



# Farm Talk

by  
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**PIK awakens critics**  
All of the hoopla and media attention directed toward the Agriculture Department's new payment-in-kind program is starting to awaken some of the traditional farm program critics. The old complaint about paying farmers not to grow things, even if the payments are in crops, is once again being voiced.

A word of warning to those critics - farmers aren't in a very good mood to be scolded about government subsidies. For the most part they feel they've been betrayed by Uncle Sam, and that's why there are surpluses, and that's why the payment-in-kind program is necessary.

Believe me, they're not looking for a handout. They'd much rather have it the way it used to be when commodities were in short supply

and prices were booming. During those years, no more than a decade ago, farmers were making money. Surpluses were virtually non-existent and the consumer was worrying about rising food prices. But gradually, through increased productivity and a couple of untimely grain embargoes, government warehouses are overflowing with surplus crops.

**Shot in arm**  
That's when the payment-in-kind program became a viable solution - pay farmers with crops already in storage to hold land out of production so as not to produce more unneeded produce. It solved several problems and it has certainly been a shot in the arm to a sagging agricultural economy. But some critics don't see it that way. They know just enough to jump to the wrong conclusion - that far-

mers are being supported at taxpayer expense.

It's fairly easy to substantiate the position that consumers are the ones that benefit most from an agricultural abundance and the resulting low food prices. Examples are everywhere to show that when farm commodities are scarce, food prices skyrocket. And when surpluses build, consumers benefit greatly through stable or even decreasing grocery store prices. Look at the recent recession and the galloping inflation rate. The one bright spot over the past many months has been a steady, or declining, food price index - the result of agricultural abundance.

There are plenty of farmers who would argue long and hard that the government has manipulated them into producing too much food so that consumers can buy it cheaply. This cheap food policy, as some describe it, has been a curse to agriculture and has created many of the nightmare farm bankruptcy situations that seem to be so common these days.

**PIK in reverse**  
Those who would complain about the payment-in-kind program and the cost to the government will be interested in a payment-in-kind program under way in the Soviet

Union. Instead of paying farmers with commodities not to produce, the Russians are trying to encourage production by rewarding farmers who do a particularly good job. The USSR's payment-in-kind program provides bonuses for exceeding production quotas. On state grain farms, workers can receive up to 15 percent of the extra grain produced in addition to their regular wages.

A USDA report says these commodity bonuses are offered with the hope that workers will decide to use the extra grain and fodder to raise additional livestock on their private plots. This would result in more meat animal production, thus helping with another Russian shortage.

What an interesting contrast! Here in this country farmers produce more food than we can eat

and suffer from disastrously low prices. The government is currently helping to alleviate that strain by giving them commodities if they will idle some of that excess productive capacity. Meanwhile, in Russia, where food is always in short supply, Russian workers are being given extra commodities for being especially productive.

Obviously, both of these programs cost those governments a considerable amount. USDA's "PIK" program will cost millions, and who knows what the Russian program will cost? But what a difference, and what a choice. Those who would criticize the Department of Agriculture for offering the program and the American farmer for participating in it should think carefully about the Russian alternative before they vocalize too much.



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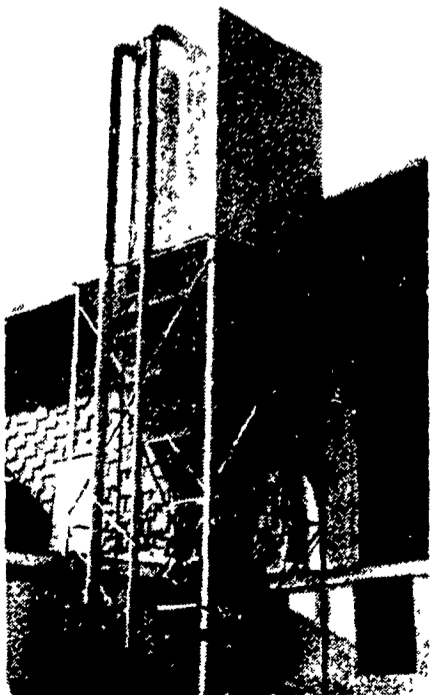
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