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# **Farm Foundation**

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**Increasing Understanding  
of Public Problems and  
Policies—**

**An Executive Summary**

**Highlights of the  
1997 National Public Policy Education Conference**

**Charleston, South Carolina  
September 21-24, 1997**

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# Introduction

Since 1951, Farm Foundation has published the proceedings of the annual National Public Policy Education Conference under the title of *Increasing Understanding of Public Problems and Policies*.

The publication is widely distributed each year to extension policy educators and used as a reference for policy education programs across the nation.

This "Executive Summary" is designed to stimulate interest in public policy issues, to provide educators and other interested parties with a quick review of the major presentations given at the 1997 National Public Policy Education Conference, and to serve as a resource for policy education programs.

This text is available via the Internet on Farm Foundation's home page (<http://www.farmfoundation.org>).

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# Industrialization of Agriculture

**Terry N. Barr**, National Council of Farmer Cooperatives—The re-engineering of corporate systems with a focus on reducing costs and shedding labor to enhance profits has resulted in a re-examination of business relationships in the food system. This environment, coupled with significant changes in technology, consumer preferences, deregulation and the emerging foreign market are altering the structural relationships in the system. The result will be a system of increasingly direct linkages from production agriculture to the evolving consumer niche markets with a focus on flexibility and efficiency.

I envision a future in agriculture different than today. We are going to see *less* government with *more* regulation. Consumer markets are going to get increasingly segmented in this country. We will have a very affluent market. People are going to be very selective about what they want in their products.

In the future, we are going to see more linkages all the way back to the farmer and input supplier—so that the deliverer of a product can assure his customers of what exactly they received. Relationships will built up and down the system. Farmers are going to be paid for characteristics, not commodities. In the future, the last thing you will want to be is a producer just throwing generic commodities onto the marketplace. Consequently, it is going to be a highly volatile market. Technology is not only going to drive *what* we produce, but *how* we produce it.

I think the realignment is simply a fundamental shift in the structure and relationships within agriculture. Profitability in the food system is going to depend on who you have linkages with. It may not be good enough to be the most efficient producer of something. It may be more important that you have the best business relationship going up and down the sys-

tem. I think that is one issue producers have to focus on very seriously.

Lastly, foreign market developments are going to have more and more impacts on agriculture. For instance, the meat industry is now evolving to a point of exporting enough meat in total that if something happens in the international market, it will back up very

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quickly into the domestic market. We are already exporting about 20 percent of our broilers, and we are approaching perhaps 10 percent in pork. As that dependency creates more and more opportunities, it is going to create more and more risks in the domestic side which will have to be dealt with.

Being in the international market is going to be more and more important. When the domestic economy slows down, those people that are positioned internationally and have profits flowing to them from the international market will be in a much better position to advance themselves in this food system as we go forward.

**Ed McMillan**, Agri Business Group—A large commercial farm today, anywhere in the world, would be almost unrecognizable to the average farmer of the last century. At the same time, the success and growth of these large farms is not due to inherited land, capital or status but, rather, is the product of judicious use of publicly available technology. In short, today's farmer has been able to select and use new products

and new technologies to “industrialize” production, capitalizing on economies of scale to improve production, management and marketing systems. Yet, there are several fundamental differences between the apparent “industrialization” of agriculture and the industrialization associated with manufacturing methods of mass production. These fundamental differences arise from the heart of the same factors that drive the use of industrialized production practices.

The industrialization of agriculture will pursue a unique path—a path charted by the founding spirit of entrepreneurial agriculture and shaped by the adoption of technology and our response, as an industry, to the increased demands for quality and consumer orientation from a world marketplace. As we meet these challenges together, we will face a variety of issues.

We must increase yield to meet demand and efficiency to meet profit goals—yet we must do so in environmentally sustainable ways. We will indeed have to produce a better end product more cheaply than farmers in parts of the world where production quantity is more important than environmental quality.

The industrialization of agriculture will pursue a unique path—a path charted by the founding spirit of entrepreneurial agriculture and shaped by the adoption of technology and our response, as an industry, to the increased demands for quality and consumer orientation from a world marketplace.

We must approach the funding of new technology and technology transfer strategically. These technologies

increasingly come from the private sector. We need unbiased and expert information and decision-making support to evaluate, select and implement new technologies. If public institutions abdicate this responsibility or it is removed from them, we are in danger of losing our most valuable asset—an educated producer.

We must begin to study, encourage and develop

brand identity markets within commodities. We are in the remarkable position of creating a market we will live by or suffer from for several generations. It behooves us to make sure that the concept of “branded” agricultural products always includes the concepts of productivity, sustainability, stewardship and quality.

As leaders and consultants to agribusiness, we must encourage the evaluation and upgrading of our market infrastructure. Any farmer worth his salt could raise an identity-preserved crop to processor specifications today, but could he or she ship it? Store it? The “industrialization” of agriculture has worked because it rests on the shoulders of a highly entrepreneurial producer. Technology will help the producer—will our infrastructure limit him or her?

Readers interested in this topic are encouraged to see the text of the industrialization of agriculture roundtable discussion in *Increasing Understanding of Public Problems and Policies—1997*. Terry Barr and Ed McMillan are joined in this discussion by Marvin Duncan (North Dakota State University) and Jim Webster (*The Webster Agricultural Letter*).

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# Welfare Reform

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**Julie Paradis**, Committee on Agriculture, U.S. House of Representatives—The welfare of over 30 million people in the United States has been dramatically influenced over the last year by the implementation of the welfare reform bill signed at the end of the summer of 1996.

Welfare reform was the result of a convergence of three forces:

- **Public Demand.** In the 1992 campaign, Bill Clinton vowed to “end welfare as we know it.” Welfare reform was also a component of the Republican Contract With America.
- **Deficit Reduction.** Welfare reform was driven by budget considerations. Both the president and the Republican leadership committed to balancing the federal budget in 7 years.
- **Different Players.** For the first time in decades, liberal Democrats and advocates for the poor had only a marginal impact on welfare program changes. State governors wielded unprecedented power over welfare reform deliberations.

The challenge for the states, the Congress and the administration is to ensure that welfare reform works, that those not working get jobs that will make them self-sufficient, and that the cycle of poverty is broken for millions of poor households. Comprehensive research is critical to learn the full impact of welfare reform on low income families.

Welfare reform may indeed work for those people willing and able to work, given a strong economy. Many argue that such people would have found work even without welfare reform. Indeed, it has been suggested that the twenty-five percent reduction in the

welfare rolls since early 1994 is not the result of welfare reform but, rather, is the result of the strengthening economy.

It is unlikely that welfare reform will work for those with no skills, with mental disabilities and health problems, and with poor work habits. It is likely that the welfare rolls will again swell when the economy weakens and jobs become more scarce.

What, if anything, is the responsibility of the various levels of government toward those who fall through the safety net through no fault of their own? Only time can tell how we will answer that question.

**James Clark**, South Carolina Department of Social Services—During the 19<sup>th</sup> and early-20<sup>th</sup> Centuries, there was very little federal legislation dealing with social welfare. Persons who were in need through no fault of their own—the aged, the disabled and orphans—were viewed as a community responsibility. Persons who were poor from a deficit of morality or responsibility as viewed by the mores of the time were treated less kindly. Other than legislation dealing with child labor, Washington—from both an executive or a congressional perspective—maintained a hands-off policy toward local and state responses to poverty.

In 1935, a dramatic shift in the non-interventionist traditions occurred with the passage of the Social Security Act. The Social Security Act was directed at

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three groups of people—the aged, the blind and the disabled. An amendment was added to the Social Security Act to enable widows and orphans to receive assistance. It is interesting to note that Franklin Roosevelt opposed that amendment because he believed it would lead to dependence and undermine the work effort. Regardless, the widows and orphans amendment became the Aid to Dependent Children (ADC) program (predecessor of the Aid to Families with Dependent Children (AFDC) program). When the legislation became law, only 1/17th of one percent of the 1936 population was eligible for the new ADC program.

In 1950, Congress amended the act to include mothers. Toward the end of the 1950s, there was another dramatic shift in social policy as Congress began to perceive the poor differently. Our leaders began to say that people were poor because of failures of government—unequal educational opportunity, racism, non-equal distribution of wealth and resources and poverty.

Although our motives have been altruistic, we created a welfare institution and we institutionalized poverty. We created institutions that say to people, “you are a failure.” We say to people, “we have programs to solve all of your needs. Let government take care of you.” By the way, we also say, “not only are you a loser and irresponsible, but you may also be dishonest. Let us ask you some questions to make sure that you do not cheat us out of any money.” We dispirit people, we sap the energy out of them and we destroy the concept of participatory democracy.

Society realized that we needed to change things. Since the passage of welfare reform, welfare rolls nationally are down 24 percent from the levels they reached in 1993. South Carolina is one of the states that has had the greatest reduction and welfare rolls are down in the last 2½ years by 44 percent. In South Carolina, welfare expenditures to AFDC has gone from \$9 million dollars a month to \$5 million dollars a

month. In South Carolina, we are putting over 1,000 AFDC recipients a month to work.

Time limits for welfare recipients are already causing a change to occur in the attitudes and perspectives of welfare recipients. We are going to see more movement from rural communities to urban areas where there are more employment opportunities. I do not anticipate that employment programs that have their expectations in remedial education and training will meet the expectations of those who advocate them—probably only 20 percent of AFDC recipients could benefit from improved education opportunities. Most welfare recipients will benefit from work-related activities because even minimum wage jobs provide more income than AFDC. The more one works, the more likely they are to work in the future. One of the things that works best in government is to stop doing what does not work. I think that is what we are about, in part, in welfare reform.

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**Bonnie Braun, University of Minnesota**—In 1996, our nation re-examined welfare. This situation presented an opportunity for the inclusion of voices with authority and concern about the well-being of children, youths and families, as well as the nation. The conditions were right for the resources of the land grant university system to be mobilized—for its expertise to be applied to the problems, issues and opportunities surrounding welfare reform.

The land grant response:

- National Association of State Universities and Land Grant Colleges (NASULGC) Board of Human Sciences (BOHS). BOHS monitored legislation, offered a set of principles—based on family research—to test proposed legislation and critiqued legislation both through direct contacts with congressional delegates and staff, or indirectly through the services of AESOP and the staff at NASULGC.



After the legislation became law, the BOHS convened two think tanks at the University of Georgia to identify strategies to further mobilize the resources of research and outreach throughout the system. Resulting recommendations were adopted and BOHS authorized a Rapid Response Team to conduct a satellite broadcast and convene a national conference. A list-serve was created to encourage communications. Following the conference, a steering committee was formed to guide the work over the next several years. Subcommittees are focusing on research, extension/outreach, academic programs, legislation, communications and capacity building.

- **NASULGC.** Peter Magrath, president of NASULGC, first spoke to the importance of engaging the land grant system in welfare reform at the national NASULGC meeting in November, 1996. The next three issues of the newsletter carried articles about welfare reform. An internal committee and an external coalition were created. Staff monitored legislative changes, particularly in the budget bill that passed in the summer of 1997. A general ses-

sion at the 1997 NASULGC annual meeting will focus on welfare reform.

- **Extension Committee on Policy (ECOP).** ECOP responded by creating a task force which is to encourage programming directed at people moving off welfare into the workforce; people trying to stay off public assistance; employers who are hiring people off welfare; agency personnel coping with changes in the system and citizens through continued public policy education. They also created a Workforce Preparedness Task Force.

There continues to be a contemporary need for continued research to both monitor change resulting from welfare reform and measure its impact—on children, youths, families, communities, businesses, etc. These research needs have applications at the national level for future policy making, as well as at the state and local levels where the impact is most direct. There is a need for analysis of research done by others outside the land grant system. Who is better situated to conduct research and analyze findings than the faculty and students of the land grant system?

# The Changing Nature of Rural Communities

**Thomas G. Johnson and James K. Scott,** University of Missouri—One cannot understand the changes occurring in rural America without understanding the changes occurring in the broader economy. Several forces have combined and are leading to significant changes in rural life throughout the world. These forces include:

- **Technological Change.** In production, the most significant economic forces are the rising importance of information, communication, robotics, artificial intelligence, genetic engineering, and other embodiments of technology. In addition to the direct effects of these changes on employment, they have led to increased use of services (particularly information-related services), and reduced use of goods (particularly, raw materials) in the production processes of other manufacturers. Rural areas are losing some of their comparative advantage in goods-producing industries that use labor extensively.
- **Globalization.** The consequences of globalization are usually thought of as increased trade and global competition among firms. There is additionally the heightened competition among communities around the world for jobs, residents and finances.
- **Localization.** Localization is the growing role of local conditions and local choices in determining the prosperity of a community. The reasons for the growing primacy of local circumstances include technological change, changing social and political attitudes, and, ironically, the globalization that has opened competition with the world. Rural communities depend on how well their employment base fares.

The demographic characteristics of rural areas are also changing.

- **Migration to Rural Communities.** Many rural communities, especially those in the West and East, are experiencing significant inflows of new residents. This in-migration consists primarily of older adults who are, or who expect to be, retired, and of telecommuters or business people no longer tied to particular locations.

The most fundamental aspect of changing governance is the tendency toward greater decentralization in the decision making process itself. Throughout the world, community residents are demanding more direct influence over the decisions affecting their communities.

- **Aging of the Population.** As the baby boom generation begins to turn 50, and as life expectancy continues to rise, the overall population of the United States is becoming older. The elderly, especially the baby boomers, tend to be quite mobile and, as we have seen, are increasingly choosing non-metropolitan communities as their destination.
- **Settlement Patterns.** Increasingly, people are interested in fleeing the congestion, crime and high cost of urban life for the quieter, safer and more affordable surroundings of the rural and metropolitan fringe areas. Using the highway infrastructure, these individuals are able to com-

mute to jobs elsewhere. Commuting can affect the entire social organization of a community. More people are spending less time in their communities of residence. These individuals now have less time to contribute to the social, cultural, economic and political life in their hometowns.

Methods of governance are changing as well.

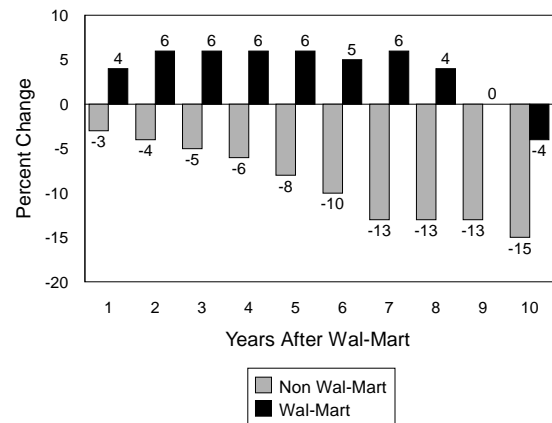
- **Devolution.** Throughout the world, communities are faced with the prospect of making more decisions of greater importance than ever before. For rural communities, this is often a tall order given their small staffs and resources, and their limited experience with many of the new areas of responsibility.
- **Privatization.** Governments are experimenting with privately-operated prisons, private owners of toll roads, and even private providers of “workfare” and economic development programs.
- **Performance-Based Government.** Performance-based government is designed to target limited public resources for maximum impact, to provide incentives for government units to improve the delivery of public services and to hold government more accountable to specific measurable objectives. Examples of performance-based government include: the Clinton administration “reinventing” government, the Oregon Benchmarks program and Agenda 2000 in the European Union.
- **Decentralization of Decision Making.** The most fundamental aspect of changing governance is the tendency toward greater decentralization in the decision making process itself. Throughout the world, community residents are demanding more direct influence over the decisions affecting their communities. Information technology and communication infrastructure

tend to support this decentralization process by reducing the transactions costs involved in becoming informed. They also facilitate the process of achieving agreement by reducing the transaction costs involved in communication.

Basic research, policy analysis and policy education each has an important role to play in improving the fortunes of disadvantaged rural communities and their residents.

**Kenneth E. Stone**, Iowa State University—Rural communities have been suffering retail sales losses at least since the late-1880s when Montgomery Ward and Sears Roebuck initiated their mail order operations, but the losses inflicted by the discount mass merchandiser stores in the last two decades are probably the most severe. A 1997 study of Iowa towns with Wal-Mart stores at least 10 years old found that non Wal-Mart towns fare poorly compared to Wal-Mart towns (Figure 1).

**Figure 1. Iowa Non Wal-Mart Towns vs. Wal-Mart Towns Total Sales - After 10 Years.**



Towns under 2,500 population suffer the most since they do not have a critical mass of stores and have little influence over the location decision. Studies in Iowa have shown that some towns below 5,000 population have lost nearly half their retail trade in the last 13 years.

Public officials are placed in difficult situations as they decide whether to recruit and/or approve the establishment of new mass merchandiser stores. There is a need for an educational program aimed at public officials, to help them make better decisions regarding this problem.

**Philip Martin**, University of California, Davis—Between 1980 and 1996, the United States admitted 13.5 million legal immigrants, including 3.3 million Mexicans. In 1996, the United States had 25 million foreign-born residents, including an estimated 5 million unauthorized aliens. Most immigrants are in urban areas, but an estimated 2 to 5 million are living in rural or agricultural areas.

Agriculture and related industries play an important role in bringing unauthorized and unskilled Mexican immigrants into the United States. Agriculture was associated with over half the legalized aliens: including 1.1 million Special Agricultural Workers (SAWs) and 7 percent (or 80,000) of the 1.1 million aliens over 18 who applied for legalization on the basis of being in the United States since January 1, 1982. Agriculture played an even larger role: 25 percent of the pre-1982 adults legalized in 1987-88 had farm jobs in their country of origin and 16 percent had a farm job as their first U.S. job, with half finding nonfarm jobs by the time they applied for legalization. These data suggest that U.S. agriculture is a port of entry for unskilled immigrants, and that the farm labor market is like a revolving door, drawing in unauthorized migrants to fill seasonal farm and related nonfarm jobs, and then replacing them with fresh newcomers when they exit for nonfarm U.S. jobs or return to their countries of origin. Immigrants are attracted by jobs such as in the fruit and vegetable industries in California, the meat packing industry in the Midwest and the poultry processing industry in the Eastern states. Consequently, the face of rural America is changing as a result of immi-

The influx of immigrants has introduced issues into rural and agricultural communities which they have not previously faced, such as bilingual education, public housing and other forms of assistance.

gration and there is little prospect that unions, labor law and wage enforcement, or immigration controls and guest workers will soon reverse immigration patterns. The influx of immigrants has introduced issues into rural and agricultural communities which they have not previously faced, such as bilingual education, public housing and other forms of assistance.

**Dennis U. Fisher**, Texas A&M University—The increasing importance of the service sector in the American economy is striking. Between 1969 and 1994, employment in the service sector of the economy increased from 18 percent to 29 percent of total employment. This is based upon a narrow definition of services used by the U.S. Department of Commerce. If one broadens that definition to include other service-producing enterprises—government services; finance, insurance and real estate; retail and wholesale trade; and transportation and public utilities—the percentages go from 67 percent of total employment in 1969 to 78 percent in 1994. Over this same period of time, the relative importance of employment in goods-producing industries—agriculture, manufacturing, construction, forestry, fisheries and mining—dropped from 33 percent to 22 percent of total employment. While the number of workers in other goods-producing sectors increased, the absolute number of people employed in agriculture and manufacturing declined. The number of people employed in all service-producing sectors of the economy increased.

Of all the forces pressing on rural America, two are having a major impact on the availability and form of services—devolution and telecommunications technology.

- **Devolution.** Devolution is the shifting of some control of, and budget for, selected federal programs to state and local government. Devolution will have a profound and unsettling impact on the delivery of public services. Will programs

be better tailored to meet local needs? Probably not, unless devolution is crafted very carefully. Will the national interest be served across the United States? Probably for some programs but not for others, depending upon whether states and local governments have changed or whether the initial rationale for placing programs at the national level was flawed. Will funding for programs be erratic? Most likely.

- **Telecommunications Technology.** The telecommunications revolution is impacting both public and private services and almost any other part of our economy and society you want to consider. It will likely influence the location of economic activity as greatly as railroads, the interstate highway system, and rural electrification combined. Telecommunications has made the virtual office a reality, opened world markets to remote locations and vice versa, and has

revolutionized the nature and availability of information. The capacity to deliver many services in isolated areas has been greatly increased. However, for access to be a reality, areas must be connected. Those areas that do not connect will be more isolated than they were before the technology became available. To what extent will rural areas connect and what services can be delivered? Physical infrastructure is lacking for some rural areas. In many locations, the telecommunication lines are not of adequate quality or they do not have the capacity for effective connection. The new satellite technology may bypass some of those limitations, but lack of physical infrastructure will continue to limit access for some areas.

Governmental policies that promote the service sectors, particularly private service sectors, should have substantial development promise for rural America.

# The Future of Land Grant Universities

**I. Miley Gonzalez**, Under Secretary, Research, Education & Economics-USDA—We must improve the programs of the research, education and economics (REE) mission area of the USDA to meet the challenges ahead. We must address the concerns of producers, scientists, educators and other stakeholders and put forward a clear articulation of a vision for the future.

REE/USDA is committed to achieving these goals by working with Congress on a new research title to the farm bill. As we approach the reauthorization of agricultural research, extension and teaching legislation, there are 11 general principles that we are looking for in the new title:

- Using existing legislative and administrative authorities because of the flexibility they offer.
- Encouraging efficiencies throughout the research, education and extension system and re-investing administrative savings in programs.
- Encouraging multi-functional, multi-regional, multi-institutional activities to achieve maximum leverage of federal, state and local dollars.
- Continuing support for a range of funding mechanisms and the current structure of intramural and extramural research.
- Continuing support for formula funds.
- Merit review with peer evaluation in all research programs with competitively awarded programs.
- An active federal-state-local partnership in setting priorities, conducting the work, and evaluating the work.
- Public sector/private sector partnerships as a means of leveraging scarce federal dollars.
- Responsiveness to national and regional needs in setting priorities with partners and stakeholders conducting the work and evaluating the work.
- Maintain world leadership in agricultural science and education.
- Improving communications with the public.

The advice of external customers and stakeholders will be used to continue and strengthen the method of program planning. The overall quality, relevance and utility of our research and education portfolio must be reviewed. REE/USDA must continue its mission to provide knowledge that will help farmers, ranchers and consumers solve the many problems they face and to provide for the development of youth as future leadership in all of our communities.

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**Jon Wefald, Kansas State University**—Agriculture has been important throughout human history and remains so today. One of the major reasons for the success of U.S. agriculture has been the land grant university system. The land grant colleges and universities originated out of the Morrill Act in 1862. The mandate of the land grants was, and I think still is, to train the sons and daughters of the common people of the United States of America. We have to keep in mind that prior to 1862, higher education in America was

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dominated by private religious colleges and a few state universities that appealed to the rich and the well born. Consequently, prior to 1862, there were no colleges and universities that were designed specifically to train the sons and daughters of working class America.

The land grant universities of the 20<sup>th</sup> Century and the post-World War II era have been extraordinarily successful—I believe brilliantly successful. America’s land grant system is the envy of the world. The rest of the world looks upon America and the great success that we have with land grant universities as the model—as the paradigm—for the world.

The return on investment from agricultural research is huge. At Kansas State, we receive about \$140 million per year in pure state tax dollars for all of our functions from state appropriations. With that, we generate about \$1.3 billion a year into the state’s economic development. So, I tell our legislature all the time, if you want to invest in a solid operation, invest in a place like Kansas State where we not only educate young people, but we, on top of that, generate \$1.3 billion for the state. Furthermore, land grant universities--as educational institutions, cultivators of research and through their extension function--have transmitted technology and expertise throughout the agribusiness chain.

If we strengthen our ties to the people, if we work on their problems, if we provide them with cutting edge solutions, and if we provide their sons and daughters with a valuable education, we will prosper. Our functions (teaching, research and extension), especially in agriculture, human ecology and engineering, are and will continue to be, in high demand in the next century. But, we must adapt our institutions to the 21<sup>st</sup> Century. Kansas State, a land grant university, is conscious of the successes of the past and is looking for new directions to address the challenges of the 21<sup>st</sup> Century.

**Bud Webb, South Carolina General Assembly**—Let me give you a little bit of a reality check today. First of all, university faculty are viewed by the public as the most overpaid and underworked group of individuals in the world. No questions asked. We talk about twelve hours of teaching per semester as being a full-time job. The provost at Clemson came up with some numbers that the average faculty member taught an average of seven or eight hours a semester. Members of the legislature took that literally. They think that is how much you are working. I do not know how you overcome that, but that is the perception; thus, that is the reality. Many of my colleagues in the legislature do not appreciate scholarship, they do not understand why you and your counterparts need to be involved in research and dealing with grad students. They do not understand that you do not have a good undergraduate teaching program unless you have faculty who are active in research. I could go on and on.

I am going to talk about tenure. The majority profession in the South Carolina House of Representatives is business people, no longer lawyers. Lawyers are still second. But they are business people, and they do not understand why you need to give someone a lifetime contract or a thirty-year contract and that almost nothing can happen to void that contract. How do we use tenure? Universities have used tenure to protect nonproductivity and misconduct. That is the only way we have used it. So, if I could leave you with a word about tenure, it would be “be careful how you use it.”

I think there is no question that the land grant university should take the lead in public policy education in the future. There is probably no area where your elected officials need and want assistance more than

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they do in the public policy area. Some of you may serve on boards or other places where you feel a sense of responsibility.

That can be overwhelming. Serving in the House of Representatives for the State of South Carolina has been an overwhelming responsibility for me. I am in awe of the General Assembly’s responsibilities. We sit there and talk about cutting taxes or raising taxes—decisions that impact almost every citizen in the state of South Carolina. As a rule, members of the legislature need and want assistance in setting public policy. So, if you want to get on a real first name basis with your legislators and really make a contribution to your state, get involved with those people who are setting the policy with your policy activities and give them guidance and assistance.

**Michael J. Phillips**, National Research Council—The National Research Council (NRC), under guidance provided by its Board on Agriculture, undertook a study of the land grant system because of two main observations. First, the client base for food and agricultural research and education has changed dramatically as the nation’s economy has developed and its population has shifted to cities and suburbs, and the policy issues have shifted accordingly. Second, the land grant system is defined not only by its distinctive heritage, but also by a set of institutional arrangements unique within higher education in the United States. These arrangements have changed little since the system’s early years despite major changes in the food and agricultural system.

The NRC consensus report concluded that a national science and education infrastructure that underpins continued advances in the food and agricultural system, and federal support of that system, remains squarely in the national interest. It also concluded that although the land grant colleges of agriculture (LGCA) has served the nation well, there is need for change in four principle areas:

- The LGCA system must increase its relevance to contemporary food and agricultural system issues and concerns. It must also continue to develop programs that include a wider array of students, faculty and clientele of diverse backgrounds and perspectives.
- The system must organize its programs and projects more efficiently and more in keeping with regional and multistate requirements of many modern food and agricultural system problems. There is a need for a new geography for the land grant system.
- The system must reinvigorate its commitment to the linkages among teaching, research and extension in order to fulfill its mandate of conducting science in service of society.
- The system must enhance its accountability to the public and its reputation for quality in the science community.

The historical commitment to public service distinguishes the land grant universities. The tripartite tradition of teaching, research and extension at land grant colleges is a unique institutional base on which to erect the structure of knowledge that can assure a competitively, socially and ecologically sustainable food and agricultural system. It is that unique base of support adapted for the challenges of the 21st Century that will continue to make this segment of our nation’s research system as vital and important as its historical past.



**Allen Rosenfeld, M&R Strategic Services—**

The topic covered by the National Research Council (NRC) report on the land grant colleges of agriculture (LGCA) is hardly ground-breaking. After all, for those who have been involved in LGCA politics or for those who are serious students of the system, debates over the future direction of the LGCAs are nothing new. For at least the past three decades, there has been no shortage of public debate over controversial issues addressed by the report, such as formula funding. Indeed, within the last five years, there has been a plethora of reports, meetings, strategic planning sessions and futuring exercises dedicated to tackling the kinds of issues addressed in the NRC report.

What is genuinely new about the report, however, is the unique urgency of its mandate and the political challenge implied by its conclusions and recommendations. For those who want to see it, the message between the lines of the report is that business as usual will no longer be acceptable without putting the entire edifice in jeopardy. Something has to give or the system, as we know it, may not survive. If there was a consensus element within the NRC committee, it was this growing sense of urgency resulting from our three years of research and deliberations.

For those who want to see it, the message between the lines of the report is that business as usual will no longer be acceptable without putting the entire edifice in jeopardy.

In large measure, this emerging sea change in the political climate faced by the LGCAs has been brought about by a unique conjuncture of political forces:

- A dwindling farm population—farm families now account for only 1 percent of the U.S. population and 10 percent of rural America—means a reduction in influence in budget and appropriations decisions at the state and federal levels.
- Nontraditional players, such as consumer, public health and environmental groups are playing an increasingly stronger role in food and agricultural policy making.
- The federal agricultural budget has recently become a less-than-zero-sum game, causing previous partners in the traditional legislative log-rolling scheme to be transformed into potential adversaries in a legislative free-for-all.
- While there is still substantial sympathy for family farmers, production agriculture, as a whole, does not have a strong public image and is often publicly associated with health and environmental problems.
- As tuition costs soar and public expectations grow, universities, as a whole, and the tenure system, in particular, are being subjected to increasing public scrutiny.

These shifts in political forces are going to make it extremely difficult to sustain a defense of the status quo. At a minimum, it was difficult not to conclude that the system faces serious crises of relevancy and credibility.

In this sense, the report's recommendations are not simply just one among many sets of ideas to be dusted off the shelf for the next seminar, colloquium or public policy education conference. Rather, they could be put to better use as a possible road map for navigating some of the political rapids that are carrying the LGCAs toward a new public policy crossroad.

**LeRoy Luft, Idaho Cooperative Extension System—**The National Research Council (NRC) report on the land grant colleges of agriculture (LGCA) has identified a number of issues and has raised the level of discussion within the land grant system about these issues.

- The LGCAs agree that stakeholders should have a voice in the prioritization process. A system

or procedure would have to be organized so that the U.S. Department of Agriculture could be assured that institutions are asking the right questions of the right people. Stakeholder input is currently being solicited.

- States should critically assess the needs of all producer population groups, develop target and priority programs for each and adjust technology transfer and information delivery models appropriately. This could be difficult. Taken literally, in Southwest Idaho, we have approximately 120 producer population groups for which to develop target and priority programs. This would virtually eliminate any time for programming. States need flexibility in this regard.
- Better organization of data to enhance usefulness to both administrators dealing with decision makers and to clientele, as well as information on “returns to public investment” makes good sense. Demands on public resources require emphasis on outcomes and results. This recommendation is achievable. Strong leadership from the federal partner will be essential.
- Issues of funding have generated the greatest amount of discussion within the system. The system is not in favor of changing the formula for allocation of Hatch or Smith-Lever funds. The current formula system is reasonably effective in distributing funding in relation to size of population and scale of agricultural enterprises within the states. Opening this issue would lead to a lot of competition among states, political activity and acrimony that could be disruptive to the research and extension mission. Another proposal is to shift a percentage of formula funds to competitive funding. Studies suggests a reduction in productivity will result from the increasing domination of agricultural research funding by competitive grants.

- The recommendation that a substantial portion of extension funds be allocated for multi-state and multi-institutional programs raises some concerns. Currently, formula funds are used in many states to maintain the human infrastructure, i.e., faculty positions. This change could result in the loss of some positions and could also work in opposition to the concept of stakeholder input at the state level. It will certainly increase the bookkeeping requirements at our level. It will also further tax the ability of the federal partner to organize and manage the process. As in the states, the federal partner is being asked to do more with less.
- The speakers have suggested that integration of teaching, research and extension must be enhanced. This is probably occurring much more than is realized. At our institution, and many others, faculty now hold joint appointments.

Shifting a percentage of formula funds to competitive grants would result in reduced productivity.

These are most common between teaching and research, or extension and research. Nearly all our extension specialists have a research component and vice versa. Our concern in combining teaching, research and extension funds into one allocation is that extension and research would, to an increasing extent, subsidize the academic program component. As state funds are cut, there would be increasing pressure to use research and extension dollars for teaching.

Real change must come at the level where the programs are conducted and consumed. Discussion of these issues should occur at each land grant institution across the country. The discussion is warranted at levels above the College of Agriculture as well.

# Agricultural Policy at the End of the 20th Century

**Luther Tweeten**, The Ohio State University—Reform embodied in the FAIR Act of 1996 likely will be a lasting redirection of farm policy because directions conform to the emerging agricultural paradigm (Table 1). The old paradigm viewed agriculture as being in chronic disequilibrium. In contrast, the new paradigm views agriculture as nearer long-term equilibrium (it is always in very short-term equilibrium but never fully reaches long-term equilibrium) and recognizes that commodity markets work. Markets promote economic efficiency to provide food and fiber at low cost to benefit consumers and international competitiveness.

Empirical evidence that reasonably well managed commercial farms earn a return as high as their resources could earn elsewhere, with or without commodity programs, provides strong support for the new paradigm. Hence, raising national income through sound economic policies will raise farm resource returns. Economists increasingly recognize that farm commodities are rival and exclusionary *market goods* rather than *public goods* requiring government intervention. The new paradigm recognizes the importance of off-farm incomes to provide economic vitality for seemingly inefficient small farms.

**Table 1. Old and New Public Policy Paradigm for Agriculture.**

OLD PARADIGM	NEW PARADIGM
	<i>Central Economic Concepts</i>
Economic disequilibrium	Approximate long-term economic equilibrium
<ul style="list-style-type: none"> <li>• Excess production capacity</li> <li>• Excess labor</li> <li>• Low rates of return</li> </ul>	<ul style="list-style-type: none"> <li>• Economic efficiency</li> <li>• Importance of off-farm income</li> </ul>
	<i>Underlying Beliefs</i>
Farm fundamentalism	Democratic capitalism
Agriculture as family-farm way of life	Agriculture as a successful family business
Market failure	Government failure
	<i>Political Situation</i>
Pivotal voting power at margin	Increased reliance on monetary contributions and direct contacts with members of Congress and the Executive Branch
	<i>Policy Prescriptions</i>
<b>Agricultural Policy Emphasizing Commodity Programs</b>	<b>Public Policy for Agriculture Emphasizing Market Efficiency</b>
<ul style="list-style-type: none"> <li>• Supply control</li> <li>• Government payments tied to production base</li> <li>• Stock adjustments</li> <li>• Food security through government</li> </ul>	<ul style="list-style-type: none"> <li>• Removing market barriers</li> <li>• Providing public goods and internalizing externalities</li> <li>• Promoting economic equity with safety net</li> <li>• Food security through private sector</li> </ul>

Source: Tweeten and Zulauf (1997).

**Was Malthus Half Right?** Net global area in crops has remained quite stable since 1960 and is not very sensitive to price.

Past cereal supply trends display notable characteristics:

- Almost all production expansion has been from yields in recent decades—global area in cereals was essentially the same in 1996 as in 1961.
- From 1961 to 1996, global cereal yields expanded around the straight line predicted by Thomas Malthus (Figure 2). The rate of gain averaged 44 kilograms per hectare per year.
- Clusters are apparent of approximately five years of flat yields followed by a sizable yield gain.
- The linear yield line implies declining percentage rates of yield growth. For example, the 3.2 percent trend growth rate for cereal yield in 1961 fell by half to 1.6 percent in 1991. If global population continued to grow at the 1.7 percent

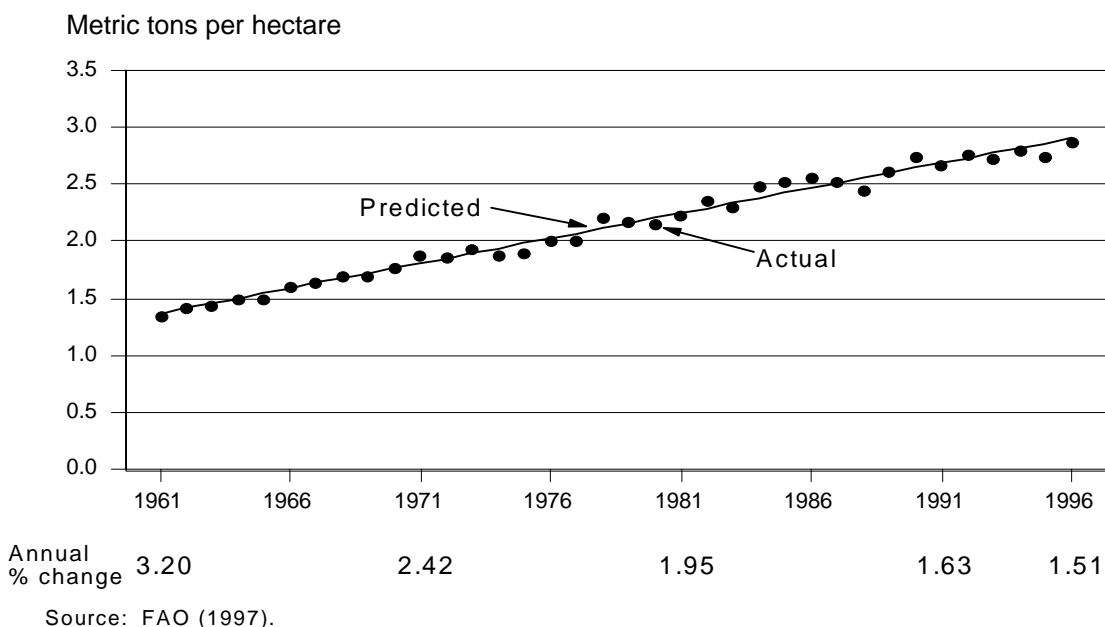
annual trend rate of 1991, the portents for world food security would be onerous indeed.

Yield graphs for other crops also show that linear trends are apparent for cereals (Figure 2). Yield percentage gains for other crops are lower than for cereals. Like cereals, percentage rates of yield increase were slowing although, unlike cereals, the rates of gain were not halved between 1961 and 1990.

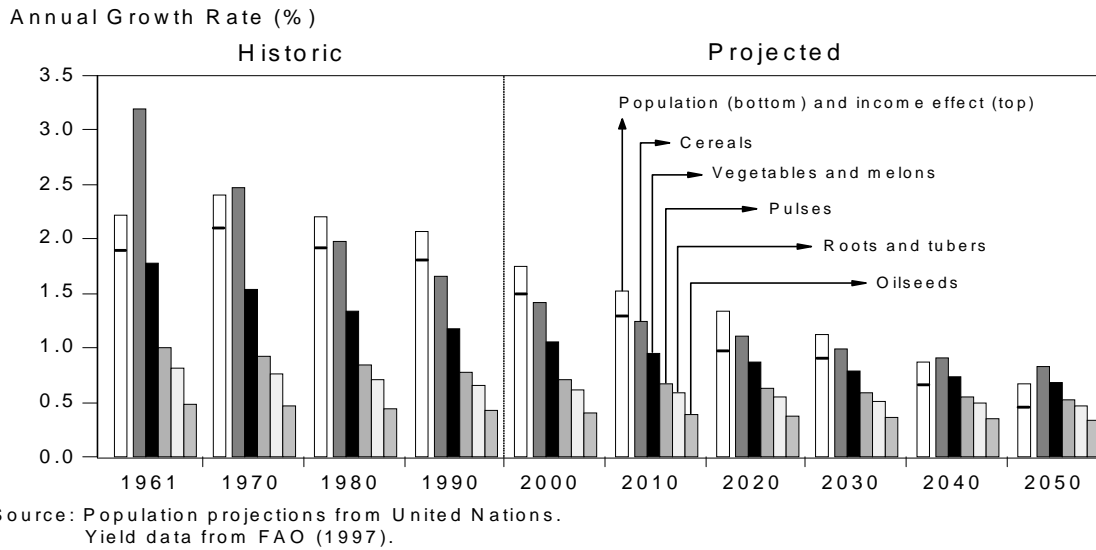
Global yield trends for crops and measures of livestock feeding efficiency provide a sobering picture for consumers. The hypothesis cannot be rejected that global yield trends from 1961 to 1996 are linear.

Data comparable to those for crops are not available for livestock and livestock products. However, livestock offers only limited opportunities to expand productivity of agriculture.

**Figure 2. World Yield for All Cereals, 1961-1996.**



**Figure 3. Global Demand and Growth Rates (from Income and Population) Contrasted with Crop Yield Gains.**



Global yield trends for crops and measures of live-stock feeding efficiency provide a sobering picture for consumers. The hypothesis cannot be rejected that global yield trends from 1961 to 1996 are linear. Given that crop area is unlikely to expand without higher real prices for farm food ingredients, can the disappointing yield trends expand supply enough to meet the growing demand for food without higher real commodity prices?

Demand for food is driven by two major components—population and income. Population growth is the more important of these two drivers. Demographers are projecting a population trend turnaround: the world seems headed for zero population growth (ZPG) in the not too distant future after growing exponentially for at least two centuries. Overall food demand depends on income as well as population. The most likely scenario is for global aggregate food demand to increase by 0.2 to 0.4 percent per capita annually on average due to rising incomes.

At issue is whether expected demand increases will cause real commodity prices to rise—given the yield trend measured earlier. Figure 3 summarizes global supply (yield) and food demand trends by decade to year 2050. Projected rates of yield gain are merely extensions of the linear yield trends from 1961 to 1996.

Population estimates in Figure 3 are medium United Nations projections. Per capita food demand increments from income are assumed to slow due to pricing pressures.

Three supply/demand balance periods characterize data in Figure 3: first is prior to 1980, when cereal yield gains on average exceeded demand gains. Real commodity prices fell sharply and reserve capacity accumulated as diverted acres, storage stocks and subsidized exports. The trend reversed in the 1980s, but America had enough reserve capacity in commodity stocks and diverted acres to avoid increasing real food prices. However, real commodity prices at the farm level were not much different in 1996 from a decade earlier.

Now that America's reserve capacity of diverted cropland, accumulated stocks and subsidized exports is spent, a second era, one of potential food insecurity, is apparent to 2030. On average, demand is projected to increase faster than yields. Without yield advances in excess of those anticipated, real prices for farm food ingredients are likely to rise to draw more land and other resources into food production.

A third period emerges after 2030. World demand is expected to increase 0.87 percent per year (medium UN population, 0.22 percent per capita demand

growth) in 2040 and 0.68 percent per year in 2050, somewhat less than the projected annual cereal yield growth of 0.91 percent in 2040 and 0.83 percent in 2050.

The prospect of rising real farm and food prices is real, but warrants neither panic nor complacency. In year 2000, demand growth is likely to exceed all crop and livestock yield growth by 0.5 percent per year. A 0.5 percent global excess food demand growth would raise the real price of farm food ingredients 1.5 percent. The shortfall of yield growth below demand growth is less and, hence, price increments are less after year 2000.

Although real farm level food prices may rise in developed and developing countries on average for the next three decades, any increase is likely to be readily absorbed and, indeed, hardly noticed by consumers in developed countries. Americans, for example, on average spend only 2–3 percent of their income on farm food ingredients. Even a doubling (absurd) of farm food ingredient prices would reduce consumers' real income only 2 percent. However, rising real food prices are a hardship for low income families at home and abroad because they spend a much higher proportion of their income on food than does the average American family. Instability will continue to be the major economic problem for commercial farmers. Cyclical downturns in economic conditions could punish land market plungers.

Finally, it is important to note that distant predictions become especially unreliable. That unreliability could, of course, mean a more or less favorable food supply-demand balance than depicted in this analysis.

#### ***The Role of Government in the 21<sup>st</sup> Century.***

A major role for government will be to supply public goods and correct externalities: environmental programs, basic research, education, and information systems for economic efficiency. On equity grounds, support will continue for a safety net of marketing loans, revenue or income insurance, and a food security reserve.

**Eugene Paul**, National Farmers Organization—The choice of who will produce our food and fiber is coming down to the independent producer or the industrialized vertically-integrated model. One of the hallmarks of U.S. agriculture over time has been diversification.

Farmers had a variety of livestock and crops over which to spread their risk. Current trends in agri-

culture are away from diversification and emphasis on specialization and efficiency. We see declining farm numbers, increasing farm size and specialization. A result is farmers' increased risk and subjection to increased market volatility. More and more eggs are in one basket.

In agriculture, productive efficiency is the one most often used as the benchmark at the farm level. A very simplistic definition is input per unit of output. I am not implying that productive efficiency is not important—it is. But, I also believe it is only part of the total equation. What society and farmers want for agriculture may not fit the economic definitions and framework economists use for analysis

The traditional economic model used to analyze agriculture is the purely competitive model. The model characteristics include: many buyers and sellers, homogeneous products, no entry or exit barriers, no economic profits in the long run, diffused market power and no control over price. Some of these characteristics fit the farm side of the equation, but certainly not the markets farmers sell into. The traditional model allows for producer access to markets that are open, competitive and fair.

Farmers are asking some serious questions about what is open, competitive and fair. What is the correct price and who determines the price? I have found few instances when people or entities have the ability to dictate terms of trade, including prices, that they do not take full advantage of the opportunity to do so.

It is not simply a matter of what the trend is, but what do we really want our agriculture to look like?

The concentration of agricultural markets is in the hands of three or four buyers in most major commodities, ranging from 46 percent in broilers to over 72 percent in meat packing. It is hard to believe that price determination even resembles the competitive economic model.

In some agricultural sectors, markets are foreclosed to independent producers and are becoming totally integrated. Today, very few broiler producers have control of much of the decision making on their farms. Options and independent decision making available to hog producers and cattle feeders are dwindling as the industrialization process continues, and as packers pursue their own captive supplies. All this leads to increased risk and market volatility to which independent producers are subjected. How does the independent operator survive today? He or she is told that to survive, he or she must acquire a greater number of sows, cows or so many more acres of land and the corresponding debt that goes with it. In addition to that, today's buyers want quality, quantity and consistency which is beyond the reach of most independent producers.

Producers can help solve some of these demands simply by pooling their production together with a nationwide agricultural organization that will market their production for them, and securing greater market access and more competitive pricing than they can achieve individually. If they make use of this kind of mutual marketing, they can extract the dollars they need to cash flow their operations without assuming the debt load they would have operating on their own.

Few people would argue the success of American agriculture. A long-standing policy is to provide consumers with an abundant supply of cheap food. Up until recently, independent producers have been the bulwark of that success. Now, that is being challenged by the industrialization process. We have to take the discussion of industrialized agriculture versus independent producers to a new level. It is not simply a

matter of what the trend is, but what do we really want our agriculture to look like?

The industrial model's serious flaws are beginning to show. Independent producers have a positive impact on local communities in job creation, support of local business and the local tax base and family involvement in schools and the community. Independent farm operators do not have an unblemished record when it comes to how they farm and the environment. They do stand in stark contrast to large industrialized units where manure spills, ground water contamination, odor problems, the amount of water pumped from aquifers, lawsuits and tens of thousands of dollars in fines seem to be a common occurrence. There have been some skirmishes between independent operators and local citizens over farming practices, but they are minute compared to what is happening now. All-out war is breaking out in any number of states over local citizens' rights to control what goes on in their backyard through zoning versus pre-emption by state governments. Bulldozing through the "right to farm" over local citizens' concerns will not be good for agriculture in the long run.

Throughout rural America today, people, communities and farmers are being pitted against each other in a no-win situation. Between 1994 and the year 2005, the occupation with the highest job loss of 273,000 jobs is projected to be farming. Some of the fastest job growth is projected for cashiers, janitors, cleaners and guards. How many of the jobs related to agriculture will replace independent farm operators with a few "professional managers" and workers who sit up with the corporate cow or sow at bottom scale wages and few, if any, benefits?

Between 1994 and the year 2005, the occupation with the highest job loss of 273,000 jobs is projected to be farming.

# Administering Environmental Law: Impacts of Private Landowners and Public Uses

**Bruce Yandle**, Clemson University—Private property rights did not evolve easily and are not well understood. Indeed, some people are so misinformed as to believe that private property rights are the villain in the environmental saga; that politics and command-and-control are the solution. Most people today have matured in a world governed by the rule of politics. Few can recall the time when the rule of law governed the use of property.

Because of this, private property is constantly threatened. All environmental problems, indeed all problems of resource use, begin with a commons and end with institutions—evolving environmental laws—that define and protect environmental rights.

Until about 1970, environmental rights were well established in this country by a system of common law, state statutes and local ordinances. Until 1970, common-law rights protected citizens from unwanted air and water pollution, provided havens on public land for endangered species, and provided protection for wetlands and sensitive habitat through systems of purchased easements. Multi-state and regional compacts provided the means for managing entire river basins. The emphasis was on outcomes, not inputs, rules, technologies and permits.

Things operated differently in the pre-Environmental Protection Agency (EPA) days. If a large number of people were threatened by pollution, they could and did bring public nuisance actions against the polluter. Private nuisance actions were brought by individual occupiers of land who were harmed or threatened by pollution. The law, which was tailored to fit the con-

trovery at hand, was tough. The remedies included injunction, which means operators were shut down, and/or damages to be paid to the aggrieved parties.

The system, which was based on private property rights, was not perfect. But if someone wanted to alter land use, the process was rather simple. You found the landowner, negotiated with him or her and, if successful, purchased the rights to manage the land in your own way.

Most people today have matured in a world governed by the rule of politics. Few can recall the time when the rule of law governed the use of property. Because of this, private property is constantly threatened.

With the Endangered Species Act, Congress, by statute, has empowered regulators to engage in activities that can and do interfere with traditional common-law rights. In the case of wetlands, regulatory agencies, acting as agents of Congress but without explicit statutory authority, have defined activities that allow for the attenuation of private rights. In addition, the Clean Water Act and a host of state legislation have taken environmental rights previously held by ordinary people. The conversion of private to public rights expanded significantly in the 1970s and 1980s.

Concern over property rights protection has led to failed efforts in the early 1990s to gain federal legislation protecting property rights. The 104<sup>th</sup> Congress added property rights protection to the Contract With America. No final action was taken. Disappointed by the failed effort to gain federal legislative protection, property rights advocates moved to the states. In September 1997, some form of property rights protection and related governor's executive orders were in place in 25 states.



**Lawrence W. Libby**, The Ohio State University—U.S. environmental and natural resource policy has many cases of misfired good intentions, or less than good intentions that turned out better than they should have. Administrative rules and procedures ultimately determine what really happens on the land when new policy is enacted. The purpose of those procedures, of course, is to achieve the results embodied in statements of legislative intent that were precursors to policy change. That does not always happen. In some cases, the good intentions of a new law are compromised by implementation. In others, the implementing rules actually improve the intended result.

**The U.S. Endangered Species Act.** Perhaps the most striking example of how implementing rules directly contradict good intentions is the U.S. Endangered Species Act (ESA) of 1973. This law prohibits the taking of species of flora and fauna considered to be in danger of extinction. Its purpose certainly sounds reasonable.

Many landowners feel that their natural inclination to protect and husband the wildlife inhabiting their farm or woodland is undercut by the draconian controls imposed to protect the habitat. Finding evidence of a listed species on his or her land may be a time of great excitement for the landowner, but not of a positive form. Too often, the owner's response is to remove evidence of those species before the Fish and Wildlife Service is aware of its presence. The owner feels punished rather than privileged to have the species on his land.

Alternative incentive-based measures are under consideration to mobilize rather than frustrate a landowner's inherent appreciation of resident wildlife. A "safe harbor" agreement with owners of, for instance, red-cockaded woodpecker habitat would permit the owner to have assured future development in return for immediate improvements to bird habitat elsewhere. Various tax incentives (such as deductibility of expenses for habitat protection) are on the table as well. An effort to lease habitat modification rights from Florida ranchers in the interest of protecting at least a portion of the 925,000 acres of prime habitat for Florida panthers is under consideration.

There is little evidence that the combination of incidental taking and habitat conservation planning will really contribute to recovery of endangered species populations. That is, of course, the fundamental purpose of ESA, but these implementing procedures seem targeted more at quelling controversy than facilitating recovery.

**The U.S. Environmental Quality Incentive Program (EQIP).** EQIP is still in the early implementation phase, so conclusions about any deviations from the original statement of good intentions must be tentative. EQIP consolidates several incentive programs included in previous farm legislation into a single effort to encourage farmers to protect environmental quality through their choice of farm practices. The overall goal is to "maximize environmental benefits per dollar spent" from the \$200 million of non-discretionary funds allocated as part of the 1996 farm bill (\$130 million the first year, \$200 million each year thereafter through 2002). EQIP is combined with a revamped Conservation Reserve Program in the new Environmental Conservation Acreage Reserve Program. Half of the dollars must be directed toward environmental problems of livestock production.

Unlike ESA, EQIP relies completely on positive monetary incentives to lure landowners into actions that would "reconcile productivity and profitability with protection and enhancement of the environment." Maximizing the benefits of environmental enhancement spending would seem to require that the program target the most costly environmental problems and induce private land use behavior that mitigates those problems at least cost. Maximizing anything implies disregard of *who* is affected by the result. That principle has already been compromised with the requirement to spend half of EQIP dollars on livestock. Perhaps environmental problems from livestock are indeed the most costly and damaging environmental impacts of farming. But, even if that is the case, the one-half rule makes little sense. Perhaps *all* of the \$200 million should be spent on livestock pollution problems to truly maximize benefits.

EQIP may be a case where implementation improves on good intentions. Efficiency is largely an economist's

pipe dream and not a practical decision rule for policy. Despite current rhetoric about privatization and market-like devices for public programs, there is no reason to assume that competition for EQIP dollars will produce a result that is inherently “better” than many other decision rules for fund allocation.

**The Florida Bert J. Harris Property Rights Protection Act.** Florida and Texas have enacted laws that require compensation when a defined level of impact on the market value of private property has been attributed to a particular change in law or implementing rules. The threshold in Texas is 25 percent reduction in property value; the Florida rule applies when a policy or procedure “inordinately burdens” a private landowner. Both laws establish what lawyers call a “bright line” for defining a legal taking of private property through the regulatory process. They attempt to cut through the conflicting signals of case law dealing with Constitutional takings to establish a clear signal that *too much* private value has been taken by rule changes that limit options of the land owner to protect the public interest. Further, they establish a threshold much lower than the prevailing Constitutional test that essentially *all* economic value must be regulated away before property is lost to the owner, requiring compensation. The U.S. Supreme Court has generally deferred to the legislative intent of regulations, acknowledging that important public purpose is served unless full economic value is lost.

The Florida law deliberately goes beyond Constitutional taking. “It is the intent of the Legislature that, as a separate and distinct cause of action from the law of takings, the Legislature herein provides for relief, or payment of compensation, when a new law, rule, regulation or ordinance of the state or political entity within the state, as applied, unfairly affects real property. The owner of that real property is entitled to relief, which may include compensation for the actual loss to the fair market value of the real property, caused by the action of government.”

Results of the law will inevitably depart somewhat from stated intentions. Observations about unintended consequences of the complex mix of incentives con-

tained in the law may be grouped into two major categories—boundary issues and distributional effects.

Boundary issues are rules determining which actions are subject to the law and which are not, as well as who has the rights and who does not. They provide important indications of overall performance. Some examples are:

- Laws, rules, regulations or ordinances passed before May 11, 1995 are exempt from the provisions of the law.
- Transportation actions do not count.
- Actions of a federal agency are not covered, yet these may have the greatest impact on private property value.
- An owner must bring action within one year of the time the new law is applied to the property in question to have a “ripe” claim.

The distributional effects of the law can vary. The Florida Property Rights Protection Act sets in motion an extensive and costly negotiation process. There is no sharp threshold of eligibility requiring that an owner be compensated. That makes sense since, under the “bright line” approach—a reduction of 24 percent of land value would not be actionable and 26 percent would be always actionable. Given all of the problems with measuring land values, so sharp a test of eligibility makes little sense. But, defining “inordinate burden” is hardly an exact science either. For example:

- The initial claim for settlement must include an appraisal showing that reasonable investment-backed expectations have been undercut by the law in question. The agency will counter with its own appraisal. The obvious winners in all of this are the “experts” in economic value.
- There are no new dollars appropriated to help agencies respond to demands for settlement.

# For more information...

Please see the forthcoming—

*Increasing Understanding of Public Problems and Policies—1997.*  
(David P. Ernstes and Dawne M. Hicks, eds., Oak Brook IL:  
Farm Foundation, December 1997).

## The 1997 National Public Policy Education Conference Presenters—

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