

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

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.

CHOES

The Magazine of Food, Farm, and Resource Issues
Fourth Quarter 1988

NON PROFIT ORG. U.S. POSTAGE PAID PERMIT NO. 334 MERRIFIELD VA



Courtesy of THE POTATO BOARD

The Magazine of Food, Farm, and Resource Issues Fourth Quarter 1988

A CHOICES Debate On

THE U.S. SUGAR POLICY:

4 U.S. Producers Merit Fair Trade by Eiler C. Raunholt

5 Change It by Thomas A. Hammer

ARTICLES -

10 Gainers and Losers with Supply Control: An Economywide Perspective by Thomas W. Hertel

16 Food, Farm, and Resource Policies

A Republican View by Robert B. Delano

• A Democratic View by E (Kika) de la Garza

25 Cutting the Loss from Federal Irrigation Water Subsidies by B. Delworth Gardner and Ray G. Huffaker

DEPARTMENTS

2 Gallery About the Authors

22 Centerfold Clark Edwards with a graphic look at Falling Real Prices Received by Farmers

38 By the Numbers Rich Allen on How NASS Forecasts Corn Yields 40 Letters From You: Masahiko Gamma, George R. McDowell

42 Profiles Martin E. Abel's profile of Frederick V. Waugh

45 Do You Know James E. Patterson with Facts and Numbers

DISEQUILIBRIA -

27 Untying Profits and Risks by George D. Irwin

28 Country Intervention Indexes: An Alternative to PSEs in Trade Negotiations By John Pender

30 A Golden Handshake: Decoupling With a Twist by Lloyd D. Teigen

32 Producer Marketing Clubs: They Have a Role in Educational Programs by James Mintert and William I. Tierney, Jr.

34 Rural Labor Underutilization by Mervin J. Yetley

36 Why Not Finance Farmland with Equity Instead of Debt by Harold D. Guither and H. Joseph Bourn

The American Agricultural Economics Association

Editor: Lyle Schertz

Typography, Electronic Layout f.e.a. Laser Service, Timonium, Md.

Printer: United Lithographics Services, Inc.

Publication Office: 12708 Oak Farms Road Herndon, VA 22071 (202) 786-1899

COVER PHOTOGRAPH, SARAH SCHMITT, FALLS CHURCH, VIRGINIA

Advisory Council:

Paul W. Barkley Orlen Grunewald James Houck Patrick J. Luby Jane E. Luzar Neil H. Pelsue, Jr.

John Otte James Shaffer Wayne Schutjer Michele Veeman Tim Wallace Mike Wood

CHOICES Advertising Office: W. King Pound 1030 15th Street, NW, Suite 920 Washington, D.C. 20005 (202) 789-1663

Publisher's Representatives: Northeast Representative: Thomas W. Smith (203) 938-9378 Midwest Representative: King Pound (800) 942-REPS West Coast Representative: Cathy Woods (602) 494-9444

CHOICES (ISSN 0886-5558) is published quarterly by the American Agricultural Economics Association for people who want to be informed about food, farm, and resource issues—and the policies that affect them. Postage paid at Merrifield, VA, and additional mailing offices. All rights reserved. Quotation with credit is permitted. © 1988 Vol. 3, No. 4, American Agricultural Economics Association. Subscription rates for U.S.: Individuals—\$19.95 a year. Institutions—\$32.50 a year (four editions). In Canada add \$10 per year. Outside U.S. and Canada add \$20. Send Subscription correspondence to CHOICES, AAEA Business Office, Iowa State University, 80 Heady Hall, Ames, IA 50011-1070. Telephone (515) 294-8700. Send manuscripts to the Editor, Lyle Schertz, 12708 Oak Farms Road, Herndon, VA 22071. Telephone: (202) 786-1899.

GALLERY

... About the authors

Eiler C. Ravnholt



Eiler C. Ravnholt is currently Chairman of the A m e r i c a n Alliance, an organization representing America's sugar and corn growers, the processors

of sugarcane and sugarbeets and most of the corn sweetener processors, their workers and suppliers. He is also Vice President of the Hawaiian Sugar Planters' Association. Educated at the University of Minnesota and the University of Southampton, England, Mr. Ravnholt formerly served as Assistant to Vice President Hubert H. Humphrey and as Administrative Assistant to Senator Daniel K. Inouye of Hawaii prior to joining the Hawaiian sugar industry in 1980 as its Washington spokesman.

Thomas A. Hammer

Thomas A. Hammer is the first full-time president of the Sweetener Users Association. Since 1974, he has represented the interest of many organiza-



tions on Capitol Hill as a Washington lobbyist. He has served as Deputy Under Secretary for International Affairs and Commodity Programs with the U.S. Department of Agriculture. Presently, Mr. Hammer serves as an advisor to the Secretary of Agriculture and the U.S. Trade representative on multilateral trade negotiations.

Thomas W. Hertel



Thomas W. Hertel is an Associate Professor in the Department of Agricultural Economics, Purdue University. He specializes in the analysis of public

policies affecting agriculture, using an

economy-wide approach. He has published on a variety of topics, including farm and food tax policy, agricultural trade liberalization, and mandatory supply control. At Purdue, Dr. Hertel teaches graduate seminars in advanced production economics and applied general equilibrium analysis. He has also served as a consultant to the Organization for Economic Cooperation and Development (OECD) and the Ford Foundation.

Robert B. Delano

Robert B. Delano has been an active member and officer of the Farm Bureau for over 30 years. He has served as President of the Richmond County



Farm Bureau, the Virginia Farm Bureau Federation, and the American Farm Bureau Federation. In December 1986, he was reelected President of the Virginia Farm Bureau Federation and its eight affiliates. He resigned this position in the fall of 1988 after being named Chairman of the Senior Advisory Council of Rural USA, Bush-Quayle '88.

E (Kika) de la Garza

E (Kika) de la Garza is Chairman of the House Committee on Agriculture, a position he has held since 1981. He was first elected to Congress in



1964 and has served in the Congress continuously since that time. The Chairman has concentrated his Congressional service in the agricultural field.

His interests are broad, however. For example, he has a strong interest in education and has particularly supported equal access to education for all persons, no matter what their financial or social status.

B. Delworth Gardner

B. Delworth Gardner is Professor of Economics at Brigham Young University. He has studied resource development and policy in the West for ov-



er 25 years. Academic appointments in Colorado, Utah, and California and a year at Resources for the Future in Washington have provided a broad exposure to state and federal institutions and agencies that are responsible for developing and allocating water.

Ray Huffaker

Ray Huffaker is an Assistant Professor of Natural Resource Economics in the Department of Agricultural Economics and Rural Sociology at the University



of Tennessee, Knoxville. He holds a Ph. D. in agricultural economics and a J.D. specializing in natural resource, environmental, and agricultural law from the University of California at Davis. Huffaker instructs graduate courses in mathematical bioeconomics. One of his research interests focuses on federal regulation of agricultural producers who employ publicly owned natural resources, such as reclamation water and public grazing land.



American Agricultural Economics Association

November 1988

To Our Readers,

With this Fourth Quarter 1988 issue of *CHOICES* we mark the completion of three years of publishing *CHOICES*.

It has been a big three years and we're pleased with the progress that has been made.

In this relatively short time *CHOICES* has earned a reputation for being highly readable, responsible and focused sharply on food, farm, and resource issues and related policies. And while authors take sides on issues, *CHOICES* sticks to its target of providing an opportunity for all sides of the issues to be heard, read, on its pages.

Our authors, you—our readers—and many other people and organizations have been crucial to the successful launching of *CHOICES* by our Association.

The Association's objective in starting CHOICES was to strengthen the dialogue about the issues and their related policies. The Association wants the magazine to reach the mailbox of every person that has a significant stake in food, farm, and resource issues.

To that end we are changing our subscription approach. We are simplifying the procedures, and lowering the rates. Subscriptions will be on a calendar year basis. And the 1989 rates will be only \$9.95 per calendar year for individuals and \$19.95 for institutions.

We ask you to help get CHOICES to those who have a stake in the issues and related policies.

Bring CHOICES to their attention. Share the business return card in this issue with them. Provide them a special gift subscription from you. Explore with us the opportunities for group subscriptions for your members, employees, clients and friends.

The American Agricultural Economics Association