

PolicyPennings by Dr. Daryll E. Ray

Localized Markets: The Future of U.S. Agriculture?

Last week I wrote my two-hundredth column on agricultural policy. The first one appeared July 7, 2002. When I wrote that column, I wondered whether or not I would be able to find enough issues to provide me with the material I would need to produce a weekly column. Since then, I have learned that there is no shortage of crucial issues in agricultural policy that can keep us busy for a very long time. I am lucky to have a cadre of people at the center who provide ideas, serve as sounding-boards and copy editors. Harwood Schaffer and Jennifer Brown work especially closely with me on the column. Harwood does background research and drafts and Jennifer ships the weekly columns of those on our e-mail list.

In most of those columns, we have talked about the unique nature of the crop sector like the minimal response of both total food demand and total production levels to changes in the level of crop prices. Given these unique characteristics we have looked at what implications these have for agricultural policies. In addition we have tried to keep abreast of breaking news in agricultural issues providing in depth analysis and a discussions of the policy implications of these events.

While that is where we come from, there are others writing about issues in agricultural policy who come at the issues from other perspectives. Among those authors are Herman E. Daly and John B. Cobb who wrote the book "For the common good." Their starting point is their desire for a more equitable distribution of the benefits of production, and a concern for the finite limits of the supply of fossil fuels. Their thesis is summed up in the book's subtitle, "Redirecting the economy toward community, the environment and a sustainable future."

The first goal of Cobb and Daly's agricultural policy is basic self-sufficiency at the family, community, town, regional, national, continental and world levels. While they don't rule out some amount of imports for products not able to be produced within its immediate sphere, they envision the individual farm producing much of its own food and fuel. Because they are not advocating subsistence agriculture they also anticipate that these individual farm family units would produce for the marketplace, particularly neighboring towns and cities within its region.

According to Cobb and Daly, "[a] second aim of an economics for community is that the self-sufficiency of agricultural production should be indefinitely sustainable. In contrast to industrial agriculture's increasing dependence on oil and gas, they call for a more labor-intensive form of agriculture with the farm family providing

much of that labor. For that to happen farms would need to be smaller, opening up opportunities for families to return to the land.

With more families returning to farming their third goal of the resettling of rural America would begin to take shape. Using the historical studies of Dinuba and Arvin California they argue that areas consisting mainly of small family farms would support vibrant communities that support a wide variety of products and services. They view the small family farm as the mainstay of rural communities.

They then identify four policies that they believe will more agriculture and rural communities in the direction they have described.

- End federal agricultural subsidies and other supports of agribusiness.
- Increase the price of oil by selling extraction rights, imposing tariffs on imports, and taxing pollution effects. In this way oil-based large scale agriculture will be put at a disadvantage to small family farms that provide most of their own labor.
- Tax farmers on the "deterioration of their land as well as for pollution of air and streams. This will make agribusiness noncompetitive with farms practicing careful husbandry."
- Tax unimproved land at "much higher rates than now current, but taxes would not be raised because of the improved quality of the farm based on good agricultural practices. Indeed this improvement would be credited against taxes."

Obviously, the Cobb and Daly general goal to "Redirect the economy toward the community, the environment and a sustainable future" is likely less controversial than the specifics of the implementing policies. Sometimes it is easier to agree on where we want to go than it is to agree on how to get there. Wonder what the pressing policy issues and array of implementing specifics will be fodder for column number four hundred.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of the UT's Agricultural Policy Analysis Center. (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; <http://agpolicy.org>. Daryll Ray's column is written with the research and assistance of Harwood D. Schaffer, Research Associate with APAC.

Originally published in *MidAmerica Farmer Grower*, Vol. 21, No. 24, June 11, 2004
Reproduction Permission Granted with 1) full attribution to Daryll E. Ray and the Agricultural Policy Analysis Center, University of Tennessee, Knoxville, TN;
2) Copy of reproduction sent to Information Specialist, Agricultural Policy Analysis Center, 310 Morgan Hall, Knoxville, TN 37996-001