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HOPPER . . .

Research Funds Boosted

A 1985-87 biennium increase of \$8.9 million for new agricultural research and an increase of \$5.1 million for new thrusts in cooperative extension are in the works in OHIO. These increases are part of the response to the "Ohio 21" program developed by Ohio State University, faculty at OSU and industry leadership. Ohio 21 recommendations were reinforced by the 1984 Governor's Commission on Agriculture which set four major goals, including "Strengthening Ohio's Agricultural Extension and Research." (Contributed by Joseph Havlicek and Dennis Henderson, Ohio State University, 614/422-3544).

Milk Pricing Illegal!

For the first time in at least three decades, NORTH CAROLINA milk pricing is now similar to arrangements in other Grade A markets. In other words, Class I prices are negotiated by the major cooperatives and will tend to move up and down with the U.S. Government support price.

For the past 30 years, the N.C. Milk Commission has been announcing the price of milk moving across state lines according to a "gentlemen's agreement." Now it turns out that the commission never had authority to do so!

The plan fell apart when the commission decided to change its price decision procedures. Lawsuits filed by cooperatives and food companies charged that the commission's rules and regulations were unlawful under the U.S. Constitution, a position that was accepted

R. G. F. Spitze on

1985 Food and Agricultural Policy In Perspective

by R. G. F. Spitze

Few observers will disagree that the national debate over 1985 food and agricultural policy was vigorous. Many people and groups were strongly committed to particular proposals and found it hard to compromise. Still, in the end, the legislation reflects compromise—the essence of public policy.

Acknowledging the participatory process of compromise—the focus of this essay—may be as important as understanding the economic content of that compromise.

The long debate that accompanied the 1985 legislative developments reflects the commitment of our society to allowing, and even to encouraging, diverse interest groups to participate in policymaking. The U.S. policy process is not to affirm unanimity but rather to realize the value of diversity. By contrast, governments of many other nations, where diverse points of views are often discouraged, reach policy decisions quite differently.

Public decision-making for 1985 food and agriculture legislation involved four stages.

First, innumerable participants identified problems and goals. Second, the public was "alerted" to the economic conditions and numerous alternatives. Third, Congress and the Administration evaluated many options. And, fourth, a law was passed by Congress, signed by the President, and implementation commences.

This law represents the composite judgment of all of the participants—a compromise, to be sure. Economics is a key element that contributed to the outcome. Social, ideological and political values also contributed.

Through this process, public policy over time reflects not the theoretical norm of any one of these disciplines but an integration of our nation's differences, values and preferences.

Doesn't Please Everybody

Recognizing that a policy is the public's decision does not mean that every participant likes it. Rather, approval by Congress and the Administration only means that most of the participants prefer the final choice

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over other alternatives—including no policy.

Nor does acceptance say anything about whether society will find that decision satisfactory in the future. Yet we dare not fail to understand the difficulties entailed in achieving the compromise that stands as existing policy.

Thus, even though the final debate focused on a limited number of marginal changes, a substantially new direction could have possibly been chosen. Our policy process is not to please everyone but to displease the few.

One reason policymaking is complex and frustrating is because goals are conflicting. Public policy is not directed toward goals already chosen and clearly enunciated, as is often the case with economic analysis and with private policymaking.

Rather, the role of public policy is to find responsive, workable solutions to urgent and difficult societal problems. These problems themselves undergo change, as well as the public's perception of them.

For example, who could have, three years ago, accurately forecast two record crops back to back in 1981 and 1982, as well as the rapid rise in interest rates and the dramatic reversal in our agricultural exports? These unforeseen developments, of course, had major impact on the adequacy of the choices reflected in the 1981 Act, as well as on the 1985 farm program debate.

Dissatisfaction Triggers Change

Movement from one policy to another is not guided by some predetermined organizational model, but is precipitated by dissatisfaction among decision makers and the public they represent. These dissatisfactions may stem from several developments:

- Changes in ambient conditions, such as the value of the dollar.
- Unexpected consequences of existing policy (PIK Program is a good example).
- Ineffective implementation of policy.
- Greater public understanding of certain problems, such as the effects of soil erosion.
- A shift in the public values and desires that created the existing policy.

Whatever the cause, a new compromise is sought, and equilibrium among participants and the power they represent must once again be established.

HOPPER . . .

by a consent order. (Contributed by Geoff Benson and Dale Hoover, North Carolina State University, 919/737-3881).

New Irrigation Restraints

Irrigation permit applications are being accepted in IDAHO after a long ban, but restrictions have been tightened. The minimum stream flow after irrigation take-off is now 5,600 cubic feet per second (cfs) in winter and 3,900 cfs in summer, versus 3,300 year round under old regulations. The new restraints have been set by state legislature, which also required Upper Snake River water rights (some of which have never been recorded) to be quantified and defined.

New procedures for approving new water diversion are still to be established, and much other work remains to be done. But Idaho citizens are now more aware than ever that demands for in-stream uses compete with agricultural uses and that the state's resources are limited. (Contributed by Joel Hamilton and Tony Prato, University of Idaho, 208/885-6262).

ECONOMIC SHORTS

More broilers are in the future of the south and the southwest

The distribution of production of farm products among regions of the country has shifted dramatically over the years. Business people and economists give a lot of attention to these

By developing and disseminating knowledge, economists and policy educators often enhance people's understanding of their dissatisfactions. This understanding can lead to pressures for change in policy. Thus, knowledge is a vital force in the policy process.

Termination of the 1981 act was the "immediate" impetus for developing the 1985 legislation. Legislation doesn't need a terminal date. Labor and industrial policy, for example, has no definite term. Neither does the policy that provides for land-grant research and extension programs, soil conservation services and the Federally sanctioned cooperative credit system.

Changes Come Gradually

The policy process is, for the most part, evolutionary, seldom undergoing abrupt re-direction or reversal. This historical reality belied the recent predictions in some quarters that a "new generation of policy" was in the offing.

Every policy change is indeed a regeneration of some aspect of old policy even when it involves substantial revision. Thus, incremental changes in policy hardly symbolize inflexibility or the status quo.

During these cycles of policymaking we are not likely to just coast along without any decision being made. When the decision does come, as it eventually did with the 1985 policy, not everyone is likely to be pleased with the package of policy instruments for food, commodities, credit and the many other problem areas. On the contrary, all participants are sure to be displeased with certain aspects of the new policy.

Farm organizations, agribusiness firms, consumer groups, political leaders, policy economists and other contributors to legislation are most likely to approve parts of the measure and perhaps even acclaim some of it. At the same time they might abhor parts that they feel lack economic or other qualities.

But those who are familiar with the participatory nature of the process will expect the policy to serve the highly diverse needs and values of our society as well or better than alternative decisions could have.

Beyond the 1985 policy, public problems will still need attention. And we can expect that future policy developments will need additional knowledge, involve vigorous debate and end in yet another compromise.

Harold F. Breimyer on The Teaching Lesson of Agriculture's Financial Experiences

by Harold F. Breimyer

On the blackboards of countless classrooms the wheat market is diagrammed to show how an atomistic market sector works. Agriculture offers the only available real

world example of the dream world model of perfect competition.

In the mid-1980's, agriculture provides a second illustration of real-world economics that, though by no means confined to the sector, is exhibited there with exceptional clarity. It is the nature and consequence of a monetary policy of tight money.

Since the Federal Reserve Board shifted its monetary policy abruptly in October, 1979, the overall effect has been to convert the low real interest rates of the 1970's to the uncommonly high real interest rates of the 1980's.

Agriculture is a glass house for displaying the outcome of the new policy. Agriculture is

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