POLICY PENNINGS

By Daryll E. Ray

More axioms from the Great Plains

Last week I shared with you some "Farm Axioms" that I have received from Don Balch in Baldwin, KS. Don is retired from farming and working with farmers. He sent me a set of "Farm Axioms." The number of axioms he sent me was more than I could include in one column, so here are some more. Some of these axioms brought a smile to my face, but they are Don's personal observations.

"Free Market" assumes both the buyer and the seller have nearly equal choices through alternative markets and nearly equal economical and financial resources. To assume an individual farmer and a multinational company have nearly equal power in the market may not be correct.

In this age of micro-second actions, a farmer can not make daily, weekly or even monthly changes to the amount of crop production. The farmer gets one chance a year to decide how many acres to plant. Any change in crop price after planting this year's crop can not affect the acres to be planted or the bushels to be harvested until the next crop year.

A low crop price does not directly cause fewer bushels of the crop to be produced. Acres to be planted is affected by a farmer's management decision based on many factors not just crop price.

There is no incentive for a farmer not to plant all his acres. One farmer's crop harvest is so small he can not influence the market by changing the amount of production on his farm.

A farmer going out of business does not reduce the acres planted to crops. Another farmer will plant the acres.

Is there a market place for social goals? What is the dollar value for honesty, for responsibility, for integrity, for planning and foresight? Is there a cheapest bidder for these commodities?

Speculator's perceptions are relative; an inch of rain during a normal year will cause a different amount of change in price than an inch of rain during a drought. Perceptions are relative in that a drought with sufficient carry over of stocks will have less impact than if there is a questionable supply of grain.

Market prices are determined by how strongly some speculators perceive other speculators will compete for the paper title of the anticipated grain. Any number of reasons or events can affect the perception; drought, carryover supplies, or political crisis.

Since retail prices in the stores do not significantly change when the prices the farmer receive change, it is hard to say the market place does regulate production.

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