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GOVERNOR'S COMMISSION ON ECONOMIC AND SOCIAL TRENDS IN IOWA

("Committee of One Hundred")

Final Report of the Sub-Committee on

✓ AGRICULTURE

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Iowa is one of the major farm states of the nation. Regardless of how successful we may be in balancing our economy with more industrial opportunities, farming still will be, probably always, the single most important source of income to the state. Iowa business and industry is directly related to, and is heavily dependent upon, the welfare of Iowa agriculture. For that reason the instability of Iowa agriculture and the relatively unfavorable farm income picture is of keen importance to all of Iowa and must be given major consideration by any group which is concerned with the future growth and welfare of this state.

American farmers have been beset by a wide range of fairly intense problems ever since anything faintly resembling commercial agriculture came into being in this country. For ever since agriculture in this nation took on a commercial aspect, the industry has been constantly out of "adjustment." Ad-

justments are nearly always painful.

At times, depending upon the pace of our industrialization and other factors, the pain accompanying this adjustment has been more intense than it has been at other times. Because Iowa, for the most part, is a rich, fertile state favored with a good growing season and many other advantages, it does not suffer all of the intense pains that accompany agriculture's problems and adjustments in many of the so-called marginal farming areas in this country -- or even in areas more dependent upon a single crop or livestock product for its income. On the other hand, certain problems are intensified here in Iowa due to capital costs that accompany our highly mechanized commercial type of agriculture.

This report does not attempt to give an all-inclusive list of Iowa's farm "problems." Rather the committee herewith lists six "problem areas" where it believes that corrective measures would have profound effect upon the general well being of Iowa and especially Iowa agriculture, and would greatly minimize what might otherwise now appear as major problems.

ADJUSTMENT

Undoubtedly the foremost problem of American (and Iowa) agriculture is its lack of ability to adjust readily and without painful repercussions to customer demand and technological advances within the industry. As a result the industry has been marked by great instability. Except for a few brief periods in recent history, agriculture almost always has been producing slightly more than the market would absorb at prices which farmers considered fair or which would keep farm income in any kind of reasonable balance with non-farm income. Farm productivity has increased and continues to increase at a faster rate than market demand.

Against this generally gloomy back-drop there have been short-term factors -- including particularly the farmer's own lack of ability to do any

kind of concerted "forward planning" in his operations -- which have led to rather wide swings of farm prices and income. The well-known "cycles" of agriculture are evidence of this fact.

Despite ever normal granaries, soil banks, conservation programs, adjustment programs and all of our other paraphernalia to stabilize and "adjust" agriculture, chronic overproduction and instability -- if they may be classed as one problem -- certainly constitute Iowa's major agricultural problem.

RECOMMENDATION: In the interests of Iowa farm people and Iowa as a whole, we are forced to recommend, first and foremost, the adoption of any policies and programs which bring our total farm production more nearly in line with the nation's food and fiber needs, to stabilize farm income and increase farm bargaining power. Naturally, any effective steps in this direction will have to be national in scope. Nevertheless, there is an urgent need for Iowa, as the nation's foremost agricultural state, to exert leadership in this field.

PUBLIC UNDERSTANDING

The absolute importance of adequate supplies of food and fiber to national well-being make agriculture an industry which demands wide-spread public interest and understanding. Public interest is made evident through a wide range of farm legislation dating back now almost 100 years. It is essential that such legislation be soundly based on well-informed public opinion; but that is growing constantly more difficult.

One hundred years ago about 45 per cent of our population was engaged in agriculture. Now that number has declined to 13 per cent;

within the next few decades it may drop off to 5 per cent. It was only a few years ago, relatively speaking, when virtually the entire nation was made up either of farm people or of city and town dwellers who were only one generation removed from agriculture. Then the general under-

standing of the complex problems confronting agriculture was much better and much easier to maintain.

The average city consumer today is far less tolerant and understanding of the price fluctuations which occur at the grocery store than were his parents and grandparents a generation or two ago. This is intensified too by virtue of the fact that in so many other areas of our economy a "stickiness" tends to stabilize consumer prices at particular levels over long periods of time. Furthermore, headlines that talk in terms of huge subsidies and idle acres leave the bulk of our population confused and bewildered and not a little angry at times.

A lack of public understanding, and in some cases an outright hostility toward the farmer and some of his basic problems (and this is true even in Iowa) constitute one of Iowa's major farm problems.

RECOMMENDATION: There is a real need for better public understanding of the role of agriculture in the economy, the far-reaching changes which are taking place in the industry, the real position of the farmer compared to industry and labor and the importance of a healthy agriculture to a sound economy. We strongly recommend that the Agricultural Extension Service be charged with the responsibility of producing educational movies and materials, such as pamphlets, which will have as their sole purpose the creation of a better understanding of farming and farm problems. This, it seems to us, will be vital in the development of sound, long-time agricultural policies; for in the long run these policies must have the understanding and support of the consumers.

GUIDANCE AND COUNSELLING

One of the real problems in Iowa agriculture today is "adjusting" its personnel to the new circumstances which now prevail.

On the one hand there are people in agriculture today who shouldn't be there; and on the other, there are people who should be either encouraged to start farming or keep on farming who are going into other pursuits. Furthermore at least 60 per cent of our farm boys and girls must find employment off the farm; this percentage may very well increase.

Today Iowa agriculture demands at least three important things of those who will "make a go" of this business: (1) A combination of skill and administrative ability, (2) a temperament suited to the peculiar problems and hazards of farming, and (3) access to a considerable amount of capital.

There are a good many people farming today who are sadly lacking in any one or even all three of these attributes. In some cases only time alone will look after these problems. It is virtually impossible for older farmers (there are a high percentage of / older farmers) to shift into some other occupation.

There are other younger farmers who are lacking either the skill or the temperament or the capital to make them successful. They should be encouraged to consider other means of livelihood. But their opportunities for learning of jobs or other occupations are extremely limited. There is no guidance and counselling service that adequately serves the needs of these people, many of whom may have decided of their own volition that they should make a change but for the lack of knowledge do not know how to go about making it.

On the other hand there are young people entering farming who, given the discouragement of a few bad years, leave the business. There are other alert young farm boys who would make top flight farmers. In many cases they should be encouraged to consider farming as a means of livelihood. But that encouragement should be given carefully and judiciously, pointing out the capital requirements which are involved and the problems which may be anticipated.

In short, one of the major problems of agriculture has been that many of our state and national policies have always encouraged people (and still do)

to begin farming (the Homestead Act, reclamation work, F.F.A., 4-H, Farm and Home Development Programs, etc.) but few indeed have ever provided a transmission belt by which some of these people could get gracefully out of agriculture and into places in society where they might be more urgently needed. By the same token, much of the guidance and counselling provided our young people has been on a "mass production basis" which tended to give general encouragement to the idea of every farm youth farming, rather than providing it on a selective basis.

It will be in the interests of both the farmers themselves as well as society as a whole to have better trained and more adequately financed people in agriculture. To accomplish that purpose we need more guidance and counselling in our schools, specifically in the field of agriculture.

RECOMMENDATION: The "personnel" problems of agriculture are very acute. They are changing very rapidly. We recommend that our high schools sharply intensify their guidance and counselling programs, particularly pointing out the unique requirements of the successful farm operator under present conditions. We strongly recommend that vocational agriculture, 4-H and extension programs all be carefully re-examined to determine whether they are completely taking into account the adjustments which are going on in agriculture today. We also recommend that vocational agriculture be offered only as an elective course to those students who are obviously qualified for farm related occupations. We recommend that the extension service place relatively more emphasis on programs concerned with the young farm families; thus early in their farming experience these young people may more clearly determine the opportunities which are open to them in agriculture as compared to related fields. There may be also in this field the place for local committees to assist in helping young farm families of demonstrated ability make contact with

established operators who will help them into a program that will lead to ownership. We further recommend that consideration be given to strengthening the present employment service program so that it is more than a mere job-finding mechanism. There is considerable public assistance, of one kind or another, which helps people engage in farming but there is little help or assistance in pointing to those who want to leave where other opportunities may lie. The whole field of agricultural services should be added to the counselling program.

CAPITAL AND CREDIT

By and large, agriculture's main problem has been that of chronic over-production. It has too many resources to live comfortably with itself and the rest of our society. Nevertheless, one resource which at least has never been particularly in balance and shows promise of being even more out of balance in the future is that of capital.

Our farms are going to get larger. They are going to become even more completely mechanized. Operating costs will become greater. The amount of capital that it will take to buy or operate a modern farm of the future will be far greater than it is today.

The capital requirements of Iowa Agriculture as farms become larger and larger is one of our main problems. How, for instance, do we meet the problem of passing from one generation to the next, the modern highly capitalized Iowa farm which may represent anywhere from \$75,000 to \$100,000 in capital investment.

RECOMMENDATION: On the one hand, it can be argued with validity that there has been a too-rapid influx of capital into agriculture in the form of fertilizer, machinery, seed, feed additives -- at least too fast in terms of the needs of the market for farm products. On the other hand there is an unquestioned need for a type of capital and credit mechanism which will make it possible for our present

highly mechanized farms to be transferred on some basis other than through marriage or inheritance. There is likewise a persistent need for intermediate credit or working capital to be available on a 3 to 5 to 7 year basis. Our recommendation is that our land grant colleges and credit institutions themselves recognize these changed conditions and institute studies which may bring us some answers in this field.

MARKETING

Presumably, at least in the minds of most farmers, a proper balance between supplies and market demand would overcome most other problems. Nevertheless, this step between the raw product on the farm and the first processor in the city has always been and still continues to be one of agriculture's most troublesome problems.

Also the price swings from high to low, within a single marketing season, have been far too great. With livestock products farmers have tended to respond to these fluctuations by a staggered and more efficient production schedule. Commodity loans have helped in other fields. Cooperatives have played an important part in the field of marketing. But the fact remains that much lost motion occurs in this vital step between the farmers gate and the first processing of his raw material either at the nearby trading center or the far off city.

In general it can be stated categorically that the farmer, through his marketing organization generally, is in a weak bargaining position -- despite all his efforts to the contrary. In addition, coincident with the revolution in production which is taking place in American agriculture, we also appear to be on the threshold of a similar revolution in our whole marketing process. Vertical integration may be one manifestation of new factors in this field. It is not unlikely that some fairly fundamental changes are in the

making in the whole field of farm marketing.

RECOMMENDATION: We recommend that state agencies give the of marketing problem/additional attention. The great changes going on in the field of marketing at the present time, growing partially out of the expanding and shifting population, need further study. Farmers need a larger voice in the marketing process; further economies need to be accomplished in this field and differences in the quality of farm products need to be given further recognition in the market place. Farmers, the least organized segment of our society, need greater bargaining power. The market process is one place where they might improve their situation in this respect. It should be further explored.

RESEARCH

Almost from the time that agriculture achieved anything resembling a commercial status in this country, it has been a national policy to carry on a wide range of activities under the general heading of "agricultural research".

Actually it is difficult to classify very much of the billions of dollars that have been spent in this field and to say categorically that it was either for the benefit of producer or consumer. In fact the bulk of the money that has been spent on so-called agricultural research has been for the national welfare in the broadest sense of the word. Originally benefits frequently accrued to the farmers who first took advantage of the research made available with these public monies. But in the final analysis, with American agriculture in an almost constant state of over-production, the benefits of this research insofar as the individual farmer was concerned are indeed questionable.

This is not to even so much as hint that such research, which has paid off so handsomely in helping make this the best-fed, best-clothed nation

the world has ever known, should be halted or diminished in any manner. But the situation does raise a question, with chronic over-production continuing to be a major social problem, as to whether some of the emphasis in the broad field of research should not be aimed more directly at what (to the farmer at least) is his major problem, that is, the balancing of supply with demand, i.e. Adjustment.

RECOMMENDATION: As with guidance, counselling and teaching, some re-evaluation of research is called for in view of constant over-production of farm commodities. We strongly recommend that the Agricultural Adjustment Center at Iowa State College, which is virtually the first recognition of this basic fact, be given support and encouragement and, as the need arises, strong defense. College officials should also be encouraged to give this effort the broadest kind of base and support. They likewise should be encouraged to cooperate with other states and with the United States Department of Agriculture in bringing this ^{"new concept"} to publicly-supported agricultural research. In this respect, in particular, Iowa can have influence on national adjustment which agriculture so greatly needs.

RECOMMENDATION: Further industrialization of Iowa is not the sole answer to Iowa's farm problem. Nevertheless, the existence of more factories amidst the farms brings not only additional close-to-home outlets for agricultural products but also brings a better balance to our economy and provides employment for displaced farm workers. We endorse those steps which the state might take which will encourage stable industrial growth in Iowa.