



BY THOMAS A. BREWER
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(continued from last week)

Those of you who were civilians and were around during World War II probably remember rationing. Gasoline, tires, fresh meats, canned goods, and sugar were among the rationed commodities that come quickly to mind. Sugar, tires and gasoline rationing seemed to cause people in my area the most "hardship." At least that's where "black markets" seemed to flourish. Perhaps those memories, and the fear of again having sugar shortages, if we were to rely more heavily on lower cost international sugar suppliers, have encouraged the United States to continue the policy of protecting domestic sugar producers by restricting imports and establishing high import tariffs and quotas. In all likelihood other reasons are more important now. The program though, has kept raw sugar prices high in the United States. Currently they are at three times the world level. That's all right with me, if consumers are willing to pay 14 more cents per pound at the supermarket to ensure a sugar supply. But, I wonder why we continue that program when we have corn sugars and artificial sweeteners available. Any disruption caused by undependable foreign sugar suppliers would, I think, be short-lived since we now have good quality alternative sweeteners. The point is that we have protected our sugar industry in about the same way that Japan has protected its rice industry and the EEC has protected its dairy and grain industries. It's not good for consumers — theirs or ours — unless collectively we feel we can't trust each other and are thus willing to pay more at the grocery and in taxes to ensure that we don't become too dependent on foreign supplies. If that is the case its understandable but too bad — for all of us.

I suspect that most Japanese and European taxpayers have forgotten their food shortages, just as most of ours have forgotten sugar rationing. So I'm not sure why the United States and other countries continue some of their respective programs. It could be that subsidies to those industries and the protecting of them from lower priced imports, have made them quite profitable. Profits get capitalized into property values. Why else would Japanese rice land be worth \$25,000 or more per acre. Equally productive rice land in Arkansas is not priced that high. If profits, made possible by governmental interference in the markets are capitalized into land or other property values, then as time passes, production becomes increasingly costly and requires higher and higher levels of subsidization to ensure production. If it costs more to buy land, then one must have a higher price for its output to justify

the higher level of investment. The family that starts farming during the early part of a protectionist period gains a great deal of wealth. At the very least the value of their land will go up due to no effort (except perhaps political) on their parts. The new farmer, entering the industry, is faced with high costs though, since he has to pay high prices for that land. Abandoning the subsidization program and eliminating other forms of market interference would cause losses of earned wealth for recent entrants and their creditors. Results, could be much like those which have occurred in our own grain producing areas of the midwest over the last few years as grain prices fell. Faced with great losses of wealth, producers organize and apply political pressure to seek solutions. If the pressure is great enough they may be able to maintain subsidization levels, barriers to foreign competitors, protection of "their" market and profits. If not strong enough they may need to find political allies and talk to them about loss of jobs to foreign countries or "unfair" competition. Everyone is in favor of high levels of domestic employment and "fair" competition as long as "fair" is defined in their terms, so it is relatively easy to build a politically powerful alliance. Politicians yield or defer to them and the practice continues or worse yet, grows. Under these conditions more restrictive trade laws may result. If they do, we all lose. Yes, it can be argued that, in the long run even those being protected lose because they too are buyers and protection tends to lead to more and more protection and higher and higher prices than we'd otherwise have to pay till it affects everything everybody buys — yest we all lose.

So I tend to agree with the skeptics. Pressures will make a transition difficult. We'll probably not see rapid movement away from protected markets and subsidized production or trade. However there is so much at stake, and today's taxpayers and consumers are much better equipped to analyze and understand what it "costs" them if we don't, that we'll probably go in that direction eventually. I think, it's important to not move one more inch in the other direction, toward more market interference whether it be in the form of quotas, tariffs or subsidies. That would make it even more difficult to "free" markets in the future. Furthermore as we move toward less governmental interference in international marketing we should probably do it slowly so as to allow time for affected people to make gradual adjustments. We need to concentrate more of our thoughts on the gains achievable through free trade and spend less time worrying about possible adverse short-run consequences. Who knows, the centrally planned economies may even evolve to the point that they too become more market oriented and join in.

In the meanwhile, I still want to

Lampeter Fair Livestock Sale



At the Lampeter Fair livestock sale last Friday evening, Hatfield Quality Meats bought Andy Groff's grand champion hog for \$4.40 for a total price of \$1,078. Ezra Good handled the bidding for Hatfield.



The reserve champion hog at the Lampeter Fair livestock sale brought \$3.10 for Laura Folker. Hess Barbecue and Catering Service made the purchase for a total of \$697.50. Floyd Hess was the buyer.

play centerfield and bat clean-up for a major league baseball team. Would all you folks help? What I'd like to have you do is support my plan which I'll propose to one of the major presidential candidates as soon as we find out who they will be. I have a two-part plan in mind. First I'd start by applying a 100 percent income tax rate (a form of tariff) to earnings of all major league baseball teams which employ foreign ballplayers, especially those good ones from the Caribbean area. That still wouldn't ensure my position on a major league team but it would reduce the competition. Next I'd provide owners with an incentive or subsidy. I'd suggest that their incomes not be taxed at all if they would hire a 57 year old to play centerfield and bat clean-up. (Maybe we'd better make that a 57 year old named Tom Brewer.) Under my plan who would win and who would lose. Well I'd certainly win

if the teams didn't all move out of the country where they'd be outside the control of U.S. policies. Then I couldn't even watch. At least I'd gain until I began to hear the jeers and catcalls accompanying my performance. Perhaps my ego couldn't stand that. Better ballplayers would lose and so would fans — they'd be getting a

poorer quality game. In the long-run I'd probably lose too. After all it might be difficult for me to face the fact that my baseball playing abilities are simply fantasies — about like the gains achievable through governmental interference in international markets. Maybe I should become an Agricultural Economist or something.

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