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# IN AND OUT OF THE HOPPER

## *James C. Webster's Capitol Happenings*



A year ago, the problem with mandatory production control was that it had not been subjected to rigorous economic analysis. This year, the problem with mandatory control is that it has been analyzed. And found wanting.

Washington now has looked at studies by USDA, the National Center for Food and Agricultural Policy, Maryland and the centers at Texas A&M, Missouri and Iowa State.

Most of these find the idea of production or marketing allotments, if adopted by farmers in a referendum, would beat the current programs as far as farm income is concerned. But it would devastate exports and upset the livestock economy unless subsidies were deep and costly, and it would wreck havoc on the farm supply industry. Not to mention the increase in food prices.

Congress isn't buying mandatory controls, but the economic analyses provide only part to the reason that the idea isn't flying this year. Another, perhaps more significant, reason is that major commodity groups—corn, soybean, wheat, cotton, rice, pork and beef producers—all are opposed. So are the National Grange and American Farm Bureau Federation. That adds up to far more political clout than supporters can muster.

Look for a vote on mandatory controls some time this year. Neither agriculture committee will approve the idea, but Sen. Tom Harkin, D-Iowa,

says he'll offer the idea in a Senate floor amendment.

### **A Bird in the Hand**

Mandatory controls isn't the only farm program concept that won't be adopted by Congress this year. Decoupling, targeting, the marketing loan and all the other alternatives are dead, too, for the moment.

Not that all the critics have wrapped their arms around the Farm Security Act of 1985, but key agricultural congressmen see big risks in trying to rewrite it this soon. Their concern: current programs are due to pump another \$25 billion into the farm economy, and they fear that a lot of that could be lost in a full-fledged farm fight on the House floor.

Another factor: there are so many different ideas for changes in farm programs that no one has come close to attracting a majority. "You couldn't get 10 votes (the amount needed to approve a bill in the Senate Agriculture Committee) for any one bill," says a key Senate Agriculture Committee staff member.

But don't write these ideas off forever, if farm-state politicians keep hearing from distressed constituents as the 1988 election approaches, this increasingly-partisan Congress could end up finding a consensus next year.

### **The Coming Direction**

With chances of improving farm programs all but evaporated this year, watch for rural congressmen to turn to a different cause: rural development.

Republicans were first on the bandwagon. Concerned that their tra-

ditional small-town, main-street constituencies supported Democrats in several farm states in last year's election, they see political advantage in appealing to nonfarm rural residents, who are far more numerous than farmers.

A rural development effort acknowledges implicitly what too many rural leaders are unwilling to face—that traditional levers of farm programs and the tools available to Congress simply won't turn around this economic slump.

A broad-based GOP effort spearheaded by Rep. E. Thomas Coleman, R-Mo., would include block grants to stimulate investment in rural areas and help local governments improve roads, water systems, buildings and the like. They would rename USDA the Department of Agriculture and Rural Development, create a new Rural Development Administration within USDA, make rural set-asides for federal procurement programs (including military), and establish a White House Office of Agriculture and Rural Development.

It may be, in this budget climate, that very little can be done from the federal level to stimulate a rural renaissance, that it will depend on local initiatives without much central coordination. But members of Congress who are hooked on national solutions to national dilemmas continue to believe there is a proper role for the federal folks.

### **Senate Goes Afield**

Members of the Senate Agriculture Committee are having a field day. Several field days, in fact.

They held hearings in the Dakotas, Minnesota, Nebraska and Iowa in February and in Georgia in March.

Chairman Patrick J. Leahy, D-VT., noted in a recent speech that the field hearings may irk "lobbyists and those who write for lobbyists" but claims the members get a better feeling of real problems when they go to the rural areas rather than listening to lobbyists in Washington.

It's part of Leahy's program to end

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"business as usual" in farm legislation—but several Washington hands who have been doing "business as usual" think the effort just re-invents the wheel.

What committee members hear is largely anecdotal evidence of specific problems that cause some in this town to worry that it could lead to too-easy generalizations that may not, in fact, reflect the real broader picture.

Maybe members could save the time and money by reading the record of Orville Freeman's "shirt-sleeve meetings" in the 1960's or Bob Bergland's "structure of agriculture" hearings in 1979 and 1980. They might find some of the same people predicted the early demise of the family farm.

### Trashing Sodbuster

Dairy lobbyists were exasperated and conservationists were angry at the Senate Agriculture Committee for accepting an amendment by Sen. Edward Zorinsky, D-Neb., a few days before he died.

The amendment, to a bill giving another year to the National Commission on Dairy Policy (which was scheduled to die March 31), would have created several loopholes in the 1985 "sodbuster" law that denies farm and credit program eligibility to farmers who produce on highly erodible land. The committee neither held hearings nor told interested groups it was contemplating the action.

The sticky amendment would have exempted from sodbuster provisions of the 1985 farm bill erodible land on which alfalfa "or another multiyear grass or legume" is planted. The latter phrase, conservationists fear, opens the door to rye, rapeseed, peanuts and even soybeans to be planted on fragile acres.

Sen. William Armstrong, R-Colo., and Sen. Sam Nunn, D-Ga., eventually prevailed; the committee compromised and the Senate passed a bill that gave alfalfa growers an extension to comply but stripped out the provision that would have benefited grass and legume growers.

### Centralizing Farm Credit

Whether to rejuvenate the Farm Credit system is no longer a question in Congress. It's simply too basic to

agriculture (and to the financial markets) to allow it to fail.

But what is open to question is what strings should be attached to federal help. The General Accounting Office scratched a festering sore when it told an agriculture subcommittee that a federal board should run it temporarily.

The reasoning is pretty sound—as an amalgam of independent local and district associations, FCS can't get its act together to work out of its pounding financial losses.

But centralization is a scare word in much of the system and many of its allies in congress.

Through summer and fall, it promises to be an overriding issue as Congress proceeds with another attempt—the third in as many years—to legislate its recovery.

The Farm Credit Administration contends that the system will do better to keep its present form—perhaps even decentralize further.

Decentralization backers contend that the financial crisis was brought on, at least in part, by faulty loan and financing policies imposed by central authorities in the 1970's.

White House staff sentiment is for government help only if there is some accountable central control. Most of the system's top executives accept the need for centralization, but many local associations oppose it vigorously.

### Farm and Trade Politics

Rep. Richard Gephardt, D-Mo., is seeking midwestern farm votes in his quest for the presidency by splitting away from the agricultural policy consensus. And there's a chance that it will work.

He's the principal House sponsor of the mandatory production control approach and he's taken a clearly protectionist line on trade legislation.

These positions depart sharply from mainline agricultural policy thinking, but they could end up helping Gephardt in the Democratic presidential delegate selection caucuses in Iowa next January.

Ordinarily, one might wonder why such a sharp departure from the mainstream would be political advantage, but the nature of the Iowa caucus system makes it possible.

To win a plurality of delegates, a

candidate needs to appeal to the activist Democrats, not the most likely voters. Only small percentage of eligible voters—the true believers—brave winter weather for the tedious caucus meetings. The so-called majority may stay home on caucus night, but its voice is heard the following November.

### Budget Worries

The congressional budget, which sets spending ceilings for fiscal 1988, has been making its way through Congress this spring.

Initial versions in the House would require a reduction of \$1 billion (from this year's \$24.5 billion) in farm program spending.

Agricultural experts in Congress don't figure it will be painful to achieve that level of spending cuts.

They've been considering a "0/92 bill" for 1988 crops; that would allow growers to collect 92 percent of deficiency payments without planting a crop, and it would save \$150-200 million.

A likely candidate for even bigger savings would increase acreage reductions for wheat and feed grain another 5 percent, saving \$1 billion.

Yet another, tightening payment eligibility, would save \$100-200 million. That, of course, would be music to the Reagan Administration, which has proposed language to tighten the definition of a "person" eligible for program benefits.

USDA recommends that passive investors be prohibited from program payments and that reorganization and reconstitution of farms into different operating units by those who want to avoid hitting the \$50,000 payment limitation be discontinued.

Another option would be to cut the use of certificates, which is more costly than paying in cash. Even bigger savings would come from cutting target prices even faster than they're scheduled to decline under current law.

But that, as key members have made clear, is dead in the water.

*Webster Communications publishes newsletters related to food and agriculture. Their address and telephone number are:*

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