



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

1L

E-359r ✓

# ILLINOIS AGRICULTURAL ECONOMICS STAFF PAPER

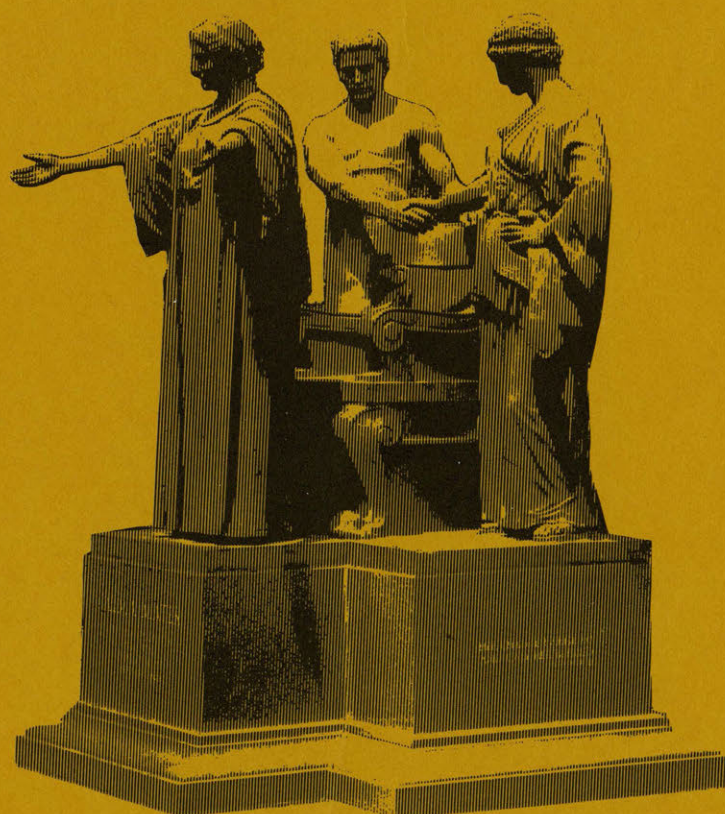
FOOD SECURITY ACT OF 1985  
IMPLICATIONS FOR AGRICULTURAL AND FOOD POLICY RESEARCH

by

R. G. F. Spitze

February, 1987

No. 86 E-359 (Rev.)



GIANNINI FOUNDATION OF  
AGRICULTURAL ECONOMICS  
WITH LIBRARY

[OCT 7 1987]

Department of Agricultural Economics  
University of Illinois at Urbana-Champaign  
305 Mumford Hall, 1301 West Gregory Drive, Urbana, IL 61801

16

FOOD SECURITY ACT OF 1985  
IMPLICATIONS FOR AGRICULTURAL AND FOOD POLICY RESEARCH\*

R. G. F. Spitze

University of Illinois, Urbana-Champaign

Introduction and Approach

Agricultural and food policy research helped shape the Food Security Act of 1985, and in turn, will be impacted by it. Research is no less critical for the intense national debate now underway concerning its possible revision. There are many approaches one could follow to examine the implications for research of the 1985 Act, and I have decided to borrow the time-honored supply/demand scheme.

I suggest that in our participatory public policy making system, just as in our economic market decision making system, there are demand and supply forces and products. One of these sets of political market forces is the demand and supply for relevant information contributing to the public policy decisions. The demand is for descriptive, predictive, and advocacy knowledge about policy issues generated by participants in the policy process. It comes from many sources: individuals, private interest groups, and policy making officials. As in the economic market, those who have demands use whatever policy information is available, regardless of its quality or quantity. After all, as with the economic market, decisions will be made about important public issues with the knowledge at hand.

---

\*Summary of comments to a symposium on the theme, The Food Security Act of 1985: Implications for Agriculture, the Economy, and Research, American Association for the Advancement of Science Annual Meeting, Chicago, Illinois, February 16, 1987.



The supply of policy relevant information also comes forth from many sources: the values and the anecdotal experiences of individuals, the statements of interest groups, the pronouncements and judgment calls of political leaders, and the output of the policy research enterprise. I wish to argue, without discounting the indispensable role of the other information sources, that the policy research enterprise -- especially the public institutions and the nonideologically-oriented foundations -- is uniquely qualified and responsible to supply reliable, systematic, and reproducible knowledge relevant to policy making. Such knowledge from policy research includes: descriptive information about policy issues and trends; predictive theoretically and empirically grounded information about reliable economic relationships, such as our classical elasticity coefficients; characteristics of alternative -- including innovative -- policy responses; and carefully structured and validated assessments of the economic consequences of alternative policies.

Presumably in this informational market, the demand for policy information at certain time periods is greater than at other times, perhaps due to the severity of the public issues or maybe even to how perfectly the policy market is functioning. Information supply can also at times vary, perhaps with changing demand or with changing commitments of society, or maybe the fads of the economic profession. It is entirely possible that the policy information market does not send clear signals of demand, but also possible that professional policy researchers sometimes do not understand the information market signals that are there.

Supply and Demand for Research Information for the 1985 Act

Now let us see how this conceptual framework can be used in understanding the role of research in the development of the 1985 Act. The information market was triggered by the expiration of the 1981 Act -- a public decision would have to be made by September 30, 1985 about whether there would be public price and income policy, and if so what type. As the decision deadline approached, concerns about several public issues grew. Agricultural exports slumped badly; the economic situation in agriculture deteriorated; the national budget deficit crisis deepened; and the related Treasury costs of farm programs steadily rose. Policy watchers perhaps somewhat prematurely concluded that most of these policy storm clouds were caused by the provisions of the 1981 Act and its predecessors, instead of macro national and international forces about which we understood all too little.

On the demand side for policy related information, requests began to increase for information about the worsening agricultural economic situation, its causes, and alternative policy responses. The requests came from Congressmen, their committees, executive agencies, interest groups, and concerned individuals. It became commonplace to start with the assumption that the 1981 Act had been counter-productive and that it was time for dramatic change. Policy researchers took up a familiar refrain and began chanting almost in unison that a "new agenda" was at hand; agricultural policy was at a "historic crossroads"; a "watershed policy year was upon us"; and a "policy revolution" was in the making. Probably most ironic, particularly in view of the status of our 200 year old Constitution, was the allegation that an agricultural price and income policy going on 50 years old was prima-facie evidence of need for change.

On the supply side, policy related information began to flow with a volume unparalleled in the history of policy -- from individual citizen leaders, from farm organizations and commodity groups, even from input suppliers like chemical companies and farm equipment trade associations, from Congressional hearings and commissioned studies, from the Congressional Budget Office, from Executive agencies, and from the policy research enterprise.

The latter source of supply of policy information merits closer scrutiny. The policy research establishment turned out in unprecedented volume and diversity issue papers, background documents, study reports, journal articles, research bulletins, discussion leaflets, and conference proceedings. Every conceivable group -- foundations, centers, federal governmental agencies, trade consortia, interest organizations, and the land grant system -- got into the act of holding their particular "unique workshop", even though their leaders often disdained the marginal uselessness of "yet another conference of policy people talking to each other". This did not slow down their proliferation, and some consultants from the Washington beltway, having served in previous administrations, reappeared in as many as half a dozen of these efforts. Some of the products provided original useful products and some were of marginal value. Certainly the conventional wisdom of the time, namely that a fifty year old price policy had been overtaken by change and a revolution in policy was due, it not at hand, became a familiar chorus.

One of the first comprehensive professional workshops was sponsored by Clemson University (Farm and Food Policy, Critical Issues for Southern Agriculture, 1983) and the National Center for Food and Agricultural Policy

of RFF arranged the last and most comprehensive (The Dilemmas of Choice, 1985).

Five of the more unique research and education efforts that fed directly into the policy discussion and decision making are worthy of note:

- 1) The comprehensive set of materials on the commodities' policies published by USDA ERS under the general title, "Background for the 1985 Farm Legislation", 16 bulletins by commodity and programs; 2) Federal Extension Service supported, Farm and Food System in Transition, 63 leaflets providing concise background and alternative policy information; 3) Council for Agricultural Science and Technology (CAST) sponsored task forces resulting in three background and policy option analyses presenting careful objective data and professional assessments of the consequences of policy alternatives being actively debated in Congress and the Executive (CAST Reports 98-1983, 104-1985, 105-1985); 4) Food and Agricultural Policy Research Institute (FAPRI) releases of background data and analyses of current policy alternatives based on a set of comprehensive economic models (e.g. FAPRI Reports 1-7, 1985); and 5) original comprehensive surveys of values and preferences of farmers (17 states) and national farm and nonfarm leaders (452) about 1985 policy (North Central Regional Research Publication 300 and Illinois Agricultural Economics AE-4591).

Most of the products of the policy research enterprise were of high professional quality -- objective, analytical, and relevant -- while others showed signs of authors succumbing to the temptations for the roles of many early policy professionals to issue pronouncements and to advocate policy directions or positions. This is, of course, the prerogative -- and possible responsibility -- of citizens, including professional researchers as citizens, but it may stretch the logical limits of "scientific inquiry"

to attempt to read policy prescriptions from research findings. If logically sound, such "elder statesman" utterings make valuable contributions to the policy process; if logically ungrounded, their "noise" can confuse and obstruct rational decision making.

Herein identified are a few selected examples, without personal reference, of these kinds of statements made in professional settings by honored members of the agricultural economic guild: first, "The major problem U.S. agriculture faces today is that our commodity programs operate counter to the best interests of both agriculture and of the nation as a whole"; second, "I would choose the laissez faire approach in the commodity markets options ... I think it is likely that past commodity programs, even 'stabilization' programs, have created distortions that have reduced national income"; and third, one spokesman even saw in the crystal ball, "The activity and interest [around the 1985 policy development] are motivated by the underlying rationale for public policy concerning food and agriculture, and the feeling -- emphasized by major papers at all those conferences -- that a consensus of new directions may be emerging".

After this flood of information was supplied and the final compromise for the 1985 policy was struck, what was the product? Basically, it was the continued evolution in the fifty year history of public price and income policy. It represented the most comprehensive, widely participated in, and with the broadest impacts of any of the Acts in the long history of price and income policy. It continued most of the previous policy but also signaled important changes. If predictive capacity means anything to the research endeavor, it could be noted that there is an amazing parallel between the general composite preferences of the two previously cited original surveys of preferences for 1985 policy by farmers and national farm



and nonfarm leaders and the provisions finally chosen for the 1985 Act. As is so characteristic of public policy in a participatory system, the 1985 Act had few flag-waving champions, but was nevertheless not as objectionable to a clear majority of policy makers as alternative courses of action. Some policy researchers seem somewhat stunned and disillusioned -- the "revolution" had not come.

#### Implications for Policy Research

As one examines the past few years of development of the 1985 Act and the role of agricultural and food policy research in that process and that product, some tentative implications can be drawn.

1) The demand for relevant information for the 1985 policy development was unparalleled and the quantity and quality of information supply from policy research was probably unprecedented, which could bid well for its future.

2) Several unique and in some ways innovative policy research and education products made their appearance -- the Farm and Food Transition leaflets series, USDA ERS' Background of Farm Legislation bulletins, CAST Task Forces' policy reports, FAPRI studies and releases, and the nationwide farmer and national leader surveys and publications.

3) There needs to be a refinement and clarification of some fundamental economic relationships particularly relevant to contemporary policy decisions, if the research enterprise is to avoid creating a confusing, discrediting impact on policy decision making. Examples are: demand elasticities for farm products for the relevant time period irrespective of the short-long run dichotomies; careful study of the farm structural impacts of alternative price and risk conditions; reconciliation of the conflicting and incomplete analyses about the income distributional

impacts of public market interventions; improved estimations of the Treasury costs of alternative policies; and finally, a systemization of knowledge about the macro determinants of agricultural trade and an accurate representation of the limitations of trade projections.

4) For the optimum productivity of our policy research enterprise, a better understanding of the policy decision making processes and relationships in our participatory political system may be almost as important as an understanding of the workings of our market economic system.

5) It is probably timely, warranted, and a prerequisite for improved quality of input by policy researchers into public policy development to have more systematic study -- and professional dialogue -- about their logically sound, methodologically appropriate roles of objective vs. advocacy efforts.

6) With the implementation and consequences of the five year 1985 Act still fraught with controversy, with the persistence of many familiar problems permeating the agricultural and food sector, and with the onset of yet another round of critical policy development and decision making only two years away, it is paramount that the policy research enterprise gear up for an even better product for the 1990 public policy. The unfolding debate during 1987 about possible revisions in the 1985 Act will indeed provides an early test of whether the creditability of economic research has improved since this last historical round of policymaking.