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AGRICULTURAL POLICY IN THE 1980s

One of the most revolutionary changes that has happened during my lifetime is the reorganization of American agriculture, especially southern agriculture. I guess that you could say that I grew up in a pre-modern world, before modern conveniences. My family did, however, have a battery radio, and I can remember the crackle of static as we tuned in the farm news.

Except for the radio and an automobile, there were few of the things in rural Harnett County then that we now take for granted. The technological change that has come during my lifetime is staggering. It is no wonder that I am a Democrat, for it was the administration of Franklin D. Roosevelt that ushered in Rural Electrification, agricultural support programs, the Tennessee Valley Authority, and many other institutions that we now take for granted.

So I grew up in a mule age, as did some of you. I also grew up in a time when the cash crops were cotton and tobacco, and although we raised a few chickens and pigs, these were mostly for home consumption.

That old timey world of the 1930s has given way to modern agriculture. The livestock industry, including swine, beef, and poultry, now exceeds the cash return from tobacco. We produce \$170 million worth of soybeans, plus \$300 million of corn, and many other crops that bring in good income to Tar Heel farmers. We have come a long way from the small farm with a few acres of tobacco, a chicken coop, and a hog pen.

Yet, in obtaining a more balanced agriculture, we have made basic changes in the structure of our farm life. Much of this change has come from the increasing participation of the federal government in farming. Originally, an agency that passed on the latest news to farmers, the U.S. Department of Agriculture has become intertwined with farmers on nearly every level. Complex programs are set up that require large government bureaucracies--each commodity requires many support workers; there is extension, soil conservation, economics, finances, rural electrification, marketing, inspection, the Commodity Credit Corporation, and many other parts of the gigantic USDA. Thus, not only has the structure of the farms changed from mules to machines, but the structure of the Agriculture Department has changed from a small information giving agency to one that is involved with farming on every level.

Despite the changes in structure on both levels, we are not immune to problems; indeed, it seems that the more complex our agricultural structure becomes, the more our problems multiply.

I don't need to tell you that this is going to be a tough year for American farmers. The mail that I receive is filled with frustration--with higher production costs, higher credit costs, and the continuing low prices for commodities. Farmers understand the forces that attack them today better than we did in the 1930s. I would credit much of that education to this group of broadcasters, which is always trying to give better information on farm problems.

I think that today we stand at a crossroads in our agricultural policy. There are problems that we must face, and we must make some tough decisions about the direction that we want to take. Perhaps no problem is more important than preserving the remaining family farms.

I am sure that you are familiar with the statistics, but let me remind you of what has happened since the 1930s. Since 1935, the farm count in this country has dropped from 6.8 million to 2.3 million in 1979. In the 11 southern states, farms declined from 2.4 million in 1940 to 723,000 in 1974. And the trend continues.

The question comes back again and again, Why? Why have so many farmers pulled up and headed for the city? There are no easy answers to this, but one can find part of the answer in the fact that farmers in the 1930s were going broke because of economic forces that they had no control over. Tenant farmers were especially vulnerable to these changes, for they had no security to fall back on. Many farm owners also went broke and ended up working in factories or in other urban jobs.

Part of the reason for this exodus from the farm can be found in the Agricultural Adjustment Administration programs that encouraged people to leave by giving the biggest slice of the government payment to landowners, many of whom were absentee owners. Tenants and sharecroppers got comparatively little of the federal money and they could not survive.

The fact was that in the 1930s southern agriculture was pre-modern, much like the farm that I grew up on. In a sense, the South had not entered the 20th century. When we did enter the modern world, we did it with much suffering, for we went from mules to machines in just a few years; there was no slow and orderly transition.

Today, the crisis that we face in rural North Carolina is similar in some respects to that we faced during the

Depression of the 1930s. Prices, at least relatively speaking, are low. Costs are high. Having discarded mules in favor of machines, we now find that it would be cheaper to feed mules than to feed tractors. The intensive use of fertilizer, much of which is petroleum based, has added another large item to operating costs. And credit has gone out of control.

How does a farmer, who customarily only wants to live quietly out in the country, deal with all these problems? No matter how efficient he is, if the prices remain low for his products, there is no way that he can make ends meet. The question comes down to this: What can be done to keep farmers solvent? How can we keep the remaining farmers in business? This is no easy task, but it is one that we must face. And first of all, we must decide exactly which direction that we want to travel.

First, I would like to ask a question: What is the present tax policy of the United States with regard to farmers? I have heard it said that the power to tax is the power to destroy, and I think that in some respects many small farmers have been destroyed while hobby farmers survive and flourish. I do not begrudge an absentee farmer for taking advantage of the tax laws, but I think that the tax laws, as they relate to farmers, should protect those who make their living primarily from the land--not those who earn their principal income elsewhere.

I support the basic structure of the present commodity programs that are functioning. During hearings next year, I expect that these programs will be scrutinized carefully.

Despite these commodity programs, farmers are not getting a fair return on their investment. Over a year ago I introduced a bill (January 23, 1979. S. 107) to set up a National Agricultural Cost of Production Board. This board would be composed of 15 members who would serve four year terms and be appointed by the Secretary of Agriculture.

Most important, 13 of the members would be farmers who earn most of their income from full-time farming. One would be an agricultural economist and one would be a consumer representative. Farmers should be in a position where they can do some good in telling the Agriculture Department what their costs are.

I frankly think that there is a credibility problem associated with the process and procedure concerning the Department of Agriculture's cost of production calculations. Under my bill, the Secretary of Agriculture would have to report back to the board if he does not follow its directives.

As much as I am against boards in general, this one would serve a useful purpose in that it would bring farmers into the decision making process concerning prices.

I also introduced a bill that would help our exports if adopted. (December 20, 1979. S. 2183) The Commodity Credit Corporation Act would set up a revolving fund to finance short term credit sales of agricultural commodities produced in the United States.

Without getting into details of international trade, this bill would stabilize the GSM-5 program run by the Commodity Credit Corporation. The present program is run off annual appropriations, and there is simply no way to predict how much money will be needed each year. The revolving fund would be in effect a permanent financing fund that would pay for itself.

Another idea for the 1980s suggested by the National Governors Association is aid in direct marketing of farm products. As you know, the price of food has increased tremendously, but did you know, as this report shows, that from 1954 to 1974 only 6 percent of the rise in food prices went to the farmer? The remaining 94 percent went to the food industry that processes, packages, transports, and markets food. Direct marketing would help farmers and would also help consumers.

We need to think about how much agricultural land is lost to shopping centers, and we need to conserve that land that is left for farming. There are many tasks that remain in our agricultural planning.

Some states are beginning to take more notice of corporate and alien landownership. North Carolina has no restrictions on alien or corporate ownership, but in the future the people of the state may well want to know exactly who owns the farmland.

Our state has been fortunate to continue a small farm tradition. Part of this success is tied to the fact that we raise tobacco, a cash crop that brings in a lot of money on a few acres. I want to see the small family farm preserved. To my thinking, farming is more than just a business. I agree with Thomas Jefferson that "Those who labor in the earth are the chosen people of God."

Thus, as we face the decade of the 1980s, I want to stress that our main goal should be stopping the drift to ever larger farms at the expense of the family farm. Some agricultural products lend themselves to large scale production, and of course some very good farmers have managed

to increase their size by good management. Still, if the trend toward largeness is not stopped and the number of farms continues to decline, we will have an agricultural structure that is much like the automobile, the oil, or the steel business.

So, in conclusion, I am looking forward to the 1980s, for we face new challenges in agriculture that will test our imagination. North Carolina is far ahead in many respects, for we still have that great tradition of small farmers. Through hard work, careful planning, constructive laws, and with good advice such as your organization furnishes, I hope that we can make our farm heritage even greater.