

What We Want Agriculture to Do: The Nebulous  
Matter of Setting Goals for Agricultural Policy

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The theme of this seminar is that the skills of the scientist and the scientific method can be applied usefully to both the process of choosing or designing agricultural policy, and the administration of programs to carry it out.

By scientists and science we refer not only to the physical sciences such as chemistry but to the social sciences as well. But perhaps we do not mean "science" at all; we certainly avoid the image of profound gray haired scholars, cloistered in their chambers or laboratories, who talk only to each other -- presumably in Greek or Latin. We have almost the opposite extreme in mind -- of a democratic science, or a layman's scientific method.

Or, to rephrase the theme of this seminar in the language used in an earlier lecture, we believe that we can assemble and study information learned from the past and make it useful to agricultural policy of the future. Moreover, although we warn against over-facile generalizations, our basic technique is to arrive at general principles and then to apply them where they fit.

The principles can be as broad as the economics of opening up new lands to cultivation, or as narrow as adding premiums for quality to floor prices for corn (maize).

Goals Always Present. Having repeated our basic theme, we easily advance to the next idea, namely, that if we are going to apply rational, logical judgment to agricultural policy, we begin with naming our goals. We implicitly do so. It is impossible to do otherwise. There is no way to choose how to

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reach a certain destination or objective without first naming the destination. The destination is a goal; or, rather, getting there is a goal.

This is so obvious as to be a truism. Yet, surprisingly, we sometimes find persons who distrust or even oppose drawing up goals or plans for agriculture. In the United States the language of agnosticism is that it is better to be practical than theoretical. Those of us who try to be part-time philosophers explain that we cannot be practical without having some theory to guide us; and that theory is useless unless it can be put into practice. But we seldom win our arguments. <sup>North</sup> Americans can be stubborn in debates of that kind.

Logical Meaning of Goals. We could readily spend our time discussing the logic of goals. Philosophers and logicians have indeed written much on this subject. For instance, in a graduate course in agricultural policy that an associate and I teach at the University of Missouri, we call the attention of the students to the writings of persons such as Jan Tinbergen of Denmark.<sup>1</sup> Dr. Tinbergen devises complicated language such as "the fixation of a collective preference indicator," which presumably means discovering, in a democracy, what the public wants, or in a non-democratic nation, what the heads of government or the ruling party desire. Dr. Tinbergen then asks that we make a "deduction, from this indicator, of the targets of economic policy generally." The key word is "targets". He next writes about instruments, and quantitative values of instruments, and so on.

I do not disparage this formal analysis, even though it is difficult to understand. In our discussions we will use simpler language. I hope to illustrate a few principles and problems in the process of choosing goals that I have observed or encountered.

Five Dilemmas. My remarks will be organized according to five dilemmas that we find when we select and describe goals for agriculture. These are:

1. On The Theory of Economic Policy.

1. Conflict of interest: temporal
2. Conflict of interest: social or economic group
3. Unexpected or unintended consequences: the second generation problem
4. Operational constraints: informational deficiencies  
ideological handicaps
5. Hierarchical nature of goals: the suboptimization problem

Omitted are long comments on the goal-choosing process. It is sometimes said that we should think first about what steps we are going to take in order to select our goals. For example, we could exchange opinions about which agency of government should have primary responsibility for selecting national economic goals. I argue that we ought to apply our own maxim, namely, that before we elect a method of travel we ought to decide where we want to go. Hence, before thinking about the goal-selecting process we should discuss what we mean by goals and what kinds of goals we want to arrive at.

Nevertheless, before examining the five dilemmas I want to say one word about the process of naming goals and methods of attaining them. It seems as though the entire United States economy is becoming bureaucratic. Big corporations, big government, big labor unions, big universities -- these now dominate our scene. All are bureaucracies. Any bureaucracy must rely heavily on its process for setting goals and then converting the goals into programs of action. Consequently, management specialists have argued for years about what the best process is. In the last few years the most popular -- or at least most popularized -- method has been the one called "programming, planning and budgeting." Essentially, as I understand it, it means that a manager or planner does not first select one particular method to achieve a goal and then debate the good and bad features about that method. Instead, he thinks in terms of alternatives. He considers several possible courses of action simultaneously. The entire technique is one of comparing alternatives.

Mr. Carlson and others will discuss this subject near the end of the shortcourse.

Temporal Conflict. Perhaps the most familiar conflict entering into goals is that of time. For what length of time in the future do we make our plans?

One day last year, after I talked about agricultural policy at a meeting of farm leaders in a Missouri county, the president of a local farm organization spoke with me. He was a man 6 or 7 years older than I. "Your statement was very good," he said kindly. "For my part, though, I **have** only 5 years remaining in farming and I am not very concerned. I doubt I will make many changes myself."

Some programs for agriculture are of short duration. But most are rather long. The Missouri's farmer's 5-year outlook simply closed the door to any discussions about long-term agricultural policy. I do not know whether he had a son or a daughter who will remain in farming. He probably does not. I hasten to add that the gentleman was unusual. In fact, no other farm leader in Missouri has ever disclosed, in my presence, such a short-sighted viewpoint. But the incident took place, and it illustrates my point.

In a sense, the time dimension in forming goals is a generation-conflict dimension. That is why I wondered if the farmer had a son or daughter. One of the many happy qualities of parenthood -- and of <sup>the</sup> grandparenthood to which I have just advanced -- is that it forces any thoughtful individual to extend his personal-interest horizon beyond his own lifetime. Most of us do think in terms of a longer future than the Missouri farmer's 5 years.

And yet, I do not want to give an optimistic impression that we usually express our goals for agriculture in terms of the longer future. In my observation, all too often we do not. If the eleventh commandment is to live so as to leave a better world for our descendants, it is violated almost as often as the seventh about not committing adultery.

Perhaps because of their origins in the political process, a great many programs for agriculture are designed to meet only short term goals. Either it

is assumed that there is no conflict with longer term ones, or longer term effects are disregarded. I could cite a hundred examples. A devastating one was the early U.S. policy for supporting the price of cotton at a high level. The substantially higher price would add much to the income of U.S. cotton producers. Some mathematical wizards even demonstrated that the price would maximize farmers' income, or almost do so. In the short run, incomes were indeed increased. In the long run, the policy sped the entry of synthetic fibers. About 5 years ago we switched to a low-price-support policy. Cotton is now cheap, so that it can compete with artificial fibers. We supplement farmers' incomes with direct payments from the U.S. Treasury. But the correction came too late. The damage had been done.

When I was an economist for agricultural programs I often thought that the most useful function an economist performs is to remind administrators of the long-term consequences of their short-term decisions.

The most awesome application of the temporal conflict principle lies in conservation of natural resources. If I possessed eloquence I would now employ it. Our hemisphere was "discovered" by European adventurers less than 5 centuries ago. (Others had known it and lived on it for a very long time). The history since has been a history of exploiting the natural resources of our two continents -- of mining the minerals and pumping out the oil. In our country we boast of our success which has given us so high a material standard of living. But finally we are beginning to admit the obvious fact that the process can continue only a few generations. By the end of this century we will face an alarming shortage of many resources.

The obvious message is to conserve and re-cycle. In fact, before long we are going to have to find ways to re-cycle virtually all natural resources.

All except land. That most marvelous of all resources the Deity gave us, land, is self-re-cycling. That is, it re-cycles if we do not interfere. And

we can help it to do so. Conservation of resources must be near the top of the priorities for agriculture in any nation that loves its children and wants to leave them a legacy of a productive agriculture.

Group-interest Conflict. Although the temporal conflict in goal-setting is in one sense a conflict between people of this generation and of the next, there are many other conflicts between groups within our own generation. It can almost be said that all goal-formulating involves reconciling one or more conflicts of interest. It is difficult to find equations or formulas or any kind of rule that guides us as we try to reconcile conflicts of interest.

Again I can illustrate from United States experience. During a 10-year period before commodity price programs were begun, spokesmen for agriculture advanced the idea of "parity". The message was that farmers had a right to obtain prices for their products that would maintain equality of purchasing power. Many of our goals for agriculture contain the parity idea. We have a number of synonyms, such as equality or equity or even economic justice. These are the abstract terms that we use as a backdrop for harmonizing conflicts of interest.

Of course we all have common interests too. We would like to design programs that take fullest possible advantage of the common interests and minimize the conflicts. Economists have coined a term for those actions that help someone without doing injury to some other person or group. It is the "Pareto optimum." In my observation, the opportunities to attain that ideal situation are few.

In almost every agricultural program there is conflict of interest. Helping one person or group does some harm to another. The best we can hope to do is to take advantage of every possibility to advance the common interest to help everyone -- and to minimize the harm done to any group. This idea

may be expressed in the words of a song that was popular many years ago, that we "accentuate the positive."

Otherwise, I have few suggestions. We who work in agricultural policy will always find it difficult to reconcile conflicts of interest. I add one personal viewpoint: that it usually is best to admit the existence of the conflicts. Public officials often like to use the words we hear in a dentist's office, "It won't hurt a bit." The patient quickly finds out it does hurt, and the dentist loses credibility. If a new farm law helps one group of farmers and hurts another, the latter discovers that fact rather soon. I have never believed officials are wise when they declare falsely that a new law or program will benefit everyone and hurt no one, when they know that is not the case.

Second Generation Consequences. The words, "second generation" may make this third dilemma appear to be the same as the first. Although the two are somewhat similar, we are victims of a figure of speech. By second generation we mean not the next generation in history, but problems that come to light after an agricultural program has been put in operation. These are usually problems that were not anticipated when the program was chosen.

In the U.S. and many industrial nations, the second generation problem that plagues us is pollution of the environment. Our visitors may themselves discover this within a few days. But I prefer to use a different example. World wide, an instance of second generation problems is being publicized just now. It is the problems which have followed the planting of the new miracle varieties of wheat and rice, particularly in the Far East. For years, plant scientists tried to find varieties that would increase the yields of those crops in less developed areas of the world. They were successful. Dr. Borlaug won the 1970 Nobel Peace Prize for his part in that success story.

Yet that success has created a host of new problems. There are problems of depressed prices for the product; of inadequate storage facilities; of

obtaining the chemical fertilizers and water that the new varieties require; of the harm done to those areas to which the new varieties are not adapted. With regard to the last point, the University of Missouri is well acquainted with it, for we are cooperating with an experiment station in India that seeks to serve the agriculture of a state that has not profited from the new varieties. The increased production elsewhere in India has reduced prices in the state where we work, and has caused serious distress.

The advice is simply to remember that Success A may lead to Problem B; then, Success B will not let you escape from Problem C. It probably goes on ad infinitum.

Operational Constraints. Anyone who has had five minutes' experience in drawing up goals for agricultural policy knows that he never had all the information he needs. (The first operational constraint is lack of information). I truly believe that we could not have set the price and income program of 1933 in motion if we had not established a Bureau of Agricultural Economics 11 years earlier. The BAE performed services of statistical compilation and economic analysis that were essential to the new programs to control production and increase prices.

The old BAE is now divided into the Economic Research Service and the Statistical Reporting Service. Both continue to contribute information that is invaluable.

There is another kind of operational obstacle. It may be the hardest of all to respond to. For lack of a better word I call it ideological. Every human being has prejudices as to what the proper role of government is. Usually our ideas are few and broad and not at all exact, but we work them to death. We read a headline and perhaps a paragraph or two of a news story in our daily paper, and then we condemn our politicians or, rarely, applaud them. We do so even though we know little about the event and even less about the policy questions that are involved.

Worst of all is what I sometimes call words-without-thought. A few of our citizens hasten to classify almost every governmental action into a one-word category, which they choose from the 4 or 5 in their repertory. The most favorable term is "O.K." The other words are at best uncomplimentary, and some are almost obscene.

No one can deny that there are principles that must govern the role of government, whether one's nation be a democracy or operates **under some other** form of government. On the other hand, I have found that it is unprofitable to examine goals for programs in terms of one-word or one-sentence evaluations. In public meetings my policy has been to try to avoid philosophical discussions of the role of government.

My objection is not just that discussions of that kind become only expressions of prejudice. My more important reason is that we are not as committed to basic principles of the role of government as we declare ourselves to be. We are more flexible than we like to admit. Our history in the United States is that whenever a majority of our citizens believe something needs to be done, we find a way to do it. We are rather pragmatic about such matters. To say it differently, for all our loose conversation about ideology I wonder if we do not choose our ideology after-the-fact. That is, we do whatever we believe to need doing, and then we select ideological terms to accommodate it.

Let me cite one further illustration. Repeating, basic philosophies of government are highly important and we in the U.S. ought to update ours. But the prejudices people reveal cannot always be taken seriously. When I was an economist for the President's Council of Economic Advisers it was my privilege to attend the meetings of the advisory commission that met with the Secretary of Agriculture. The members were all private citizens. One was the president

of a State farm organization. His particular ideology was adaptable. Whenever the price of hogs, his state's main product, was high, he favored free enterprise and an inactive government. Whenever the price of hogs was low, he wanted government to "do something" to help his farmers. On the latter occasions, he was silent about his philosophy of government. I could look at the price of hogs on the Chicago market and know what the gentleman's social philosophy was at that moment.

Hierarchy of Goals. Finally, I must comment on a feature of all goal-choosing. It is that goals have a hierarchial relation to each other. We might call it an inverted pyramid of goals. The highest goals encompass everyone. These are the goals that are crucial to national unity. At one level lower there are goals of more restricted application. Even narrower goals are found at still lower levels. Near the bottom are goals for activities that may be confined to a small subject and last only a few days.

This idea of an inverted pyramid of goals relates to the conflicts named above. As a rule, the higher the level of a goal, the more comprehensive it is, the more generally it is approved and the fewer are the objections to it. The reason this is true is that the lofty overall goals do not touch any person directly in a way that he feels and responds to. The highest statement of goals in the United States is our Constitution, and I once wrote about the high standing of "the principle of a Constitution, which brilliantly builds on man's willingness to be noble in broadly non-definitive terms, in contrast with his insistence on being grasping in particulars."<sup>2</sup>

Although the Constitution is the document under which both the Congress and the President find their existence and their role, the agency that has

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<sup>2</sup>Harold F. Brasinger, "The Law and the Market -- In Perspective," The Law and the Market, Dale C. Dahl, ed., Univ. of Minnesota Agr. Exp. Sta. Misc. Report 75, Sept. 1966, p. 5.

final responsibility for spanning the broad gap between the general language of our Constitution and the lives of individual citizens is the Supreme Court. Wisely, our forefathers built into our system lots of protection for the Court. They need it.

And so there is a pyramid of goals, a sort of family structure. The government of each person attending this course wants to improve its nation's agriculture. That is a goal. To help attain that it seeks highly qualified people to design and administer programs; and in pursuit of this goal it sends selected officials to the United States for a shortcourse. To make that shortcourse educational we in the United States should choose topics and speakers who would contribute educational content. This is our goal. At this moment I have a personal goal, namely, to communicate a few instructive ideas. So I am trying to fulfill a goal that is one small link in a chain of goals that goes to the agriculture of your respective nations.

It follows that my goal must be consistent with those above it. It has no independent existence.

Does this last statement, almost an after-thought, constitute another axiom? Perhaps so. But it is one with, as we say in the English idiom, a lot of punch. For although goals ought to be consistent with all others of its pyramid or family, the persistent tendency is for each one to take on a degree of independence. More accurately stated, there is a tendency for persons and agencies who execute agricultural programs to work hard to fulfill what they see as the immediate goals of their programs while losing sight of the fact that they are only one small part of a bigger undertaking. They forget that their goals are secondary to higher level goals.

This danger is called that of suboptimization. It is a mark of the bureaucratic system that seems to envelop all of us, and is a frightening matter. Each

subordinate unit tries to optimize its own operations according to goals it sets for itself, rather than goals that are chosen as a part of the hierarchial relationship. We have lots of words for this phenomenon. Empire building is one. In the language of our Puritan forefathers it was simply called selfishness.

The eminent economist Kenneth Boulding wrote about this tendency in the kind of language for which he is famous. The target for his reproach is the economists who devise complicated ways to achieve big results from little projects. He calls their schemings "rationality."

"The great danger of rationality is of course sub-optimization; that is, finding and choosing the best position or part of the system which is not the best for the whole. Too many people, indeed, and especially too many experts, devote their lives to finding the best way of doing something that should not be done at all ... the rationalized processes [are best applied to] subsystems ... and being rational about subsystems may be worse than being not very rational about the system as a whole. ... the economist has a certain mind-set in favor of his own skills, and it is easy for him to leave out essential variables with which he is not familiar. Here, indeed, a little learning may be a dangerous thing, or even a little rationality."<sup>3</sup>

Dr. Boulding almost opposes the idea that is the theme of our shortcourse, for we have been saying that rationality (his word) can be employed to help us choose policy for agriculture. He says it is better to make the big decisions by "instinct, gossip, visceral feeling, and political savvy" than to confine our efforts to using big techniques ("rationality") to solve small problems.<sup>4</sup> If we do not make the big decisions correctly, it does not help much -- and may even do harm -- to cogitate so hard over the small ones. His point of view is interesting, and contains much truth.

I can think of many examples where agricultural groups work very hard to gain some advantage for themselves that is not in the public interest or even

<sup>3</sup>Kenneth Boulding, "Richard T. Ely Lecture: The Economics of Knowledge and the Knowledge of Economics," American Economic Review, May 1966, pp. 10-11.

<sup>4</sup>Ibid.

in the interest of all agriculture. Ours is an export agriculture, yet some commodity organizations want to impose restrictions on imports that would eventually curtail or even terminate our export markets. Everyone in agriculture wants tax concessions -- but everyone also wants public services. The list is interminable.

My closing remarks will emphasize the need to strive for unity within the hierarchy of goals for agriculture -- or, even more broadly, within the totality of goals for a nation. These remarks will relate to my own country. I dare to hope they do not apply to other nations represented here. In my observation our nation goes through cycles of concern for the general public interest. We are most willing to come together to solve common problems after times of crisis. The depression of the 1930's brought a degree of unity among our people. Just after World War II the majority of our population truly wanted to help form a better nation and a better world. The first year of President Kennedy's Administration, and again for a few months following his death, were periods when we dedicated ourselves to a common purpose.

It is regrettable that most commentators on the U.S. scene <sup>now</sup> report a prevailing divisiveness. We seem bent on suboptimizing. We pursue goals at the bottom tip of the inverted pyramid, and forget that there are higher goals that must first be attained. It is understandable, to be sure, that each group wants to keep a tight grip on whatever it now has, and even to aggrandize a bit. But in the final analysis we all merely share a common resource. My money is worthless if the bank closes. My mailbox stays empty if the postal service fails to function. My job vanishes if my company goes bankrupt, or my University closes its doors. ¶ Mankind is but a family of men occupying a small globe we call spaceship earth -- an infinitesimal dot in the universe. We possess the physical resources of the planet and we are heir to a constant

flow of energy from the sun. I hope we have one basic moral value, the respect for the infinite dignity of the individual human soul. All else is temporal, transitory. All our customs, habits, idiosyncracies; our material possessions that we clutch so tightly: all these lack permanence.

"The greatest danger is suboptimization," the wise man wrote. And the greatest mistake we can make when we post on the bulletin board the goals for our agricultural programs is to focus all our attention on some small problem. We dare not forget that agriculture as a whole must prosper if any part of it is to enjoy lasting benefit -- and indeed that gains for agriculture cannot come at the expense of the rest of the economy but must be a part of general economic achievement.