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## **The UC Agricultural Issues Center**

While the University of California continues to direct its major agricultural research and outreach effort toward improving technology and increasing productivity, several new concerns have arisen that call for immediate attention. All are policy-related and need to be addressed with a new approach.

First, most agricultural policies and programs have their origins in an era very different from the present one. Both U.S. and western agriculture have undergone major structural changes, yet little attention in formulating basic policy is given to the unique needs of a highly industrialized system. Use of old policy instruments on a vastly changed agriculture can lead to costly misallocations of resources and may indirectly cause adverse effects that are both unintended by policy-makers and unexpected by those affected.

The second concern is the increasing integration of agriculture into the general economy. Not only do changes in agriculture and agricultural policy have significant long-run economic and social impacts on other sectors, but also national fiscal, monetary, and tax policies frequently have disadvantageous effects on agriculture. Again, these impacts may be indirect, unexpected, and unintended, but they are nonetheless very real.

The third concern is the growing internationalization of agriculture. In the last decade and a half, U.S. and California agriculture have become increasingly dependent on export markets. California has a particularly heavy stake in emerging markets in the Pacific Rim nations that import nearly two-thirds of the state's agricultural exports annually. At the same time, foreign producers have just begun to understand the potential of the huge U.S. market. U.S. agriculture's dependence on trade has led to increased instability due to shocks emanating from world financial markets.

Fourth, the long-run viability of our natural resource base is of continuing concern in a chemically-oriented, irrigated agriculture.

The need for a new approach to design and implement agricultural policy is evident. Considering the agricultural sector in isolation could be disastrous. A new approach is especially important to California, which has often been put at a disadvantage by national policies designed to help

agriculture in other sections of the country. More than ever, policy-makers need help to understand the increased complexity of agriculture and to anticipate the full impact of their decisions, direct and indirect. A forum is needed where these issues can be analyzed and where results of the analyses can be made available to those making and to those affected by the decisions.

In recognition of this need, the state legislature provided special funding, and in July 1985, the Regents of the University of California established the Center for the Analysis of Western Agricultural Issues (Agricultural Issues Center). The Universitywide Center, located at UC Davis and directed by Dr. H. Carter, conducts applied research and analysis of issues important to California and western agriculture. The Center also extends this knowledge to agricultural organizations, state and federal agencies, interest groups active in the policy-making process, and the public.

The endorsement of the concept of an Agricultural Issues Center by the state is particularly significant. Only six nations in the world have a larger or more complex economy than the state of California. Even so, California generally lacks the infrastructure and institutions to integrate its complex agricultural economy with the other forces that affect its trade, environmental quality, human resources, natural resources, and the vast array of businesses and technologies typical of any major nation.

The Agricultural Issues Center cannot correct all of these shortcomings, but it is a start. Through the Center, the state and agricultural leaders who shape our policies have access to the analytical resources and expertise of the University of California.

During its first year, the Center focused primarily on the implications of national agricultural policies on California commodities. A future focus will be on interstate and international trade for California fruit and vegetable crops.

The Agricultural Issues Center is only a beginning. But we hope that combining the efforts of the University of California, business and public leaders, and the government of this state will stimulate the development of institutions essential to the world's seventh largest economy.