Grange's Scott takes firm stand in favor of smaller farmers

BY CURT HARLER

LANCASTER — National Grange Master John W. Scott Monday called for significant efforts to assure the smaller farmer's place on the farm, in farm money markets and in the future of farmer cooperatives.

Scott, speaking to delegates of the 113th Annual Session of the National Grange here also touched on tax problems, transportation difficulties and the energy situation.

"Today there is a significant number of very large farms that control an increasing proportion of farm resources, sell a growing part of farm output, and that have high family incomes," Scott said.

He called the delegate body's attention to the changing structure in U.S. agriculture.

"The long term prospect for most of the 1.2 million farmers that have sales between $2500 and $40,000 annually is to become a rural resident," Scott said.

He called for some additional assistance for these farmers. Unless they get the help they need they will slowly discontinue farming operations, he predicted.

The Grange has come to realize this assistance can not come through government programs that support prices through proven yields times the number of acres, he said.

Parity prices are one such goal, he continued. The improvement in a small farmer's income will be small compared to the gains of larger farmers, he said.

The competitive position of the little farmer will be worsened rather than improved, he said.

"We must support efforts to redirect federal policy that benefits the haves to the detriment of the have-nots," Scott said.

Scott said he was not saying bigness in agriculture is undesirable, but said it is not necessarily all beautiful, either—not if it is bought with the loss of 1.2 million farm families and the purchasing power they represent in the market place.

Scott said if the $3 billion of government payments that went to farmers in 1978 had gone to these 1.2 million small farmers, their incomes would have been improved by about $3000 each.

Instead, he said, the group averaged about one-third of all program payments, or about $1000 per farm.

Scott also said he was concerned about the amount of farm land which is owned by people other than farmers.

He said that 40 percent of all farmland in production today is rented land.

"I happen to believe that the best fertilizer on a farm is the owner's footprints," Scott said.

He said America is moving rapidly away from the owner-entrepreneur in agriculture.

"We therefore should advocate and support legislation that keeps farm land in the hands of farmers."

Absentee land ownership should be avoided whether the landlord lives in Germany, the Netherlands, Chicago, New York, or Los Angeles, he said.

Along with the trends to bigness and absentee holding of farmland, Scott voiced concern about the farmer's ability to market his farm products.

Scott said Grangers should give strong support to the National Agricultural Bargaining Act now before the U.S. Congress.

This act would require good faith bargaining on the part of producers as well as processors.

"Such legislation will enable family farms to keep markets open and provide them with a method of price setting," he said.

Scott said it does little good to assist smaller farmers to continue production if markets are lost because of the concentration inside and outside of agriculture.

He called for the Taxation and Fiscal Policy Committee to take a long look at the federal tax code to determine its effect on farm structure.

In particular, he directed the Committee's attention to recent changes in estate tax regulations.

He said these regulations not only encourage outside investment in farm land but also inhibit sale of farm land beyond the family, thus creating a "landed gentry" with fewer avenues for young farmers to enter agriculture.

He asked the delegates to reconsider past support of increases in estate tax exemptions and favored repeal of carryover provisions, as well as investment tax credit, accelerated depreciation allowances, and the ability to deduct interest on borrowed capital from federal income taxes.

Scott also took some swipes at the Farmers Home Administration, Small Business Administration, and certain lending policies of the Farm Credit System.

Again, his emphasis was on whether assistance currently given by these groups is going to help the middle sales class farm or whether most of the money is going to large operations.

Currently the limit on credit programs for FmHA is $400,000.

"It is doubtful most farmers in the middle class categories could use this amount of credit," Scott said.

He said one possible soultion would be to reduce sharply the interest rate on the first $50,000 of credit provided by FmHA and raise the interest rate to commercial levels on larger amounts.

He noted the task of revising the programs is a difficult one, but added he was confident the National Grange would continue its 113 years of agricultural leadership and would offer recommendations that differ substantially from the current mix of program assistance.

He cited the cattle-feeding industry as one example of the death of the small farmer.

Over 61 percent of the fed cattle marketed in 1964 were from 223,000 feedlots with a capacity of less than 1000 head, he said.

Small feedlot numbers decreased to 130,000 and accounted for less than a third of the fed cattle marketed in 1977, just 13 years later.

The picture in the hog industry is similar. Scott said 10 percent of the nation's large volume hog operations are part of agribusiness firms.

Most of those producing more than 7500 head per year are owned by feed companies, meat packers, poultry firms and others.

Scott also called for an end to certain regulations in the rail and trucking industry

"The Grange is not in support of the deregulation of railroads but we should support regulatory reform in non-competitive situations," Scott told listeners.

For that reason, he said, the Grange should not support the Administration's Railroad Derergulation Act of 1979.

He said a long series of problems, including a tradition of pervasive regulation, lies at the heart of the railroads' problems.

"Until such time as the railroads demonstrate they are going to manage their industry rather than invest it in non-railroad enterprises, the Grange should not support the freedom they are seeking in the new legislation," he said.

He also said he was tempted to ask Grange members to go slowly in freeing the motor carrier industry from economic controls.

"But when I see that the regulated trucking industry—particularly the large firms—now enjoy one

(Turn to Page 37)