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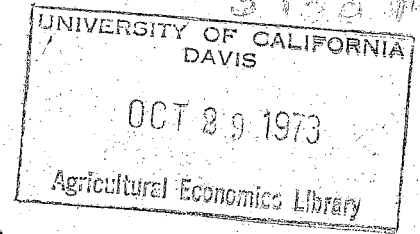
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ORGANIZATION AND CONTROL OF THE U. S. FOOD
AND FIBER SECTOR*

R.J. Hildreth, Kenneth R. Krause, and Paul E. Nelson Jr.

This topic needs no justification. Years of informal discussions, formal seminars, and publications have endowed it with legitimacy. With the use of a dexterous mix of research, administrative, educational, legislative, and judicial processes, society can determine its own economic organization. Such social determinations are not new. Consider what our forefathers accomplished with the Northwest Ordinances of 1785 and 1887, and later with the Homestead Act. Enough people now are aroused to force organizational decisions of a similar magnitude between now and 1985. 1/

Present research and education efforts have not provided the information and insights needed to make such decisions. Thus, this paper attempts to make a start by: (1) restating the issue of organization and control of the U.S. food and fiber sector; (2) reformulating existing ideas in a manner which we hope will disturb the mental sets of our colleagues about the organization and control issue; and (3) suggesting possible research and institutional approaches for providing guidance

R. J. Hildreth is Managing Director of the Farm Foundation, Chicago, and Paul E. Nelson, Jr. and Kenneth Krause are agricultural economists in the Economic Research Service, U.S. Department of Agriculture.

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which policy formulators will need to make rational decisions. Obviously, it neither attempts to present an organizational panacea nor reports new data.

The Organizational Concept

We have a rich inheritance of micro-theory which treats economic interaction among firms within markets 2/ and decision formulation within firms. 3/ Neither of these streams of thought is adequate to deal with the level of economic organization which we treat here. The market structure-conduct-performance approach appears best suited for appraising behavior within rigorously delineated markets and for developing policy with an antitrust orientation. The use of the intrafirm approach, which focuses upon the internal decision process, is ill suited for our purpose.

Although organization and structure are related they are not synonymous. The organization of a sector consists of the matrix of power centers through which organization is controlled. In contrast, structure consists of the number, size, and concentration of entities which compose the sector. The organizational linkages may consist of markets, or other arrangements for decision formulation and power transmission, e.g., arbitrage linkages spanning both money and commodity markets. Some structures depend upon particular linkages. For example, the "Classical Perfect Competition Market Model" depends upon market linkages, and these linkages have to possess the familiar characteristics. However, the essence of economic organization and control goes beyond any market, or a particular cluster of markets. 4/

Sector-subsector concepts

In analyzing the economic organization of a sector it is helpful to examine units smaller than the sector. We propose that the major organizational unit for observation and analysis consist of individual subsectors. Implicitly any definition of a sector or subsector must be arbitrary. We assume the food and fiber sector encompasses all activities involved in producing, processing, and merchandising food and fiber materials.

We agree with Shaffer that "a subsector is a meaningful grouping of firms related vertically and horizontally," but we part company with him when he insists that transactions among firms are limited to "market relationships" [14, p. 2]. Linkages within a subsector 5/ can be "market relationships" or a rich assortment of other arrangements, including contracts, and government rules. 6/ The present organization and control as well as the rates of change vary widely among subsectors. For example, the organizational pattern of the dairy subsector is different from that of the beef-cattle or hog-pork subsector, etc. The distribution of linkages via markets and administrative arrangements also varies among subsectors.

Performance Measures to Assist Social Selection Among Alternatives

If society can invent much of its own future organization, what forms should society advocate? Obviously, there is no single form which best meets the needs of every subsector or those of society, forever or even for now. Fortunately, measures are available for helping society choose among its options and steer it way toward the desired format.

We suggest a set of performance evaluation criteria for measuring the consequences of moving toward a particular organization. 7/ It essentially is traditional in character and includes: (1) technological progressiveness, (2) magnitude and extent of externalities, (3) efficiency, (4) values held by society, and (5) income, wealth, and power distribution.

Society's choice of a particular economic organization for a subsector may not score equally high on all of these criteria. For instance, consumers might choose to support a dispersed open market form of farm production because of its income distribution effects, at the cost of less than optimum resource allocation. While we propose no dramatic weighting system to help resolve such conflicts among measures, we suggest that the measures have to be utilized within both the short and long run contexts. What may appear to benefit the group but injure the individual in the short run, may in the long run benefit the individual as much or more than the group's short run gain.

Technological progressiveness

Whenever a subsector or one of its components moves toward a more efficient production function, it becomes more progressive. Of course this disequilibrates the existing resource allocation and jolts it to another equilibrium position. This is an opportunity cost for achieving improved technology.

Here we recognize that more efficient production functions are obtained by new management techniques as well as by capital improvements and technological developments. Also, we recognize that

technological progress by a subsector or one of its components may result in negative externalities for particular groups, or society as a whole. Thus, a net measure of technological progressiveness is preferred to a gross measure or indicator.

Magnitude and distribution of externalities

Both positive and negative externalities are important. The negative are especially hard to internalize. Negative externalities may be large, and the distribution skewed so that the incidence falls upon a small group or an individual. If an organizational alternative cannot provide for substantial internalization of negative externalities, other organizational options likely should be considered.

Efficiency

Efficiency has three dimensions, each of which may be used as a measure. The technical dimension is the familiar concept of resource allocation where input and output prices are given. For a particular process this dimension is measured by dividing useful output by total input. This dimension is more difficult to apply to an economic organization than to a particular economic process. However, current efforts to evaluate research programs may yield measures that can be redesigned to apply here.

The economic dimension refers to the provision of not only the product mix (including product safety and reliability) desired by ultimate consumers, but the timing of such offers. Consumers would obtain their products and services (given resource constraints) when they want them, neither sooner or later. One constraint of this measure is the income

and power distribution. A change in the income and power distribution will result in a change in the real demand of consumers.

The pricing dimension reflects the accuracy and the speed with which consumer demand and resource supplies adjust to changes in either or both. Pricing efficiency is possible without economic efficiency. However, economic efficiency appears impossible without pricing efficiency.

An indirect measure of total efficiency, that is a combination of all three dimensions, would be an index of consumer satisfaction.

Recently such an index had been developed and is being tested. 8/

Values

Values are the beliefs held by the members of a society. Some particular values may be common to members of all subsectors, and each subsector may possess values not held by any other group. We emphasize the values which historically appear to have been held in common by most members of our society, including most members of our food and fiber sector, and each of its subsectors. Of course, each person weighs the same values differently under different circumstances. Also, different individuals weigh the same values differently under the same circumstances. We believe the set of values which John Brewster so clearly identified 9/ are still widely held, particularly in farm and rural non-farm America. While they will influence the choices of members of the food and fiber sector, a competing set of values appears to be receiving acceptance by members of other sectors. 10/ The ultimate sector organization will reflect the outcome of the clash between these sets of values.

Income and power distribution

The distribution of income and the distribution of power are inter-related. These distributions are composed of (1) the rate and relative amounts received by the basic factors of land, labor, and capital; (2) personal income and power as they are distributed across the subsector under consideration; and (3) wealth as it is accumulated. Clearly alternative economic organizations will affect the distribution of income, wealth, and power. Economists do not have the value specifications and weights for identifying the optimum income, wealth, and power distribution for any particular subsector or for society as a whole. However, it is of use to describe income, wealth, and power distribution effects of alternative economic organizations. History has recorded that whenever the distribution of income, wealth and power becomes extremely skewed either toward complete equality, or inequality, the sector or the entire society, experiences extreme social unrest with resulting problems of economic and social coordination. 11/

We are not aware of any broadly accepted set of weights for these measures as they are applied in the consideration of alternative economic organizations. There is no general acceptance that the same weights should apply for each subsector, and also for society as a whole.

Forces Inducing Change in Subsector Organization

Uncertainty, technology, financing, and taxes, each induce change in economic organization, and more often than not, combine their impact. These forces induce change directly by affecting each subsector's linkages. Like all forces, within limits they are guided by socio-economic

policies. Of course, these forces vary in terms of their relative impact both among subsectors and their components. And, they will operate whether or not we attempt to guide them. However, if we recognize them, and apply performance measures in selecting our organization objectives, we are in a position to use them.

Uncertainty

There are many varieties of uncertainty. Some we readily recognize include: (1) business succession, and the time span available for seeking redress of business related injustices; (2) commodity quality, and flows; (3) pricing; (4) inventions and their adoption rates; (5) the emergence of allocative competition from forces and sources exogeneous to the subsector; and (6) acts of God.

Let us consider (3) and (5) as illustrations of how these forces can result in changes in economic organization. U.S. business and agriculture are subject to conditions such as price levels, interest rates, and personal incomes which are affected by international developments. With the suspension of gold sales by the U.S. Treasury on August 15, 1971, and the announcement that it would no longer administer the price of gold at \$35.00 per fine ounce, a generation of stable gold-dollar prices and exchange rates came to an end. [16] Conditions of the international money and commodity markets are now effectively transmitted to domestic U.S. business and especially the food and fiber sector. The uncertainties of international commodity prices and foreign exchange rates are now a part of the U.S. business environment, along with our historic tariffs, quotas and trade rules. International monetary conditions require that

developments in commodity prices abroad, or in the foreign exchange price of the dollar be offset by changes in domestic U.S. commodity prices or interest rates.

Subsector actors must cope with such forces as best they can. The rise of many large multi-national corporations is one response. Such corporations have adjusted to such uncertainties with consummate skill. 12/ Today, even more than previously, large corporations appear capable, more capable than small proprietorships and partnerships, of devising an economic organization for a subsector which can cope with such situations.

Technology

Technology remains a primary force for inducing organizational change, and it undergirds the other forces of change. Its undergirding strength is derived from a set of values that has the greater and more efficient output of goods and services as an end objective. Historically, people have had ingenious ideas, and clusters of technological development have emerged around particular inventions, along with a set of institutions which support individuals and groups who seek new technology.

Such processes, however, are not sufficient to develop a coordinated attack on a particular problem of substantial scope since they often are uncoordinated, both within and between the private and public sectors. Any optimal mix is due to serendipity. Direct and indirect financial support is fragmented, as is the conduct of the research. The outcome and consequences often are not projected, if even considered.

Thus, it is not surprising that the adoption of new technologies and their associated economic reorganizations often result in substantial

negative externalities which are neither automatically eliminated, internalized, nor compensated for by the adopting subsectors. For example, the growth of multi-establishment and multi-locational fruit and vegetable processing companies, in part stimulated by a new freezing process, affected not only the location of all food processing establishments, but the types of plants grown, the planting-harvesting scheduling, and the merchandising practices of several subsectors. The net result included fewer and larger farm firms whose contracts with processors stipulated more processor directed farm practices as well as a restructuring of merchandising practices at wholesale and retail.

Frequently, negative externalities are borne by members of a particular component either within the same or in a related subsector. However, any skewed distribution of real or imagined injustices is hard to accept, particularly if a burden falls upon a clearly-identifiable group. This may partially explain the rise of consumer groups.

Financing

Financing is among the primary forces facilitating organizational change. It is a prerequisite for the development of new technologies and the functioning of programs. Source of financing may lead to adoption of a particular organizational form. Historically, the financing of cotton production by the cotton gins illustrates this point.

Medium and large sized banks and other sources of financing prefer to loan to moderate and large sized corporations rather than to proprietorships, thus encouraging the corporate form of business. Also, the

magnitude of the financing needs may require the obtaining of funds directly from the public. Again the corporation is in a favored position.

In the past the small size of most companies in the food and fiber sector has meant that their capital, beyond their own savings, has been supplied by credit facilities located primarily in rural areas. More and more the emergence of large-scale operations has increase the absolute dollars required by many food and fiber subsectors. Such increases, along with rising land prices could result in an increasing reliance upon larger nonrural credit sources. Such increases in scale also could result in the consolidation of existing farm firms.

Tax rules

Tax codes and their interpretations steer many available resources to activities which otherwise would be less appealing. The power to tax provides opportunities to create as well as to destroy. Thus, the establishment of investment credit and rapid depreciation rules affected the flow of resources. Among the beneficiaries were owners of department store and office buildings, and the petroleum industry. These rules also have encouraged an incursion across subsector and subsector component boundaries that otherwise might not have occurred, or at least not so extensively. The citrus, nut, and broiler subsectors document this historically for the farm production component. Today it appears that the cattle-beef subsector may be experiencing a like incursion from outside the food and fiber sector.

Guiding the Forces Responsible for Change

Policies and their supportive rules guide the manner and the extent to which forces responsible for change influence the consequences of alternative organizational linkages for power transmission and decision formulation. Supportive rules such as those covering property include the written and unwritten understandings by which men and their institutions operate in the daily pursuit of their interests.

Rules may or may not carry the formality and societal approval represented by laws. They may represent an alternative to the maintenance of a collective unit with enforcement authority. Such collective control rules may be either public or private in character, or a combination. Their jurisdictional sphere may range from within a company to a subsector or a sector. If public in form they may range from local to federal ownership.

The point of importance is that if clearly defined, and agreed upon, control rules can substitute for collective enforcement units, since they become guides for conduct. Thus for members of components of subsectors little if any administrative interpretation is required by parties operating under their guidance. Policies with supportive rules can serve both as sources of change and constraint. We emphasize that reliance upon policies with supportive rules is more apt to succeed within a democratic society, primarily because such a society is most conducive to the "care and maintenance" of adequate feedback mechanisms.

The establishment and alterations of policies and their supportive rules offer subsectors and components of subsectors, the opportunity to

move incrementally toward the organizational format which each desires. Once the society's organizational goals have been established, we contend our "institutional economics cupboard" is rich with possibilities [9]. It is with respect to the implementation of organizational goals by means of policies and their supportive rules that we make some tentative and suggestive comments.

A number of economists have become particularly interested in property rules, incentives, and economic behavior [7, 15, 19]. Furubotn and Pejovich [7, p. 1139] refer to "property rights" as:

". . . relations among men that arise from the existence of things and pertain to their use. Property rights assignments specify the norms of behavior with respect to things that each and every person must observe in his interactions with other persons, or bear the cost of nonobservance . . . property rights . . . can be described, then, as the set of economic and social relations defining the position of each individual with respect to the utilization of scarce resources." The inclusion of property rules in economic analysis changes the theory of production and exchange [7, pp. 1137-1139]: "The organization [firm, government bureau, etc.] per se is no longer the central focus; rather, individuals are assumed to seek their own interests and to maximize utility subject to the limits established by the existing organizational structure . . . the property right approach can be understood as an attempt to formulate empirically meaningful optimization problems by associating the utility function with the individual

decision maker, and then introducing specific content into the function. In this way it becomes possible to consider the behavior of the decision maker within the firm, government bureau, or similar collective agency [or the totality of the economic organization within which all are functioning] . . . From a practical standpoint, the crucial task for the new property rights approach is to show that the content of property rights affects allocation and use of resources in specific and predictable ways."

These ideas suggest the existence of a wide range of means of implementing the organizational goals for specific subsectors, and for society as a whole. As Wunderlich points out [19, p. 4], virtually all of the analyses of economists take for granted the division of powers and authorities prescribed by the Constitution of the country from which they drew their education and experience. Thus, most of the ways of implement policy goals (including organizational) that economists can think of fall within a given set of property rules. For instance, "nationalization of industry" within the United States historically has been unthinkable.

Suppose for any given subsector, the organizational goal is to keep a large number of farmers and markets with many buyers and sellers for farm produced commodities. Various changes in existing property (control) rules could assist. For example, rules could be established to prevent a farmer from selling raw farm materials to a processor (or first-level sale for fresh products) unless sufficient materials were

transferred through a market with a stipulated minimum number of buyers and sellers.

In contrast, assume the goal for a subsector is either an integrated or corporate or cooperative economic organization. In this instance, the rules suggested for the preceding illustration would have to be altered substantially. In addition, to obtain a satisfactory subsector performance (in terms of the measures discussed above), such a corporate/cooperative organization must provide incentives for individual employees to achieve that performance. Usually this would require the maintenance of incentives for individuals at different levels of the corporate/cooperative organization. Hence, some method of metering inputs, useful outputs, and related rewards would be required. 13/

Changes in rules that affect information flows have very significant effects upon organization. Many question the adequacy of present information flows for wise public and private policy formulation. For example, the Securities and Exchange Commission is attempting to obtain fuller disclosure of information pertaining to the economic performance of corporations, not only for the benefits of private investors and public policy decision makers but for the maintenance of an effective securities market.

An increase or decrease in market news and price reporting will influence the type of structure that is encouraged--open market, corporate, cooperative, or governmental. For any model of economic organization to perform adequately in our society rules likely will need to be changed to require more disclosure on the part of large power

clusters, as well as more information about the market. 14/ Improved information loops and a viable rule structure can help preserve or develop a desired economic organization.

Property, income, and capital gains taxes also can be used to help attain the desired type of economic organization. Furthermore, they can be used to enhance over-all competition. For example, conglomerates historically have reported and paid their corporation income taxes only upon a pooled income basis, i.e., upon earnings of the company as a whole. An alternative tax rule which would require them to report operating income and pay their corporation income tax field by field could eliminate "balancing off" of losses [3].

Of course, such changes in policy rules and property rights as we have cited are fundamental changes. 15/ The ability of a subsector to make these changes depends much upon its basic value structure, and that of all other subsectors. For example, consider Demset's suggestion, cited by Furubotn and Pejovich [7], that property rights develop to internalize environmental externalities when the gains of internalization become larger than its costs. The perception of costs and benefits of externalities versus internalization depends upon the view of each subsector, and of society, which are in turn greatly influenced by their value structures. Thus, rule changes can be utilized in an impersonal manner to guide such organizational forces. Their effectiveness depends both upon their clarity and upon their acceptance by members of each subsector and by society.

Research Approaches

Numerous methods are available for quantifying the differences that may be associated with a fundamental change in the organization of a subsector and its components. Three methods of particular interest include: (1) an in-depth appraisal of experience either of another subsector or a component in another country which has undergone an analogous change; (2) a systems approach utilizing rigorous synthesizing and simulation to quantify consequences of adopting alternative organizations; and (3) a Delphi analysis.

Let us consider possible reorganization of the corn subsector. The question might be: What are the potential consequences if the three components of the corn subsector were vertically integrated, with production occurring only upon a few farms or in solar energized greenhouses?

The first approach might consider the historical and analogous experience of other subsectors. Granting important sector differences, useful insights can be gained from the history of broilers and lettuce, or from differences between pork production in the United States and in Denmark. Many economies with longer histories than ours may have relevant organizational messages in terms of already tried alternatives.

The systems approach would enable the simulation of a wide range of matrices of power centers and organizational linkages. The resulting organizational forms could be compared in terms of specific dimensions such as: price, quantities supplied, profits, etc. Measures of performance could be developed from these comparisons. A quantification of the existing system could provide a basis for ascertaining the extent

and kinds of change that might result from the alternative organizations. Examples somewhat illustrative of this approach include the studies of the Nigerian and Korean agricultural components of their food and fiber sector, and the ongoing ERS-university cooperative hog-pork subsector studies [8, 10, 17].

The Delphi approach would involve the independent questioning and requestioning of members of each component of a subsector with respect to what they individually would forecast as the consequences of such a reorganization, for their subsector and each of its components. Members of the economics, business, sociological, and anthropological "fraternities" would also typically be incorporated in the questioning. A generalized opinion of the consequences of a subsector reorganization could be derived from such reiterative questioning. These results, of course, will differ substantially from those that might have been obtained from a single survey.

In specifying organizations and approaches for research the following points might be considered: (1) study subsector organizations that include movement from the few to the many, as well as from the many to the few; (2) indicate the probability that each organizational alternative may occur; (3) recognize that the more remote the possibility of a change from one form of organization to another, the greater will be the probability of error in assessments; and (4) identify the secondary effects that may accompany the adoption of a particular organization (for example, the emergence of unionization, or demands for new forms of regulation, either through private associations or public agencies),

which often are related to social and cultural aspects of the new organization.

A caveat is in order with respect to doing organization and control research and education within the food and fiber sector. The food and fiber data system is rapidly becoming obsolete for such research and education. 16/ The proposed research and education task will require new, in addition to present data. The new data will need to be collected and aggregated on a different unit or building block of observation than firms, markets, and industries. We suggest that the subsector might be considered as the basic unit for observation. In any event, unless economists give thought and effort to reconceptualization of the food and fiber data system, their other professional efforts may yield scant accomplishments.

Conclusion and Recommendation

Concern has been expressed about the state of health of the Agricultural Establishment. In his classic paper Bonnen put it very succinctly when he concluded, "[The Agricultural Establishment] must exhibit far more relevance to the broader objectives of society" [5, p. 1129]. While we have argued that in large measure any subsector or sector can invent its own economic organization, we acknowledge that the "invented organization" must not be grossly inconsistent with the broader objectives of the society of which it is a member. We also agree with Bonnen that the USDA's research thrust increasingly has been toward the administrative problems of the "here and the now" for large action programs [5, p. 1120].

There is a need for the universities and the USDA to cope with longer-range problems. The appropriate future economic organization of the food and fiber sector and its subsectors and their components has become of paramount importance. The time has come to create a new collectivity at the national level to deal with these problems (and opportunities). Let's call it: The National Institute for Food and Fiber Research and Education.

The research and education task to provide the guidance which subsectors will require to invent much of their future economic organization is important, massive, and incredibly complex. The task will require more talent and resources than is currently assembled within any single research or education agency, or university. 17/

The Institute would be charged with the responsibility of: (1) establishing research programs geared to intermediate and long-range problems; (2) disseminating results to policy formulating agencies (public and private), and (3) conducting broad educational programs to increase feedback loops between researchers, members of the food and fiber sector, policy makers, and the rest of society.

More specifically the Institute would meter all federal funds for research and education which focus upon the organization and control of the food and fiber sector. It would maintain a staff of professionals to plan and coordinate the research-education efforts. However, most research could continue to be undertaken by existing agencies, including the universities.

The Institute might be directly accountable to receive its funds from Congress. The Congressional committee established to oversee its activities hopefully would include a cross section of our total society's representatives, although it might appropriately be weighted with representatives familiar with the food and fiber sector.

Paramount attention would be paid the research related to the information needs of the Congress and the Executive agencies concerned with incremental improvements in the current organization of the food and fiber sector and its subsectors. It also would analyze longer-range problems and impacts associated with the invention and adoption of new technologies, environmental problems of the sector, etc. The output would be the delineation of alternative policies and probable consequences of each. These results would be communicated to the food and fiber subsectors, to the public, and to the Congress.

Reorganizing a sector or subsector is much more difficult than providing guidelines and incentives for appropriate organization in the first place. The alternative to the major thrust which a new Institute could provide is to continue to react too late with too little. With sufficient creativity and investment, subsectors can channel the forces of change to their benefit and that of society. The time to marshal the necessary resources and information is now.

Footnotes

*The views expressed in this paper do not necessarily represent either those of the U.S. Department of Agriculture, or those of our colleagues who made constructive suggestions: D.M. Bell, J.C. Bottum,

H.F. Breimyer, A. B. Carr, Grant Devine, P.L. Farris, K.R. Farrell, M.D. Harris, G.D. Irwin, L.R. Kyle, J.E. Lee, Don Paarlberg, A.B. Paul, D.W. Regier, V.J. Rhodes, W.N. Schaller, Rainer Schickele, J.D. Shaffer, T.T. Stout, W.B. Sundquist, W.F. Woods, C.E. Warne, E.H. Wiecking, G.L. Wunderlich, or our formal discussants: W.P. Falcon, G.A. MacEachern, and A.C. Hoffman. Any remaining errors are ours. The order of authorship was determined by a random procedure.

1/ Today's situation appears incredibly more complex. Change in organization must start from the organizational format extant at the time of change. The existing laws, rules, and institutions act as both constraints and guides to change. However, this does not preclude consideration of organizational alternatives which might require substantive changes in these laws, rules, and institutions. If we limit consideration only to options that appear feasible under existing laws, rules, and institutions, we could miss the "opportunity boat" completely.

2/ The contributions of Bain, Cassels, Chamberlain, Hoffman, Nicholls, and Robinson come to mind, along with those of other colleagues.

3/ The writings of persons like Baumol, Cyert, Dorfman, and March illustrate the kinds of contributions to which we refer.

4/ The recent North Central Regional Extension Publications [12] illustrate current thinking which is moving toward research and evaluation of economic organization that goes beyond the boundaries of a market, or a cluster of markets.

5/ Subsectors identify specific economic activities such as: cattle-beef; broilers; citrus; hog-pork, etc. The aggregate of all such

subsectors constitutes the food and fiber sector. Components common to each subsector include: inputs; farm production; processing and merchandising of farm products.

6/ In any subsector the allocation of production, and thus assets, constitutes a major problem for the relationship of firms moving toward a highly controlled and integrated organization. Alchian and Demsetz suggest that in theory a firm can do the same things a market does [2].

7/ Robert Olson in an unpublished manuscript [13] has provided an excellent review of performance literature. It differentiates between performance measures most suitable for the study of markets and those best suited for sectors.

8/ The research for the development of the Index of Consumer Satisfaction was sponsored by ERS, USDA. Reports covering results of pilot tests are covered by [18].

9/ Brewster's list of primary values or beliefs included: (1) a person does not merit esteem by self, family, nation if he places a life of easy ways above love of excellence, and a vigorous pursuit of it; (2) all men are of equal worth and dignity; none are wise or good enough to maintain dictatorial power over any others; (3) proprietors or their legal representatives deserve exclusive right to prescribe the rules under which production units shall operate; (4) the individual and his family are responsible for their own economic security throughout life; (5) where dissent occurs, both the dissenter and the group from which he dissents are responsible for seeking modes of thought that can result in reconciliation, or "synthesis" [6, pp. 114-137].

10/ This competing set of values might be described as "elitist" and appear to be associated with power centers. These clashing values, as succinctly identified by Don Regier, include the following: (1) Loyalty to the power group overrides consideration of self and family; (2) Men are not of equal worth to the power group--some are expendible; (3) The power group prescribes its own conduct and loyalty codes; (4) Self preservation and economic security are attained through the preservation and defense of the power group; and (5) Dissent from the codes of the power group is resolved in the light of the preceding four principles.

11/ For example, the various utopian societies of early America, and Russia prior to 1918.

12/ For instance, one executive declared that he was not particularly concerned with the establishment of import quotas upon certain products as their corporation maintained a major share of both the domestic production, and the flow of the imports which the quotas would have constrained.

13/ The concern about "what configuration of incentives and rewards and sanctions, and ideology is conducive to responsible individual performance in various forms of economic organization" also is treated by Breimyer [4, pp. 2-9].

14/ We agree with Mueller [11] that more and better information is needed if we are either to maintain our present economic organization, or to improve it.

15/ We neither wish to leave the impression that the establishment of rule changes in themselves offer a panacea for guiding future organizational change, nor that the FTC approach is unimportant. Rules can be used to strengthen an "in group's advantage." Also, we stress the importance of changing rules incrementally. Drastic changes in the "middle of the game" rarely work well.

16/ This view's justification is contained in the Annual Meetings' paper presented by the Economic Statistics Committee of the American Agricultural Economics Association last year [1].

17/ The difficult task of obtaining people and funds sufficient to conduct projects of a large magnitude is reflected in the problems encountered in launching NCT-105-Organization and Control of the U.S. Food Production and Distribution System.

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