12)

From the Acts: "And all that believed were together, and had all things common; and sold their possessions and goods, and parted them to all men, as every man had need." (Acts 2:44-45)

From the Epistle of James: "Go ye now, ye rich men, weep and howl for their miseries that shall come upon you. Your riches are corrupted, and your garments are moth-eaten." (General Epistle of James 5:1-2)

The Maori (Tribal people of New Zealand): "It is in terms of communism that many of the institutions of the Maori are to be explained. The lack of civil law is partly supplied by the 'communistic spirit'. The system of kinship terminology is strangely affected by the communistic life of the native; in land tenure 'the Maori held tenaciously to his communistic methods' while his system of exacting compensation for offences is a 'mark of communism'". (Firth, 1959, 360).

Tribal legends occasionally describe the characteristics of historical holy men who have handed down their teachings by word of mouth. One such personality was the Iroquois prophet,Degonawidah, who in his day found the leaders of the Iroquois tribes very corrupt, tyrannical and cannnibalistic. Rather than destroying these leaders it became his mission to "comb the kinks out of their

minds", a goal which he achieved, and then went on to establish the principles of the Iroquois Federation, which many historians have come to regard with a great deal of respect. Degonawidah further taught that "We shall have one dish in which shall be placed one beaver tail, and we shall all have co-equal right to it...The hunting grouds shall be open to all. There was to be common access to raw materials." (Wallace, 1946 31-32)*

If rural planners are to meet the challenge of the day it would appear that they might also consider the role of 'combing the kinks out of men's minds' as it pertains to values, for in my mind, values pretty much determine the characteristics of communities. As rural planners, how would you react to the following descriptions of three different communities?

#1 "...there are no rich people and paupers, no people of great power; nor yet people who are oppressed." (Diamond, 1974 11)

#2 "...no individual or group of individuals hold punitive power. All authority is vested in the town meeting, and although the norms of the...(community)...are followed almost without exception, there are no policemen, judges, or courts in this society. In short, social control in the...(the community)...has been achieved with a minimum of formalized patterns of authority." (Spiro, 1969 287)

#3 "And they had all things common among them; therefore there were not rich and poor, bond and free, but they were all made free...And there were no envyings, nor strifes, nor tumults, nor whoredoms, nor lyings, nor murder or no robbers and surely there could not be a happier people among all the people who had been created by the hand of God." (Book of Mormon, 1830, 456-457)

Each of these three descriptions is of a communal community, the first being a description of tribal communities as portrayed by Bronislaw Malinowski, the second is the description of an Israeli Kibbutz and the third the cultural norms of a society as described in the Mormon Book of Mormon.

Many rural planners are likely to consider these suggestions too "far out" for serious consideration, but one should but pause a moment and reflect upon our present life style. Is not the corporate business entity the dominate institutional arrangement of our day? Is not the corporate entity a collective

*An infinitesimal fraction of the quotations available.

frequently involving hundreds and thousands of people? How democratic is the corporate entity? Why not rural democratic community corporations where every member of the community are active participants and where every adult has one vote and only one vote? Why not cooperative coordination between democratic community corporations that might eventually encompass the globe so that we might better inventory our resources, our wants and needs and man's capability and feasibility of satisfying his wants and needs? Why don't we concentrate upon satisfying a maximum of well-being with a minimum of consumption? And in doing this is it necessary to do it with prices and money (see Isaiah 55:1 and 2nd Nephi 26 of the Book of Mormon)? Why isn't some innovative college or university preparing young people to live in such a community where they can learn technical skills, participatory democratic management skills and a new set of ethical economic values that will be more in keeping with our necessary ecological considerations, that also includes the brotherhood of man; and where the college or university would actually be such a community and where the students would learn by doing?* Would such a community really work? There are a few examples where such undertakings have worked which cannot be detailed in this paper. Would such a college or university work? The economic feasibilities of such a proposed institution indicates that it could repay long term loans or pay dividends on preferred stock and be financially self supporting and independent.

I do not know how many planners may share my ideas on rural planning, but evidently there are others, for in the December 14, 1974 issue of Saturday Review/World, Theodore Taylor talks about"self-sufficient communities that make full use of locally available sources of energy and materials". He suggests these communities be designed to"...provide their residents with a sense of full

*The particulars of such an arrangement have been refined to a considerable degree and would be available to interested parties.

participation in the economic, cultural and political development of the community while they also provide easy access to natural environments that are little disturbed by human activity." (Taylor, 1974 57)

To give the community self-sufficiency he suggests that greenhouse agriculture might be seriously considered by rural planners, and that by controlling the environment much higher yields can be obtained and with the utilization of less water. However from my limited involvement with greenhouse agriculture, it will be necessary to harness other sources of non-polluting energy (hopefully solar, wind, geothermal or other non-polluting sources) needed for winter (evening) heating and in some areas for summer cooling, before it could economically be used for the production of cereals, man's staff of life. Mr. Taylor points out that: "Preliminary estimates suggest that grains, fruits and vegetables sufficient for providing a balanced diet for more than 200 people from each hectare of green house structures can be realized at initial capital costs as low as $50 per consumer." (Taylor, 1974 57) My own experience in doing economic studies of greenhouse agriculture does indeed excite one's imagination with its potential for rural and/or urban development, and is an aspect that should not be overlooked in rural planning.

Mr. Taylor also envisions the eventual establishment of communities in outer space and the utilization of mineral resources from the moon. Again he foresees self-sufficient communities with the facility for producing food in outer space. He further thinks that such a community or communities could carry on a number of interesting experiments in pluralistic life styles. In this regard he makes the following comments:

> "Choices that will become more restricted on a finite and crowded planet can be tested in the extended environment of space--where 'astroculture' for example, will complement agriculture to help provide a continuing material base for the development of humanity. The requirements for cooperative action in these new worlds in space may provide models for improving our performance and cooperation on earth. The severity of the environmental

challenges draws forth such basic virtues as honesty, sharing, self-discipline, concern for the whole. 'Selfish' behavior will more obviously endanger the survival of the group whereas cooperative behavior will be more readily visible and appreciated. Humanity has received many ethical instructions from all its spiritual leaders --yet we have consistently failed to live up to our own expectations. Possibly the challenges of extraterrestrial living will create the model of brother-sister-like behavior that we have longed to achieve on earth." (Taylor, 1974, 57-59)

Taylor's description of a community in outer space sounds like the ultimate in rural planning.

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AGRICULTURE'S IDENTITY CRISIS

BY
Chester J. Teller
Director of College Relations
Cook College - Rutgers University

Hon. Herman E. Talmadge, Chairman
Committee on Agriculture & Forestry
U. S. Senate:

> "As important as price support programs may be, the assurance of stable markets for farm products is even more important. It is the market system that moves the bounty of our farms to the tables of our customers. The transportation, the processing, the packaging operations - all of these are parts of the marketing system that place the product in the place and the form the consumer wants."

E. A. Jaenke, President
E. A. Jaenke & Associates, Inc.
Washington, D. C.:

> "One of the most unfortunate legacies of the last few years is the misunderstanding, antagonism and bitterness that has developed between farmers and their customers - consumers, labor and business. The Secretary of Food and Agriculture needs to work very hard to overcome this to restore respect and mutual understanding between farmers and other important groups in our society."

These two statements appeared in a Congressional Report dated Sept. 15, 1976 entitled "Farm and Food Policy 1977", Committee on Agriculture and Forestry, United States Senate.

And taken together it seemed, at least to this observer, to encapsulate whatever it is we have been calling "the farm problem". (As Pogo remarked many years ago, "I have seen the enemy and they is us!")

We, in agriculture, probably because of our Bible-quoting heritage, are very fond of certain phrases that upon repetition take on the aura of undeniable truths. One of these is the number of people one farmer feeds. Each year he feeds a few more because a few more farmers gave up. Another favorite is to recite the farm-to-market spread to show that farmers get 40% or less of the consumers' dollar. Still another is to intone that expenditures for food in relation to disposable income is about 16%, less than any other civilized country in the world.

All of these statements are true. All of these statements are false. Our difficulty seems to turn on our inability to recognize various shades of veracity.

Of course, we are aided and abetted by our friends who provide agricultural inputs - the equipment manufacturers, the fertilizer companies and the chemical industries. These are the "agribusinesses" who have been lulling our farmers to sleep - politically, that is - for years.

And agriculture has been a political creature since 1933. (Actually, since Jefferson, but I don't go back that far.) There has been a coalition among southern democrats and mid-western republicans with a hold on Congressional agricultural appropriations committees and the U. S. Department of Agriculture for years.

Added to this gentlemanly arrangement is an army of quasi-public officials located in county extension offices throughout the country, Farm Bureau enclaves, state department of agriculture officials and land-grant universities, particularly in the Agricultural Economics Department.

Many of these people are busily engaged in presenting after-dinner speeches to admiring audiences and writing pithy weekly newsletters for delivery to them after they get home.

And there is the farm press. For example, this excerpt from "OPINION" on page 56 of the September, 1976 issue of "FARM JOURNAL, The Business Magazine of American Agriculture": The subject was entitled, "How to get What you Vote For" and it

> "asked 636 farmers in the mid-western states this question: "Many farm-state political leaders in Congress say that it is no longer possible to pass farm legislation without the aid of organized labor and consumer groups. Do you agree or disagree?"

Two-thirds of those answering said they agreed.

But then we asked a second question:

> "Assuming that farmers must now have the help of these groups, do you think that favorable farm legislation is worth the compromises farm leaders have had to accept, such as food stamps for strikers, federal rescue of New York City and the federal deficit that has resulted?"

An overwhelming 85% said no, it wasn't worth it."

Could the editors of FARM JOURNAL favor the federal rescue of Saigon, but not of New York City?

But FARM JOURNAL favors their advertisers, most of whom are our agribusiness friends.

The situation has changed drastically during the past three to five years. "Where we once were concerned with chronic surplus, we have come to be confronted with periodic shortage", stated Hon. Herman. E. Talmadge in his introduction to Farm & Food Policy 1977. "The shock waves which have rippled through our food system in the last few years have prompted a searching re-examination of not only the food and farm policies of this country, but the basic assumptions which underlie the policies."

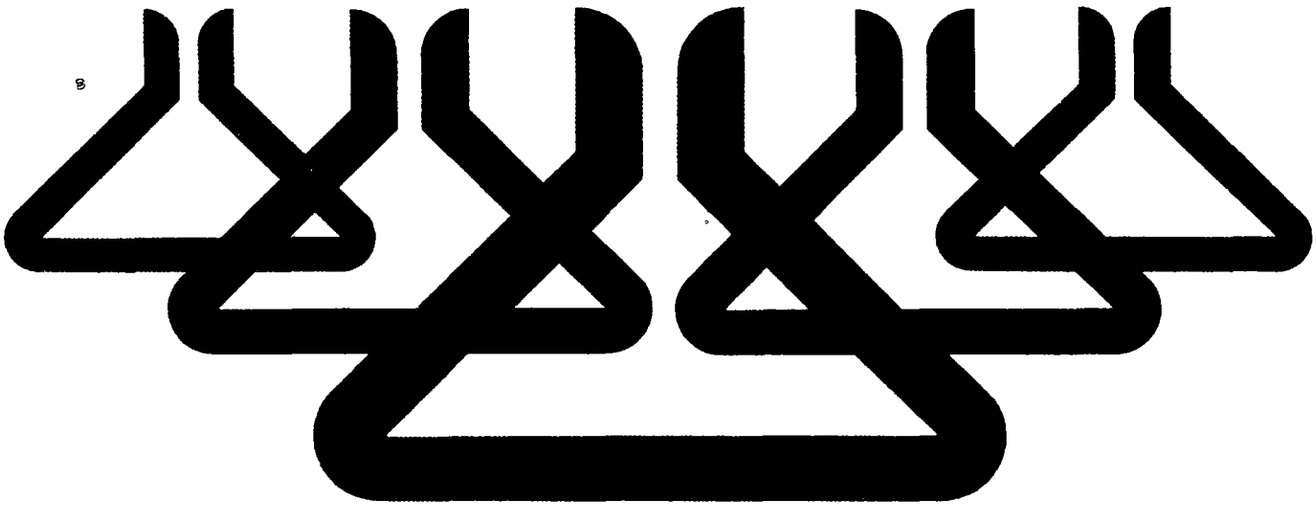
This is our identity crisis. How independent can agriculture be? How interdependent is it? When agriculture pollutes the water or the air, must it answer

the environmentalists? If it uses more energy than it produces, must it be held accountable? If one acre out of four is exported, should the State Department have a voice? Are consumers and labor actually agriculture's enemies? Aren't the customers always right? Is producing food profitable for everyone except the farmer? Is the farmer an "agrifacturer", supplying food ingredients to the food industry, rather than an entrepreneur who manipulates land, labor and capital? Isn't it time agriculture discovered its own identity?

Foremost

THE PROFESSIONAL NUTRITIONIST

SPRING 1974—APRIL/MAY/JUNE A Professional Service Publication of Foremost Foods Company



HOW TO STRENGTHEN AGRICULTURAL RESEARCH

By: A. Richard Baldwin, Ph.D.
Vice President and
Executive Director of Research,
Cargill, Inc., Minneapolis

(Dr. Baldwin is Past President of The Agricultural Research Institute (ARI), Washington, D.C.)

Unlike Old Mother Hubbard, when professional nutritionists go to the cupboard these days they find that they can work with unbelievable amounts and varieties of food produced by the most efficient agricultural system the world has ever seen. Agricultural research developed the technology which made the inputs of capital and the private enterprise system work efficiently.

Furthermore, the public and private investment in agricultural research has been so favorable that for every dollar invested there has been a return of $25 to $100. The consumer has been the main beneficiary of obtaining lower priced food and fiber, and a more reliable supply. Most of the rest of the world also has been able to feed and clothe itself better, because the knowledge gained here has been shared with them.

Yet those great contributions to the social and economic well-being of the nation and the world are not receiving their just attention! At no time within our memory has American and world agriculture come under such close scrutiny. In these items of budget cuts and fiscal awareness, we find our public and private agricultural research funds limited. Yet the challenges of meeting the burgeoning needs of our people now and in future generations must be met.

I would like to first clarify the problem by discussing five major points about our agricultural research.

Then I'd like to offer six suggestions on where new investments can strengthen the program.

The **first** main point is the urgent need for more production research. It is hard to become accustomed to talking about full agricultural output after so many years of burdensome surpluses and of subsidies for reducing production. Yet seemingly overnight, poor crops in many parts of the world and the affluence of Europe, Russia, Japan, and the U.S. have created unprecedented demands for our agricultural products.

Our economy depends more and more on agricultural production. Our international balance of trade in the 1972-73 crop year was highlighted by the largest positive contribution coming from agricultural products—$5.6 billion. By contrast, non-agricultural goods had a trade deficit of $9.1 billion.

So it's important to all of us for farmers to increase their production of crops, meat, milk and eggs at lower cost. Here's one way of gauging the need for technology to improve. During World War II we had all-out food production to feed the American population of 137 million. But that level of technology couldn't meet the demands of 210 million Americans in 1974 when we're again gearing up for high-level production. And surely the demands of the year 2000 when we

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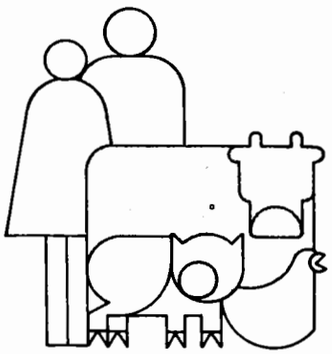

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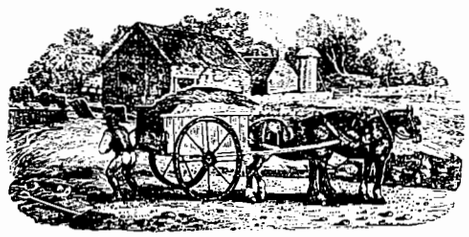
It's Time Agriculture Went Public



By: Chester J. Teller
Director of College Relations
Cook College, Rutgers University
New Brunswick, N.J.

The year 1973 has proven that agriculture can no longer be taken for granted. The "cheap food policy" has finally lapsed and probably has been cancelled for all time. It is a propitious time to look back, and to attempt to evaluate agriculture as an economic segment of the nation's total industrial plant.

Now, where do we go from here? Let's first try to examine and analyze this marvel of productive efficiency known as American agriculture.

A number of coincidences occurred during 1973 in rapid succession that has most of us still reeling under their combined impact.

1 As a result of a worldwide spell of bad weather in 1971-72 and into the spring of '73, grain crops were severely cut in many countries.

2 The spectacle of the grain sale to the Soviet Union—12 million tons of wheat plus seven million tons of other grains for $1.14 billion—seemed to herald the beginnings of the shortages.

3 The sharp decline in the Peruvian anchovy catch, due to Pacific Ocean current changes off the coast, threatened to destroy the world's largest fishery and directly affect availability of the fish meal used to enrich poultry and other livestock feeds. (At this time, reports of its recovery, hopefully, are not exaggerated.)

4 Twice since the summer of 1971, the U.S. has been forced to devalue the dollar, partially because of a deficit trade balance. This has made American grains and other products particularly attractive in world trade.

All of these coincidences brought near-hysteria in the trading pits at the Chicago Board of Trade. Quotations of $7 soybeans, $5 wheat and $2 corn were registered in late summer. These, of course, resulted in live cattle and hog prices up around $56 per hundred weight.

In turn, these firm wholesale levels were quickly translated at the supermarkets, where a well-publicized consumer boycott took place. This emotional reaction merely proved that consumers who knew a lot about 10-speed bicycles had little understanding of three-year livestock cycles. Housewives had no idea of what was in store for them. Or, what was not in the store for them.

By now, the administration's economic advisors had taken us through Phases I-IV; we were faced with talk of shortages and crises. There was an energy crisis, a fuel crisis, a transportation crisis and a food crisis. Oh yes, Watergate added a credibility crisis!

People virtually world-wide, with their varying degrees of post World War II affluencies, have finally caught up with the American genius for farm productivity. Everyone wants protein and many more people now can afford it. They want more animal protein, which in turn, takes more grain. The buying power of the individual is increasing in almost every country: Japan's per capita gross national product has tripled since 1960, Western Europe's has gone up 53%, and Latin America's is up 39%.

It really seems like yesterday that we were concerned about surpluses of wheat, corn, rice, cotton and peanuts—all paternalistically subsidized in one way or another.

There appeared to be a relationship between the supported Southern-grown commodities and the Southern-dominated Congressional committees that worked so closely with the public servants housed in the great South Building of the U.S.D.A.

All of us, as consumers, now are starting to realize that perhaps farmers may have been subsidizing us, rather than the other way around. We have come to expect to obtain our food needs for approximately 15% of our income, the lowest of any nation in the world. And with only 4% of our people farming the land!

Meanwhile, farm productivity had increased during the last two decades by 50% as the farm work force was cut in half. The other 96% of the Americans were spending less and less of their disposable income for food—and more and more on Sony color television sets and Yamaha motorcycles.

But agriculture is a paradox. Its leaders keep proclaiming it is the number one industry in this country. And yet all of the agricultural economists at all of the land-grant universities couldn't increase the average income of farmers that persistently lagged 15-17% behind non-farmers. Everything comes with great difficulty to agriculture —except bumper crops.

To ease the discomfort of not making it in the market place—the traditional Mecca of the free enterprise system of which the agricultural establishment is a most loyal adherent—we altered our vocabulary.

"Parity" was discarded, probably because no one knew how to achieve it. People learned to talk, instead, about "agribusiness." Referring now to farmers as "agribusinessmen" did much for farm morale, but little for bank balances. How can one be an agri-businessman if he has no products for sale—just supplies to move? Those commercial firms that sell inputs, such as equipment, chemicals and fertilizers, are the agri-businessmen. They have found a way to legitimize the partial "repeal" of the law of supply and demand through the adoption of advanced techniques in production and marketing that work to their advantage.

"Agri-marketing" was another favorite. But how can one be a successful marketer if his undifferentiated products are not controlled at the sources of production, and if the demand for those products is extremely inelastic? Why the inelasticity of imagination, of innovation, of courageous action? Has agriculture become a prisoner of its own rhetoric? Has it become statisticized into inaction?

Apparently, the "number one industry in this country" still doesn't understand marketing. No segment of the total economy has contributed so much to our level of living by freeing manpower as has agriculture. And yet no segment of the economy has such difficulty in the market place which is the traditional pay-off point.

The financial successes of agriculture during the wonderful year of 1973 now are being attributed to the business acumen of the American farmer. Realized net income will approach $25 billion in 1973, up from a record $19.2 billion in 1972. Agricultural exports have been a factor in establishing "detente" with the Soviet Union and the Peoples Republic of China. Our foreign policy, as recently articulated by Secretary of State Henry Kissinger, depends to a substantial degree on the vitality and efficiency of our agricultural enterprise.

With the oil shortage crisis becoming more complicated with each day, it may be that about $15 billion worth of agricultural commodity exports will be required to balance the payments for $15 billion worth of crude oil that we may have to (and be able to) purchase very soon. That is, at this writing, if the Arab nations ever consider us "friendlies." It will be simply a matter of our food for their crude.

What farmers must guard against is the breaking of the market as supplies increase. No longer can "agrifacturers" be satisfied with the simplistic answers from the ag economists. It is vital to obtain and maintain that elusive "parity."

The only way this can be achieved, to thwart the harsh realities of a free-swinging supply and demand situation that exists nowhere except in agriculture, where the demand is inelastic and supplies uncontrolled, is to declare agrifacturing—the production side of the food industry—**a public utility.**

It is the writer's contention that ever since Henry Wallace wanted to supply milk to the Hotentot's tots agriculture has indeed been a public utility, in fact if not in name. Price supports, land banks, export subsidies, county agents, land-grant universities, and the ever-present U.S.D.A. from its market news service to its Soil Conservation Service, lend credence to this theory.

But the one who benefited most by this unique arrangement between the executive and legislative branches of the government has been the consumer. The farmer, at least those who remain, still operates in that glorious free market that everyone lauds in after-dinner speeches, but that only he has to tolerate.

Farmers have never thought of themselves as "ingredient suppliers" to the food industry. Nor has farm leadership taken this view. They insist on calling him America's greatest businessman! The truth is that the farmer is the only person in our economy who buys everything he buys at retail, sells everything he sells at wholesale—and pays the freight both ways.

The time is overdue for a total food industry policy, rather than attempting to maintain a separate farm income policy. It is time for agriculture to become a rightful partner in the total food industry complex. There is the automobile industry of which the spark plug manufacturer is an essential part. But who needs a spark plug until it is firing an engine and the engine is under a car's hood?

Similarly, there is the food industry of which agriculture is, undeniably, an essential part. But who needs a live steer until it is a T-bone steak on a sizzling platter?

The agrifacturer should occupy the same relative position to the food industry as the spark plug manufacturer does to the automo-

(Please turn to Page 4)

Agriculture/from Page 3

tive industry. Both are removed from the ultimate consumer; both supply essential ingredients. Alas —only one is a businessman, in this writer's opinion.

I offer AGRIFAC, the contraction of agrifacturer, to identify this new public utility, and which will operate like COMSAT or AMTRAK.

The purpose will be to retain the efficiencies of production through private entrepreneurial initiative, while at the same time protect the broad public interest by ensuring a fair return to farmers.

It would be an up-date of the Brannan Plan. The corporation, with its farmer and food industry stockholders, would set up an "ever-normal granary" to provide adequate reserves and to prevent forced commodity marketing in the crop year as harvested.

In periods of short supplies and high prices, AGRIFAC would move in to protect consumers who are on fixed incomes or otherwise unable to cope in the market place. Just as AMTRAK is attempting to rescue the railroads for their owners and to guard the interests of the employees, it is equally responsible for the protection of the riding public.

Another important feature of AGRIFAC must be the development and implementation of a land-use policy that will provide for a permanent agriculture. If necessary, AGRIFAC would provide subsidies of 50% of the real estate taxes, with the states paying the other half.

AGRIFAC also might act as a marketing agent. For example, if AGRIFAC had been in existence at the time the Russians were out buying wheat, we might have witnessed more judicious judgement in the matter.

In an article on farming in a national news magazine the following sentence summed up the attitude of farmers: "The greatest obstacle to increasing output is not technical but psychological: the farmer's traditional fear that if he grows everything he can, he will only produce a glut that will depress prices."

A case can be made to show that agriculture is somewhat schizoid—and, perhaps even paranoid. But the farmer's traditional fear of depressed prices is much more real than imagined. Any superficial review of agricultural prices during the past half-century will bear this out.

Change is what we have really been talking about. And the rapid acceleration of change strains the limits of our ability to communicate. It is the lack of effective communications between farm and non-farm segments of the population in general—and of the food industry in particular—that has caused much of agricultural leadership's frustration.

To meet many of these changes, a public relations approach, on a national level, has recently been undertaken. Known as the National Agricultural Communications Board, it will attempt to speak with one voice to the consumer.

In commenting on the new organization, Secretary of Agriculture Earl Butz stated: "I am pleased and encouraged by this development—the first, to my knowledge, of its kind ever undertaken between farmers and suppliers of basic agricultural inputs. If it is to succeed, the purpose must not be to make things seem what they are not. The purpose must be to establish a genuine dialogue, and thereby bring about more profound communication and more complete understanding between the most basic producer in our economy, the farmer, and the ultimate recipient of his products, the consumer."

Public relations is not a panacea. It will not make a firm market out of a weak one. It will not control rainfall or hail stones. It will not make a good situation out of a bad one. It is not something to hide behind.

It is a tool for understanding.

By accepting change, by attempting to communicate, by some "straight talk," agrifacturers might be able to join with the food industry on an equitable base to ensure our country and the world of a continuing food supply of high quality to meet the demands of an ever increasing and more sophisticated consuming public. □

The food industry is facing additional challenges in its efforts to achieve better nutrition for consumers. The challenges, in turn, pose new opportunities for the industry and its nutritionists.

Tremendous advances within scientific disciplines have been achieved in recent years. But some of them are being over-shadowed by the growing participation of the government in the consumers' on-going dialogue with the food business.

The successful dialogue of the past has been one in which the food manufacturer reacted to and interpreted the changing language, social indicators and life styles of customers in terms of new products to satisfy new needs.

This dialogue was one of questioning and answering, complaining and flattering, accepting and rejecting. The language included the process of market research, test marketing, handling complaints, product changes, labels, advertising, line extensions, and even product withdrawals.

The dominant voice was that of the consumer. And it seemed to be clear, straight, and understandable. It spoke to us of needs and wants, and indicated to us new styles of life which created new needs and new wants.

But this cozy conversation between the food maker and his ultimate customer is no longer taking place on a single level. There are other voices in other rooms, heretofore relatively muted, which are plugging in. In effect, we now are on a commercial partyline.

The most dominant and strongest of these voices, on either of the sides of this dialogue that is shaping today's so-called consumer food market, is the consumer's newly-found voice-box. Hear the powerful, sono-

AGRI-MARKETING -- HIT OR MYTH?

Richard Buckminster Fuller, developer of the geodesic dome and designer of the United States Pavilion at Expo 67 said, in a reported interview, "The most serious problems these days are not air or water pollution, but information and intelligence pollution. Try as we may, we can't rid ourselves of old habits of the mind. We have a penchant for pre-judging on the basis of our misconceptions."

Agriculture can be painted with this Fuller brush!

The rapid acceleration of change, in which we are all caught, strains the limits of our ability to communicate. And it is the lack of effective communications between the farm and non-farm segments of the population in general -- and the food industry in particular, that is causing much of agricultural leadership's frustration.

In referring to the changing "agrarian establishment," Dr. Don Paarlberg, professor of agricultural economics at Purdue University and an under-secretary of agriculture during the Eisenhower administration, has spoken of the paternalistic framework made up of (1) the farm bloc in Congress, (2) the U.S. Department of Agriculture, (3) the Land-Grant Colleges and their Cooperative Extension Services, and (4) the national farm organizations. The professor noted that "agriculture is losing its uniqueness -- it is entering the mainstream of American life -- it is becoming an undifferentiated part of the economy." And I might add -- not fast enough!

Remarks to Eastern Division, NAAMA, Waldorf-Astoria, New York, Dec.2, 1968, by Chester J. Teller, Director, Communications Center, CAES, Rutgers University.

Today's farmers are becoming enmeshed in the tangled lines of communications that were formerly used to advantage by their predecessors. The "agrarian establishment" was all that was needed -- USDA-directed, with the Southern dominated Congressional Committees in Washington hovering placidly over all INCLUDING THE NOT UN-RELATED 3½ BILLION $ SUPPORT PROGRAM (Now that hunger in the United States has been uncovered in the midst of plenty, the great South Building is not quite as placid, but nevertheless, well-named.)

However, the establishment did help to make "two blades of grass grow where one grew before." And this saga of agricultural efficiencies and sufficiencies, that is the marvel of the world, cannot be underestimated nor under appreciated! And is the paradox to which I shall refer.

But change has weakened not only the USDA-oriented establishment -- along with the decline of farmers' political strength through legislative reapportionment -- but, equally as significant, change has brought about a lack of satisfactory response through the traditional communications channels.

It is this tyranny of paternalism that I fear is greatly responsible in retarding agriculture's entrance into the industrial economic arena. Whether we work at the Federal level, State level, or county level, our thinking is fairly well prescribed by a bureaucracy that was set in motion over 100 years ago.

In 1962, the U.S.D.A. celebrated its centenary anniversary. (The market on broilers was firmed up at that time occasioned by the great number of chicken dinners held throughout the United States in commemoration of this occasion.)

One brochure, released by the U.S.D.A. during that festive year, was entitled "Bull Run, Shiloh, and the U.S.D.A." I am afraid that when it comes to marketing, it's still "Bull Run, Shiloh, and the U.S.D.A." A century ago, this country was 75% rural, today it's less than 6%. Now some of agriculture's most worthy proponents are suggesting that agriculture represents 40% of the Nation's work-force. I find this a little difficult to accept although I understand their fallacious reasoning.

There are new forces on the scene today with which agriculture must become a partner. You represent these forces and that's why I am so pleased to have been offered the opportunity of attempting to communicate with you today.

Let me quote, at some length, from an article that appeared in Feedstuffs:

Dr. Dale E. Hathaway, Michigan State University, told the National Agricultural Credit Conference recently that these new forces are the large agricultural input producing and marketing industries which did not exist when farm organizations, U.S.D.A., or colleges of agriculture were formed.

"These older institutions bemoan the reduction in the number of farmers as if farmers were the only ones with economic interests and political power in modern commercial agriculture," Hathaway said.

"I can assure you it was not political pressure from a group of small family farmers that precipitated the 'chicken war' of a few years back. It was a group of large, integrated broiler producers. Nor is the main public push for our recent 'feed the

world' enthusiasm coming primarily from county farm organizations. It comes largely from the non-farm producers of chemicals and fertilizers and owners of storage and shipping facilities.

"It is doubtful if the biggest political problem of commercial farmers, now or in the future, lies in the shortage of potential political allies with substantial influence. These agribusiness complexes can and will be major political forces in the future, but not necessarily always in the interests of the farm producers. Do not expect that this political marriage of farming and agribusiness will always be a happy one," he said. "In fact some beautiful feuds are in the cards -- over legislation relating to farmer bargaining and legislation to restrict vertical integration into farm production."

In fact, the continued specialization in agriculture by farms and by regions reduces the ability of general farm organizations to act as a dominant political force in agriculture. The interests of the cash corn producer and the eastern feeder or dairyman do not always coincide, and one cannot speak for both on many specific subjects.

The farmer is seeking -- and clearly needs -- new lines of communications. It is suggested that these be established <u>within</u> the food industry. Dr. Harold Breimeyer, University of Missouri, in a report to the National Advisory Commission on Food and Fiber, postulates that in the future the U. S. will be unable to separate farm income policy from the total food industry policy.

No farmer should milk a cow, candle an egg, pick an apple, cut a spear of asparagus, plant a hill of corn, fertilize an acre of ground without the thought of marketing. Everything a farmer sows he has thoughts of reaping. (Since we know that farm incomes are only about two-thirds of non-farm incomes, it is obvious that farmers only have thoughts of reaping.) Occasionally there is a firm market on some commodity -- probably described as a "weather" market. All farm markets are "whether" markets -- the farmer doesn't know whether he'll recover his costs of production or not.

Agricultural economists and marketing specialists have done much charting and graphing over the years in an effort to explain these happenings. They have talked about the law of supply and demand in muted tones of respect for its apparent immutability usually reserved for such a phenomenon as the law of gravitation. The latter law kept us earth-bound for centuries until a way was discovered to use it to our advantage -- and now we're moon bound!

Sure, farmers are faced with an extremely inelastic supply situation on most crops -- and an equally inelastic demand for the same commodities. Sure, farmers understand that where the supply curve intersects the demand curve price is established. But despite the pettifoggery of Adam Smith and his devoted followers, we know there are ways to alter supply and demand situations. It has been accomplished with eminent success in other areas of our economy; why not in agriculture?

This brings us to our current state of "agribusiness," which can best be illustrated by quoting from an article that appeared in the New York Times of April 14, 1968 under the title "A Conglomerate Turns to Farming Business."

"Today CBK Industries has 9,200 acres of land in Missouri, 14,000 acres in Texas, and 2,900 acres in the Imperial Valley of California. Within a few weeks, another 6,000 or 7,000 acres will be acquired in the valley. By the end of the year, 50,000 acres will be in farms.

"In arriving at a decision for a particular piece of land, such measurements include sunlight, drainage, irrigation potential, average rainfall, types of soil and proximity to other units (farms) to enhance the efficient use of equipment.

"CBK Industries is applying business techniques to agriculture on a basis heretofore untried -- blending legal, financial, technical and research talent to produce feed grains and vegetables at the lowest possible cost."

Is this agribusiness -- merely production at the lowest possible cost? There is no mention of the other side of the ledger, (or computer tape) that of agri-marketing. Could it be that there is no such area of concern as agri-marketing in agriculture? (We know that those commercial firms you represent selling inputs (equipment, fertilizers, insecticides) to farmers consider themselves in agri-marketing. And well they might -- for they have found a way to legitimize the partial "repeal" of the law of supply and demand through the adoption of advanced techniques in production and marketing that work to their advantage.

If production agriculture is not in marketing -- and it is strongly suggested here that it is not -- how can it be rewarded justly for its incredible efficiencies? No segment of the total economy has contributed so much to our level of living by freeing

manpower as has agriculture. And yet no segment of the economy has such difficulty in the market place, which after all, is the traditional pay-off point. This is the real paradox!

"Traditional" is the key word here. Have we in agriculture been guilty of too long enjoying the comfort of "traditional" thinking?

Over 30 years ago we "killed little pigs" in an effort to bring supply in closer balance with demand. Recently a national farm organization was advising its membership to kill big pigs in order to achieve similar results. What have we learned in 30 years? What new economic concept has been proposed in the last three decades? Have we become statisticized into inaction? How agribusiness are we?

Speaking of statitistics, you are probably more familiar with the flood of statistical information flowing from the U.S.D.A. than are your farm customers. There's nothing in agriculture that hasn't been placed in a statistical series. But I question how much of this information really benefits producers.

One bit of public information about farming never ceases to amaze me. These are "cost of production" figures. We've been calling ourselves "agribusiness" -- while we tell our customers our costs of production.

Why should the egg market ever rise much above the cost of production when this knowledge is available to the head egg buyer at A & P! Can you picture a farmer asking his implement dealer to divulge the cost of production for a cornpicker or orchard sprayer? Forgive the digression, but that's one of my pet peeves.

We have been prone to exhort farmers to recognize that they are part of the Nation's food industry -- the largest in terms of dollars and of persons employed. But, in reality, farmers do not think of themselves as ingredient suppliers to the food industry, nor has national farm leadership taken this view.

Could it be, however, that the current arrangement, that of daily market pricing for raw materials, is the most satisfactory to the food industry? Procurement on an open market and wholesaling on one slightly less than open is a situation not quickly to be discarded. President Kennedy once said, "The farmer is the only man in our economy who buys everything he buys at retail, sells everything he sells at wholesale -- and pays the freight both ways." But it is time for agriculture to exert its influence in an effort to become a rightful partner in the total food industry complex.

There is an automotive industry of which the spark plug manufacturer is an essential part. But who needs a spark plug until it is firing an engine and the engine is under a hood?

There is a food industry of which agriculture is an essential part. But who needs a live steer until it is a filet mignon or a T-bone steak?

The efficient farmer should occupy the same relative position to the food industry as the spark plug manufacturer does to the automotive industry. Both are faced with inelastic demands for their products; both are removed from the ultimate consumer; both supply essential ingredients -- and both are businessmen.

A market can be established for this arrangement that would similarly bring the farmer returns somewhat above his costs of production.

Over-all increased costs, as a result of this new relationship, must, of course, be passed on to the consumer. Food will still be a bargain, but, under these circumstances, not at the expense of the farmer. The one element in marketing -- that of passing on increased costs of doing business -- has never been available to the producer. This must be corrected to maintain the farm economy.

It is respectfully suggested that the terms "agribusiness" and "agri-marketing" cannot be applied to agriculture. Agricultural leadership is "hung-up" on the term "agribusiness," which has now, after 20 years of usage, lost its relevancy in view of the dramatic changes that have taken place in production and marketing situations during these two decades.

Now let us refer to the efficient farmer as an "agri-facturer." Agri-facturing implies mechanization, production efficiencies, and managerial know-how. Agri-facturers are production men, not marketing men.

A beginning has been made. The broiler industry is a case in point. There is no market for live broilers. The producer is under contract with the processor. Each understands his managerial function and decision-making responsibilities. Each achieves a return based on costs. All things being equal, each should be in business as long as the demands of the ultimate consumer are met. Other agricultural enterprises are moving in this direction.

Only by permitting farmers to join with the food industry on a business-like basis will our country be assured of a continuing food supply to meet the demands of an ever-increasing and more sophisticated consuming public.

The 1954 Yearbook of Agriculture entitled "Marketing," introduces the subject in this manner:

"The basis of marketing is this: Farm goods must be stored, transported, processed, and delivered in the form, at the time, and to the places that consumers desire. Those functions are performed more and more by specialists and less and less by farmers. Their competition for the consumers' dollar encourages efficiency -- and conflict. The price of goods processed or made from American farm products in recent years has run about two and one-half or three times the farmers' cash receipts. Is something wrong, then, with our marketing system?"

I might add that in the 1962 Yearbook of Agriculture, "After a Hundred Years," there's a chapter on marketing entitled "We Have Not Yet Learned."

More than a million American firms are engaged in food marketing activities; employing over 10 million workers. The food industry is big!

As agri-facturers, we ought to get with it!

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JENKINS
883-5954

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AGRICULTURE IN THE NORTHEAST

Ronald N. Goddard
Executive Vice President
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Agway Inc.

September 1976

A STATEMENT ABOUT NORTHEASTERN AGRICULTURE

In most industries regional specialties develop based on circumstances of geography, market and labor - so it is with agriculture in the Northeast.

Due in great part to the historical westward development of the U.S., there is a national tendency to think of agriculture in this country in terms of the Mid-West (grain), the South (cotton), the West (citrus), etc. Obviously this simplified perception does not take into full account the great vitality of northeast agriculture in all its complexity. It does, however, tend to affect overall agricultural policy.

For this reason we are respectfully asking you, as an aspirant to the office of President of the United States, to consider in your formation of agricultural policy the importance of northeast agriculture to the country as well as the region. Our ability as a nation to preserve a rich diversity of economic strength in addition to a high quality of life is being tested in our more populated "industrialized" states of the Northeast. This natural experiment quite possibly is a forerunner to what will occur throughout the country. To the extent we can balance our concerns with an informed intelligence for the long-term good, we will have succeeded.

This paper is intended to demonstrate the importance of agriculture in the northeastern United States currently, while making the case for sensitive consideration of this area in any national policy destined to affect the future.

Northeastern states rank among the top ten in cash receipts for nine of the leading commodities. Good soil, excellent grasslands, a favorable climate and nearness to markets make for a diversified, competitive industry. We are fortunate to have the facilities, equipment, financial strength and skilled labor necessary to maintain agriculture's economic vitality. In New York alone, a state considered to be industrialized and urban, agriculture is the single largest industry, with product sales of over $1.5 billion a year.

Agricultural Research

There can be no question about the historical value of agricultural research to the U.S. and to the world.

The extraordinary gains in American farm productivity can be traced directly to technology, individual innovation and biological research. Given the finite limits of land and other elemental agricultural resources, we must continue to increase the bounty of food and fiber through improved efficiency of production.

A recent National Science Foundation study indicated that the amount of federal money devoted to food research in the United States has dropped steadily since 1969. This trend is indicative of our crisis-oriented society. It appears that many who are rightly impressed by the advances of the past 30 years have come to believe that there is a surplus of useful knowledge. Unfortunately this is just not true.

Agway, as a private, regional, farmer-owned organization, conducts an extensive research program and offers many grants for additional research at Land-Grant Colleges. We believe this is a necessary and proper expenditure of our farmers' money.

We do not believe, however, that private research in this critical area will ever be adequate by itself. National agricultural policy in the latter part of this decade must recognize the importance of research and prudently but generously allocate sufficient funds to finance this most basic of human needs.

Preservation of Agricultural Land

Agriculture faces serious challenges today. One of the most serious that farmers of the Northeast must meet is the need to protect high quality farmland from further loss to development. People often think of our region as primarily urban. Actually, about 80% of the land area is open - only 20% is in urban development. In fact, the state of Pennsylvania, even with its two large industrial areas, has more rural residents than any other state in the U.S. (1970 census).

However, population pressure, a more affluent society as well as a new environmental ethic, have created a new set of demands for the use of our land resources. These competing land-use forces pose a threat of irrevocable loss of good cropland. In addition, other rural and agricultural problems associated with unplanned urban encroachment exist. These include isolation of farming enterprises as a result of leap-frog development and speculative idling of land with associated high real property taxes.

Uncontrolled development encroaching on farmland is a hazard to both farm and nonfarm residents. It is an economic threat to the vital agricultural industry, and it jeopardizes open land needed for its ecological, recreational and aesthetic value. Today's farmers need adjacent, non-fragmented lands insulated from other intensive land-use developments to produce high yields. Intelligent programs must be instituted and supported to protect good cropland from irrevocable loss and recreational land from overdevelopment while not being so restrictive as to stop all growth.

Federal/State Role

Many of the northeast states have effective plans to accomplish these goals. Federal involvement should only be at the broadest planning level.

We believe state leadership in the preservation of agricultural lands is essential. The primary role of the state should be oriented to developing policies, standards and guidelines and to conducting research and monitoring the results. Land-use plans can best be coordinated and implemented at the county and regional level. Any plans for land use in public or private sectors should be disclosed to the general public with an opportunity for their input in the decision-making process.

Agricultural districts, preferential assessment, deferred taxation, restrictive agreements and transfer of development rights are some of the methods state and local governments employ to preserve land in farming or other open space uses through a modification of real property tax codes or through the influence of land-use decisions.

We support the productive use of private property through economic incentive as the best method of meeting society's collective needs for the use of the nation's land resources. We recognize, however, and are sensitive to the public consequences of private land-use decisions. As population increases and economic activity grows and becomes more concentrated, there will be increased pressure to plan and control land use. Agway feels we must improve our capability to plan and evaluate programs to conserve, develop and protect our land while minimizing the loss of individual decision-making prerogatives.

Taxation

The farm enterprise is a vulnerable operation. The threat of development can be the beginning of the end for a farm community, especially in areas of high speculative pressure where rising property taxes can force farmers to sell. Taxing farmland according to its market value is incompatible with successful farming. Many states have enacted some form of differential or use-value assessment to ease the property tax burden that can force farmers out of business. We believe it is the province of the states' real property tax appraisal practices to provide that farmland be assessed at its agricultural land value. We also encourage the federal reform of the estate and gift tax laws to reflect the pressures of inflation that force the breakup of many family farms.

If northeast agriculture is to maintain its record of accomplishment, assurances to protect the integrity of both quality farmland and the family farm unit must be made. As national and international demands on our agricultural production continue to grow, our nation can ill afford to sacrifice fertile farmland through uncontrolled development or to force farmers out of business through inequitable tax laws.

Transportation

Production of food supplies on agricultural land in the northeastern states represents a distinct advantage to the food consuming populace in that savings can be brought about by minimal transportation distances and costs associated with delivery to market.

This natural, logistical position is disadvantaged by the relatively high transportation costs of incoming animal feed and crop production supplies. The primary reason for this is the absence of a cost-efficient, regional railroad system or a competitively balancing inland waterway and rural highway network. This situation results in a rate structure considerably higher than in other sections of the country.

It is our hope that future agricultural and transportation policies will promote the development of a balanced system of competitive rail, water and highway service in our region.

Cooperatives

Farms in the Northeast are for the most part relatively small, family-owned operations of high efficiency resultant from generations of dedicated stewardship coupled with technological advancement.

To continue to meet competition in a way that brings direct advantages of cost and quality of product to the consumers, these farmers must have leverage beyond their individual farm.

Cooperatives have allowed farmers in this area to retain control of production while more efficiently purchasing supplies and marketing their products.

Recent negative allegations in regard to abuses by a few have caused considerable distress to those farmers who have legally banded together to improve the efficiency of their production units.

It is vitally important that the voice of northeastern farmers continue to be expressed openly and fearlessly through their organizations if a truly representative picture of this industry is to be understood by national policy makers.

Amid the intense competition for human and natural resources among the diversified industry of the Northeast, agriculture has proven that it can hold its own.

We again ask only for informed recognition and understanding of the importance and potential of this sector of our national economy.

9/1/76

FACTS ABOUT NORTHEASTERN AGRICULTURE

1. Population: The farm population of the Northeast is 655,000 excluding Maryland and Delaware. (The rural population of Pennsylvania is greater than the total population of Iowa or Nebraska.)

2. Market: The Northeast's total population of some 54 million makes up about 25 percent of the nation's population.

3. Employment: In 1975, northeastern farmers paid out $628.4 million in wages to 99,200 hired workers. Total farm employment including unpaid family members was 380,000 last year. Food and kindred industries employed another 349,000 men and women.

4. Property Taxes: In 1974, farmers paid $199.8 million in taxes on farm property in the Northeast. This amount represents about seven percent of all U.S. taxes on farm property, although only three percent of U.S. farm acreage is in the Northeast.

5. Cash Receipts: Northeastern states rank among the top ten in cash receipts for nine of the leading farm commodities. New York and Pennsylvania ranked 2nd and 4th, respectively, in grapes and apples, and 3rd and 5th in dairy products on a national scale (1974 data).

6. Farm Acreage: Some 31.5 million acres are in farm use in the Northeast. The average farm size is almost 170 acres.

7. Farm Product Statistics: Following are the 1975 totals for some of the Northeast's chief farm products:

   Milk - 23.5 million lbs. or 20% of nation's milk

   Eggs - 750 million doz. or 15% of nation's eggs

   Specialty products (percent of nation):
   - Mushrooms (56%)
   - Cranberries (51%)
   - Maple products (74%)

   Apples - 950,000 tons

   Corn (grain) - 202 million bushels

   Wheat - 27 million bushels

   Soybeans - 17.5 million bushels

   In total the northeastern states produced $5.5 billion worth of farm products in 1974 (the last year for which data is available).

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