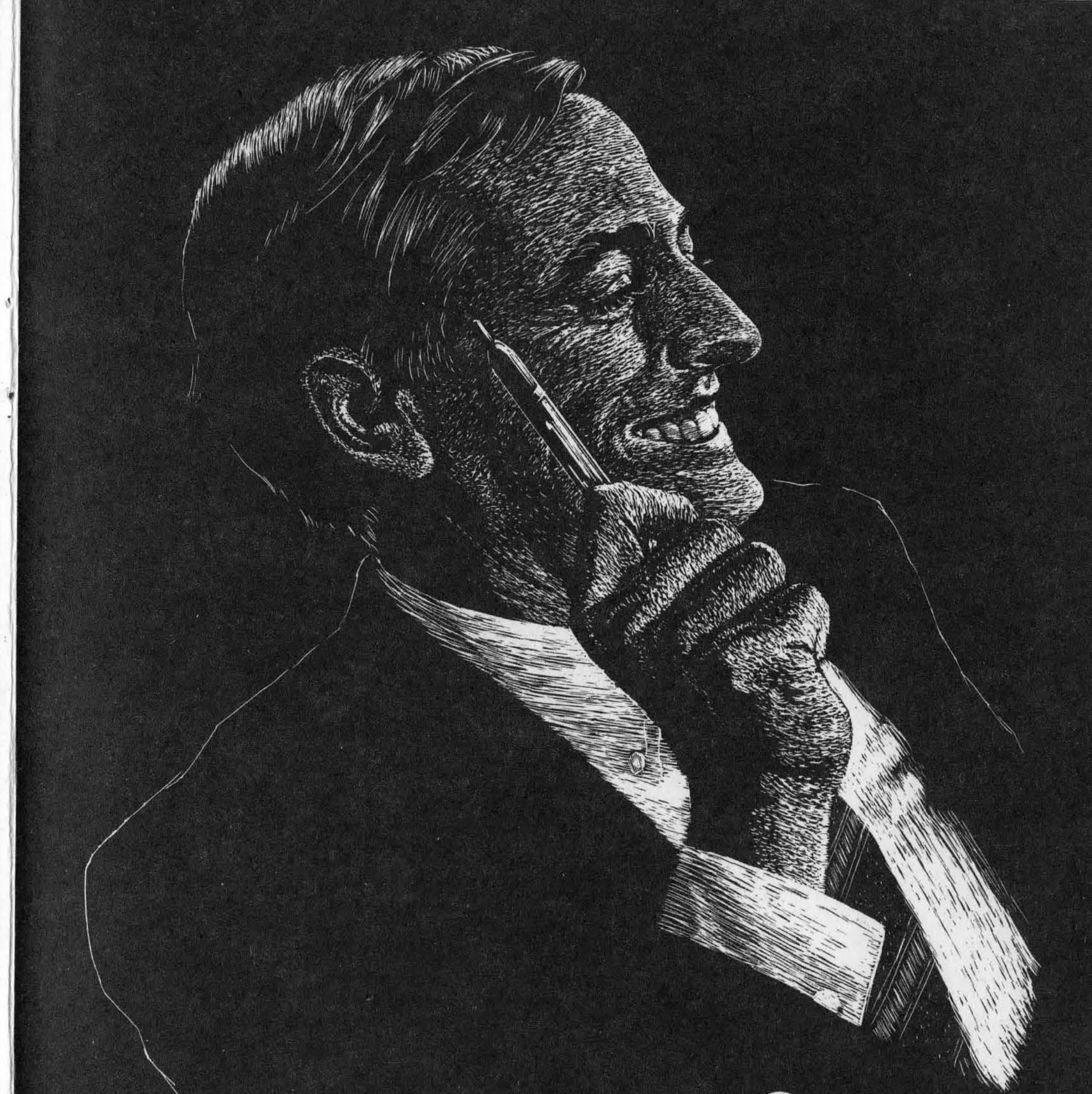

WILLIAM F. BUCKLEY JR.

FIRING LINE

GUESTS: JAMES BOVARD, ROBERT J. MULLINS

SUBJECT: "ARE WE CODDLING THE FARMERS?"

#637

SOUTHERN EDUCATIONAL COMMUNICATIONS ASSOCIATION

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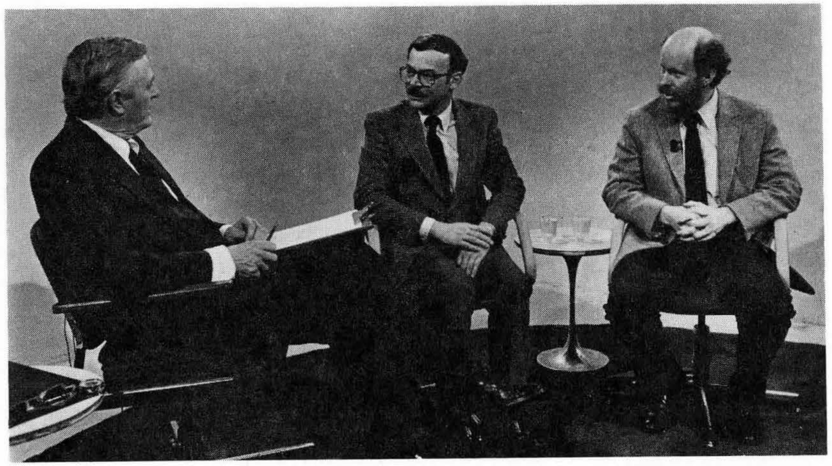
SECA PRESENTS

FIRING LINE



HOST: WILLIAM F. BUCKLEY JR.

GUESTS: JAMES BOVARD, ROBERT J. MULLINS

EXAMINER: RICHARD BROOKHISER

SUBJECT: "ARE WE CODDLING THE FARMERS?"

FIRING LINE is produced and directed by **WARREN STEIBEL**

This is a transcript of the Firing Line program taped in New York City on February 26, 1985, and telecast later by PBS.

SOUTHERN EDUCATIONAL COMMUNICATIONS ASSOCIATION

MR. BUCKLEY: Nobody likely to view this program is also likely to be ignorant of the awful economic problems of the American farmer. At a time of general prosperity, he is almost uniquely singled out. Estimates run as high as a possible attrition of 20 percent this year. Whose fault is it? Hardly the consumers'. We are eating as much as ever. Nobody will deny that the government's intrusion into agricultural policy has had a massive, if unintended, impact. Some say the beginning of a solution is for the government to do less; some that the government must do more.

James Bovard was born in farm country, in Ames, Iowa. His family moved to Virginia, where he grew up on a U.S. Department of Agriculture agricultural research station. He is a graduate of Virginia Polytechnic Institute, where he majored in English, history and economics. He is a freelance writer who has written extensively on the farmer's problem, and his advice is: Stop. He is addressing the government here.

Robert J. Mullins is the director of legislative services for the National Farmers Union. He is a native of California, a graduate of San Joaquin Delta College and of Baylor University in Texas. He not only doesn't want the government to get out, he has six specific things he wishes it to do.

Our examiner is Mr. Richard Brookhiser, a senior editor of National Review, about whom more in due course.

I should like to begin by asking Mr. Bovard whether he takes a position that the size of the farm population ought to be quite simply set by the laws of supply and demand.

MR. BOVARD: Well, it's essentially been set by the laws of supply and demand. In 1933 when the government first entered the save-the-farmer business, we had about six million farms. Now we've got fewer than one million full-time farmers. In the last four years we've spent over $60 billion trying to keep people on their farms; people are still leaving their farms. Congress doesn't want to let the-- Congress wants to set the farm population, but it's tried and it's failed.

MR. BUCKLEY: Well, to what extent is it more merely than mystique that a country is healthy to the extent that it is substantially engaged in agricultural production?

MR. BOVARD: Well, I think that was true back in the 19th century when most people were farmers. Right now I don't think it's that relevant at all. There are a lot of countries that import a lot of their food and they're doing just fine. Some of the food that we import--for instance, sugar: America pays four or five times the world price for sugar and we could get it a lot cheaper elsewhere, but we make it ourselves and I don't see how it does us any good at all.

MR. BUCKLEY: So you're anxious to rescue the argument, if that's the right word for it, from the traditionalist notion

that to encourage the survival of farmers as a group is important. Japan, presumably, has very few farmers--right?-- and does all right obviously. Singapore has very few, and Hong Kong. So you're saying that if the farm population continued to reduce, it would have no net impact on anything we care about in America.

MR. BOVARD: No, I'm not saying anything we care about. A lot of people put sentimental value in real part in having people out on the farm. But I think we need to put that in perspective. We need to place a price tag on that. And the question is, are we willing to pay an extra $20 billion a year in order to have an extra 50,000 people living on the farm?

MR. BUCKLEY: You are, aren't you, Mr. Mullins?

MR. MULLINS: Pardon?

MR. BUCKLEY: You are willing to pay that price.

MR. MULLINS: No. I'm not willing to pay any price. I'm willing to pay a price to maintain not 40 acres and a mule, I'm willing to pay a price to maintain stability in this country. Not only stability from the farmer's standpoint, stability from the consumer's standpoint, and stability in our industrial production. Now, my friends in the United Auto Workers tell me that there are 85,000 United Auto Workers out of work today that used to make farm implements that there is no longer a market for. So it's not a nostalgic trip. We're talking about saving not only maybe a million farmers. We're talking about saving rural communities, rural bankers, Main Street business, and jobs in Cleveland, Detroit and New York. That's what we're talking about.

MR. BUCKLEY: And Albany.

MR. MULLINS: And Albany.

MR. BUCKLEY: But what is it about farming that gets away with attaching to it an importance that we decline to attach to any other enterprise? The other day Stockman said that we are spending more on farm subsidies than we are on the entire balance of our welfare programs at the poverty level. Why should that be?

MR. MULLINS: Well, I cannot debate the fact that we have spent too much money in the past four years. I cannot refute that at all. What I will refute is that-- It's this administration's fault that we spent that much money. They totally mismanaged the programs. The average cost of farm price support programs in the past decade was $3-3.5 billion a year. And for that the consumer bought stability in price and supply. This administration has spent more than any other administration in history on farm programs, and it just hasn't benefited anyone. So it's not the programs--

MR. BUCKLEY: Well, it's benefited rich farmers.

MR. MULLINS: It has benefited about 10 percent of the farmers because under current law the benefits go to the big guys, and that's where we're ready to make some changes in the law. That if we're going to maintain this midrange of farmers, those who produce the bulk of the goods in this country, then that is where public funds, if it's public policy to do so, should be spent. And I don't give a -- about saving the corporate farms in this country. Because they're not farming for farming's sake. They're farming the tax codes, they're farming the Bureau of Reclamation and everybody else. So I'm not talking about saving the guys who run 50,000 acres and have $20 million in sales a year. I don't think public policy has anything to do with that type of agriculture.

MR. BUCKLEY: Well, then, how do we isolate your differences, Mr. Bovard, from yours, Mr. Mullins?

MR. BOVARD: Well, it will take a good long while, I reckon.

MR. BUCKLEY: Well, we've got 56 minutes. [laughter]

MR. BOVARD: Well, lots of time, lots of time. Okay, first of all, there's this talk of millions of farmers out there. There are only about 700,000 full-time farmers out there with sales above $40,000 a year. Almost all the 1.7 million farmers with sales below that money, the large majority of them, are tax farmers or hobby farmers. Most of them show a net loss on their sales each year. As far as the agricultural programs, the Farmers' Union favors giving money only to the medium-sized farmers. But even there you're talking about people that are far wealthier than the average American. The farm programs have got a choice of being either ineffective or inequitable. I mean, either you can give money to farmers that don't produce enough that it's going to make any difference, or you can give money to farmers that are far wealthier than the average American.

MR. BUCKLEY: From which you gather what?

MR. BOVARD: Well, on either score the program should be gotten rid of. As far as the administration, I'm not one of John Block's fans here, but I've got to stick up for him a bit because if Congress had gotten the farm bill that it wanted back in 1981, these programs probably would have cost twice as much. The administration--

MR. MULLINS: No they wouldn't have. They would not have. It would have cost less money--

MR. BOVARD: --has done a terrible job--

MR. MULLINS: --and you know that as well as I do.

MR. BOVARD: Nonsense.

MR. MULLINS: That was this administration's bill.

MR. BUCKLEY: Well, if he knows that, why wouldn't he say so?

MR. BOVARD: It was not this administration's bill. It was not this administration's bill. The administration wanted to abolish target prices; we spent probably $8-9 billion paying for target prices the administration wanted to abolish. The administration wanted lower dairy price supports. The administration wanted to get rid of a lot of programs, but Congress said, "No, let's keep the pork barrel going." And it's because Congress almost always wants a worse agrciultural policy than the White House. It doesn't matter if it's Carter, Ford, or Reagan. Congress has got worse motives.

MR. BUCKLEY: Well, why is that, given the figure you cite of how few farmers there are?

MR. BOVARD: Well, again, there is a mythology in the American-- . There are a lot of lobbies out there that are out there throwing smoke and a lot of the people in the media aren't smart enough to catch it.

MR. BUCKLEY: Like him, huh?

MR. BOVARD: Right.

MR. BUCKLEY: So your point is that their political leverage is magnified and that a sensible farm policy would not be suicidal to somebody who voted for it. Or would that depend on where he lived?

MR. BOVARD: Well, it depends on the clientele of the farmers. There are some farmers that are fairly market-oriented. Most of the agricultural program benefits go to a very small percent of the farmers. The cattle producers get no federal handouts. Most vegetable and fruit producers get no federal handouts. It's only the big grain producers who are in rice or cotton that get most of the federal money.

MR. BUCKLEY: Well, the number of 700,000 would shrink to what if the matter were left to a free market?

MR. BOVARD: It's hard to tell. It might shrink to 650- or it might shrink to 600-. I don't think it would shrink that much because--

MR. BUCKLEY: Would you agree on those figures, Mr. Mullins?

MR. MULLINS: No, I wouldn't. Not at all.

MR. BUCKLEY: What would you say they would shrink to?

MR. MULLINS: Well, for example, I would predict that if this administration's farm bill were to be enacted in toto, which it's not going to be-- I agree with Republican members of the

Senate, that is DOA. And I would say that within a decade we would probably come down to the point of that 2001 report, which you're probably familiar with-- We would end up with two types of agriculture in this country. We will have a very small number of very large farms, and on the other end, a very large number of very small farms.

MR. BOVARD: That's essentially what we've been moving towards for 50 years.

MR. MULLINS: Well, I don't think that is exactly healthy--

MR. BUCKLEY: By the way, how do you define very small? Would that be less than 20 acres or what?

MR. MULLINS: You can't measure it in acreage. I think the best way is to--

MR. BUCKLEY: It depends on the product?

MR. MULLINS: Yes, because you can have a very viable, profit-making 50-acre truck farm outside of Trenton, New Jersey, where it would take 1,000 acres in eastern Montana to generate the same income.

MR. BUCKLEY: Yes.

MR. MULLINS: So what you're talking about-- I think the best--and I'm sure you'd agree with me here--is the net or gross sales. And I'm talking about those people who have gross sales of under $10,000 a year in that one category, and then those people who have in excess of, say, $500,000--or at this point, I would say it would probably be closer to a million dollars a year. So that's the dichotomy you would have in agriculture.

MR. BUCKLEY: Well, that polarization would reflect what--that some people would rather earn $10,000 or less and stay on a farm because--

MR. MULLINS: Because they basically have outside income.

MR. BUCKLEY: You're talking about hobbyists then?

MR. MULLINS: No, not particularly hobbyists--

MR. BOVARD: No, that's not if you're earning $10,000, selling $10,000.

MR. MULLINS: Selling $10,000.

MR. BOVARD: Which means an income of about $50 in most cases.

MR. MULLINS: These are people who prefer to live there. And they do make a contribution.

MR. BOVARD: What?

MR. MULLINS: In local areas they make a great contribution.

MR. BOVARD: What?

MR. MULLINS: I think if you go to Massachusetts--

MR. BUCKLEY: Well, $10,000 worth of sales.

MR. MULLINS: I think if you go to the New England states--

MR. BOVARD: Okay, the--

MR. MULLINS: The commissioners of agriculture up there are making a conscious effort to try to get this type of agriculture back where they can supply local products to the community. You know, the Northeast at one point in our history was self-sufficient in food. It is no longer so. It is an importing region of food. So I don't think that you discount those people, but I don't think those are the types of people that we need to direct agricultural policy to. Neither do I believe we need to support those with public funds on the other end of the spectrum.

MR. BOVARD: I think in most cases there is no stronger argument for being self-sufficient in food than there is in being self-sufficient in autos.

MR. BUCKLEY: Yes.

MR. BOVARD: We've been paying billions of dollars for the last few years because of the auto import quotas on Japan. We've been doing the same thing because of food import--dairy import quotas, sugar import quotas and other quotas. As far as the 10,000, the small farmers, making a contribution, I think the last four or five years in a row that group of farms has had an average loss every year, in bad years and in good years.

MR. BUCKLEY: Are you saying that they would probably liquidate but for government intervention?

MR. BOVARD: No, no, no.

MR. MULLINS: There is no intervention for those people. That's the point. There is no intervention there.

MR. BOVARD: Well, there is a huge intervention in the tax code.

MR. MULLINS: No, you talk about farming the tax codes now, you go up to the big guys, those are the people who farm the tax codes.

MR. BUCKLEY: Well, before we get to big guys, let's stay with little guys. How do they take advantage of the tax code?

MR. BOVARD: Well, the 1984 Economic Report to the President stated that overall farming is a net drag on the federal treasury because the tax breaks are so great that the treasury loses more from the tax breaks than it gains in all the income taxes in farm income. There are so many lucrative tax breaks for farms out there of all sizes. That's why you've had so many people from the city go out and buy a few acres just to have a write-off.

MR. BUCKLEY: These are used as tax shelters by the wealthy?

MR. BOVARD: Yes, a lot of doctors, a lot of lawyers and a lot of big farmers. Almost anybody who has a farm is taking advantage of the tax shelters.

MR. BUCKLEY: Well, what is the lobby that continues that shelter in force? Is it a lobby--

MR. BOVARD: Combination of farmers--

MR. BUCKLEY: --primarily motivated by wealthy people in search of a tax shelter?

MR. BOVARD: Yes, I'm sure it's that. It's also farmers and I think an awful lot of the tax code is there just because of the ignorance of most people in Congress. If everybody in Congress realized how much they were giving away in tax shelters and the effect it's having on some of the people who are trying to farm for a living as opposed to shelter income in the farms, perhaps they'd do it differently.

MR. BUCKLEY: In a recent article, you said that in 1983 we spent $50 billion in sheltering farmers. I had seen very high figures before, but I hadn't seen anything that approached $50 billion. Is this a comprehensive figure on the basis of which you measure the excess that people are paying, say, for a pound of sugar or for a quart of milk as a result of all this?

MR. BOVARD: No, the figure on that would probably be another $10 billion a year on top of that. The $50 billion is the tax figure. The treasury outlays, credit, export credits, price supports, the PIK program where they gave farmers $10 billion worth of crops not to plant-- But on top of that you've got federal policies that boost the price of food probably by over $10 billion a year.

MR. BUCKLEY: Well now, the practice of paying a farmer by giving him not cash but produce was motivated by what bright idea?

MR. BOVARD: Well, I'm not saying it's a bright idea but--

MR. BUCKLEY: Okay, it was a fausse idee claire. But the point is that somebody had the bright idea that since the government owns all this butter, why not give a million dollars worth of

butter rather than a million dollars to the farmer to pay him for whatever it is that we are paying him for, right?

MR. BOVARD: Yes, it was more grains, cotton and rice. But the fascinating thing about the PIK program is that in late 1982 there was a tremendous surplus--

MR. BUCKLEY: Give us what PIK stands for.

MR. BOVARD: Payment in Kind, giving people commodities instead of money. In late 1982 there was a tremendous surplus in the wheats, the grains, cotton and rice. But at the same time when the USDA was planning to put in PIK to decrease production, they also raised the support prices for corn and wheat by, I think, 10 cents a pound, 10 cents a bushel in late '82. Well, Congress passed the bill through and Mr. Reagan signed it. But at the same time they were bringing in a program to cut production, they also passed higher price supports to encourage more production. In that sense the whole program's insane.

MR. MULLINS: No.

MR. BUCKLEY: Why no?

MR. MULLINS: Because the only way you could benefit from those increased support levels was by participating in acreage reduction plan. Now, I won't argue with you that PIK was an absolute disaster, a $10 billion disaster. I sat right next to John Block when he called us in and said that--

MR. BUCKLEY: Well, he's for PIK.

MR. MULLINS: Well, he had to do something, he thought. He said, "This program is going to reduce surplus, it's going to raise farm income, and it's not going to cost the government any money." And you can call--you know, that's three strikes. Because they failed on all three of them. It did not reduce the inventory because it simply shifted it from an isolated position on the free market to a free market which depressed prices and ended up costing the government $10 billion. It was an absolute disaster and I won't argue with you there. But to benefit from those increased price support levels, you had to participate in acreage reduction program. So that's not fair to say on the one hand they gave you money, you know, to increase production. That's just not right.

MR. BOVARD: That's how the price supports and target prices-- That's what their effect is every time.

MR. MULLINS: You don't benefit unless you participate in the program.

MR. BOVARD: Well, the thing that happens-- You mentioned the acreage reduction programs, what happens is that farmers put their least productive acres in a "soil bank" kind of thing for one year and then get paid more for the rest that they raise.

But the blunt effect of it is to encourage more production. Almost everybody agrees to that.

MR. MULLINS: Because the programs are not administered effectively.

MR. BOVARD: There is no way to effectively administer them.

MR. MULLINS: There most certainly is.

MR. BOVARD: Well, I was reading a book on the way up here, a recent thing put out by the USDA for the farm bill fight this year on the history of these price support programs. And it's fascinating to see the 50-year history. They've tried this, they've tried that, they've killed baby hogs, they've plowed up cotton, they've done every trick in the book to try and stabilize agricultural markets. They've failed. And there's no way they can do it.

MR. MULLINS: I don't think they've failed.

MR. BUCKLEY: Let's get into that a little bit, because this is a matter of strategic concern. Most people would agree that the government has a proper role, for instance, in keeping an inventory of fuel oil. Nobody thinks that it's unpatriotic or the work of lobbyists if we have, say, a six month's supply of fuel in the ground. Now, the idea of price stability for farmers is a very old idea, as we all know. The ever-normal granary, I guess it was called at the turn of the century, wasn't it? Now, to what extent in your judgment-- We'll start with him because he has a libertarian streak--

MR. BOVARD: Who me? I pride myself on my moderation.

MR. BUCKLEY: Well, so did Thomas Jefferson.

MR. BOVARD: Amen.

MR. BUCKLEY: To what extent is it a corporate obligation of the government, in your judgment--

MR. BOVARD: A corporate obligation?

MR. BUCKLEY: A corporate, a joint, a collective obligation of the government to see to it that the American public ought not to be a contingent victim of a famine or a flood or drought or whatever.

MR. BOVARD: Well, I don't have any trouble with a limited reserve program.

MR. BUCKLEY: With a what?

MR. BOVARD: A limited reserve program.

MR. BUCKLEY: Yes, okay. Okay.

MR. BOVARD: I think we could do that fairly cheaply. The trouble is that this current policy we have where we pay them more than their crops are worth every year, and that encourages perpetual overproduction, and it--

MR. BUCKLEY: What they're worth is the world market price?

MR. BOVARD: Well, yes, world market prices and the U.S. price supports, and target prices have been far above those. That's--

MR. BUCKLEY: You would have no objection to storing, let's say, a three-month supply of wheat, provided what you paid for it was what you would pay for it in the free market.

MR. BOVARD: Sure.

MR. BUCKLEY: Okay. Because that would not introduce a corollary distortion.

MR. BOVARD: Right. I think the trouble is is that these policies have distorted the market and have made it harder for farmers to earn a living. A lot of farmers-- One thing that isn't said about this PIK program is that it devastated an awful lot of farmers. It decreased the agriculture employment by maybe 50,000 workers. It helped put a lot of hog and cattle farmers out of business. It drove up their feed grain prices, which was very hard on people trying to buy feed grain. A lot of these programs designed to hurt farmers--help farmers--end up hurting other farmers.

MR. BUCKLEY: Yes. Okay, but to get back to the original philosophical motivation, once we had accumulated that surplus in order to go out against the awful vagaries of nature, what ensuing obligations do we have, having done that? Any?

MR. BOVARD: Well, Earl Butz used to say that the best cure for low prices is low prices. If the government wasn't perpetually causing overproduction, then prices might rise above where they currently are, and that would end the need for government to be jumping in and out of the market all the time. I think we have that obligation. As far as other obligations, I see no obligation to treat farmers better than any other occupational group.

MR. BUCKLEY: Do you?

MR. MULLINS: I certainly do. Number one, they provide a service that nobody else in this country provides. Try going without them for a couple of days.

MR. BUCKLEY: Well, try going without an automobile for a couple of days.

MR. MULLINS: You can do that, Mr. Buckley. It's difficult not to eat. Now, the difference being is the farmer is the only individual in this market that we have here who goes to town in the spring and says, "I need seed, feed and fertilizer and fuel oil. What's it going to cost me?" And then six months later he takes his grain or his cotton or his livestock to town and says, "What will you give me for them?" Does General Motors do that? Does any other industry in this country do that?

MR. BOVARD: It's possible for the farmers to buy futures and protect themselves against the price declines. There's nothing to prevent farmers from protecting themselves in this market. I mean, there are futures markets all over the country now.

MR. MULLINS: They are gambling enough as it is now. Don't make them the crooks that you seem to want to make them by playing the market.

MR. BOVARD: Crooks by playing the market?

MR. MULLINS: There's one other point that I want to make before we get off of this. You talk about a "free market." There is no such thing as a free market. You know that as well as I do. That's some fairytale thing, particularly in agriculture, because, if you're in grains particularly--grains, cotton, rice, the basic commodities in this country, meat--there are a handful of people who purchase the product. Grains, there are five major multinational companies who purchase all the grain and trade in the world.

MR. BUCKLEY: Are you saying that they act collusively with one another--

MR. MULLINS: They certainly do.

MR. BUCKLEY: --in violation of the Sherman Act?

MR. MULLINS: Well, nobody has prosecuted anybody under this administration for any corporate activity or--

MR. BOVARD: It is surprising if it is such a conspiracy that nobody was prosecuted under the Carter administration, if it was so blatant as you say it is.

MR. MULLINS: It hasn't been, unfortunately, under any administration. They set the prices.

MR. BOVARD: That's very puzzling.

MR. MULLINS: And you talk about this world price.

MR. BUCKLEY: How can they set prices if we are still free, as I understand we are, to buy Canadian wheat?

MR. BOVARD: There was a perfect example of this. Cargill, perhaps the largest grain importer-exporter, recently tried to buy 25,000 tons of Argentinian wheat to make into flour because

it's a lot cheaper. The farmers raised an uproar, and I think Cargill backed out on the deal.

MR. MULLINS: But why were they able to bring that product into the country? Not because of what the Argentinian farmer got, because the domestic price support for wheat in Argentina is above our domestic price support. What they have made a conscious decision to do is to subsidize those exports. Now I've told the secretary and I've told everybody else. I don't care if you sell wheat on the market for a dollar a bushel, if that's the goal of this government to undercut everybody else in the world, fine, go ahead and do it, but make sure my producer gets paid for what he produces. You're talking about--

MR. BUCKLEY: Gets paid at what rate, though?

MR. MULLINS: He gets paid at least at the rate that it cost him to produce the product.

MR. BUCKLEY: No, that's ridiculous. Because suppose we went back to 60 million farmers and they demanded to be paid at the rate at which it cost them to produce. Why should we subsidize that glut? Suppose everybody in this room decided to become a photographer? What obligation is there derivatively for us to increase by a factor of 100 our consumption of photographs?

MR. MULLINS: Because you're talking about apples and oranges.

MR. BUCKLEY: I am capable of talking about apples and oranges, but--

MR. MULLINS: It doesn't matter whether you have 60 million farmers or a million farmers, your basic production is going to be the same because your base, where you start at, is the same. They're not making any more land.

MR. BOVARD: But there's going to be a huge difference in cost of production, for the large farmers, who the National Farmers Union doesn't like, have far lower cost of production and far higher profits from the same sales as the smaller farmers.

MR. BUCKLEY: Well, not only that. Although it's true that you can't make more land, it is true that you can refine the technology of agriculture, and indeed we have done so, for instance in rice. We're about to do it in milk, right?

MR. BOVARD: Sure.

MR. BUCKLEY: So that an acre will give us two, three, four, five, 100 times as much as it did--

MR. MULLINS: I think that most people will agree that the level of advancement in productivity has reached a table.

MR. BOVARD: No.

MR. MULLINS: With the exception of dairy.

MR. BOVARD: Dairy, rice, soybeans.

MR. MULLINS: No, I think--

MR. BUCKLEY: Chickens, aren't they very--

MR. BOVARD: Oh, the chicken industry is doing marvelous things, the perfect example of why government isn't necessary.

MR. BUCKLEY: Yes, or soybeans?

MR. BOVARD: Soybeans? The price support system for soybeans is the same, basically the same as what the administration wants for other crops right now.

MR. BUCKLEY: You mean the average of the last five years?

MR. BOVARD: Right. And it causes very low outlays, it's a very low tax burden on the citizenry.

MR. BUCKLEY: And very little oscillation.

MR. BOVARD: Well, the price swings quite a bit, but--

MR. MULLINS: They're extremely volatile.

MR. BOVARD: But the price does not stay down once it goes down because the government has not encouraged perpetual overproduction to glut the market.

MR. BUCKLEY: Right. Now what would happen if the government says, "As far as farmers are concerned, we cease to exist as a source of policy of subvention," what's the worse thing that would happen in that--

MR. BOVARD: It would put a lot of lobbyists out of work. [laughter]

MR. BUCKLEY: Well, among others, it would, yes. But what would we notice in life that was different other than cheaper food?

MR. BOVARD: Lower taxes.

MR. MULLINS: You would note a whole change in the social structure of this country.

MR. BUCKLEY: Okay, let's talk about that.

MR. MULLINS: You would see the demise of the rural--

MR. BUCKLEY: Would the people be less polite or--

MR. MULLINS: --community. You would see a whole change in the unemployment aspects.

MR. BUCKLEY: But we've seen that lots of times--

MR. MULLINS: And you will see ultimately--

MR. BUCKLEY: A hundred years ago in Great Britain, 50 percent of the working force were domestic servants. So we're all used to a lot of changes. I'm simply saying, other than the fact that things would be different if I said they would be different, how would they affect us?

MR. MULLINS: Well, because from the consumer standpoint, one year you would have massive overproduction of a commodity--

MR. BUCKLEY: Why?

MR. MULLINS: The next year everybody will cut back and you'll have shortages. And what you're going to end up with--

MR. BOVARD: It hasn't worked that way with soybeans, has it?

MR. BUCKLEY: But that's true of everything, of hoola hoops and-- What is that not true of? There is a point at which the marginal production of any item gets discouraged by a sluggish response at the marketplace, isn't there?

MR. MULLINS: What I'm coming back to, though, is is it in the consumer's benefit that we have this rollercoaster high price one year, low price the next year--

MR. BUCKLEY: Well, why wouldn't engaging in futures moderate that? That is to say, isn't that the role of the futures market to keep prices relatively steady? If you see overproduction, you sell and if you see underproduction, you buy. Right?

MR. BOVARD: Well, and an important point here, too, is that these government programs have not stabilized prices. In 1983 the price of corn went up 50 percent due to this PIK program and a drought.

MR. MULLINS: The drought, not the PIK program.

MR. BOVARD: Well, the PIK program took 30 million acres out of cultivation. I think that may have had some effect. In the '70s prices were flying all over the place. Again, we have all these government programs and they're not doing what they're supposed to. The government programs have failed by every count.

MR. MULLINS: The only time that the prices in the '70s went out of sight was when they allowed the Russians to steal all of our grain. Now that's true. Back in '72. Outside of that period, '72 and '73, farm prices were relatively stable for the decade.

MR. BOVARD: That's not what the ag economists thought.

MR. MULLINS: Well, I don't care what ag economists thought. But look at the prices. Look at the prices. It's there.

MR. BUCKLEY: Wait a minute. If you permit the cornering of the market in any commodity you're going to have high volatility. It was done to silver four or five years ago by a bunch of Texans, and it was done by the Russians who snookered us in 1972. But we're talking now about government policy. Assuming that one prevented effectively the collusion of oligopolistic forces seeking to do us damage, why wouldn't that relative volatility you speak of be taken care of by normal palliatives provided by the market?

MR. MULLINS: The answer to--

MR. BUCKLEY: For instance, the second-hand car market regulates the prices of new cars, doesn't it? And by the same token Canada and Australia and Argentina tend to have a sobering effect on the volatility of wheat prices here.

MR. MULLINS: No. In fact, it's just the other way around, because what we do to a large degree sets that base world price. I think the key to what you're talking about is what will happen if government just--

MR. BUCKLEY: Pulled out.

MR. MULLINS: --packs up and goes away.

MR. BUCKLEY: Yes.

MR. MULLINS: I mean, I'm convinced that-- Well, this is what happened from the period after World War I up until 1933. You just had that volatility in the market. The whole point afterwards was to put stability in the market.

MR. BOVARD: That's a perfect example of what happens-- During World War I the government encouraged increased production because we had to feed the Europeans. At the end of the war that market evaporated, but farmers kept producing as if there were still a war going on. And the farmers kept producing and kept producing and because of that the farm prices feel to the floor. And throughout the 1920s farmers kept saying they had a right to parity income, a comparable income. And they were upset because they weren't making as much as they had 15 years ago. The reason was was they were producing a whole lot more food even though the market did not want it. And that's not city people's fault, and they shouldn't have to pay for it.

MR. MULLINS: And that's the reason we should have programs that will bring production in line with effective demand.

MR. BOVARD: Who is going to know what the worldwide demand is going to be? John Block didn't. Bob Bergland didn't.

MR. MULLINS: They certainly can project what demand is going to be.

MR. BOVARD: They did a terrible job in 1981. The thing is--

MR. MULLINS: That's the whole purpose of what-- We know what domestic food consumption is going to be in this country because it's absolutely stable for all practical purposes. We know what the Argentinians are going to raise, we know what the Brazilians are going to raise, the Canadians. All of these other people, we know what is there. We know what the effective demand is for food in this world.

MR. BOVARD: No, no. That's totally false, because in 1981 almost everybody was predicting constantly increasing worldwide demand for food, an era of scarcity. Almost everybody was wrong. You had a worldwide recession, you had very good weather around the world, you had a strong dollar, and almost all the estimates were wrong.

MR. BUCKLEY: And increasing production.

MR. BOVARD: Right.

MR. BUCKLEY: A period of production.

MR. BOVARD: Right. So I can't see trusting your experts.

MR. BUCKLEY: Well, let's submit to Mr. Richard Brookhiser, who, as I said, is a senior editor of National Review, a graduate of Yale University--an honors graduate of Yale University--whose book, The Outside Story, a book on the politics of 1984, will be published next February. Mr. Brookhiser.

MR. BROOKHISER: Mr. Bovard, you mentioned the word parity, which was the first time it came up in this program. Could you explain that--what that is?

MR. BOVARD: Okay. Parity has been the guide for our farm policy since the 1950s. The idea there is that farmers are entitled to earn the same income that an average industrial worker would be. But the interesting thing is that when they established that idea back in the 1930s, instead of basing it on comparative income right then, what they did was took it from the early 1900s, because farmers were doing better back then. So for 50 years the guide to our agriculture policy has been trying to recreate--

MR. BROOKHISER: The conditions of 1910? Something like that?

MR. BOVARD: Right.

MR. BROOKHISER: What sense does that make, Mr. Mullins?

MR. MULLINS: Well, number one, since 1971, with the exception of dairy, none of the agricultural legislation has been based on a parity concept.

MR. BOVARD: Honey is. Honey, peanuts--

MR. MULLINS: Honey is not based on-- It's statutorily set. It was statutorily set in 1971, '75--

MR. BUCKLEY: Well, we paid more in honey subsidies than we paid for honey last year, didn't we?

MR. MULLINS: Unfortunately we did. Unfortunately we did.

MR. BROOKHISER: Well, now people still call for a resumption of parity. George McGovern and Jesse Jackson in the last campaign were calling for a 90 percent parity.

MR. BUCKLEY: McCarthy wanted 110 percent. [laughter] Excessive in all matters.

MR. BOVARD: That's right--1000 percent parity.

MR. BROOKHISER: Was that wrong? Were they mistaken?

MR. MULLINS: No, I don't think they were mistaken--

MR. BROOKHISER: So they were right?

MR. MULLINS: --in the sense that they were asking for some sort of an economic index, basing it on some sort of an index, whether it be the consumer price index, call it what you want to, a cost of production index, you know-- Wages are tied to--

MR. BUCKLEY: This is terribly frustrating. What you're really saying amounts to this: that anybody who chooses to call himself a farmer and a farm has a right to the same kind of proportionate income as a farmer had in 1910.

MR. MULLINS: I'm not saying that.

MR. BUCKLEY: Without any respect to the number of people or the number of products that he succeeds in selling commercially.

MR. MULLINS: No, I'm not saying that at all. I'm saying what he has a right to is the same thing that an individual working in an automobile plant in Detroit has a right to, and that is a fair wage for what he does. And there you're denying that by going to this phony free market thing.

MR. BUCKLEY: Fair wage? What is a fair wage?

MR. BOVARD: Whose fairness? Yours, mine?

MR. BUCKLEY: The theologians believe in secundum estimationem fori--according to the estimate of the marketplace. If the marketplace simply leaves uneaten this amount of wheat, then the price of wheat goes down.

MR. MULLINS: Congress has set as a minumum--as a minimum--a human being's wage is worth at least X amount of dollars. That's what the Congress has said.

MR. BUCKLEY: No, Congress has said you are not allowed to work for less than $3.25 an hour. That's all that it's said as far as I know.

MR. MULLINS: All right, that's fine. I'm saying the same thing. My farmer isn't going to work for less than that.

MR. BOVARD: But the problem is that most of these farmers are worth half a million or more. This is not a group of poor people we're dealing with, yet they're--

MR. MULLINS: Their land is worth that. Go out and check some of their cash flow today, because the very policies that you want to institute--

MR. BUCKLEY: The value of-- Their capital value is irrelevant, surely, to whether or not the government has a proper role in insisting that their produce sell for a given price. The flexibility of the market surely is something that the farmers ought also to submit to, shouldn't they?

MR. BROOKHISER: Well, Mr. Mullins, I want to ask you about a phrase that you used earlier in the show. You said farming for farming's sake. Well, now that's preposterous, isn't it?

MR. BOVARD: Who farms for farming's sake? It's a business.

MR. MULLINS: I was talking about those small units who do not rely upon agriculture as their full-time business. Most of those have outside incomes--

MR. BUCKLEY: The hobbyists.

MR. MULLINS: Yes, they're the hobbyist types, who we have no responsibility, as far as I'm concerned, to expend public funds on.

MR. BROOKHISER: Okay, so apart from them, though, it's a business.

MR. MULLINS: It is a business.

MR. BROOKHISER: And you're representing a segment of that business.

MR. MULLINS: Absolutely.

MR. BROOKHISER: You're representing a certain class of that business. Well, why should they be protected?

MR. BUCKLEY: I grow some mint for my mint juleps, but that really make me a subject of government patronage or auditing?

MR. MULLINS: No, I don't think the government has any business in dealing with you in that capacity. I am talking about, in my estimation, defending something that is very important to this country, and that is the stability of our food supply. Stability on the production end, stability on the social end, and stability on the consumer's end.

MR. BROOKHISER: You're sounding like OPEC. [laughter] They want to defend the stability of fuel supply, which is always an economic codeword for, "Give us the price we want." Yes?

MR. BOVARD: I think a concrete example here. Right now we're paying--American consumers are paying--five times the world price of sugar in order to preserve about 100,000 U.S. sugar producers.

MR. BUCKLEY: And Senator Long is retiring next year.

MR. BOVARD: Yes.

MR. BUCKLEY: So that may end.

MR. BOVARD: Yes. And this is a concrete example. Is it worth paying five times the world price in order so a handful of sugar producers can live a lot better than the average taxpayer?

MR. BUCKLEY: That's just plain outrageous, isn't it?

MR. BOVARD: It's insane.

MR. BUCKLEY: Is it not outrageous? Why don't you get sore about that? Show us how you get sore about that.

MR. MULLINS: Well, have you watched what the sugar market can do? Sugar, of all the international commodities, is absolutely the most volatile of all of them.

MR. BOVARD: It's volatile.

MR. MULLINS: All right, so we're paying--

MR. BOVARD: Five times.

MR. BUCKLEY: Why is that, by the way?

MR. MULLINS: Just the nature of the crop, where it's grown-- A year ago-- Not a year ago, excuse me. A few years ago

imported sugar was five times the price it is today.

MR. BUCKLEY: Yes--

MR. BOVARD: No.

MR. BUCKLEY: It was higher once.

MR. MULLINS: Because of a worldwide shortage.

MR. BOVARD: Okay, it was a long time ago. And almost every year the U.S. price is several times the world price.

MR. BUCKLEY: Yes.

MR. MULLINS: Do you think it's worthwhile to have a domestic sugar industry?

MR. BOVARD: Absolutely no.

MR. MULLINS: Why not?

MR. BUCKLEY: Because we can get saccharin. [laughter]

MR. BOVARD: That was good.

MR. MULLINS: Well, why not go after the oil companies? Should we have a domestic oil industry?

MR. BOVARD: It doesn't make any difference to me.

MR. BUCKLEY: The Japs don't. Japanese, sorry. The Japanese don't.

MR. BOVARD: U.S. sugar producers have some of the highest production costs in the world. People in the Caribbean can do it at far lower prices.

MR. BUCKLEY: Are you in favor of an autarchy? Do you think we should grow everything we consume here?

MR. MULLINS: I think if you learn a lesson from the Europeans and the Japanese that a nation needs to be as self-sufficient in its food supplies as possible. You know, this is one of the things I think the Japnese have learned. On a recent trip over there I visited with one of the consumer advocates, a lady who is in her late 80s, and we were talking about this whole trade issue, and she came down to the point, you know. She said, "Price isn't the major factor with us. It is stability of supply." And she looked at my national president and myself and said, "Have you ever been hungry?"

MR. BUCKLEY: Oh dear, that's such a conversation stopper. [laughter]

MR. MULLINS: She was making a point: Have you ever been hungry? The Japanese people as a nation have been hungry.

MR. BUCKLEY: Yes, but besides that--

MR. MULLINS: The Europeans have been hungry. We have never been hungry.

MR. BUCKLEY: You can say, "Have you ever been lonely?" and you've asked as searching a question. The question is whether the possibilities of hunger are augmented by a $50 billion annual subsidy substantially spent to keep people from growing food.

MR. MULLINS: You don't have to spend that type of money. The money this administration has spent is unjustifiable.

MR. BOVARD: We agree.

MR. MULLINS: It's absolutely unjustifiable.

MR. BUCKLEY: Are you indignant also, Mr. Brookhiser? [laughter]

MR. BROOKHISER: I was curious as to why you, Mr. Buckley, did not react to the discussion of the inexpansibility of land.

MR. BUCKLEY: Oh, as you probably know, I'm a secret undercover Georgist.

MR. BOVARD: You're on national TV.

MR. BUCKLEY: Yes. However, that fact seems to be substantially vitiated by the tremendous flexibility of the technology that cultivates land. An acre of land in the-- Well, the one area that I know a little bit about is Taiwan. And an acre of land there that 20 years ago produced X amount of rice produces now something like 11X amount of rice. So that the use to which that land is put by fertilizer and by machinery and whatever--

MR. BROOKHISER: Well, if you can do this without digressing too much, why doesn't that undermine the whole theory?

MR. BUCKLEY: Well, because the use of land is limited by the morphology of natural life. You can have a skyscraper up to a point, but the efficiency of elevators begins to affect the upward utility of skyscrapers. Among other things, you eventually need oxygen-- [laughter] So I think Henry George's notion that land was the principal nonexpansible unit in an equation which also included labor, which was expansible, and capital and tools, which also were, is essentially correct insight. But I don't think that a society that, let's say, reduced its farmland by 50 percent is necessarily proved to be a society in which its farm produce is reduced by 50 percent. That's absolutely true, isn't it?

MR. BOVARD: Yes, it's a question of wheat's going for $5 a bushel if you have a lot more acres for you to farm if it's going for $2.50 a bushel, and it's a question of the economic uses of the land.

MR. BUCKLEY: Yes, which takes us where?

MR. BROOKHISER: Well, it takes me back to Mr. Mullins. When you mentioned Japan, Japan was self-sufficient in food for about two years in this century, weren't they, when they took China? [laughter] I mean, if you want to start World War II you can be self-sufficent in food so long as you can win.

MR. MULLINS: If that's the means to get to your end, I guess you can do that.

MR. BROOKHISER: Okay, well, leaving aside the question whether the Japanese aren't cutting off their own noses by engaging in protection, which of course they do do--they protect their own farmers, they keep American fruit out of Japan and they engage in all sorts of other protection--but still the fact is, here we have a country which 40 years ago decided it was worth going to war in order to get its food supply, now they're getting their food supply by the free market, which you think is mythical.

MR. MULLINS: They don't get their food in the free market.

MR. BROOKHISER: Well, they're not-- Okay, it may not be-- It's a free market, but it's not a market that they're seizing from other countries. Which do you prefer?

MR. BUCKLEY: What do you mean it's not a free market? They buy it, don't they?

MR. MULLINS: They buy it--

MR. BUCKLEY: They send people to the Argentine to buy beef and you've got to get some bargain, right?

MR. MULLINS: And they buy it through a quasi-governmental agency from the Argentinians as well, import it through a governmental agency into Japan.

MR. BUCKLEY: Well, why does the bureaucratic mechanism to which you refer affect the price that they have to pay the Argentine who is not a colonial of Japan?

MR. MULLINS: Because that board sets a price. The export--I can't remember the name of it--the commission--

MR. BOVARD: The Argentinians.

MR. MULLINS: The Argentinians set their export price. It's low, granted, because they have made a public policy decision in Argentina that they're going to export.

MR. BUCKLEY: But don't they have to set a price with some reference to what New Zealand sets its price at or Australia in order to capture the business? Therefore, isn't the free market exerting pressures on the price?

MR. MULLINS: I don't think it is a free market in that sense.

MR. BOVARD: Well, okay, instead of talking about free, let's just talk about market, because absolutely there's a market there. It's influenced by supply, by demand, by government policies, by private decisions. There is a market.

MR. MULLINS: There is a market.

MR. BOVARD: And it's a market that basically sets the prices, whether it's free or it is half in chains or, you know, has its arm behind its back, doesn't matter. It's a market. There is a market.

MR. MULLINS: I will grant you that, but it's also a decision within those countries. Using Argentina for example: They set a X dollar--the equivalent of $3.60 a bushel, for example, and I think that's pretty close to what it is right now--a domestic price support for their producers.

MR. BROOKHISER: So is the point that we should do that too?

MR. MULLINS: I think we should.

MR. BROOKHISER: Why?

MR. MULLINS: Absolutely.

MR. BROOKHISER: Why?

MR. MULLINS: Because they have taken it upon themselves to protect that sector of their society.

MR. BOVARD: Well, I think part of the reason there, too, is that they are scrambling hard for hard currency to pay their debts. So that's influenced their decision to pay farmers more than their crops are worth.

MR. MULLINS: Then why, if they're having such economic--

MR. BUCKLEY: Now wait a minute. Wouldn't it work the other way around? If they wanted hard currency they would want to undersell.

MR. BOVARD: Yes, they're underselling the world market, but they're probably paying their--

MR. BUCKLEY: I see, I see.

MR. BOVARD: And their currency is being inflated by 100 percent a year, so-- They're paying in soft currency, paying

the farmers in soft currency and bringing in hard currency.

MR. BROOKHISER: Mr. Bovard, a question for you. Mr. Mullins earlier used the phrase that if the government simply got out of the farm business, you'd see a demise of the rural community. Now that would affect--materially affect--say, 20 states. I don't know exactly, but let's assume 20 states would see a sharp decline in their population.

MR. BUCKLEY: We're talking about 140,000 people, right?

MR. BROOKHISER: Well, all right, but we're talking about rural states, which don't have lots of people. Now, given that demographic fact, is there any political realistic chance that the kind of policies you support could ever be legislated? Each one of those rural states has two senators.

MR. BOVARD: Okay, I have to quarrel with his assumption that there is going to be a massive depopulation of rural America if the government stops giving out money in bushels to farmers. In the last 40 years something like 10-20 million people have moved off the farms. Rural America is still there. There aren't going to be that many people leaving, I don't think, if government does pull out. A few, not that many. The great majority have already left, and rural America is still there.

MR. BROOKHISER: But that doesn't alter the fact that people think that bad things will happen.

MR. BOVARD: True.

MR. BROOKHISER: You have-- You know, you have all those underpopulated states, let us say, which have two senators. And we just saw, you know, the kinds of shenanigans you can kick up if you have 20 states with two senators who want to do something.

MR. BOVARD: True. Well, I suspect this year's farm bill is going to come down to a barroom brawl between the farm states and the rest of the country.

MR. MULLINS: What is a farm state?

MR. BUCKLEY: You can't ask him to settle the problems of democracy, can you? [laughter]

MR. BROOKHISER: I can ask him to consider them realistically.

MR. BUCKLEY: But it's implicit in everything you've said, namely that it's extremely hard to solve the farm problem because of the leverage that the senators from farm states have. So we acknowledge this. But to the extent that we seek to solve it, we've got to point out the irrationality of existing measures.

MR. BROOKHISER: Sure.

MR. MULLINS: You're talking about 20 farm states. All right, use this state as an example. Take away New York City and what is New York?

MR. BOVARD: Buffalo. [laughter]

MR. MULLINS: It's an agricultural state. It is. Take away New York City and what you have here is an agricultural state. Take away two of the largest cities in Pennsylvania and what do you have? An agricultural state. Pennsylvania has the second largest number of farms in the country.

MR. BROOKHISER: I'm not denying that farms are everywhere. I was just trying to make the point based on the political realities that we have.

MR. MULLINS: Why do you think Senator Moynihan and Senator D'Amato are so concerned about agricultural questions? Because they represent a sizable agricultural constituency. So they're everywhere.

MR. BOVARD: Well, there are lots of places and it's going to be a barroom brawl to change policy.

MR. MULLINS: There's no doubt about that.

MR. BROOKHISER: Well, so Mr. Buckley, how would you solve the problems of democracy? [laughter] I mean, we have to be realistic, don't we?

MR. BUCKLEY: I think one way obviously is to require a balanced budget, because if you require a balanced budget, then the attention concentrates wonderfully on allocations of tax money. And when $50 billion is up for consideration, other people whose claims on that kind of money may be more persuasive than those of certain farmers get more attention. So I think it has to be solved the other way around. In my own opinion we've reached a point in the evolution of democratic practice in which we see that we simply can't control the lobbyists effectively, and under the circumstances, we need--

MR. BROOKHISER: We've reached a marginal--

MR. BUCKLEY: --an amendment. Yes, we discovered somewhere along the line that you couldn't inaugurate a president in March if you elected him in November because those five months were simply out of tune with the metabolism of the 20th century, so we made that modification, and I think a parallel modification needs to be made that forces us to be less than simply casual about the expenditure of $50 billion to maintain a synthetic number of people who farm.

MR. MULLINS: It's not a synthetic number, and let me run the Department of Agriculture for a period of time and I will have a program--

MR. BUCKLEY: It decreased by 10 million in the last--

MR. MULLINS: --that won't cost you a nickel, that will make the government money as it has in the past.

MR. BUCKLEY: Well, you've got a minute and a half to explain it.

MR. MULLINS: If you're going to have a viable agricultural economy, one that provides stability to both producers and consumers, you have to gear your production to effective demand. If you do that you do not have to have these exhorbitant costs to the federal government.

MR. BUCKLEY: World demand or--

MR. MULLINS: Both domestic and effective world demand.

MR. BUCKLEY: Total demand. Aggregate demand.

MR. BOVARD: As soon as somebody finds a perfect crystal ball that we can look in and say, "In 1987 six billion bushels of wheat are going to be demanded, it might make sense." It fluctuates greatly, nobody knows, the government's been trying to do it for 50 years, it's failed.

MR. MULLINS: It has not failed.

MR. BOVARD: All right. Well--

MR. MULLINS: It has been mismanaged. But the programs have not failed.

MR. BOVARD: Well, they've succeeded in taking money from taxpayers' pockets and putting it in farmers' pockets.

MR. MULLINS: I want my farmers to pay income taxes and every one of them would love to do so.

MR. BOVARD: Oh, right. I'm sure. Well, they certainly push for the tax breaks.

MR. MULLINS: There are some of them who push for the tax breaks and not all of us.

MR. BOVARD: Two million.

MR. BUCKLEY: Thank you very much, Mr. Robert Mullins; thank you very much, Mr. James Bovard; thank you very much, Mr. Richard Brookhiser; ladies and gentlemen.