

A FACTUAL BASIS FOR AGRICULTURAL POLICY IN OKLAHOMA

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Formulation of public policy designed to create a more efficient and prosperous agriculture has ranged through a widely varying series of economic conditions in recent decades. From the World War I slogans of "food will win the war" and exhortations to agriculture to increase output, we moved on to the problems of the 1920's when agricultural surpluses depressed prices in the face of an all time farm burden of mortgage debt and taxes. Surpluses and the problem of the cost-price relationships in agriculture continued to dominate policy in the 1930's when the problems of the 1920's had been aggravated by industrial depression and unemployment, but with the coming of World War II, attention again was turned away from surpluses and the threat of surpluses to action to obtain greater output. In the period of the uneasy peace which has followed World War II, attention was once more focused upon the hazard of surpluses, resultant low prices and the cost-price ratio in agriculture. Now with a war economy in the making, with urban purchasing power soaring and forcing farm prices upward, the problem once more becomes one of increasing output to meet needs and to restrict the rise of wages and prices which is justified, in part at least, as being necessary because of rising costs of food and fibre.

Despite the variations in the composition of the complex of forces which have created the problems of agriculture in these recent decades, and despite the variation of slogans used to epitomize the problems and solutions, there are two broad streams which run beneath the political and propaganda surface. The first has been the cost-price relationship problem common to commercial farmers. The second has been the problem of rural poverty. In the worst of depression times, of course, it appears that most of agriculture suffers from a deficiency of income. But there is a vast segment of the agricultural population which never enjoys, even in the most prosperous times, what most of us would define as an adequate or "American" standard of living.

In so-called normal or non-war periods the most effective measures utilized to bolster or stabilize commercial agriculture have been largely ineffective in providing a solution for widespread poverty among the lower fifty per cent of agricultural operators (lower in terms of value of output per farm). In war times—as currently—the measures designed to bring forth greater output have been largely effective as regards the upper fifty per cent of operators, but the low-income, low production area has been less flexible largely due to the absence of adequate capital and to the existence of inadequate sized units, i.e., the means to efficient operation. In other words, the lower fifty per cent of the units in agriculture has been impoverished in time of peace due to low productivity and these have been of little value in time of war for the same reason.

With the requirements of our economy in the immediate future in view, it is essential that we review agricultural policy at the national level, and with agriculture as important as it is in Oklahoma there is good reason to examine policy from the viewpoint of our own state as well. In doing so, it is well that we keep in mind that it is axiomatic that the smaller the percentage of the total working force engaged in agriculture the higher are living levels and the greater is the military potential. What is economically desirable in peacetime may well become mandatory in time of war or preparation for all-out defense.

Oklahoma is still primarily an agricultural state. This is rather obvious when we compare it with some of our "industrial states." Although agriculture contributed only one-sixth of the total income payments to individuals in 1949, we still had about 640,000 or one-third of the population engaged in:

agriculture in 1945. This one-third are those who are engaged directly in agriculture, and excludes those who are receiving their income indirectly from the agricultural population.

There are certain long run trends underway in Oklahoma agriculture of which we may well take cognizance before proceeding to an analysis of the present structure of the industry. One of the most notable of these is the down-trend in the number of farms in the state. The number declined from 204,000 in 1930 to 165,000 in 1945, the latest year for which census data are available. This represents a decrease in the number of farms in fifteen years of 39,000, a decline of roughly one-fifth. It is probable that this decline has continued up to the present. The decline in the number of farms, however, was not associated with a decrease in the number of acres in farms in the state. Indeed, the total acreage increased from 34 millions in 1930 to 36 millions in 1945. This decline in the number of farms has resulted in larger holdings, the average acreage having increased from 166 per farm in 1930 to 219 in 1945.

These trends are desirable since they reflect the influence of mechanization which permits—indeed requires—larger units, and they also reflect a shift away from the intensive cultivation of poor land to a more extensive and efficient type of agriculture. This is especially true when such shifts are away from inefficient production of cash staples in the direction of livestock units.

As regards the present structure of Oklahoma agriculture, however, the data at hand are highly unsatisfactory, and it is a knowledge of this structure which is so essential to an intelligent evaluation of current agricultural policy. The latest data available are found in the 1945 Agricultural Census. That the information is now six years old is not in itself a serious drawback as the rate of change is not so rapid as to have changed the general reliability of the figures. The serious difficulties relate to the nature of the data available and the impossibility of breaking it down on a satisfactory basis.

The United States Census definition of a farm is one of the chief obstacles to dependable analysis of the structure of agriculture either in the nation as a whole or for a given state. To the census gatherers any rural unit of three acres or more, or which produced products valued at \$250 per year in the census year, is automatically a farm. There is no dependable basis on which a field researcher can distinguish between rural residences and low income farms. At the national level considerable work has been done in breaking down the census data in an effort to eliminate rural residential holdings from low income farms, but such data are not available on a state basis. We have been compelled, consequently, to refrain from the use of such national data even for comparative purposes.

We have reduced the pertinent data to a series of tables. The first and second of these tables present a breakdown of farms in the United States and Oklahoma on the basis of value of product per farm; the third table indicates the extent of "off-the-farm employment."

Tables I and II were compiled in an attempt to give precision to a commonly held opinion of economists that price supports and output restrictions are not a means of eliminating rural poverty. We have found in Oklahoma that the lowest 52 per cent of the farms produced only 9 per cent of the total value of products sold. The value of output per farm for this lower half of farming units ranges from zero to \$1499. Those units producing products ranging from zero to \$599 accounted for only about 1½ per cent of the total. Farms which had a value of output ranging from \$600 to \$1499 accounted for about 28 per cent of all farm units but produced only about 8 per cent of total Oklahoma output.

In addition to the lower 52 per cent just discussed, the next 17 per cent of farms produced an annual output for sale ranging from \$1500 to \$2499. This

TABLE I
*Farms in Oklahoma and United States Classified
 by Value of Product, in 1944¹*

GROSS VALUE GROUP (DOLLARS)	PER CENT OF NUMBER OF FARMS IN OKLAHOMA	PER CENT OF NUMBER OF FARMS IN UNITED STATES	PER CENT OF PRODUCTS PRODUCED IN OKLAHOMA	PER CENT OF PRODUCTS PRODUCED IN UNITED STATES	PER CENT OF PRODUCTS SOLD IN OKLAHOMA	PER CENT OF PRODUCTS SOLD IN UNITED STATES ²
1-249	5.8	7.9	0.3	0.4	0.1	0.1
250-399	8.2	7.5	1.0	0.8	0.3	0.3
400-599	9.9	8.9	1.8	1.4	0.9	0.7
600-999	14.8	13.6	4.4	3.4	2.9	2.3
1,000-1,499	13.5	12.5	6.4	4.9	5.1	4.0
1,500-2,499	17.1	15.8	12.7	9.8	11.7	8.9
2,500-3,999	13.1	12.9	15.8	13.0	15.9	12.7
4,000-5,999	8.2	8.9	15.2	13.8	16.1	14.2
6,000-9,999	5.9	6.9	17.0	16.6	18.5	17.6
10,000-Over	3.5	5.1	25.4	35.9	28.5	39.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

TABLE II
Cumulation of Above Percentage Distribution

10,000-Over	3.5	5.1	25.4	35.9	28.5	39.2
6,000-9,999	9.4	12.0	42.4	52.5	47.0	56.8
4,000-5,999	17.6	20.9	57.6	66.3	63.1	71.0
2,500-3,999	30.7	33.8	73.4	79.3	79.0	83.7
1,500-2,499	47.8	49.6	86.1	89.1	90.7	92.6
1,000-1,499	61.3	62.1	92.5	94.0	95.8	96.6
600-999	76.1	75.7	96.9	97.4	98.7	98.9
400-599	86.0	84.6	98.7	98.8	99.6	99.6
250-399	94.2	92.1	99.7	99.6	99.9	99.9
1-249	100.0	100.0	100.0	100.0	100.0	100.0

level of gross income calls for comment, but in this study concentration is upon the more glaring poverty revealed in the lower half.

In reference to this lower 50 per cent, however, which includes over 80,000 "farms" it is not justifiable to assume that the whole group lives at the low levels indicated by income from farming. It is here that there is encountered one of the most serious deficiencies in the basic facts on Oklahoma agriculture. As mentioned previously, the census authorities classify as farms many units which do not belong in this category.

Yet to indicate the extent of poverty among these 80,000 units at the lower levels of productivity, it is necessary to sift these units and arrive at some figure on how many of these families are primarily dependent upon farm operations for their living. We know that in this group of farming units there are concealed the living places of mining and urban workers and retired persons who are not wholly dependent upon agricultural production for a living. In addition, there is an undetermined number of persons who are primarily farm laborers for others.

¹Source: For Oklahoma: U. S. Department of Commerce, Census of Agriculture, 1945, Volume I, Part 25, Oklahoma, Statistics for Counties, County Table VIII, pp. 143 ff.

For United States: U. S. Department of Commerce, Census of Agriculture, 1945, Volume II, Table 26, pp. 656 ff.

²The number of farms reporting for value of farm products sold in the United States is 425,221 less than number of farms reporting for value of products produced.

The best estimate as to those largely dependent on farming operations is obtained through use of census data on the time worked off their own units in 1944. (See Table III) It is found that roughly 20 per cent of the farmers in Oklahoma, or some 32,000 farmers, worked off their farms 100 days or more in 1944. In 1949 a Farmers Home Administration survey revealed that there were some 37,000 farmers in Oklahoma whose income was so low that they could not obtain private financing and who were in need of federal financial assistance in their farming operations.

For the immediate future, through this period of armament or war, one of the most pressing needs in Oklahoma is a program for dealing with these

TABLE III

*Work Off Farm by Farm Operators, in Oklahoma, Census of 1945**

FARM OPERATORS REPORTING			NUMBER OF DAYS WORKED								
NUMBER OF OPERATORS	PER CENT OF ALL OPERATORS	TOTAL	AVERAGE	UNDER 25-			TOTAL	100-	150-	200-	250 OVER
				25	49	99		149	199	249	
				DAYS			DAYS				
49,607	30.1	8,705,729	175	6,620	4,923	5,847	32,217	3,949	3,792	4,612	19,863
PER CENT OF ALL FARM OPERATORS											
UNDER 25 DAYS	25-49 DAYS	50-99 DAYS	TOTAL	100-149 DAYS	150-199 DAYS	200-249 DAYS	250-OVER				
4.0	3.0	3.5	19.6	2.4	2.3	2.8	12.1				

low income families. The first requirement is to get a part of these families off the land into urban or industrial employment in order to make it possible for the remainder to have units of adequate size to justify loans for mechanization, improvement and livestock programs. Presumably we can count on another wave of industrial expansion to alleviate conditions. If not, we should so guide policy as to attain that end. With industrial employment expanding, the program of guiding the migration of the excess population out of Oklahoma could be organized, including Employment Service recruiting, job training programs, and, if possible, a program of physical rehabilitation in the form of emergency medical care.

But merely moving a part of the surplus farming population out of Oklahoma would not suffice in itself to raise the level of productivity and income of the low income group which remained. Here the usefulness of one of the agricultural agencies, which suffers from lack of operating funds, could be brought into play. There should be sufficient expansion in the loan funds of the Farmers Home Administration to enable it to finance the integration of small units, the development of water resources and other facilities, and the financing of machinery or livestock herds or both. Since the low income farms are relatively concentrated in Eastern and Southeastern Oklahoma, and the concentration of United States Employment Service and Farmers Home Administration activities in these areas could result in maximum achievements.

It appears safe to assume that some compromise policy on farm price supports will be continued for an indefinite period. So long as these supports do not raise agricultural prices to the point where they result in a flood of unearned increment to land owners rather than increased output of farm products, or result in affecting demand for agricultural products so adversely that the costs of the program arouse antagonism, there is little chance that the non-agricultural community will insist on their elimination. Sooner or later, of course, protection and minimum standards of pay must be extended to hired farm laborers, as there is no justification for subsidizing an industry

*Source: United States Census of Agriculture, 1945, Volume II, Table 13, p. 271.

in order that holders of more and more valuable land may work it with relatively cheaper and cheaper labor.

But the real poverty in agriculture is the result of population pressure on the land, ignorance and poor health, existence of inadequate sized farming units, absence of financing to enable farmers with inadequate units to expand and convert them into efficient enterprises, and of low incomes of hired farm workers. None of these forces making for rural poverty can be eliminated or even measurably reduced by price support programs. These factors call for a different type of public policy, one including larger scale Federal programs of financing, education and wage regulation. The period ahead presents a golden opportunity for such improvements. We can readjust agricultural population to resources and clear the way for an all-out program of integration, mechanization, and conversion to livestock farming. At the same time we can release additional supplies of labor for the expansion of industry, and make some provision for including hired farm laborers in a general scheme of better living.
