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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

Industrialization and Globalization: A Battle Over Values?

Market Report	Yr Ago	4 Wks Ago	7/21/00
Livestock and Products,			
Average Prices for Week Ending			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt.	\$64.20	\$69.38	\$67.10
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt.	83.69	93.38	95.50
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg.	84.64	96.00	106.52
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt. . . .	99.30	112.27	105.28
Hogs, US 1-2, 220-230 lb			
Sioux Falls, SD, cwt.	*	53.50	*
Feeder Pigs, US 1-2, 40-45 lb			
Sioux Falls, SD, hd.	*	42.59	46.61
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt. . . .	105.35	134.40	134.00
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt.	79.60	89.62	86.50
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt.	172.00	202.50	187.50
Crops,			
Cash Truck Prices for Date Shown			
Wheat, No. 1, H.W. Omaha, bu.	2.84	3.04	2.87
Corn, No. 2, Yellow Omaha, bu.	1.78	1.78	1.49
Soybeans, No. 1, Yellow Omaha, bu.	4.43	4.77	4.44
Grain Sorghum, No. 2, Yellow Kansas City, cwt.	3.23	3.03	2.67
Oats, No. 2, Heavy Sioux City, IA, bu.	1.27	1.21	1.27
Hay,			
First Day of Week Pile Prices			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton.	87.50	105.00	117.50
Alfalfa, Lg. Round, Good Northeast Nebraska, ton.	*	45.00	80.00
Prairie, Sm. Square, Good Northeast Nebraska, ton.	*	70.00	72.50
* No market.			

About a year ago a French farmer proclaimed, while he checked himself into jail for his part in vandalizing a new McDonald's restaurant, "My struggle remains the same . . . the battle against globalization, and for the right of people to feed themselves as they choose" (New York Times, August 29, 1999). Such protests reflect even more fundamental underlying concerns for food produced in ways not always meeting higher level needs, e.g., not satisfying the cultural needs for the French, a country in which the event of a meal is often just as important as the food itself. The concept of "fast food" does not fit well. In addition, again Europe, we see rejection of the genetically modified organisms being introduced into the food supply. We also experienced first hand, through our home television sets the protests against the International Monetary Fund and World Trade Organization in the Seattle riots. These organizations are seen by some as threats to local choice. We also seem to be experiencing, at more fundamental levels, perhaps excessive industrial concentration; decline in rural communities; and oft times polluted environments. No wonder, then, that we sometimes see a sense of gloom in the food system and especially among farm/ranch youth and students who might otherwise pursue food system careers.

It seems at times that neither the public nor the private interest is being served by current trends in agricultural industrialization and globalization, even though the current path also produces an abundance and wide variety of high quality food. The population, both in the U.S. and abroad, has perhaps never been better fed. Profits in some parts of the food system are strong. Many individuals are doing very well, financially speaking. Yet overall, the outcomes, both bad and good, suggest we are finding less than optimal distinct states of both our private and public interests. What is going on here?

The idea of "distinct states" provides a clue. This is an



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idea that we can trace back to the late 18th century when Adam Smith, the father of modern economics, wrote two books: *An Inquiry into the Nature and the Causes of the Wealth of Nations* and *The Theory of Moral Sentiments*. The first book says a great deal about what leads to becoming more wealthy within an industry, economy and nation, and as individuals, including more wealthy agricultural industries and rural communities on the industrialization and globalization path. His *Wealth of Nations* book was about the need to create private property and to encourage specialization, so as to ensure that markets operated well. The wealthy nation was a nation that focused on the individual freedoms to interact in markets. The current path for agriculture, on the surface, seems consistent with these principles.

Yet by following this path, we perhaps risk not finding True Wealth. To find true wealth, we perhaps also need to seriously consider the principles offered in Smith's *Moral Sentiments* book wherein he speaks of sympathy, and, in modern uses of the word, empathy. This is to say, economic agents (farmers/ranchers, agribusiness-people, consumers. . . everyone in the food system) needs to walk in the shoes of the other, trying to project what might happen as the result of some individual economic decision, and then condition that decision in accordance with one's values. By so doing, we would achieve a kind of wealth that had a moral dimension to it, something beyond the kind of wealth found only in the pursuit of money. And by considering both, we would achieve a distinct state, a special kind of satisfaction in not only having more dollars in our pockets, but also having done the right thing. We could also reduce tension and stress in our individual lives and in the economy by finding a satisfactory balance between more money and more of the other things in life that are equally important.

Now we can better understand why the French farmer helped in vandalizing McDonalds, why we have protests in Seattle, and various and sundry other kinds of bothersome events pertaining to the food system, that we see and experience almost daily. We can reason that this French farmer does not see true wealth from bringing a way of eating commonly accepted in the U.S., reflecting our values, into his value system. We also see conflicting values when genetically modified organisms are rejected in world trade with certain European and other countries. The affected individuals do not see such changes as leading to true wealth even though it may lead to money wealth. It is only when the money (material) wealth and the moral wealth match, and complement one another, that we can experience true wealth in a distinct state. The same is probably true within our own state of Nebraska: If increasing the wealth of our agricultural and rural economy leads to doing things in less than the right way, we

also do not achieve true wealth. Doing the right thing seems to be a necessary part of participating in free markets. This is the other and perhaps less commonly understood principle that Adam Smith tried to teach.

So, what do we do about it? That is, do we continue in a battle over unresolved values about our food system, rural communities and agriculture? What are the alternatives? Answers include, 1) staying the market path wherein such shared values are not easily expressed, or 2) bringing the coercive actions of government sanctions to bear on ensuring that what we value is forced on others. Neither, it seems, will ensure true wealth. Perhaps, though, there is a third way.

As simple as it may sound, we seemingly can make substantial inroads on solving this problem with more conversation up-and-down the food chain. From farmer/rancher and agribusiness input supplier through handler, processor and transporter to restaurateur and consumer, and back again. More non-governmental organizations need to be formed and those already in existence become more active within the food system with the focus on having the value debates, to evolve a set of values about food, about what, how and why we produce, process, transport, prepare and consume in the way we do. The new Internet Web technology with "chat rooms" and other vehicles (e.g., E-mail, ListServes, WebSites) can help lubricate this dialogue nationally and internationally. And, then, with many smaller dialogues, we eventually will see megalogues emerging. . . individuals a part of one dialogue having meaningful conversation with those a part of another dialogue. By bringing these together we can have a meaningful megalogue, a state, regional, national and international conversation focused on evolving the values we share about food. Seemingly, we need to explore what we jointly value, and then each take individual economic action to achieve the distinct state that Adam Smith implied by writing two books, not just one, and thus achieve something closer to true wealth for all in the food system.

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