

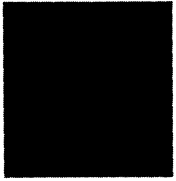
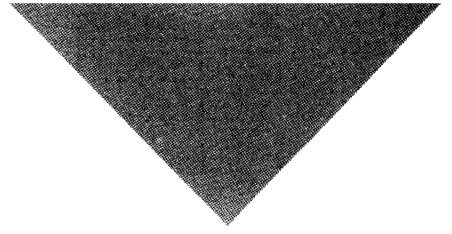
Sacred Cows and Hot Potatoes

Agrarian Myths in Agricultural Policy

*William P. Browne, Jerry R. Skees, Louis
E. Swanson, Paul B. Thompson, and
Laurian J. Unnevehr*

*With Forewords by Bob Bergland and Rudy
Boschwitz*





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Foreword

Bob Bergland

It was in March 1977. I had just been appointed Secretary of Agriculture by President Jimmy Carter and was in Kansas at a meeting of wheat growers. I met with a mostly younger set of growers who brought their grievances. In 1973–74 wheat prices had doubled in eighteen months because of poor crops in the world and some political realigning in the USSR. The growers believed they had heard government officials say that the so-called “farm income problems” had been solved. During that same period, land prices started climbing and had doubled in about four years. By 1976, the whole world had responded to the price increases, production grew, and prices collapsed.

These younger people had bought or rented land during that price run-up period, and by 1977 with the collapse of wheat prices, they had been left out to dry. Their plea was that I should raise price-support loan rates to a level of \$5 a bushel so that they could service their land debt. That request reinforced what I had been told by an economic mentor in Minnesota, Dr. Willard Cochrane, who argued that farm profits are always capitalized in land values.

Later that same year, I was in Mississippi at a meeting of about two hundred black farmers who were struggling to make a living on small acreages. One of their pleas was that I raise cotton loan rates to a level that would keep them in business. From that meeting, I went to California’s famed Central Valley and became acquainted with a gentleman who farmed more than 100,000 acres of cotton. The stark reality between a group of struggling blacks and this California megafarm dramatized to me the impossibility of stabilizing that group of small-scale black farmers through cotton loan rates without unduly enriching that large California ranch.

These experiences were very difficult for me emotionally, because I had grown up in a prairie populist environment dedicated to the concept of family farming maintained by high price supports. I found that my basic doctrine didn’t hold up in the real world.

This book deals with these conflicts in a sharp and incisive way. Having a market-oriented farm program posed a dilemma when, in the early 1970s, wrong market signals were sent to these Kansas wheat growers or when poor beef prices caused the wholesale selling off of cattle. The plowing up of thousands of acres of grassland and the planting of soybeans for \$10 a bushel was an environmental disaster. And everyone, including the farmers, knew it. These examples

underscore the need for public policy that tempers market prices by interventions when carefully planned public needs are at risk.

In 1979 I directed the first-ever comprehensive USDA study, "A Time to Choose," on the structure of farming in the United States. The study documented the enormous concentration in production, especially of perishables. It also documented the importance of nonfarm jobs to more than a million families, classified as farmers by the Census, who farmed on a very small scale but lived comfortably on income from nonfarm jobs. The traditional diversified family farm was being squeezed out by the large, heavily integrated forces on one side and by the growing number of families who had the economic security of jobs on the other.

This study is a forceful argument for fresh thinking in the next round of general legislative debate, which will start in 1992. The book is a "must read" for everyone who has an interest in the subject—which should be all of us.

Foreword

Rudy Boschwitz

The strength of this book is that it defines American agriculture as it really is, not as it exists in popular mythology, and then proceeds to show the incongruity between current government programs and those realities. The authors demand change, and I agree. This book illustrates and proves—perhaps better than any other I’ve seen—that U.S. agricultural policy has not kept pace with the changes that have taken place worldwide, on American farms, and in the rural areas of our country.

While in the U.S. Senate, I recognized many of those things as well, and in 1985, along with Senator David Boren (Democrat of Oklahoma), I introduced the Boschwitz-Boren bill as an attempt to redress some of the conflicts between agricultural policy and current realities in agriculture. Our bill “decoupled” production from support payments so that markets, not farm programs, would influence what farmers planted. The bill challenged existing programs as a threat to the ability of U.S. farmers to compete in international markets. It challenged the effectiveness of commodity programs to do what they claimed—save family farms and rural communities. And it recognized the increasing burden on taxpayers of continuing to transfer wealth to some who were already wealthy. The bill had bipartisan support—but unfortunately not enough.

This book provides a concise and compelling basis for updating our outmoded perceptions and beliefs about U.S. agriculture. It suggests a framework for redirecting our thinking about agricultural policy and the goals we wish to accomplish with it. It points out with clarity the many ways that agrarian myths temper our beliefs about agriculture and thus have made policy change an almost impossible process. The list of reasons why government finds it difficult to reform agricultural policy and make it do what the rhetoric says it does is insightful.

An interesting recent calculation, found in the *National Journal* (September 14, 1991), should give policymakers some pause. Entitled “The Counterproductivity of Farm Subsidies,” the article shows that those countries with the most intrusive and expansive agricultural subsidies, allegedly designed to “save the family farm,” have the fastest declining agricultural sectors. Those that intrude the least are the only countries that have an expanding agriculture. They must have gotten an advance copy of this book!

What a challenge that should be to us. America is blessed with huge expanses of fertile soil in a temperate climate, and through the vast agricultural heartland is a wonderful labyrinth of rivers providing cheap transportation to the world's markets. Given a chance and equal access to markets—a level playing field—American farmers will prosper.

And so will rural America, where the world's most remarkable agricultural infrastructure gives us a large, added advantage. If American agriculture were allowed to produce for markets and if the infrastructure were used to full advantage, rural America would certainly prosper.

The authors, appropriately for a book of this kind, do not offer policy prescriptions. But their conclusion—that the burden of proof that policy is in the public interest should shift from those who want to effect change to those who want to maintain the status quo—is certainly right, if difficult to accomplish.

A copy of this book should not only be on every policymaker's shelf, it should show visible evidence of having been well read.

Acknowledgments

Few authors owe as much as we do to our mentor, George "Ed" Rossmiller. As director of the National Center for Food and Agricultural Policy (NCFAP), he has provided intellectual leadership to all of us in our policy-related work. But beyond Ed's help, we would like to acknowledge that NCFAP, as an organizational entity, gave each of us opportunities, research support, a climate for intellectual growth, and great friends in what is, in our opinion, one of the W. K. Kellogg Foundation's wisest investments. This book, which is NCFAP's 1991/92 Annual Policy Review, is a direct result of Ed's efforts to assemble an interdisciplinary team to address the role of myths in policymaking. We owe a debt to him for envisioning this project and also to James T. Bonnen and Robert L. Paarlberg, who helped to shape the book's original outline.

Although we are responsible for the contents, many others have helped us to produce, document, and refine our book. Courtney Harold, Jaime Casteneda, and Kathryn Kampmann at NCFAP provided able and thorough research assistance. Two colleagues, Gerald C. Nelson and Barry Barnett, furnished valuable comments on early drafts. And finally, our editor, Sheila Ryan, and Wheeler Arts turned our document into a readable and attractive text.

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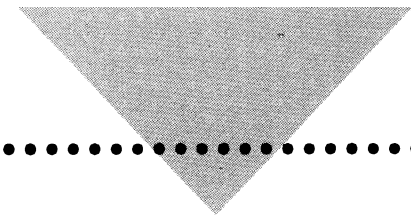
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1 An Overview

This is a book about the lack of accountability in American farm policy. Things are not going as they should. Public programs are not appropriate to current social needs. Agricultural policy, we find, responds to the past far more than it does to any current issues and problems. There are two primary reasons for this.

First, policymakers and the public are held captives of the agrarian past through myths that have evolved over time. Agrarian myths are what philosopher and legendary agricultural administrator John M. Brewster called “first principles,” which we use to understand our nation’s agriculture. These myths rest on a nearly blind faith that agricultural interests will both want and do the right things.

But alas, faith is easily misplaced in a world ordered by politics. Farmers, as we show throughout our discussion, have faced tremendous obstacles simply trying to stay in business. There is no pastoral wonderland. Technology, markets, and the political economy have intervened and changed the entire structure of agriculture. So, as a second reason for clinging to the past, agricultural interests have promoted our attachment to the “first principles” of agrarianism. Farmers and society are portrayed as under constant attack by those who would disrupt stability. Sometimes the bogeyman is subsidized foreign competition; just as often he is the unsympathetic U.S. consumer. Public policies must, no matter who the assailant, be conjured up to protect the sector.

Indeed we find that U.S. public policies are so protective of domestic agriculture that they contribute little to the public well-being. While agricultural policies could prove useful to the general good, the current and massive array of rules and programs serves only narrow interests by often outmoded means.

That conclusion is not ours alone. The five of us are hardly that original; and we are too much a part of agriculture's own establishment to take potshots at farm programs. No. Contemporary U.S. agricultural policy has been under assault for years. Its practitioners have countered substantial challenges: in the 1980s, farmers mobilized in grass-roots organizations to raise prices; during that same period, agricultural economists galvanized their efforts to argue in public forums for less intervention in price policy. Political ideologues have had their go as well. Prairie populists of the left, such as Marty Strange, have written extensively about policy failure. Think tank conservatives on the right, such as James Bovard, have leveled many of the same charges. Common to farm, academic, and theorist critiques is the contention we share: agricultural policy has lost its relevance.

Agricultural policy has pressures other than protest that prompt reform. The federal budget's mounting deficit has already led to substantial cuts for traditional farm programs. In international affairs, a reconstructed view of the world order has subjected agriculture to change everywhere. Europe 1992 will bring a truly common market; the breakdown of the Communist Block in Eastern Europe promises new uncertainties in world markets; and the emergence of new exporters among less developed countries brings intense competition from trade partners. A domestic-international policy nexus also occurs as the costs of agricultural programs prove collectively too much for both the national budgets and the trade advantages of many countries. In a logical sense, the United States and the world should face an era of agricultural policy reform.

We feel that reform might never come, even though it makes obvious sense.

We, however, feel that reform might never come, even though it makes obvious sense. That worry prompts this cooperative venture and the book that our multidisciplinary team has written through our often intense personal discussions.

In the ten chapters that follow, we will walk our readers through a morass of myths associated with agricultural policy.

The format of the book is straightforward. Each chapter stands on its own, although all are linked to form an integrated whole. Chapter 2 explains the basis of agrarian myths, their importance to our country, and how they are odd mixes of reality, outdated tradition, and fundamental values.

The next eight chapters address prevailing myths, ones that most need to be critically reexamined in their policy impact. All, as first principles, are cornerstones of misunderstanding that perpetuate public policy debacles. In each case, we outline several assumptions that frame a specific myth, move on to debunk the outmoded particulars, and then attempt to salvage important values associated with the