

Ricardian Economics Today

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"Corn is not high because a rent is paid, but a rent is paid because corn is high" — David Ricardo

I THINK one thing about farming is the inherent speculative nature of this basic occupation of mankind. It is only in rare cases that any one in agriculture can presume to "set" his own prices. He must always depend on market forces. Of course, he who delves into the science of political economy knows that ultimately this is true of most enterprises — if not absolutely all of them! But contrast the venture in agriculture, for instance, with something like auto-making. In the latter, the enterpriser normally attempts to calculate all his expenses, labour costs, materials, and so on, and then prices the product to give a reasonable return. If he finds this price

higher than he thinks will make the deal go, then he abandons his plans. In farming it might be said that it works backwards. A farmer has a fair idea as to what the price will be. He then calculates his probable yield, costs of production, etc. Then he decides if it will be profitable. But the farmer has the weather, the cyclic invasions of insects and plant diseases (probably affected by the weather), and other variables to contend with. By the use of various chemicals he can partially control such things as insects and fungi, and in some cases can depend on irrigation to partially compensate for unfavourable weather. But there still remains a great deal to chance. I think this is probably the main thing that makes the "share-rent" arrangement more attractive to many farmers.

I want especially to point out how a rather small variation in selling price often makes a very wide variation in earning, or "profit" in farming. Note the figures for soya beans in table II at 25 Bushels per acre. At a selling price of \$4.50 per bushel he has \$11.00 per acre for rent. (Table one has allowed him \$3.30 per hour for "labor".) Suppose he had rented this field at the \$11.00 per acre, but that the price per bushel realised was \$5.50, about 22 per cent more. This would give him \$40.00 extra per acre! Table I allows \$10.00 per acre for labor (three hours at \$3.33). Thus a 22 per cent increase in price, quintuples his "wages". And this may account for some of the fantastic prices being paid here for land. Recently a farm sold at auction for \$1100.00 per acre. This was an 80 acre farm, with a very old house with only modest modernisation, and an older barn not particularly suited to modern farm methods. This was a somewhat out of the ordinary deal — the buyer was a nephew to the late owner, and is supposed to have made a bid of a lower amount. But the family of the late owner — cousins of the buyer, had specified that this cousin was to have the privilege of buying at the highest

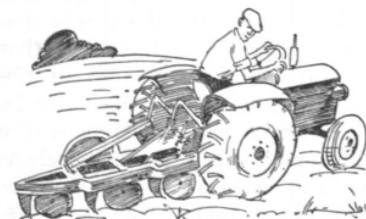
bid the real estate agents could obtain. That is, that he was to have this final choice. Presumably, though, the agents had obtained an "outside" bid for that amount. To me, this seems fantastic, since I am not confident that this wild inflation can go on perpetually. I feel at times that there is a widespread reverence for "ownership" of land — something like the Baal worship.

Do-it-yourself Agriculture—and Conserve Energy

"THE MAN with the hoe who grows his own food," notes Dr. Jay Artis, Chairman of the Sociology Department at Michigan State University, "is still the world's most efficient producer of energy."

Having just returned from two years in Africa, Dr. Artis points out that the commonly used "scratch and dibble" system of planting used on that continent produces enough food for a man and his family to survive year-round, using nothing more than a crooked stick for a hoe and a short, pointed dibble, or knife, for planting.

"The man with the tractor who produces crops for market is much less efficient. Of course he produces far more food, and helps create a much different standard of living, but pound for pound, our modern food-producing system consumes far more total energy per unit of food made available. The primitive farmer has only to obtain



a crooked stick, a short pointed hand tool, and a piece of land to become a self-sustaining energy

Table I

Projected Cost of Producing Corn and Soybeans for 1974
(Does not include a rent amount.)

	Soybeans	Corn
Labor	\$10	\$10
Chemicals	12	10
Repairs	6	6
Fuel, Oil, etc.	13	13
Miscellaneous	2	2
Seed	10	10
Fertilizer	12	56
Harvesting	10	12
Int. on Cash	3	5
Taxes	10	10
Depreciation	10	10
Insurance	3	3
Total cost	\$101	\$147