Reviews

Agricultural Policy Developments in the United States: 1991-93

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Comprehensive federal agricultural legislation occurs in the United States (US) on a five-year schedule. While year-to-year changes in agricultural policy do occur, the period 1991-93 has been less eventful than many previous ones. What changes have occurred to affect the course of the agricultural sector and agricultural policy are largely external to the farm bill and farm legislation. These include the North American Free Trade Agreement (NAFTA), tentatively agreed in August 1992; the on-going negotiations in the General Agreement on Tariffs and Trade (GATT) and the related dispute with the European Community (EC) over oilseed subsidies; the emergence in connection with both NAFTA and GATT of the "trade and environment" issue; a continuing dispute over wetlands and the proper level of compensation if they are restricted by government action; and, of course, the presidential election of 1992 and the probable changes in course under a new Clinton administration.

A brief summary of federal legislative actions impinging on agriculture begins this review article; however, the general analysis and tabular summary provided in our 1990 review (Erdman and Runge 1990) will still suffice as a guide to extant farm policy under the 1990 farm bill. The probable impacts of NAFTA are considered in the second section. The state of play in the GATT negotiations and the related oilseeds dispute with the EC are discussed in the third, while in the fourth, the "trade and environment" issue is discussed. Domestic US environmental issues, focusing on wetlands, are covered in the fifth, and in the final section an outlook on the course of the Clinton administration in the years leading to the 1995 farm bill is offered.

1. A Legislative Review

Despite the assertion that legislation affecting farm policy during 1991-93 has been relatively uneventful, the US Congress successfully passed almost 100 pieces of law related to agriculture.[1] To read through this list is to comprehend the manner in which the Lilliputian members of Congress concoct strands of legislation each of which influences policy very little, but the sum of which contributes to "gridlock" and continuing budget deficits. Among the more diverting entries in the list was designation on October 23, 1992, of American Wine Appreciation Week (Public Law 102-468, introduced as House Resolution 489 by Representative Fazio of California) and Congressional support for the planting of 500 California Redwood Trees in Spain in honor of the quincentennial of Columbus' discovery of the New World (Public Law 102-472, also approved October 23, 1992 as House Resolution 529).

Apart from these sorts of activity (which in fact cost little or nothing but time) the primary legislative actions bearing on agriculture either involved specific issues such as trade or environmental policy, or the mother's milk of Congressional politics: appropriation bills providing flows of funds for actions previously authorized under the 1990 farm bill. With a projected 1997 Federal deficit of $US305 billion, assuming a full spending freeze, the appropriations process grows in importance. The Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriation Act of 1992 (Public Law 102-142, approved October 28, 1991), for example, illustrates the extraordinary influence of the former Appropriations Committee chairman, Representative Jamie L. Whitten, Democrat of Mississippi, for whom agriculture was a special interest and from whose committee the legislation has emanated until 1992, when he was replaced by Representative William H. Natcher, Democrat of Kentucky. Among other things, this bill appropriated funds for fiscal year 1992 for the following programs and services:

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[1] These new laws can be found indexed under "agriculture" in the computer database LEGI-SLATE, which can be accessed on most computer systems in the US.

(1) Office of the Secretary of Agriculture; (2) Office of the Deputy Secretary of Agriculture; (3) Office of Budget and Program Analysis; (4) Office of the Assistant Secretary for Administration; (5) Departmental Administration; (6) Office of the Assistant Secretary for Congressional Relations; (7) Office of Public Affairs; (8) Office of the Inspector General; (9) Office of the General Counsel; (10) Office of the Assistant Secretary for Economics; (11) Economic Research Service; (12) National Agricultural Statistics Service; (13) World Agricultural Outlook Board; (14) Office of the Assistant Secretary for Science and Education; (15) Agricultural Research Service; (16) Cooperative State Research Service; (17) Extension Service; (18) National Agricultural Library; (19) Office of the Assistant Secretary for Marketing and Inspection Services; (20) Animal and Plant Health Inspection Service; (21) Food Safety and Inspection Service; (22) Federal Grain Inspection Service; (23) Agricultural Cooperative Service; (24) Agricultural Marketing Service; (25) Packers and Stockyards Administration; (26) Office of the Under Secretary for International Affairs and Community Programs; (27) Agricultural Stabilization and Conservation Service; (28) Federal Crop Insurance Corporation; and (29) Commodity Credit Corporation Fund.

Given this list, it is easy to see why bureaucrats everywhere, from the Secretary of Agriculture to the lowliest government servant, have lived in fear of the Appropriations Committee Chairman. Although appropriations bills ostensibly only grant funds to various programs, certain "limits and prohibitions" can have considerable effect. In the case of the 1992 bill, for example, funds for the Wetlands Reserve Program (WRP), heralded as a major environmental achievement of the 1990 farm bill, were limited to "not more than 50,000 acres" (approximately 20,000 ha) for fiscal year 1992. At the same time, appropriation bills can do very specific things for individual members of Congress, and to various programs. The same 1992 appropriations bill, for example, prohibited the relocation of the Hawaii State Office of the Farmers Home Administration from Hilo, Hawaii to Honolulu, and made available until expended, obligations for the Grasshopper and Morman Cricket Control Programs. In the year following, the 1993 agricultural appropriations act (Public Law 102-341, approved August 14, 1992) prohibited altogether the use of funds made available under the act "to enroll additional Wetlands Reserve Program or Conservation Reserve Program acres," effectively bringing these two environmental measures (WRP and CRP) to a standstill.

In addition to appropriations bills, farm bills are typically amended and updated annually. The Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102-237, approved December 13, 1991), for example, emanated from the House Committee on Agriculture, bearing the name of its venerable chairman, Representative E. ("Kika") de la Garza, Democrat of Texas. These annual amendments typically fine-tune the reigning farm bill. The 1991 amendments, for example, permitted double-cropping of soybeans on certain acres, but prohibited price support loans for these soybeans, and required the combining of corn and grain sorghum bases for each of 1992 through 1995.[2] Again, such amendments can be of especial importance to certain members of Congress. The 1991 amendments, for example, required that Commodity Credit Corporation (CCC) funds be used if necessary to cross-subsidize the Farms for the Future Act of 1990 "if sufficient funds are not otherwise available to carry out such programs in Vermont." The reason this small state was singled out was probably not unrelated to the fact that the Senate Committee on Agriculture and Forestry is chaired by Senator Patrick Leahy, Democrat of Vermont.

Outside of appropriations and annual amendments to the farm bill, a variety of interesting but highly specific agricultural measures passed in Congress during this period, too numerous to catalogue fully here. The Land Remote Sensing Policy Act of 1992 (Public Law 102-555, approved October 23, 1992), for example, was introduced as H.R. 6133 to conform to a similar bill that had passed the Senate as H.R. 3614. The bill establishes a new national land remote sensing policy with the aim of enabling the US to maintain its leadership in the use of satellite remote sensing technology. This technology is increasingly useful as a targeting method for environmentally vulnerable land areas. In the health area, the Pacific Yew Act (Public Law 102-335) was introduced by Representative Gerry E. Studds,

[2] For a discussion of "base" acreage, see Cochrane and Runge (1992, Chapter 3).

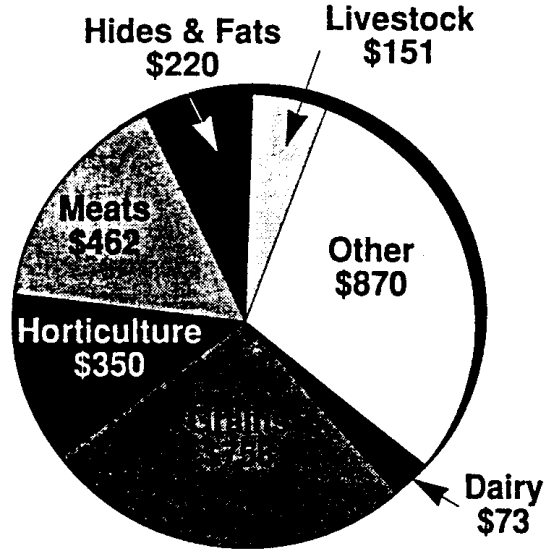
Democrat of Massachusetts, and was approved August 7, 1992. The act directs the Secretaries of Agriculture and the Interior to revise the management of public lands under their authority (amounting to about one-third of the US) to protect the Pacific yew tree, which has recently been found to contain a potent anti-cancer agent, taxol.

As these examples make clear, while eventful shifts in agricultural policy did not occur during 1991-93, the legislative beat went on, driven less by notions of policy reform than politics. It is therefore constructive to consider several notable discussions of agriculture in the political arena.

2. North American Free Trade Agreement (NAFTA)

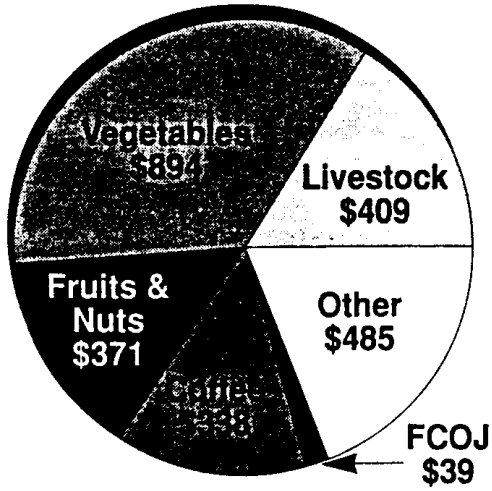
NAFTA was a key priority for the Bush administration, reflecting the two-pronged negotiating strategy of the US in international trade. While moving forward as well as possible at the multilateral level in GATT, the US has tried to expand its regional trading dominance through NAFTA, in part as insurance in the event that GATT failed and in part as a threat (aimed especially at the EC) designed to force progress at the multilateral level. If the draft agreement tentatively approved in August 1992 becomes law in the US, Canada and Mexico, it will form the world's largest open trade area, composed of 360 million people, recently producing $US6.2 trillion of goods and services and trading more than $US1 trillion worth of goods as exports and imports.[3] In agriculture, Mexico is already a major trading partner of the US (see Figure 1), the third largest market for US agricultural exports ($US2.9 billion in 1991), and second only to Japan as a market for meat and meat products. Imports from Mexico to the US make it second to Canada as a food supplier, especially of fruits, vegetables, live cattle, orange juice, and coffee. In contrast, bilateral agricultural trade between Mexico and Canada is relatively small, totalling only $US100 million in

[3] An excellent recent review, from which this analysis is partly drawn, is Williams and Rosson (1992).



US Agricultural Exports to Mexico

$2,884 Million in 1991



US Agricultural Imports from Mexico

$2,536 Million in 1991

Source: Williams and Rosson (1992, p. 17). Figures are in $US million.

1990, equal to one per cent of Canadian agricultural exports and only two per cent of Canadian imports.

The implementation of NAFTA requires that, after notifying Congress on December 17, 1992, 90 calendar days be set aside for consideration by the House Ways and Means Committee (chaired by Dan Rostenkowski, Democrat of Illinois), and the Senate Finance Committee (to be chaired by Daniel Patrick Maynihan, Democrat of New York, when its current chairman, Lloyd Benston of Texas, joins the Clinton cabinet as Treasure Secretary). During this period, public hearings and legislative debate will occur, as provided for under so-called "fast track" implementing authority. A final agreement must be signed by June 1, 1993, to be followed by implementing legislation, which will then have a total of 90 days of Congressional session (Congress is typically in session about three days per calendar week) to be considered before a final, up or down vote. The earliest a final NAFTA agreement could become effective is thus early 1994. As noted below, there are also likely to be "side-agreements" required by the Clinton White House on environmental and possibly labor standards, further extending the process of final approval and implementation.

Once in place, the agreement calls for reductions in trade barriers according to three different schedules of 5, 10 and 15 years, with the most sensitive products facing the longest phase-in schedules. The impacts on agriculture, according to a recent analysis (Williams and Rosson 1992), are likely to favor continued expansion of US agricultural exports to Mexico of feedgrains, wheat, oilseeds, meats, dairy products, selected fruits and vegetables, cotton, tobacco and processed food products. From the Mexican side, labor intensive fruit and vegetable production such as melons would be advantaged, as well as horticultural products subject to high current tariffs, such as asparagus, tomatoes, lettuce, bell peppers, cucumbers, green chilies, squash, avocadoes, grapes, guavas and mangoes.

Two areas of particular sensitivity for the US are the border-protected sugar and dairy industries, both of which have generally looked askance at trade liberalization, especially under GATT. The NAFTA would reduce border protection for US sugar, raising fears that Mexico could become a net exporter, although Mexico has exported raw sugar to the US in only one of the last three years. In the dairy sector, the prospects for the US are actually quite positive, since Mexico has and will continue to reduce import barriers, creating new markets especially for milk powder and filled cheeses. As Mexican incomes increase, demand shifts toward fluid milk, ice cream and higher quality cheeses can also be expected.

3. General Agreement on Tariffs and Trade (GATT)

The confluence of the long-running GATT negotiations and the dispute over oilseeds with the EC occurred dramatically on November 5, 1992, with the US announcement that punitive tariffs (200 per cent) would be imposed on EC white wine imports to the US on December 5 unless a satisfactory resolution to the dispute could be found. While technically separate from the larger GATT discussions, the oilseeds dispute was in fact the issue that eventually broke European solidarity with the intransigent French, hopefully clearing a path to a final GATT agreement. The oilseed dispute itself dated to 1987, when the US first brought before the GATT a request for a panel to hear complaints that the EC subsidies constituted an unfair trade practice. Two GATT panels subsequently ruled in favor of the US position, but the EC failed to accept the rulings, vetoing the second in GATT in late 1992.

The oilseeds question was tied to the GATT agricultural negotiations because of its connection to EC demands for "rebalancing" of its border measures in grains and oilseeds. Since the Dillon Round agreement to impose the "zero-duty binding" on oilseeds and nongrain feed ingredients (NGFIs), the EC has increasingly argued that such a gap in its wall of protection should be closed. In return for "closing the CAP" (Common Agricultural Policy) by imposing variable levies on oilseeds and NGLIs, EC negotiators have offered to lower levels of protection in the grains: hence "rebalancing." This offer has been spurned by the US because the zero duty binding creates a substantial market for US oilseed producers, as well as NGFIs such as corn gluten feed, a major by-product of corn milling.

Having failed to achieve "rebalancing," the EC has nonetheless continually raised levels of internal support to growers of competitive oilseeds such as rapeseed and sunflowers, thus crowding out US imports of soybeans and NGFIs. It was this tactic of internal subvention (which had the intended by-product of creating a growing internal constituency in the EC for "rebalancing" at the border), about which the US complained in GATT.

When the EC failed to comply with the two GATT panel rulings, the US was ultimately driven in November 1992, the day following the US election, to announce punitive 200 per cent tariffs on EC imports to the US of white wine, leading the French to request the EC for a list of products for counter-retaliation which would no doubt have included oilseeds and NGFIs. However, after a series of near-breakdowns in talks, including the resignation and then rejoining of Ray MacSharry as chief EC agricultural negotiator (MacSharry apparently objected to being undercut by Jacques Delors and, by implication, the French), a settlement was reached which was widely interpreted as clearing the way for a larger GATT agreement not only in agriculture, but in all fifteen negotiating areas of the Uruguay Round. At this writing, however, the French continue to maintain that they might veto such a total agreement which under the Luxembourg Compromise of the Treaty of Rome requires the unanimity of all 12 EC member states (see Runge and von Witzke 1987). If they were to do so, the stage would again be set for a trade-war.

4. Trade and Environment Conflicts

A primary obstacle in Congress to NAFTA as well as a prospective GATT deal is opposition to trade liberalization from parts of the environmental movement. In the case of NAFTA, this opposition will probably lead to a "side agreement" or environmental protocol providing for a variety of environmental safeguards. But the issue is much larger, and is likely to affect future trade relations between the US and the rest of the world for the foreseeable future.[4]

Three main issues dominate the debate. The first and most politically salient issue is the concern that trade liberalization, whether in NAFTA or under GATT, will lead to increased levels of environmental damages. There are at least three different aspects of this concern, which has been expressed strongly by a variety of environmental groups and members of Congress. At the most basic level, many of these environmental concerns derive from the "scale effects" of freer trade. Scale effects are the result of increases in the quantity of goods and services moving within countries and across borders (Runge 1992). To the extent that increases in trade following liberalization lead to greater transportation needs, higher levels of manufacturing output, and general increases in the demand for raw and processed products, they can also impose greater "wear and tear" on natural ecosystems. Among these possible effects are increasing consumption of non-renewable natural resources including fossil fuels, minerals, and old-growth forests, and increasing levels of air and water pollution. A particularly striking example of these impacts often cited by environmental groups is the pollution found in the rapidly growing "maquiladora" sector of Mexico. It has also been suggested that differences in environmental standards, especially between North and South, will create "pollution havens" for firms and industries seeking less regulatory oversight. Finally, the proposed harmonization of environmental standards is argued to lead to a "lowest common denominator," in which higher levels of environmental protection are sacrificed in the name of competitiveness.

In contrast to the environmental community's concern over the impacts of more liberal trade, those most directly involved in trade have tended to focus on a second main issue, the potential for protectionism disguised as environmental protection. This can occur when a country or trading bloc protects internal markets in the name of environmental health or safety, such as the EC's decision to ban the import of beef from cattle treated with certain growth hormones. It can also occur when higher levels of environmental standards are used to bar market access to goods and services produced under lower levels of regulation, especially by

[4] See Erdman and Runge (1990). This section draws on material forthcoming from the Study Group on Trade and Environment at the Council on Foreign Relations in New York, which the first author helped to organize.

developing countries. The fundamental issue concerns the ability to distinguish legitimate environmental measures, which may well distort trade, from those which are not only trade distorting but have little basis from an environmental standpoint. Developing such criteria involves complex legal, scientific and institutional issues.

The third issue involves the relationship between trade agreements and environmental agreements. In the last decade, a variety of new multilateral agreements have been negotiated in response to global environmental challenges such as ozone depletion, species extinction, protection of Antarctica, and international management of the oceans. The Rio Conference on Environment and Development, held in June 1992, resulted in a broad new mandate for environmental action, Agenda 21, together with the creation of a new United Nations Commission on Sustainable Development.

Some of these agreements call on their signatories to refrain from trade in certain goods or processes. In the recently completed NAFTA negotiations, for example, a tri-national commission on environment was created with dispute settlement authority over trade with damaging environmental effects. This Commission apparently has authority independent of GATT law, and the existing GATT dispute resolution process. The question is: how are international environmental accords to be balanced with existing or new trade obligations under GATT? What body of international law, and which international institutions, should exercise authority over the intersection between multilateral environmental and trade policy?

Where different groups stand on these issues depends, as usual, on where their loyalties lie. Some environmental and consumer groups have been highly vocal critics of more open trade under both NAFTA and GATT. Other environmental groups have taken a cautious but less openly critical approach. Overall, the *environmental* community generally sees risks in more open trade, while the *trade* community sees threats to economic growth and integration if environmental regulations are not harmonized, since these regulations can provide good cover for protectionism cloaked in a "green" disguise. Trade negotiators and environmentalists also share concerns over how global environmental and trade agreements are to be linked, whether one or the other should take precedence, and the methods by which conflicts should be resolved.

The increasingly competitive and often acrimonious trade relations between the US, the EC, and Japan, are one axis along which trade and environmental issues arise. In some respects, the high income countries of the North are increasingly alike in placing a relatively high value on environmental quality. But these economies are also locked in a high stakes game of competition for global markets and their governments face domestic pressures to loosen regulatory oversight. Even given their similarities, differences exist in the North not only in scientific and environmental standards, but in culture and social norms, which will continually confront attempts to harmonize environmental regulations. Challenges to these regulations as nontariff trade barriers, both within regional trading blocs such as NAFTA, and between nations such as the US and EC, are likely to be recurrent themes.

The gap between the environmental regulations along the North/South axis is even wider, accentuating problems of harmonization and concerns over "pollution havens" and competitiveness. The NAFTA negotiations reflect these differences in microcosm, with Mexico attempting rapidly to upgrade its environmental regulations in order to satisfy fears in the US and Canada. From the perspective of the North, these fears include lower costs of environmental compliance by competitors in the South; movement of firms and industries into these low-regulation areas; the import of goods (such as fruits and vegetables) tainted by treatments banned in the North for environmental reasons; and the use of production methods in the South (such as tuna fishing with nets that also kill dolphins) objectionable to environmental interests. Yet from the perspective of many in the South, the environmental regulations adopted in the North, even if desirable, may be unaffordable. In addition, many developing countries suspect the North of using its higher standards to discriminate against products and processes primarily for trade rather than environmental reasons.

5. Domestic Environmental Disputes: Wetlands

As noted briefly above, legislation affecting wetlands was particularly controversial during 1991-93. The wetlands question was part of a continuing debate over regulation and the environment being fought out in the courts, Congress, and within the executive branch. Until the defeat of the Bush-Quayle administration in November 1992, Vice-President Quayle was particularly active in opposing a variety of environmental regulations in the name of US competitiveness. In the farm sector, these efforts were met with support, especially from the conservative membership of the National Farm Bureau Federation, and others who posed the wetlands issue as one of "big government" versus "private property."

The 1990 farm bill had established the WRP, designed to accompany and complement the CRP established under the 1985 farm bill. The 1990 act called on the Secretary of Agriculture to enroll up to one million wetland acres (400,000 ha) during 1991-95, at a rate of 200,000 acres (80,000 ha) per year, by soliciting compensation bids from landowners. Preference was to be given to farmed or converted wetlands (if converted prior to December 23, 1985) and lands alongside the wetlands as well as riparian areas that linked wetlands eligible for enrollment. Rather than the 10-year contracts that had characterized the CRP, the WRP emphasized permanent or long-term (30 year) easement contracts. Participants would receive annual payments depending on the bid/acceptance price, technical assistance and financial cost-sharing of 50-75 per cent, with a total payment not to exceed $US50,000 per person.

Response by many landowners to the program was enthusiastic, but the implementation was immediately bogged down in an ostensibly technical debate over how wet a parcel of land must be to fulfill the legal definition of a wetland (Robbins 1990; Environmental Defense Fund/World Wildlife Fund 1992). As in many environmental disputes, the technical debate was enmeshed in a philosophical argument over the government's right to interfere with actions of private property owners. As noted above, in October 1991, the Appropriations Committee of the House reduced the legal limit on enrollment to 50,000 acres (20,000 ha) in only five of 50 states. And by November of 1991, the White House, led by Vice-President Quayle, had proposed revisions in the technical definition of a wetland which would have reduced by half the total of 106 million acres (42 million ha) potentially eligible (Weisskopf 1991).

At the same time that these Congressional and administration struggles over wetlands were taking place, the Supreme Court and numerous federal courts were hearing cases in which wetlands regulations were being challenged as examples of "takings". The takings challenge to environmental regulations is grounded in the Fifth Amendment to the US Constitution, which states in part that: "No person shall ... be deprived of life, liberty, or property, without due process of law: nor shall private property be taken without just compensation." This language has been used to argue that federal, state, or local regulations of wetlands may amount to a taking of private property, necessitating compensation. While compensation is provided for under the WRP, some regulations of wetlands do not offer compensation, and questions may be raised whether the compensation envisioned under the WRP is sufficient.

These issues were considered by the US Supreme Court in 1992 in a wetlands case widely watched by the environmental community, *Lucas v. South Carolina Coastal Council*.[5] A 1988 South Carolina statute prevented Lucas, who had invested in 1986 in beach-front property, from building on it because of its proximity to the sea shore. Lucas argued that it had lost all of its economic value, and that the action interfered with his reasonable investment-backed expectations, entitling him to compensation. Weighed against these private claims were the public interests represented by the South Carolina Coastal Council, including the role of undeveloped beach-front as a storm barrier, as habitat for plants and animals, and as protection from erosion and harm to property (see Berlin 1993 forthcoming).

[5] *Lucas v. South Carolina Coastal Council* – U.S – ,112 S. ct. 2886, 2892 (1992).

The Supreme Court of South Carolina had denied Lucas' claim for compensation. On appeal, the US Supreme Court wrote five separate opinions in the case. Five Justices voted to remand the case to the South Carolina courts for further review, in an opinion written by Justice Scalia (joined by Justices Rehnquist, White, O'Connor and Thomas). Justice Kennedy concurred in a separate decision. Justices Blackman and Stevens dissented vigorously, while Justice Souter dissented on the technical grounds that the case was not yet ready for decision.

Kennedy's concurring opinion in *Lucas* was largely based on the argument that a takings occurs when a regulation "deprives the property of all value where the deprivation is contrary to reasonable investment-backed expectations." These expectations, Kennedy claimed somewhat heroically, are "based on objective rules and customs that can be understood as reasonable by all parties involved," and through a review of the "whole of our legal tradition." By supporting regulatory actions "without a determination that they were in accord with the owner's reasonable expectations and therefore sufficient to support a severe restriction on specific parcels of property," Kennedy argued that the Supreme Court of South Carolina had erred. In addition, the fact that other investors had been allowed to build (prior to the regulation) left Lucas to bear an undue burden.

While the *Lucas* decision in fact decided little, it raised the level of anxiety in environmental circles several notches, since expectations of widespread compensation awards for environmental regulations, decided by Reagan-Bush appointees to the federal courts, could have a chilling effect on environmental legislation and reform generally. In the summer of 1992, these anxieties were reinforced by a decision in the House Appropriations Committee, also noted above, to totally eliminate funding for the WRP in fiscal 1993, and to freeze enrollment in the CRP.

6. The Presidential Election

Despite these apparent set-backs to the environmental agenda, the most overriding event in terms of future policy during 1991-92 was driven by American anxieties over not only the environment, but about the economy and quality of life. The election in November 1992 of William Clinton and Albert Gore as President and Vice-President, signalled a rebuke of the anti-regulatory agenda of Bush-Quayle. Vice-President Gore, in particular, was identified with environmental activism, having authored a best-selling book on the subject (Gore 1992). President Clinton is likely to be a similar activist across a wide range of major issues.

The particular focus of the Clinton-Gore administration in agriculture is now difficult to discern, although the appointment of Congressman Mike Espy (Democrat from Mississippi) as the new Secretary of Agriculture suggests an emphasis on rural development, small farmers, and the "Southern" commodities: peanuts, cotton, tobacco and rice. Agricultural policy figured little in the campaign: the votes were simply not there, and the risk of a misstep was ever-present. Broadly speaking, a special focus on the commodity programs, and their possible reform, is likely to be a second order of business for the new administration, preceded in importance by fiscal policy initiatives to reduce the deficit and stimulate growth, the related issue of burgeoning health care costs, a possible new national service corps, and a national strategy for energy conservation. In foreign affairs, the crises in Somalia and former Yugoslavia, together with chronic instability in the former Soviet Union, are likely to combine to push agriculture down the list of priorities.

Even so, several factors are likely to define the emphasis of the new administration. First is the continuing and conflicting pressure to reduce spending on "entitlements," including commodity programs, while increasing the quantity and quality of rural infrastructure, including health care, education, child care, roads and bridges and public recreation facilities. The result is likely to be a broader, rural employment focus in farm policy. Second is the success of NAFTA and a GATT accord, which if accomplished will impel slow but steady moves toward less restrictive border measures in agriculture, and lower levels of support based on direct income grants rather than commodity programs. If such "decoupled" payments become more acceptable, part of the reason will be because they are

"recoupled" to environmental objectives. The third factor driving future agricultural policy, both domestically and in trade, will continue to be environmental issues, for which the Bush-Quayle anti-regulatory stance will be only a temporary setback.

7. Summary

The period 1991-93 has been relatively uneventful in the farm policy area, excepting technical corrections and continuing appropriations under the 1990 farm legislation. Primary attention has been focused on a series of political and economic developments outside the farm bill. The first is the NAFTA agreement, which now awaits a long and difficult process of hearings in the House and Senate, with the likelihood of side-agreements on environmental and labor standards. The second is the continuing uncertainty over the fate of the Uruguay Round, which was tied in turn to the oilseeds dispute with the EC. Third is the growing prominence of conflicts over trade and the environment, which are likely to dominate trade and environmental policy discussions in the years ahead. Finally, the election of Clinton and Gore in November 1992 signaled greater attention to rural economic development, but such attention may be overwhelmed by other domestic and foreign entanglements.

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