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THE RURAL COMMUNITY AND ITS RELATION TO FARM POLICIES

BY

RAYMOND J. PENN

This material was submitted for consideration as a chapter in an agricultural policy base book. The author is Professor of Agricultural Economics at the University of Wisconsin, Madison, Wisconsin.

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Raymond J. Penn
Professor of Agricultural Economics
University of Wisconsin

Rural America is, of course, changing very rapidly. New technology makes it possible for the farmer to supply food for more people every year, and still not produce at capacity. In 1960 each farm worker supplied 26 non-farm people--- five years later he produced enough food for 37.^{1/}

Every year there are fewer farms, fewer farm workers and fewer people living on farms. There were 6.1 million farms in the U.S. in 1940, 5.4 million in 1950, 3.7 million in 1960,^{2/} and only 3.15 million in 1964.^{3/} The number of farm workers dropped from 9.9 million in 1950 to 7 million in 1960 and only 5.6 million in 1965.^{4/} Professor Glenn Fuguitt estimates that the farm population decreased from 25 million in 1950 to 20.5 million in 1960. This means agriculture's share of the total population declined from 17 percent to only 11 percent in just ten years.^{5/}

* The author is deeply indebted to Marion R. Brown, Assistant Professor of Agricultural Journalism, University of Wisconsin, for contributing major ideas and for getting the manuscript into conformity with the policy of the editors.

^{1/} Agricultural Handbook No. 325 (1966), U.S.D.A., p. 21.

^{2/} Agricultural Statistics 1966, U.S.D.A., p. 434.

^{3/} Census of Agriculture, 1964 Preliminary Report, Bureau of Census, Washington, D.C.

^{4/} Ibid., p. 448.

^{5/} Unpublished statistical estimates.

Technological change in other sectors of the economy have also affected rural communities. In addition to the continuous urban "pull" on rural people, there is constant and rapid change in rural industries, especially agricultural processing. Professor Hugh Cook gives us one illustration. On July 1, 1949 there were 2,250 dairy plants in Wisconsin. Fifteen years later more than half these plants had disappeared, leaving only 1,109. These trends will almost certainly continue. A recent projection of Wisconsin population predicts that most rural counties will probably lose population throughout the 1970's. The only counties expected to grow are those that are near an urban complex or that have industries or intensive recreation potential.^{6/}

These few general illustrations serve only to demonstrate an obvious fact---namely, that the U.S. farm economy is undergoing very rapid change. It is very important, of course, to analyze these changes and to understand the reasons for them---especially the part government agricultural policies have played in them. This, I think, is what the sponsors wanted me to do. However, with their consent I have chosen to leave this analysis to someone else. The primary burden of this chapter will not be to analyze the impact of past policies and impending issues on the rural community. Rather it will be to draw attention to the important role groups of people in local communities play in economic development. So I will not deal with what is happening in the community but rather with how the community can participate in resolving the issues we are all facing.

There is nothing new about the idea that "the people" should take part in public decisions and actions. And it is an idea that most U.S. policy makers accept, at least in principle. However, I submit that it is an idea that enjoys precious little attention in practice. This is true in our domestic programs and doubly true in our attempts to help increase food production in other parts of the world.

^{6/} Fuchs, Zahava; Kearl, Richard B.; and Marshall, Douglas G., Population Changes and Forecasts in Wisconsin Counties 1960-1980, No. 11, Population Series, Wisconsin's Population (81 pages), December 1966.

But I am not going to argue this point on the basis of principle. Community participation in policy decisions is important not only because it is democratic, but also because it is essential to an adequate formulation of goals and plans. My intent in this chapter is to show why I consider it to be essential. To do this I will draw contextual material and examples from experience and research both in the U.S. and in underdeveloped countries.

I will begin by re-stating the most pressing policy issue which we now face---the world food shortage. I will do this at the risk of repeating some of what is said in Chapter 2 because this issue provides important contextual grounds for my later points. Second, I will criticize the present trend of thought regarding what to do about world food on grounds that it ignores important institutional aspects of the issue and thereby defines the problem in such a way as to preclude an adequate solution. Third, I will argue that we can go a long way toward eliminating this tendency to oversimplify the problem by giving local groups a larger part to play in the formulation of policy goals. Finally, I will show that communities can also play an important role in carrying out programs to meet policy goals.

I

Until very recently the central issue in U.S. agricultural policy has been to hold farm production in line with effective demand. Programs to limit production were based primarily on federal inducements to the individual farmer to withdraw land from production. And land was withdrawn---more than 60 million acres of it. Since the fall of 1965 the U.S. has been reconsidering its production control policies in the framework of world food needs.^{7/} The present world food

^{7/} Other food exporting countries, notably Canada, started modifying their agricultural programs in the light of world food needs several years before the U.S. And, of course, increasing food production in the less developed countries has always been an important need.

crisis has been developing for a long time, but is just now coming into sharp focus. According to FAO's preliminary estimates:^{8/}

"World food production, excluding China (Mainland), was approximately the same in 1965-66 as the year before. Thus there was a fall of about 2 percent on a per capita basis.

"There were good harvests in North America, where food production rose by 4 percent. But Western Europe, with a rise of less than 1 percent, is the only other region where there was any increase in food production in 1965/66 ... food production fell slightly in Eastern Europe and in the U.S.S.R., and by 6 percent in Oceania.

" ... In Africa, Latin America, and the Far East, excluding China (Mainland), food production is estimated to have fallen by about 2 percent in total and by 4 to 5 percent on a per capita basis.

" ... preliminary estimates for 1965/66 indicate that per capita food production in developing regions dropped back to the same level as in 1957/58, which in turn is the same as the inadequate prewar (World War II) level. In the Far East, Latin America, and Africa per capita food production in 1965/66 was a good deal less than before the war."

Total world population is increasing faster than the food supply, and to make matters worse the food supply is not increasing at all in the countries where population growth is most rapid.

It seems clear that a world wide program to reduce the rate of population growth--family planning-- is most urgently needed. This goal will require much more consideration and investment than the nations of the world are now giving it.

However, even if such a program could immediately limit the birth rate to a level that would maintain a long-run balance of population with available food supplies, the need for substantially increased amounts of food in the short run would continue. Movement of the present large population through their fertile years will continue to increase overall population and the labor force will continue to grow under any situation until the year 2000.^{9/}

^{8/} The State of Food and Agriculture, 1966, Food and Agricultural Organization of the United Nations, Rome 1966, p. 3.

^{9/} Myrdahl, G., Opening address at the Second World Land Reform Conference, FAO, Rome, June 20, 1966.

U.S. policy makers have become increasingly aware of this problem, and new policy goals are coming into focus. President Johnson, in his 1967 State of the Union Address referred briefly to the need for increased world food production (and also for family planning). Immediately following the President's address, former Undersecretary of State George Ball told a nation-wide TV audience that the President had, in his reference to world food production, spoken of the most critical problem the world now faces. The new policy focus, then, is on increasing food production somewhat in the U.S. and on doing much more to help increase it in other countries, especially those in the early stages of development.

II

How Is This To Be Accomplished?

It will not be as easy as many economists would have us believe. Some economists even lead us to make the wrong kinds of observations by defining economics so as to exclude what are in my judgment the most important aspects of economic development.

Earl Heady notes, "Theoretically we already have the framework or models for specifying the variables which result in economic development of agriculture." He further says, "What is less obvious is how to overcome the political, cultural, intellectual and similar restraints, largely exogenous to the agricultural development process which prevent 'getting on with the job'..."^{10/} What is implied here is that an economist can look at the cost of physical inputs and the value of physical outputs (assuming market prices to put values on the inputs and the products) and determine highest profits or least cost combinations. This, of course, is very helpful and very important and it does place

^{10/}Heady, Earl, "Processes and Priorities in Agricultural Development," Paper presented at the University of Florida Developmental Seminar, 1966, p. 1.

some limits on the alternative courses of action with regard to many policy goals. But it certainly is not sufficient by itself to define the policy goal or to fix the course of action. Whether or not the economist wants to admit them, the "political, cultural, intellectual and similar restraints" will affect the outcome of any program. These factors don't fit into present econometric models---nor do they lend themselves to easy measurement and quantification. But they certainly are not, as Heady says, "exogenous to the agricultural development process." If we look closely at such catch-all labels ("social," "political," and "cultural") as they are used by economists, we find that they refer to what Commons and others have called "institutional factors." They are the working rules of society---the social inventions that govern relationships between people and affect their control over each other and over physical resources. They affect the power structure and the distribution of income and employment opportunities. They guide the actions of individuals, furnish the procedures for resolving conflicts between them, as well as the framework within which to plan and carry out public programs. An understanding of them is essential to any strategy for change.

Agricultural development programs must deal with questions about how local roads and schools can be built and maintained, how land and labor contracts are made and enforced, how local officials are selected, how local tax revenues are spent, how the local church serves in matters of finance and leadership, how merchants operate, and how local power holders support national officials and are in turn supported by them. These local structural factors are as important as physical inputs in determining agriculture's productivity. They dictate how farms will be organized, what crops will be produced, what technology will be used and how the products will be reinvested and consumed.

It is my judgment that we will not get far into the matter of economic change as long as we focus narrowly on questions of how to combine physical inputs and refuse to ask questions about these structural factors---about the rules people establish to control their mutual relations and their economic decisions. These rules may be non-economic in somebody's definition of economics. But they certainly are part and parcel of the economic development problem, and this is true for the U.S. as well as for the underdeveloped countries. A majority of U.S. economists have felt secure in the belief that almost any amount of agricultural food products could be had simply by releasing the 60 million acres of diverted land and raising farm prices slightly. Some economists, and I am one of them, doubt that it will be all that easy to get increased production. The diverted acres (in the Great Plains, on dairy farms and in the corn belt) are considerably less productive than the land that is now in production. There are many fewer farmers and farm workers than there were 15 years ago---probably too few to bring those 60 million acres back quickly. More technology could be applied to existing farms, but technological change has been going on at a very rapid pace for many years. It may be hard to accelerate that pace. In short, it took a lot of changes in the working rules of our society and our economy to get that land out of production. It will take more institutional changes to bring it back.

Even if U.S. production could be increased very rapidly---and if we and other exporting nations were willing to pay enormous transportation and handling costs, we could not produce and distribute enough to bring world food supplies in balance with needs. Our exports have been at an all time high level---more than 6 billion dollars a year for three years, and nearly 7 billion dollars last year---yet they have scarcely made a dent in the world food shortage.

When U.S. economists talk about increasing production in the underdeveloped nations, their prescriptions are similar to those they would apply in the U.S.---bring more land into production, develop new technology, and adjust prices. As I have just argued, these remedies don't work even in the U.S. without institutional adjustments to make them relevant and effective at the local level. In underdeveloped countries these conventional policy prescriptions are, by themselves, even less adequate. Without substantial institutional change, it is very doubtful that they can even be applied at all. And even if they can---if production can be increased sharply without any "reforms," the food problem will not really be solved. A very important part of the problem is "Food for Whom?" Without changes in the structure in these countries so as to distribute the increase more widely and to expand opportunities for secure economic employment, the result could still be instability and even violence. To illustrate this point, Professor Peter Dorner, Director of the University of Wisconsin Land Tenure Center, has cited the examples of Guatemala and Ecuador. In Guatemala agricultural production in the sixties has been 17 percent higher than it was in the late fifties. In Ecuador there has been a 9 percent increase in the same period. Yet in both countries political and economic instability have increased, and the possibility of massive violence is as great as ever.

Our own history is filled with examples of how structural factors, or working rules, affect economic growth. One of the most important things such rules do is to determine the incentives an individual has to increase his production. Linefence laws, zoning ordinances, water laws and property rights are all examples of the kinds of rules I'm talking about---the kinds of rules that sometimes have to be changed before price adjustments, extension programs, and other conventional development tactics can have an effect.

Property rights are among the most important working rules of an economy because they control access to the use of resources. They determine whether people can actually make economic decisions on investments and use of land. Even more significant for change and economic development, property rights can give or take away a person's incentive to make an "economic" decision. If a person has a secure right to the future use of a resource and the returns from that use he will be more likely to invest and otherwise improve or develop the resource.

In western South Dakota during the late 1930's, the rancher knew that it was profitable in the long run to limit grazing and practice other range management improvements. He knew it was profitable to develop stock water dams and that federal programs would give him financial assistance for their construction. Why didn't the rancher do these things? Because he did not have control of the resources. Owners of the land had let it become tax delinquent and had moved away. Some of this land was taken by the county on tax deed with intent to resell as soon as possible. Other land was in the tax delinquency "no man's land." It was neither private nor public. Taxes on the land were several times higher than its earning power. Research on the management of tax delinquent land was undertaken in an effort to develop procedures that would give operators enough security of tenure so they could make investments in range improvements.^{11/}

In Wisconsin a farmer along the Black River was to lose his farm by foreclosure in two years. His soil consisted of a rather thin layer of productive top soil over a deep layer of sand. The farm could have been protected by a

^{11/}Loomer, C.W. and Penn, R.J., "County Land Management in Northwestern Dakota," South Dakota Experiment Station Bulletin No. 326, South Dakota State College, 1938.

few investments to prevent deep gulley erosion. Did the farmer make those investments? No. He farmed to make the most profit in the current year even though the result was permanent destruction of the entire farm in two years.

Leonard Salter was prompted to do his research on land tenure by the Wisconsin Soil Conservation Service, which asked, "Why do tenants invest less than owners in what we think are profitable soil erosion control practices?"^{12/}

This insecurity of access to resources has a similar effect on farmers in other countries. Insecure subsistence farmers in Latin America should not be expected to take the risk of new technology. Neither should they be expected to respond to price when there is no assurance or knowledge of a place to sell the products profitably or of what products will be available to buy and at what price.

So in the less developed countries of the world even more than in the U.S. it is not enough to know how to produce more and what inputs are needed. We need to look at how people control their resources---property, tenure, working rules, and institutions.

III

It is with respect to these institutional factors that groups of people representing local communities make their greatest contribution to public policy and programs. Working rules and institutions are formed in many ways and at all levels of government. However, a rule governing relations between people generally must be accepted and even enforced by local groups, local government and local communities. The best way for policy makers to avoid overly technocratic and irrelevant solutions is to involve such groups in the planning process.

^{12/} Salter, Leonard A., "Land Tenure in Process," Research Bulletin No. 46, Wisconsin Experiment Station, February 1943.

It is necessary, of course, that policy planning be based on research and technical appraisal of the consequences of alternative action. This is where the skilled economist can play a key role---especially if he understands how local institutions function. I emphasize the role of the local community in the planning process because, as I have said, I think it is too often overlooked by economic technicians or planners. It seems to be too common, perhaps because it is easier and more natural, for the technician to use only cost-benefit analysis to arrive at a judgment as to what is the better course of action. The person who disagrees often is considered to lack knowledge and understanding. Actually he may have very useful information that the technician lacks.

More often than not people in the local community have a vital interest in the outcome of the analysis because they must live with the consequences of the plan. These people have actual experience and insights which should be taken into account in the planning process. They may have very different values. And, perhaps most important, they are familiar with the local structure and they know how it operates. They may not know it analytically and they may have difficulty articulating their understanding of it. But they do understand it functionally. That is, they know how to live and work and survive within it. Therefore, their experiences have important bearing on any issue which involves institutional change.

An adequate planning or policy making procedure requires integration of: (1) technicians from several disciplines, (2) program administration officials, (3) legislative representatives, and (4) the people affected. In my judgment, the Land Use Planning Program of the U.S.D.A. and Land Grant Colleges from 1937-42 contained many fundamental ideas and procedures needed to accomplish

this integration. An attempt was made to reorganize U.S.D.A. so that all its programs---research, extension, and action---would carry out the results of the integrated planning process.^{13/} In many major program reorganizations, personal and bureaucratic frictions develop. The Land Use Planning Program was no exception. Frictions at the Washington agency level and with the American Farm Bureau Federation were particularly severe. Unfortunately we remember the frictions and problems rather than the value of the ideas. Actually it was not so much the frictions as the outbreak of World War II that prevented this program from being tested.

There are many examples in our history of the value of having people in local communities participate in policy and program formulation.

1. In the late 1930's U.S. agricultural programs included one in the Great Plains described as the Restoration Program. Under this program the rancher was paid to re-grass certain lands that should never have been planted to wheat. An evaluation of this program in two South Dakota counties suggested several changes which came largely from the advice of local people. For one thing, it became clear that a regulation to require seeding was not desirable. There wasn't enough seed, the seed didn't grow, and it cost nearly as much as the land was worth. When left to use their own judgment as to what land should be in the program and returned to grass, local people made better decisions than were made later when each county was given an acreage quota with pressure on the local people to fill it.

2. Zoning is a use of public power to enforce a plan. But many communities do not want to use such force for regulating land use in their areas. Where

^{13/} "Planning for Permanent Agriculture," U.S.D.A. Miscellaneous Publication No. 351, 1939; "Land Use Planning Underway," U.S.D.A., July 1940; John Gaus and Leon Wolcott, in Public Administration and the U.S., Donnelley and Sons, Chicago, Illinois, 1940.

this power is used it is nearly always carried out by local governments and based on locally formulated plans. In the period when rural zoning was beginning in Wisconsin (1934), Professor W.A. Rowlands conducted an extension program in 27 northern counties. In addition to helping with the legal steps for adopting a zoning ordinance (two actions by the county board of supervisors, public hearing, and approval by the town board) Professor Rowlands met with local people including town board officials. At these meetings they discussed such questions as what changes in land use might be desirable, and what rural zoning could do. The local people made the decision to proceed with a zoning ordinance and set district boundaries. With these "extralegal" steps, as they were called by Professor Rowlands, rural zoning ordinances were passed in 27 counties with a total of only 22 dissenting votes.

On one occasion a group of technicians from Madison drew up the boundaries for a forest district (in which year-round settlement was restricted). They made this district as large as they thought local people would accept. However, local people without seeing the work of the technicians, placed more land in the forestry district. The technicians agreed that the larger area more nearly represented what should be in the forestry district.

More recently local people in Wisconsin have taken the initiative to develop three new types of use districts. One county has a district which limits the use of the flood plain. Another has a lake shore protection district and a third has a highway interchange district.

3. In another Wisconsin illustration, the State Highway Commission planned a highway through a county which would bisect the best land in the county. Local people prepared an alternative route. The Highway Commission considered the alternate route and found that it was less costly if the state left the good farm land unmolested, and it resulted in a much more scenic highway.

This list of three illustrations can be expanded by anyone's experiences from all parts of the country. It is enough, however, to demonstrate that the local community can contribute and should be an integral part of any formulation of policy goals or planning.

IV

Communities also have an important role in the administration of programs.

Planning and administration cannot, of course, be completely separated. U.S.D.A. officials in the late 1930's anticipated that the soil conservation district would be an action device to put land use plans into effect. This use of the local soil conservation districts has not really been tested, however, since only a few districts in the U.S. have ever applied land use regulations. But soil conservation districts have become the local arm and sponsor of the Soil Conservation Service.^{14/}

In the U.S., local groups, when given authority, have actively organized and carried out development programs. In the late 1920's grazing districts managed by local people were attempting to get greater security of land use in order to develop programs for better range use. Montana grazing districts were given more authority and actually developed the idea of grazing districts to the extent that they were incorporated in the federal Taylor Grazing Act of 1934.^{15/}

In 1965 the Wisconsin State Legislature passed a major water law. One part of the law authorized counties to zone shorelands. This was done to permit counties not only to guide shoreland development, but also to protect the lakes and streams against uses that cause pollution.

^{14/} For a good discussion of the role of the Soil Conservation Districts and the political implications, see Parks, Robert W., Soil Conservation Districts in Action, Iowa State College Press, 1952; Hardin, Charles M., Soil Conservation, Free Press, Glencoe, Illinois, 1952.

^{15/} Loomer, C.W., and V.W. Johnson, "Group Tenure in Administration of Public Lands," U.S.D.A. Circular 829, December 1949.

Wisconsin communities are also using the town sanitary district as a device to organize themselves and protect against pollution. With increased concern over water pollution we may expect communities to expand these types of efforts.

Currently in Wisconsin, local governments and a state agency are at odds as to how to set priorities for use of some forest land. About 2.5 million acres are in the cooperative forest crop program of the state. The land is owned by the counties but managed in partnership with the state and with technical guidance from the state.

It was intended that land needed for "a higher use" could be withdrawn from the program by mutual agreement. The local government feels that some of the land put into irrigation would have a value of \$400 an acre when developed and that this is a higher use since it is more than the 6 to 10 dollars assessed valuation of other comparable land. The issue has been drawn when the state agency not only said that this would not be a higher use, but also claimed to have authority to make the final decision without county approval. As expected, local governments have introduced legislation to get the state laws changed so they can withdraw lands in their counties at will. If the basic partnership idea, so necessary for the continuation of the program, is maintained, law and procedures must be modified so this decision remains a joint one.

One part of the Soil Bank program could have been much improved if recognition had been given to local group action. The Conservation Reserve section of the Soil Bank was designed to permanently shift crop land to other than agricultural uses. One provision was a rental contract with other cost sharing features which permitted the farmer to shift at least 2 acres of land to forest use. The rental contract could run for 15 years.

Emphasis on price policy programs with the individual farmer as the decision maker made this forestry program much less effective than it could have been.

Obviously if the goal is a 200-acre forest, 100 farmers selecting the 2 acres they want in trees is a very unsatisfactory method. The decision unit was not appropriate. Instead the community should have made some plans and decided whether a 200-acre forest would be desirable. Then the tract best suited with respect to soil, topography, and location should be decided on. The community could have performed a major function in this program. If it had been given the opportunity I suspect more permanent forests would have resulted from less expenditure.

Up to this point the attempt has been to demonstrate that the effectiveness of any program depends upon local support and participation. U.S. illustrations have been used.

We also have evidence to indicate that the structure and functioning of the local community is vital in the economic development programs of the less developed countries. Without some changes in the local structure so that more people become involved in the community and have income and employment opportunities, all our efforts to increase production may increase conflicts within the less developed country without making any permanent friends for the U. S.

Research, by the Land Tenure Center in Latin America, indicates that where responsible local organizations exist, development programs are more effective.^{16/} The local organization can give the individual some incentive by giving him more secure access to resources. It can give him a device to improve his community (schools, water, and health). It can give him someone to talk to and a vehicle for two-way communication with his government and the "outside world." And by no means least important, there is some evidence particularly in Venezuela that local organization can actually help maintain political stability.

^{16/} Powell, John, The Politics of Agrarian Reform in Venezuela: History, System and Process, Ph.D. thesis, Department of Political Science, University of Wisconsin, 1966 (supported in part by the Land Tenure Center), to be published as a book.

Research done by the LTC has focused on land tenure and the economic and social structure of rural communities in Latin America.^{17/} FAO and CIDA have been conducting similar research in Latin America. Until recently, however, not much attention was given to rural community organizations in less developed countries. Even now I think we are giving it much too little consideration as we make an all out effort to increase world food production.

^{17/} The Land Tenure Center does research and training in Latin American land tenure. It is financed in a large part by U.S. AID. The research is done in partnership with host country research institutions and professionals, and most of it has been done in rural communities.