

Rural-Urban Divisions: Are They Real?

As Congress moves toward deliberation of the 1990 Farm Bill, conventional wisdom would have us believe that U.S. farm policy has been increasingly determined by urban residents. According to this view, the consumer wants "cheap food" and is willing to use taxpayers' funds to keep food prices low. Farmers are portrayed as reasonable people, though rather stodgy and conservative, who are trying to increase their family income. Federal farm policy is usually represented as a moderating influence, balancing consumer desires for cheap food against farmers who want more income. USDA's farm commodity price and income support programs are then regarded as "subsidies" designed to keep America's food supply plentiful and inexpensive as well as helping to keep family farmers solvent.

But the farm bill, "Food Security Act," is a great deal more. The bill includes an unusually broad range of programs: food stamps and distribution of surplus agricultural commodities to the poor; support for land-grant college agricultural research programs; natural resource conservation on both public and private lands; control of land use on tens of millions of acres of national forest land; loan programs for low-income rural residents; price and income support programs for farmers; emergency drought relief; and a host others.

In each program area the interests of farmers and urban residents are popularly represented as conflicting and so public policy becomes the appropriate vehicle to reconcile these differences. In what follows, we examine the major programmatic areas and seek to show how the best long-term interests of rural and urban residents are actually

in much closer harmony than is generally realized.

Frances Moore Lappe has argued that public debate about "saving" the family farm is, in reality, not an argument about farm economics; rather, it is an argument about fundamental human values. In this we are in agreement. The human condition and its future is played out every five years in the debate over the farm bill.

The Myth of Cheap Food

Traditional farm policy spokespeople often claim that Americans have been paying an ever-declining fraction of their disposable income for food. Federal support for agricultural research is argued to have helped make American agriculture increasingly efficient over the decades and to have helped to push food prices to lower and lower levels. Finally, federal price and income support programs are generally believed to have helped to reduce food prices by subsidizing farmers.

There is no doubt that Americans pay a smaller share of their disposable income for food than do residents of most other industrialized countries of the world. However, common sense shows that demand for food, particularly in prosperous economies, will be relatively insensitive to increases in real income, i.e., demand for food is relatively inelastic. Each person has a minimum daily nutritional requirement. People with low income, who have little resources available to pay for this minimal level of sustenance, must commit a disproportionately large share of their income for food purchases. As real income rises, food purchases will necessarily

become a smaller and smaller share of expenditures. Clearly, the very wealthy need only spend a tiny share of their resources to purchase food no matter how luxurious their taste.

It is in the marketplace, though, that the most telling rebuttal of the myth of cheap food is found. Real food prices have not declined at all throughout the years of substantial federal support for agricultural programs. In fact, in all of the years of highly touted "cheap food" supposed to have resulted from federal programs, consumer price data show a small but definite upward trend. The consumer price index of food relative to all other consumer items has actually increased somewhat over the past seven decades (from 0.98 in 1913 to 1.09 in 1979, relative to 1.00 in the 1967 base year). The conclusion is obvious: food prices have not declined, rather real income has increased.

While food prices have not gone down, farmers' real income has experienced a sharp decline. Indeed, much of the focus of the farm depression of the 1980s centered on this fact. The farmer's share of the food dollar has reached an all-time low of less than thirty-five cents.

So if farm income has declined but food prices have remained relatively constant, who is getting the increasing share of the food dollar? The answer, of course, can be found in every supermarket, fast-food outlet and mass-merchandise discount house. For example, in the case of beef, the price spread - the difference between what ranchers get from the sale of slaughter cattle and what consumers pay - had increased to \$1.093 per pound by mid-1985, a new record high.

A significant component of the rapid rise in the "middleman" share

of the food dollar is the growth of fast food outlets where Americans spend an ever-increasing share of their food dollar. Surely an important factor in this development are the difficulties faced by families where both spouses are employed on a full-time basis. If so, then an important aspect of food policy must be the discussion of new divisions of responsibility within households as well as a new social contract on such critical matters as child care. As Ms. Lappe has pointed out, when we talk about farm policy we are soon led to discussions of values.

To make progress in reforming U.S. farm policy we must begin by laying to rest the dangerous myth of "cheap food." The same interests who buy low from the farmer turn right around and sell high to the consumer. California Attorney General John Van de Camp is currently leading a court fight to prevent a major supermarket merger in our state on the grounds that, if permitted, the merger would lessen competition. Intense public scrutiny of the role of "middlemen" is needed and the view of farmers as sellers in a buyers' market needs to be articulated.

The Weakening Voice of Farmers in Government

The apparent decline in the political influence of the farm population has substantial demographic evidence to support it. After all, the farm population now numbers less than 5 million, down sharply from the 32 million who lived on farms when the first farm bill - the Agricultural Adjustment Act - was enacted a half century ago. Moreover, the demographic shifts of the past few decades have reduced

congressional representation from traditional farm-belt states. Highly urbanized sun-belt states, particularly California and Florida, have been the major beneficiaries of reapportionment.

But farmers, as a group, have never had determinate influence over this nation's farm policy. The recent farm depression brought large numbers of farmers to protest meetings and into direct political action. Even the news media thought it important to cover farm auctions and record evictions of farm families from their life-long homes for non-payment of debt. But few among us recall that it was farmers who took up arms in 1786 to prevent the Massachusetts Courts of Common Appeals from bringing judgments against them for non-payment of debt. Despite the fact that farmers numbered 90% or more of the population, merchants and bankers controlled the political process and the agencies of government. Shay's Rebellion was ultimately crushed and the money-lenders collected their pound of flesh. Though defeated, the farmers of two centuries past found, as today, that protest and rebellion may be the only means available in their efforts to keep their homes and land.

Farm policy, such as we have it, has been the result of jockeying and trading among various interest groups - bankers, insurance companies and others who are in the business of earning money by lending to farmers; brokers, shippers, exporters and speculators who make money acting as "middlemen"; chemical companies, equipment suppliers, and others who sell goods or services to farmers; food retailers and advertisers; farmers; and, increasingly, environmental advocacy groups - with little evidence that the farmer's voice has been the most powerful.

The Fragmentation of Farm Advocacy

Farmers may be among the least well-organized of the various interest groups. Today, it is the specialized commodity groups who are well organized and speak on behalf of farmers, and they are sometimes in conflict with one another. For example, feed grain producers want higher prices for the grain they produce but dairy and feed-lot groups lobby for programs that will tend to lower prices for feed grains.

One of the least known but highly significant instances of this increasing fragmentation of the farm lobby occurred in 1986. Progressive farm groups actively sought to reduce crop production in an effort to limit supply and raise prices. But this was opposed by the Western Growers Association (WGA), an organization that speaks for producers and shippers of fresh produce in California and Arizona. When Congress insisted on cross-compliance in the 1985 farm bill - requiring that set-aside land for one commodity program remain idle and not be planted to other USDA program commodities - it was WGA who realized that some farmers might turn to vegetable production on this land. And so WGA pressed for, and won, a suspension of cross-compliance in early 1986, effectively undermining one of the supply-restricting components of the farm program.

What can be done in the face of this fragmentation of farm interests? Progressive farm groups need to begin to build relationships with potential allies: environmental organizations, women's groups, consumer advocacy groups and advocates on behalf of progressive urban voters. Farmers seeking fundamental change in U.S.

farm policy have begun to learn that they have more in common with Jesse Jackson and senior citizen groups than they do with the Western Growers Association.

USDA's Anachronistic Commodity Programs

The fiscal crisis of government gives us an opportunity to re-examine the very foundation of the federal commodity programs. Faced with a seemingly intractable debt, government leaders are already turning to the multi-billion dollar commodity programs. Urban voters and family farmers can find common ground based on seeking policies that genuinely strengthen their shared values. As Marty Strange has persuasively argued in his important book Family Farming, policies that genuinely strengthen family farming rest on values that are shared by most urban residents.

Farming today differs greatly from the norm of fifty years ago. The first federal price and income support programs were designed to assist a farm system in which small-scale production accounted for the great bulk of crop and livestock activity. As recently as 1969, small farms, those with annual cash receipts from farming under \$40,000 accounted for a majority of all farm sales of crops and livestock.

But that farm structure is gone, perhaps forever. Today, the biggest 10% of U.S. farms are responsible for two-thirds of farm production and more than ninety per cent of net income from farming. The farm depression of the 1980s not only drove hundreds of thousands of farmers from the land, it also imposed what may have been the greatest re-distribution of land in U.S. history. The problem is that

the land was re-distributed in the wrong way: fewer and larger landholdings were the result.

In this context political programs designed to help small-scale farmers are viewed by many in Congress as a kind of anachronism. Farming is increasingly being conducted by business operators who fly their own Lear jets instead of driving pick-ups. For these entrepreneurs, membership in the Farm Bureau is superfluous: they don't even bother. In California, we have a 150,000-acre irrigated cotton and grain farm that has its own staff of lawyers and lobbyists who deal directly with government.

An important and accurate criticism of USDA commodity programs is that they distribute payments in a disproportionate manner. A relatively small number of farms derives the great bulk of the benefits. But careful analysis of program payment records shows that cotton and grain payments have been made in a manner that is proportionate to production share. When many small farms accounted for the majority of production, this system was thought to be working well. But no one thought about what would happen if the farm structure were appreciably altered. Tying program benefits to production made it inevitable that as the farm structure became more concentrated, program benefits would also be distributed accordingly.

A farm program that is tied to a needs test, providing income support to the small- and medium-scale producer, is long overdue. Public opinion polls show that over three-quarters of U.S. residents favor farm programs that preferentially help those producers. Large-scale producers, especially those with annual farm sales exceeding \$500,000, shouldn't be capturing federal support intended to assist

those with genuine need.

Shifting the USDA commodity programs away from being based on volume of production and towards support based on a needs test is also in full accord with the values of family farming. Self-reliance and entrepreneurial skills can be strengthened while at the same time providing support to farm income.

Urban and Rural People Can Unite to Protect the Ecosystem

It is environmental issues that family farmers and urban residents may have the greatest common interest. However, the public posture of many environmental advocacy groups tends to be anti-agriculture. In large part this is a result of the manner in which agri-chemical companies have successfully allied themselves with organized farm groups.

But, in reality, family farmers are resource-conserving and quite sensitive to environmental problems in their own communities. And a great many farmers are frightened of facing the reality of cancer, birth defects and other illnesses that we increasingly realize are associated with chemical farming practices.

Today, as many consumers demand fresh food produced without synthetic chemical pesticides, entrepreneurial farmers have jumped in to provide it. The 1990 farm bill provides an unusual opportunity for the development of environmentally sensitive agricultural policies that a broad range of urban and farm groups can support.

For example, by relaxing commodity program rules only slightly we can encourage crop rotation, which can be beneficial in controlling

pests, and the planting of legumes as alternative soil-building, nitrogen sources. Urban residents can understand and will favor this type of policy initiative. Similarly, policy proposals to encourage non-chemical farming methods by providing incentives or insurance to farmers who actively conserve resources or use organic methods of pest control will win enthusiastic urban support.

For those of us who live and work in the arid West no issue is more important than federal water policy. Urban residents find it difficult to understand how huge irrigated farms, with tens of thousands of acres, can continue to receive federally subsidized water. Recently, public attention has again focussed on this issue. The CBS news program "60 Minutes" showed how loopholes in the rules enable large-scale farm businesses to evade the 960-acre limit on water subsidies. When water supplies are tight, as they have been for the past three years in California, consumers question the wisdom of providing cheap federal water to produce crops that USDA says are in surplus.

Family farmers, who generally have farms smaller than the 960-acre limit, are faced with large-scale competitors who, in effect, can double or triple yields by paying as little as an extra \$25 per acre for federal water. For the first time in recent memory environmental advocacy groups, led by Natural Resources Defense Council and the National Wildlife Federation, have joined with family farmers, led by California Action Network, California Association of Family Farmers, and the League of Rural Voters, to demand an end to resource-wasting federal water policies. In a way, this unique coalition shows us how shared values can build a more powerful and long-lasting basis of

cooperation between farmers and their urban brothers and sisters.