

Management:

The Critical Factor in American Agriculture

J. G. STAIGER *

President

Massey-Ferguson, Inc.

* * *

I thought it might be of interest this evening to spend a little while discussing the future of agriculture across a rather broad spectrum. It is not my intention to make any prognostications or forecasts about crop yields or farm income, or even to attempt to predict the economic circumstances of agriculture in the near or long-term.

But I do want to discuss some of the factors that, I believe, will determine the long-term economic position of agriculture and, more importantly, will determine its role in the future expansion of the national economy and America's position as an international trader.

First, let me establish one point. It is my firmly held conviction that we are standing on the threshold of an era in which we will see agriculture's breakout as a major force in international trade. The opportunity is there, and I believe American agriculture will rise to the opportunity.

And, when I speak of American agriculture this evening, I do so in terms of the individual farmer, not a large amorphous mass of statistics which deals in numbers of farms, arable acres, acres harvested and crop yields.

The past and the present of American agriculture have been built by the individual farmer, and I am convinced that the future will be, too, provided he knows the challenges, the opportunities, and the hazards. And provided he understands the implications inherent in these challenges, opportunities and hazards.

One of the greatest opportunities and challenges facing American agriculture today is the fact that the accelerating growth in world popu-

lation has overtaken world agriculture's ability to feed the human race. At this time, more than one billion people are on subsistence diets or suffer serious malnutrition. Nearly three-quarters of the world's population today has not the capability to feed itself adequately and still less the capability to feed unborn millions in the years ahead.

For these people, the American accomplishment in agriculture—the accomplishment of the individual farmer—has become their goal for achievement. Most of these people are to be found in under-developed, under-privileged parts of the world—East Asia, South Asia, Africa and Latin America. For much of the population of these under-developed countries, the North American farmer has become the farmer of the world. Their need for food from us and for technical assistance is becoming increasingly critical.

There are today only three regions of the world which have adequate food for the future. These regions are: North America, Western Europe and Australasia. The remainder of the world is made up of nations without adequate knowledge and technology to prevent population increases from out-racing food production.

The world's population explosion is a relatively recent phenomenon. It has been brought about largely because of the rapid advances that have been made in medicine and sanitation. These have drastically reduced the mortality rate in the world and increased the life span. The impact of these developments can be seen readily in the following statistics:

It took from the beginning of time until 1850 to create a population of one billion people. By 1961, the world population had risen to three billion. By 1975, nine years from now, the world's population will grow by another one billion persons and by the turn of the next century — only 34 years from now — the earth's population will number at least six billion people, or nearly double the world's current population. I say, at least six billion, because some consider this to be a conservative rate of population growth and estimate the world population by the year 2000 as high as seven-and-one-half billion.

To the people of the hungry countries, grain from North America has been, in recent years, the main barrier to starvation. Grain from Canada has relieved famine in China for four years now and has also helped to stem succeeding food crises in Russia. Grain from the United States is easing hunger in India, Pakistan, South Korea and many countries of the Middle East, Africa and Latin America.

The apparent solution to the problem of world hunger seems now to be to provide food to feed the hungry nations in the short term; while in the long term, we teach them to feed themselves and establish an agricultural economy on which they can base a successful industrial economy. Unfortunately, North America is, at this time, incapable of filling the projected global food gap.

Already, the output of one of every four harvested acres in the United States is exported. If the American farmer is to assist further in feeding the world's hungry and establish himself as a major international trader, he may well have to more than double his present export output in the next 10 to 15 years. This would be in addition to providing a 35 percent increase in agricultural production to feed our own expanding population.

How can such a task be accomplished? We can, of course, return to active production the 50 million or more acres of harvestable land that are currently idled under various government programs. We can also, through irrigation and other methods, bring into production land that is not now considered arable. However, when we consider that 311 millions of acres are even now being harvested, it becomes obvious that the expansion of land in use is not the final solution.

The real answer to such an enormous requirement to expand food and fiber production can only come from greatly increased yields from existing and new acreage, from new and improved farm technologies and from the development of new foods and food forms.

I believe that the impact of the world's need for food and fiber will change the face and character of American agriculture. I believe it will complete the transition of the farm into the area of business man-

*Address delivered to Iowa Farm Bureau, Des Moines, Iowa, May 31, 1966.

agement and the elimination of the distinction—that exists in the minds of many — between the commercial-industrial businessman and the agricultural businessman. The agricultural businessman will become more completely a part of the business community and agriculture will become an even larger part of our economic life than it is now.

The speed with which all this will happen will depend upon the American farmer's ability to meet the challenges of technological, commercial and managerial change that the world crisis in food will generate.

The timing will depend also on agriculture's ability to obtain proper understanding from the rest of the community of the tremendous advances that have been made in agriculture in the past three decades and the size of the effort that will be required to meet the production challenges of the next 10 years.

In the light of the total problem of providing food and fiber to prevent world famine and world political chaos, these last two factors may seem insignificant. But, in fact, they are not. Both are tied to human attitudes. Human attitudes determine action. Action is what determines results.

In my opinion, the attitude of a large part of the country's population towards agriculture has done much to retard the progress of farming as an acceptable profession and, therefore, has impeded the development of agriculture and the recognition of agriculture as a major contributor to the national economy and national welfare.

And I feel that agriculture has only itself to blame for this situation. To the public, and particularly the urban dweller, the voice of American agriculture is too often a discordant *mixture* of voices in which it is hard to make out the words, much less draw from them many meaningful and worthwhile conclusions. Too often, the public hears only the differing voices of elements of agriculture castigating one another, not in an atmosphere of commercial competition, but in a plea for privilege of protection from each other.

Consequently, much of agriculture's audience has stopped listening and has fallen back on the stereotype of the farm as a pleasant place to spend a summer vacation or a place where a man in a straw hat keeps some pigs and cows and grows grain.

It would be fair, I think, to say that at the present time the average American knows and understands more about the problems and accomplishments in outer space than he does about the problems and achievements of the American farmer. And this is, indeed, a sad commentary on an industry that this year will export an expected six-and-one-half billion dollars of farm products.

I think the main reason for this lack of knowledge and this outmoded picture of the farmer is that for too long the average American has been led to think of the farmer *as a farmer* — as something different from the rest of the business or economic community. And the American farmer has encouraged this. It may be true that a farmer is different, but the difference is only a matter of degree.

But because there has been no easily identifiable voice speaking for agriculture, because there has been this tendency to segregate agriculture and the farmer from the rest of the economic community, there is little general understanding of the tremendous changes that have taken place in agriculture and the amazing accomplishments of the American farmer.

In an era which has seen the jet plane become a commonplace mode of transportation and the computer become an accepted, though imperfectly understood, part of business life, agriculture is regarded by many as an element of society which is resistant to change and which clings to causes and traditions that are outmoded. It may well be that some even regard agriculture as an obstruction to real economic progress.

How far this is from the truth, but in some ways how close. I suspect that if you were to tell the average urban dweller, whose main concern is the cost of food, that the changes that have taken place in agriculture over the past 30 years were more far-reaching, more revolutionary and have a wider economic impact than the changes that have taken place in industry over the past 60 years, he would look at you with frank disbelief.

The fact that the statement is true does not change his views or his attitude as a consumer and a voter.

I suspect that if you told the same urban dweller that a Class A farm is a personal business enterprise with assets in land, buildings, equipment and livestock that can

run from \$250,000 to \$500,000 or more, he would find this information hard to digest. He would also find it hard to believe that such an agri-business requires a technical skill and knowledge, an entrepreneurial capacity and management enterprise that is usually found only in the most successful business.

He would find all this hard to digest because he has not been led to think of farming as a business; he has not been led to think of it as a high capital proposition; he has not been led to think of it as a high risk enterprise which, therefore, requires high management skills.

And perhaps the reason this has not been made plain to him is that the concept of the farm as a business rather than a way of life has not been accepted by agriculture or farming as a whole.

An indication of the degree of acceptance of this concept can be gained from the fact that less than one-tenth of America's farms produce about one-third of the commercial farm income from 15 percent of the total commercial crop land harvested. The same 10 percent of commercial farms accounts for about 40 percent of major farm purchases and uses about one-quarter of all commercial farm fertilizer. Another measurement of the extent to which modern farm technology and business management has been embraced is the purchase of farm equipment. In Iowa, for instance, some 29 percent of the commercial farmers own 54 percent of all tractors; 98 percent of all tractors are owned by only 63 percent of Iowa farmers. This would indicate that some 37 percent of Iowa commercial farms are operated with a minimum of mechanical equipment.

As a businessman, I view farming as another business. I view it as the business of producing food and fiber. I view it as a commercial enterprise designed to make a profit and provide an equitable return on the assets used in the business. As such, I cannot make any distinction between it and any other business. I believe farming is subject to the same economic laws, the same economic and competitive pressures and conditions, the same disciplines as any other business.

I regard the farmer, whether he be owner or operator, as simply another business manager who is also subject to the same pressures and conditions as any other manager. As such he has available to him the same management knowledge, skills and techniques to enable him to

improve the efficiency of his operation and secure his competitive position.

It could be and has been, said that the farmer, as a businessman, is different in one sense—he is extremely vulnerable to climatic conditions. This is so. But is he more vulnerable than the construction industry? And is he any more vulnerable than the industries, such as my own, which serve him? When the farmer is vulnerable, so are we. We cannot sell to a farmer who has been hit by drought, flood or insects, even though 12 to 15 months earlier we had made material commitments and set production runs in our factories to supply an anticipated market.

The record of many American farmers in meeting the challenges of change, in adapting to the demands of farm technology, in their use of this technology, is one of the great chapters in this country's industrial development. But I believe many of them have yet a further step to take: the understanding and acceptance of responsibility of

every member for the future welfare of his business.

Among these responsibilities are: a continuing supply of trained employees and future managers; an understanding of management techniques and tools; the efficient use of capital; an adaptability to change, and the ability to communicate effectively.

Do all these things sound remote from farming? Then let me repeat the words of a farm placement officer of this state, who was quoted recently as saying: "The old idea of starting out as a hired hand with a goal of gaining enough experience and capital to own or rent a farm is about dead. I plead with young high school graduates with 4-H and FFA backgrounds to go the farm-hand route. They tell me they absolutely will not work as hired hands. They take factory jobs instead." End of quote.

And this is one of the leading agriculture states of the nation — an agricultural state with a magnif-

icent record of achievement, of advanced agriculture and with a future of unliimited horizons. Are these young people right when they believe that there is no future in agriculture for them? Or are they the victims of poor communications? I suggest it is some of both.

The farm, as a business and an employer, is now facing the recruiting problems that many other businesses and industries have faced in the past. It is another element of the changing environment and changing conditions that face agriculture. The environment has changed, the conditions have changed, but attitudes on the part of employer and potential employee have not.

Both are still thinking in terms of "the hired hand," a phrase, I suggest, that is as outdated as the Model T. How can any ambitious young man possibly conjure up a picture of a career that offers dignity and a future, when he is faced with employment as a "hired hand"?

**1967 NACTA CONFERENCE
ARIZONA STATE
UNIVERSITY
TEMPE, ARIZONA
APRIL 2, 3, 4, 1967**

**Dr. John Wright, Editor
NACTA JOURNAL
Box 28 Tech Station
Ruston, Louisiana 71270**

To: