

Agricultural policy challenges for California in the 1980's

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During the 1980's, agriculture in California will have to adapt to increasing pressure from competition for resources and from the social and environmental concerns of an even more urbanized population. Significant public policy choices that are likely to grow out of these stresses on the food and fiber system are identified in this report.

A task force, authorized by J.B. Kendrick, Jr., UC Vice President for Agriculture and University Services, involved a small core group representing the University and 11 study groups composed of almost 200 informed persons from the private sector, from government, and from the University. In a series of two-day

meetings during the fall of 1977, each study group met with members of the core group to identify, debate, and analyze problems and policy issues in a specific subject area. Using this information and other sources, members of the core group prepared preliminary drafts of the various chapters in the report. Revised versions came after comment by members of the study groups and outside reviewers. The final report integrates these drafts, reflecting comments of the study group chairpersons and the core group.

The task force was "to create a benchmark of informed thought that will contribute to more systematic discussions of agricultural policies in this state." The report looks at the pros and cons of agricultural public policy problems ranging from water supply to food consumption—without, however, recommending final answers either for the public or for elected and appointed policy-makers.

After considerable discussion, we selected 10 specific areas in which important public policy issues can be expected during the coming decade: water, land, energy, labor, marketing, food

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consumption, environmental quality, biological resources, rural and community development, and development and delivery of information. Although consideration of policy questions within these specific subject areas is useful and necessary, it is important not to overlook the ripple effects of policy decisions in other areas. There is, as the report says, "...an urgent need to consider California agricultural policy issues in the context of a complex system of biological, physical and human interactions."

Certain policy problems, in fact, kept recurring throughout the deliberations of the study groups and during preparation of the report. These we call "pervasive" issues. In addition to specific problems within the 10 subject areas, the report focuses on four of these recurring problems:

- The impacts of governmental regulation on farming and the food system. This includes both "old-style" economically-oriented regulation and "new-style" regulations with social goals.
- The question of socially acceptable risk involving public health, safety, and the environment.
- The need for more effective two-way communication between scientists and policymakers.
- The need for a "systems" approach to policymaking.

In California, public policy issues arise from economic and political tensions which are created by three basic roles of agriculture in the state: (1) agriculture as a competitor for productive resources, (2) agriculture as a supplier of food and generator of economic activity, and (3) agriculture as a force that shapes the physical environment and rural life.

Agriculture: competitor for resources

During the 1980's, California farmers can expect increasing competition, both within agriculture and between agriculture and nonfarm sectors, for basic resources—including water, land, energy, and labor. Of these essential inputs, water will be most scarce during the next decade (if not longer) and is most likely to limit food and fiber production in the state. Also, in the case of water there will be immense public pressure to decide certain basic, goal-oriented issues during the next few years.

Public policy conflicts include: (1) disagreements about goals, such as the goal of preserving California's wild rivers versus the goal of providing more developed water to a semiarid state; and (2) disagreements about ways of achieving an agreed-upon goal, such as the debate over how to raise the income level of rural Californians.

Water policy. Issues involving water will be concerned with the amount of captured water available, and how efficiently it will be used; and with methods for sharing a limited supply. Some of the central policy questions, stated briefly, are these:

- Should the public help solve the pressing problem of groundwater overdrafts in farming areas — particularly the southern San Joaquin Valley? Should controls on groundwater use be imposed?
- Is public development of new water supplies justified? If so, how much of the costs should the public pay and what benefits should go to agriculture, to cities and industries, and to the environment?
- Should the nature of water rights be changed to view water more as a public resource than as private property?

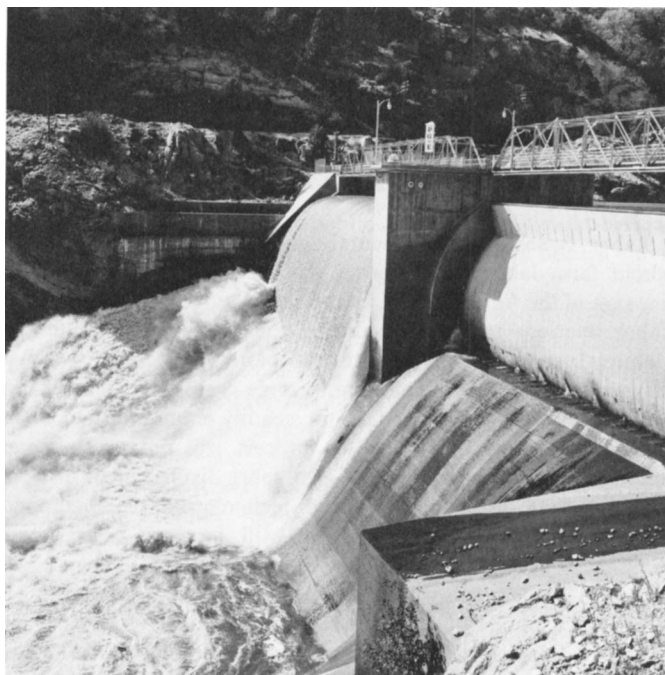
Other policy issues involving water will be concerned with water quality; with possible limits on irrigation and other means of coping with a limited supply; with the economic power of cities to acquire more water, either by bidding for part of the present agricultural supply or by developing higher-priced sources; with protecting and financing environmental uses of water; and with questions of equity — access to water by small farmers and others, and compensation for lost rights.

Land policy. Even though cities will keep on expanding and migration of people and industries to formerly rural areas will continue, there will be no actual shortage of good farmland in California, during the 1980's at least. Nevertheless, policy conflicts will grow out of two important economic and social trends: continuing loss of farmland to other uses, and continuing economic pressure on medium-sized and smaller farms.

Specific policy questions include:

- Should the most productive farmlands be mandated for farming? Should city expansion be restricted to certain contiguous areas?
- Should free market prices or public regulation hold the balance of power over land development?
- Should nonagricultural corporations (particularly foreign ones) be restricted in California agriculture? Should "family farms" be given special assistance? (There is a fundamental question of goals here: Whether agricultural "efficiency" should be defined simply as the ability to produce food most cheaply, or whether other social values should be considered.)

Other land issues will be concerned with the regulatory process, the use of taxes to influence land use, and soil conservation.



Energy issues. Pressures on California policymakers will be somewhat less in the area of energy because many decisions will be made at the federal level. However, debate in California will be concerned with ways of achieving an agreed-upon goal: the most efficient use of energy by farmers, food processors, and marketers. In addition, if actual energy shortages develop, the question of priorities and/or rationing will arise. Policymakers will have to decide:

- How efficiency of energy use should be measured, and how efficient use and conservation should be encouraged.
- If an energy crisis develops, whether the food system should be given special regulatory protection or whether it should, in the name of economic efficiency, be required to adjust to shortages of energy and higher prices.

Other issues will be concerned with distribution of possible windfall benefits from the high economic value of energy in agriculture; and with alternate sources of energy, including biomass, which has special implications for agriculture.



Labor issues. A fundamental, goal-oriented policy decision about farm labor in California was made two years ago with passage of the Agricultural Labor Relations Act. As a result, farm labor relations in the state during the 1980's are expected to develop increasingly in the industrial pattern. Although seasonal demands for labor will continue in some crops, farm workers in general will be more skilled, more steadily employed, and more organized. This industrialization process will reduce the total number of jobs, and may cause even more displacement of farm workers than mechanization and technological change. And because industrialization of labor will increase costs, some California crops may face loss of national and international markets. These trends will create farm labor policy questions:

- Should public policy encourage development of expertise in labor relations on the part of both workers and employers? If so, how?
- Should displaced farm workers be viewed as different from the unemployed in any other industry? If so, what special programs are appropriate and who should pay the costs?

Other questions will involve publicly financed research on agricultural mechanization, the possibility of special state programs for farm labor, and the question of protecting third parties who might be damaged by a strike. (Third parties could include consumers or, in the case of a processing strike, growers.) The problem of undocumented alien workers may worsen, but federal decision-makers will have most to say about it.

Agriculture: supplier of food

In its role as food producer and marketer, California agriculture will have to deal during the 1980's with policy issues growing out of (1) economic forces, such as increased concentration in the food processing and marketing system; and (2) social attitudes, such as concern about safety, quality, and nutritional effectiveness of foods.

Marketing issues. The structure of the food system is changing rapidly, particularly in the California food processing industry where increasing costs have led to mergers and the emergence of grower-owned cooperatives. Increasing concentration throughout the food processing, marketing, and delivery system during the 1980's almost certainly will cause more concern among grower and consumer groups, with resulting pressures on policymakers.

Marketing orders, as a state-sponsored element in the system, also will come under increasing scrutiny.

Policy questions will include:

- Should the state pay more attention to the food marketing process, considering the increasing concentration of economically powerful raw-product buyers? Should the state monitor the responsiveness of retail prices to changes in farm output?
- Should the state take steps, through tax policies or other means, to help maintain the existing number of food processors?

Other issues in the marketing area will involve the relation of growers with secondary processors; advertising of food products; and food prices in the central cities, which often are higher than elsewhere.

Food consumption issues. Food safety and some aspects of food quality will continue to be regulated. Nutritional effectiveness of foods and dietary habits of people are more likely to be the targets of educational programs rather than regulation. In any case, policy choices at the state level will be somewhat limited by federal action.

Three issues on which debate can be expected in California are:

- Food safety surveillance. (What tests are needed, who should conduct them, how much should be spent, who should pay the costs?)
- The problem of "zero tolerance."
- Proposed changes in commodity grading standards to reflect differing ideas of quality.

Policy debates also will be concerned with the proper role of government in influencing food consumption, particularly by special groups such as school children and the elderly; and the recurring question of what level of risk in the food supply society should accept.

Agriculture: impact on the surroundings

Public policy issues involving agriculture also are created by impacts, both detrimental and beneficial, of the food and fiber system on the state's land, water, and air resources, on open space and the attractiveness of California's countryside, and on the people and communities in nonmetropolitan areas.

Environmental issues. As in the case of labor, future policy choices in this area will be shaped by basic decisions of the past—the federal National Environmental Policy Act (NEPA), the California Environmental Quality Act (CEQA), and the creation of federal and state environmental control agencies.

However, environmental controls on agriculture face some special problems. Particularly in the case of water quality, farms are commonly "non-point sources," i.e., it is difficult if not impossible to link specific effects of pollution with a certain emitter. Also, farmers usually must absorb any added costs of meeting environmental standards, rather than passing them on. A central policy problem, therefore, is to determine how to allocate for various crops and farming situations the costs of environmental protection among those who pollute, those who benefit directly from control measures, and the taxpayers in general.

Environmental controls on agriculture will be primarily concerned with water and air pollution, waste management, and the environmental and public health impacts of pesticides. Specific policy questions include:



- The extent to which integrated pest management should be encouraged or required by public policy. Related issues are whether farmers should bear all the risks of mandatory shifts to new pest control methods, and whether the state should take a hand in developing new, narrow-spectrum pesticides.

- How costs of improving water quality through reduced salinity should be divided among various water users, and between water users and the taxpayers. A related question is concerned with who should bear the costs of protecting water quality in the Delta and San Francisco Bay from excess plant nutrients when, and if, a San Joaquin Valley master drain is built.

Other environmental issues involve waste management regulations and the possibility of encouraging food processing plants to move to rural areas where waste management would be easier; and the question of who should pay for mosquito control.

Biological resources. Agricultural ecosystems, designed by man but dominated by nature, are in themselves an important resource. Certain farming practices such as pest control and the creation of new strains of plants and animals may have broad and often unanticipated effects. The policy issues in this area are concerned mainly with research. A central question is how much public support should go to which areas of research, including those with immense potential for transforming agricultural ecosystems—such as nitrogen fixation and the use of recombinant DNA. Public concern about genetic engineering and similar life-manipulating techniques could be an important factor, since some agricultural researchers are at the forefront of such research.

Rural and community development. Migration of people with varying lifestyles and expectations into California's rural areas will continue during the 1980's. Because numbers of farm jobs are expected to decline, agriculture will not provide an economic base for this continued growth of the rural population. Social and political conflict is likely, particularly if the level of incomes and public services in rural areas remains lower than it is in cities.



Many local governments with limited staffs and finances will be severely stressed by the influx of newcomers.

Pressures for change will involve:

- Policies dealing with the urbanizing process. Most of the problems of crime, congestion, education and welfare faced in California's urban areas over the past 50 years will be faced by rural areas during the 1980's.

- Policies to help local government provide services in the face of relatively declining revenues and increasing demands.

- Policies dealing with economic development, including access to jobs, resource development, and the roles of public and private sectors.

Research and information delivery

During the task force's efforts to identify public policy issues, another aspect of the policymaking process became apparent: an often-urgent need for information, including scientific research results. Virtually all of California's agricultural policy issues, in fact, are accompanied by information needs. For example:

- Effective public decisions on the "family farm" problem, where opinions are polarized and generally accepted facts are few, will require research in depth to determine the effects of farm size on production efficiency, food costs, and rural communities.

- Effective public decisions on energy use in the food system will depend on better knowledge of where within the system the potential for conservation is greatest.

- Effective public decisions on farm labor will require more data on the farm labor force: its numbers, composition, and needs.

- To decide even whether public policy action should be considered in the food marketing area, more facts are needed about marketing margins and retail price responsiveness.

Although such information for agricultural policy decisions can be collected or analyzed by other public agencies, the UC Division of Agricultural Sciences is in a central and crucial position. In agricultural and resource-oriented research, its scientists are a source of expertise and experience that is not available elsewhere to public policymakers.

As California's society and economy grow more complex and interrelated, however, formidable pressures are building on the division's research and extension programs. New groups identifying themselves as part of the division's legitimate clientele are demanding help. Counter-pressures come from agricultural clientele who need and are requesting more adaptive research and extension work. Financial resources are being reduced, if not through budget cuts then by inflation. Finally, there are rigidities in the University system which, while designed to promote scientific excellence, also retard flexibility and tend to divert research attention away from California's specific problems.

In addition there is fear among those who know agricultural research that complacency about the food supply will lead to its neglect in the face of pressure for the more politically attractive "people" problems.

To make effective decisions on California's agriculturally oriented policy problems during the 1980's and beyond, a communication network is needed to link existing and potential clientele, the scientific community, and public policymakers at all levels. An important part of the process will be development of better ways of making scientific information available to those responsible for public policy decisions.

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