

**Fourth Minnesota Padova Conference on
Food, Agriculture, and the Environment**

Proceedings of a Conference Sponsored by
University of Minnesota
Center for International Food and Agricultural Policy

Universita degli Studi di Padova
Dipartimento Territorio e Sistemi Agro-forestali

Regione Veneto

Ente di Sviluppo Agricolo

**SESSION I: RECONNAISSANCE OF AGRICULTURAL AND
ENVIRONMENTAL POLICY DEVELOPMENTS:
U.S. AND E.U., NAFTA, AND GATT**

**PAPER 1: COMMENTS ON U.S. AGRICULTURAL AND FOOD
POLICY: 1995 AND BEYOND**

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COMMENTS ON U.S. AGRICULTURAL AND FOOD POLICY: 1995 AND BEYOND

James P. Houck

Agricultural policy discussion in the United States has settled into a five-year cycle. It is not exactly a natural cycle, nor is it necessarily a stable cycle. It is a cycle driven by the five-year agricultural policy legislation which is developed and passed by the Congress of the United States (both the House of Representatives and the Senate) and signed by the President. For as long as most of us can remember, these Acts of Congress have been enacted as federal programs (amendable, of course) which officially lapse after five years on the books.

The 1995 agricultural legislation will supersede the 1990 legislation which superseded the 1985 legislation which superseded the 1980 legislation, and so on back. These five-year "Farm Bills," as they are commonly called, do not comprise all of the laws and policies affecting the food and farming sectors of the economy, but they have been the keystone of the periodic national debates on these issues.

Historically, Farm Bills have determined such things as the methods and levels of price and income support for farmers on a commodity-by-commodity basis, national inventory policy for some basic products, aspects of trade policy for agricultural products, and miscellaneous initiatives related to farming and food production seized on by legislators from time to time. For example, the recent interest in linking farm price and income policy with national environmental goals is one such initiative. Providing food stamps and food aid for low-income domestic and foreign consumers is another, more traditional initiative.

So during this year and on into 1995, there will be a quickening of the discussion about agricultural policy and farm legislation. The five-year Farm Bills focus on programs and policies which directly affect farmers and the businesses and organizations that deal with farmers. However, other governmental programs and policies increasingly shape the economic environment within which farmers and the food industry generally must operate. Several of these other factors will be emphasized at this conference by other participants. Here in this discussion I am referring to laws and agreements concerning:

GATT

NAFTA

Environmental regulations on farm practices and products

Conservation of land and other natural resources

Food safety

Nutritional concerns and food labeling

Bilateral trade agreements with specific countries on specific matters--(Japan, Canada, China, Russia)

In a short paper such as this, it would be foolish to attempt an overview of the state of all policies which affect farmers, agribusiness, and consumers. What I will do is put forward a series of ten assertions about current U.S. farm and food policy that I believe are both true and important. Many will, I believe, help to shape the form and content of the 1995 Farm Bill and other policy decisions that will be taken in coming months and years.

Together these ten assertions will give an overview of the current state of U.S. agricultural and food policy as I see it. Your view may differ, but here is my assessment:

1. The voluntary price and income support policies for agricultural commodities, on which U.S. farm policy has been based for 30-35 years (or longer), are doomed. They are seen by more and more decision makers as moving very scarce budget dollars from taxpayers to large, generally successful commercial farmers. In addition, I believe that public opinion is moving toward the view that our current programs promote crop specialization and mono-culture to a degree which is unhealthy for the environment.
2. There is very little taste among decision makers for mandatory supply or marketing quota programs designed to enhance farm income or to pursue conservation goals.
3. Budget transfers into agriculture via the government will continue to decrease in real terms. Whatever payments that are made to farmers will increasingly be tied to conservation and environmental goals.
4. Food assistance programs for the poor and disadvantaged will, at least in the near future, continue to be tied to farm program legislation. These programs and the political support they attract are stable and will remain large. It is one important relationship that ties the politics of urban and rural United States together--and there are not too many of these kinds of connections.
5. Maintaining competitive market prices for agricultural raw materials and processed products in international markets will be a continuing concern of legislators and program administrators.
6. Instability and uncertainty are still recognized as important conditions affecting farm production, marketing, and, hence, income. There will be continuing efforts to redesign and implement an effective, federally subsidized crop insurance program. In

addition, limited income insurance schemes such as exist in some other developed countries will be put forward and maybe adopted. These will function as safety net programs rather than as aggressive income transfer mechanisms.

7. Some of the traditional farm organizations will advocate price and income programs that are "targeted" toward providing higher price supports for medium-sized and smaller family farms than for larger units. These ideas will be of interest to those who would like to promote a more dense, more diverse rural landscape, but I do not think they will attract wide enough support for passage in the near future.
8. The new GATT trade agreements will likely pass in the Congress and become operational. The political opponents of GATT, NAFTA, and other open-market trade agreements will slowly shift their attention to other matters.
9. Policies that promise and promote sustainable farming and sustainable land use and sustainable rural communities will be popular in concept but difficult to write into law in a comprehensive way or to administer effectively if passed.
10. Agricultural and food policy in the United States will continue to become more and more fragmented as more diverse interest groups realize that they have a stake in how and where food is grown, processed, packaged, sold to the public here and abroad, and finally consumed. In the agricultural policy debates of the future, including perhaps those for the 1995 legislation, the welfare of farmers as a group will not be the most important element in the discussion. It may not even be in second or third place.