

## Why American agriculture is so successful

# Individual incentive is the key

**EDITOR'S NOTE:** The following account on "Individual Incentive - Key to America's Greatness," was prepared by William H. Walker, III, assistant secretary for Rural Development, USDA.

Two centuries ago, when men and boys took up arms, fought and died for their ideas and their beliefs in the battles of Lexington and Concord, ours was a Nation of farmers. Those courageous farmers, those men of principle, were bold enough to risk their lives and their fortunes by signing the Declaration of Independence, the document which too many of us take for granted today. They did this because they believed in freedom, and they wanted this new land to be a free and independent nation - a nation built and kept strong by such values as individual responsibility and initiative. In those beginning days, Thomas Jefferson, a farmer himself and one of the founders of our Nation, summed up what makes our system work.

"Agriculture, manufacturing, commerce and navigation - the four pillars of our prosperity - are most thriving when left most free to individual enterprise."

Abraham Lincoln later complemented those words of Jefferson when he said, "You cannot build character and courage by taking away a man's initiative and independence. You cannot help men permanently by doing for them what they could and should do themselves."

Think for a moment about what they said. Those words of Jefferson and Lincoln are just as true today as when originally spoken, especially as they relate to agriculture. Through the years, those who have worked the land, and those who have lived

close to it have set an outstanding example of leadership for the rest of our Nation.

And no doubt when the history of this decade is written, the American farmer will be recorded as the economic superstar and inflation fighter of the 1970's. Nations around the globe envy his productivity, his efficiency and his bountiful harvests. That envy is not without foundation. Based on the latest five-year averages, American farmers feed and clothe over 215 million Americans, export around 60 percent of their wheat, 55 percent of their rice, 50 percent of their soybeans, 40 percent of their cotton, 20 percent of their corn, large amounts of other products and still have on hand vast quantities of commodities in privately-owned storage facilities.

A farmer today produces 53 percent more crops on 6 percent fewer acres than did his father. Also today, one farmworker supplies food and fiber for 56 persons, whereas, a decade ago, he was producing enough for 29 persons, and two decades ago, only 16 persons. Compare this with the Russian farmers who must struggle to produce enough food for 6 persons.

Output per manhour on farms is more than 3 times as high as it was 20 years ago.

Our resources of land and people complemented by our incentive system of free enterprise have made that progress possible.

Export opportunities, along with a policy of letting the market system work without government interference have enabled our nation to cash in on our ability to produce efficiently. And today - more than ever before - vigorous and growing export markets are

A story from my childhood, rewritten to fit these times, illustrates my point:

Once upon a time there was a little red hen who found some grains of wheat while scratching in the barnyard.

"Who will help me plant these grains in order that we may have bread to eat?" she asked.

"Not I," said the goose, "not in my job classification."

"Not I," said the donkey, "I'd lose my unemployment compensation."

"Not I," said the pig, "I'd lose my welfare benefits."

"Then I will plant it myself," said the little red hen.

So she planted the wheat, watered it, and pulled the weeds. When the wheat was ripe, the little red hen asked, "Who will help me harvest the wheat?"

"Not I," said the goose as she swam on the pond.

"Not I," said the donkey. "It's against my principles to work."

"Not I," said the pigs, as he snoozed in the mud.

"Then I will," said the little red hen. And she did.

When the wheat was harvested, the little red hen asked, "Now who will take this wheat to the mill to be ground into flour?"

"Not I," chorused all of her barnyard friends.

"Then I will," said the little red hen. And she did. When the little red hen

returned from the mill carrying the bag of flour, she asked, "Who will bake bread from this fine flour?"

"Not I, Not I, Not I," chimed in her barnyard neighbors.

"Then I will," said the little red hen. And she did.

Soon the delicious smell filled the barnyard.

Off the pond came the goose.

Out of the barn came the donkey.

Out of the mud came the pig.

"Who will eat this bread?" asked the little red hen.

"I will," cried the goose.

"I will," cried the donkey.

"I will," cried the pig, in exhilaration.

But the little red hen said, "All by myself I planted the wheat and tended it, harvested the grain, had it ground into flour, and baked the bread. And all by myself I am going to eat it."

"Excess profits," cried the goose, the donkey and the pig.

Then a government agent appeared and demanded the bread.

"But I earned it," exclaimed the little red hen.

"Exactly," said the agent, "But in our society, the productive workers must provide for the idle."

So the loaf of bread was divided and all lived happily ever after.

But they all wondered why the little red hen never again baked a loaf of bread.

essential for the continued prosperity of the American farmer.

Growing world population and a desire for better diets plus vigorous promotion and development efforts have provided new and growing market opportunities for farmers during this decade.

Since 1969, exports of grain have increased more than 160 percent from 30.7 million metric tons to nearly 80 million metric tons in the current fiscal year.

In the same time period soybean exports have increased from 11.3 million

metric tons to 19.4 million metric tons.

Cotton exports have increased and continued improvement is expected due to the strong demand for natural fibers.

The 1975-76 market year should see a record 103 million metric tons of American bulk farm commodities moving in the world export trade compared with 50 million metric tons at the end of the last decade.

Since fiscal 1969, the value of those exports has gone from \$5.7 billion to \$22.1

billion this fiscal year, an increase of 300 percent.

These farm export increases are important to farmers. They are important to all Americans.

Our agricultural exports have played a major part in contributing to a favorable balance of payments for the U.S., in helping keep the dollar strong and in helping us pay for important imports of oil and scores of consumer products. And further, they have played a vital role in contributing to peace in the world by opening up lines of communication, borders and trade with once alienated nations.

Thriving export markets for farm products have been an important factor in permitting the government to end decades of production controls that had been imposed on the farmer.

The American farmer has been freed from 35 years of government farm programs which impaired his immense potential for food production and subjected him to periodic criticism from his city cousins for being paid by the government not to produce. Today, the farmer produces for the marketplace, not the government.

Taxpayers no longer have to pay \$4 billion annually in subsidies to keep farmers from growing crops. Storage of government-owned grains no longer costs taxpayers \$1 million or more a day.

The change in agricultural programs and the dramatic increase in farm exports have provided substantial opportunity for increased production, as farmers have responded to the new market incentives.

All has not been rosy, however.

There has been much clamor about farm exports causing the dramatic increases in food prices. And food prices have increased in

recent years - but not because of farm exports.

More than 80 percent of the rise in food prices over the last two years took place after commodities had been sold by the farmer.

The real culprit in the history of increasing food costs is rampant inflation. Higher prices in the supermarket come from higher labor and transportation costs; from more expensive fuel; from increased building and maintenance costs, and from higher taxes.

These costs not only have jacked up the price of groceries, they also have cut deeply into the profits of farmers. Farmers' costs of producing raw food commodities have shot up astoundingly in the past three years.

Farmers, as well as others, must have an opportunity to make an adequate income if they are going to continue producing efficiently. They must be free to make decisions based on price signals from the market place. They must not be hampered by government interference.

No nation which carries out a policy of disincentives to farmers, a so-called "cheap food" policy, will ever have the efficient, productive agricultural industry that it needs. We must never forget this.

Only farmers produce food, and they can produce it only if they are free to make a profit - if there is incentive to produce.

The American farmer knows why the little red hen quit baking bread.

There seems to be an attitude in this country that the profit system is all wrong. An attitude that penalizes the productive and rewards the idle.

American farmers know the meaning of work, of efficiency - and productivity.

American farmers know that the incentive system - one free of government interference - is what it takes for agriculture to meet its challenges in the years ahead.

Our system of free enterprise, of individual incentive, is the secret of our nation's success.

If our nation is to remain strong, we must all commit ourselves to seeing that this system has an opportunity to thrive in the future.

In closing, I'd like to share a story with you that I heard several years ago.

Once there was a young nation struggling in the community of nations to find her place in the sun. For this young country of brave people discovered that freedom is a God-given right. So impressed were they with this belief that they lit a candle to symbolize their freedom.

But in their wisdom they knew that the flame could not burn alone, so they lit a second candle to symbolize man's right to govern himself. A third candle was lighted to signify that the rights of the individual were more important than the

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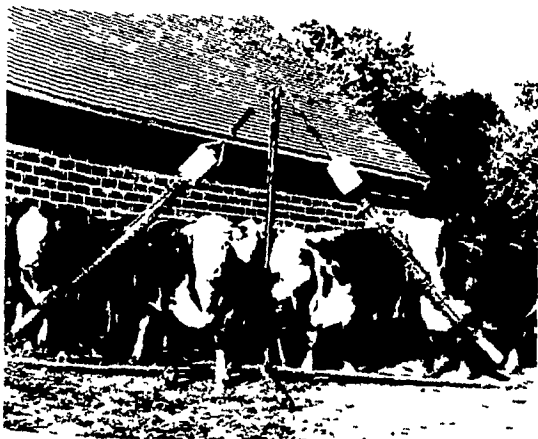
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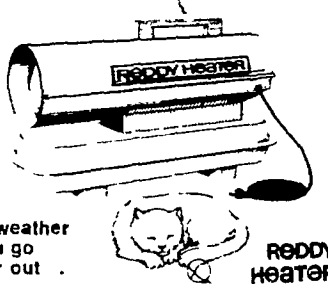
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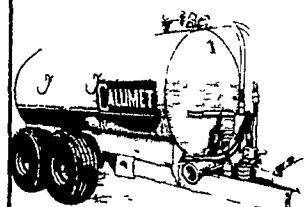
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