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THE FARM POLICY AGENDA

by Don Paarlberg

➤ The time has come to shift the farm-policy agenda away from price support, production control, and deficiency payments. Reallocated resources could then be used for hitherto neglected problem areas and help limit injury from the rising environmental zeal that could threaten farm profits.

FOR MORE THAN HALF A CENTURY COMMODITY PROGRAMS

have been the centerpiece of farm policy. The bulk of policy controversy, money, and analysis has been expended on them.

Meanwhile, other farm-policy topics have arisen and have been given subordinate attention: environmental issues, rural development, the wholesomeness of food, and monetary matters like taxes, interest, exchange rates, inflation, and deflation.

Potential Gains

Agriculture has an enormous stake in overall economic stability—an area in which gains could be made. Policies that led to the ill-founded boom of the 1970s and the collapse of the early 1980s had almost no input from agriculture, absorbed as the farm lobby was with commodity programs. Rural poverty, a subject of immense importance in farm areas but not addressed by the commodity programs, has been virtually ignored by the farm lobby.

Meanwhile, issues put on the agenda by super zealots, pose great danger to agriculture. These issues have either been neglected by the farm lobby or resisted outright in knee-jerk fashion. Environmental issues are foremost among these concerns. Wisely guided, environmental actions could protect agricultural resources, safeguard the health of farm people, reduce the excess production which now plagues agriculture, and improve agriculture's eroding public relations. If the farm lobby fails to address environmental

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USDA Program Current

Billion

\$15

10

5

0

Community Development

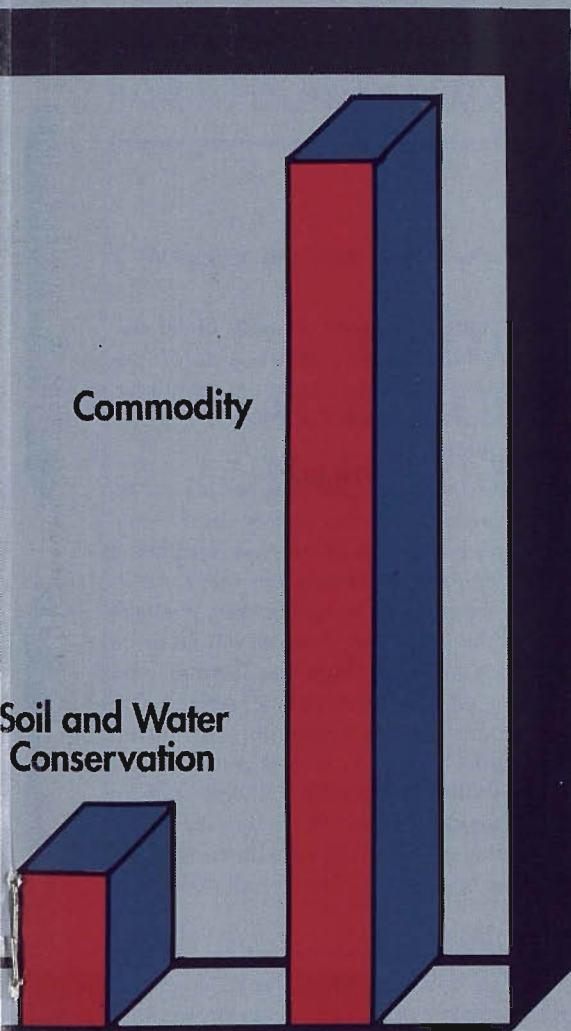
issues or resists the legitimate concerns of ecologists, an ill-informed but dedicated coalition of zealots could impose needless cost on farmers and consumers.

Why Now

The time is right for moving the commodity programs down from the top of the agenda. The public is beginning to perceive that com-

IT'S TIME TO CHANGE IT

Outlays For 1989 + Estimate



modity programs direct most of the money to a small number of farmers who are already well off, widen the distribution of income within agriculture, reduce our competitiveness in international markets, and are enormously costly.

What the public does not yet adequately perceive is that per-capita farm incomes are now approximately equal to the national average, and net worth per farm family is about four times the national average—weakening the rationale for these programs. Nor does the

public adequately perceive that acreage limitations provide the incentive for maximum production per acre, resulting in excessive use of fertilizer and pesticides detrimental to the environment.

Political conditions are appropriate for a change in the agenda:

- The new President, George Bush, wishes to scale back the commodity programs and to tackle environmental problems.
- The new Secretary of Agriculture, Clayton Yeutter, has a well-established record in support of a market-oriented agriculture.
- Patrick Leahy, Senator from Vermont and Chairman of the Senate Agriculture Committee, is cool toward the commodity programs and is a supporter of rural development.
- The Farm Bureau, largest of the farm organizations, is also less than enthusiastic about commodity programs and is supportive of intelligent environmental actions.

• The budget crunch necessitates scaling back the scandalous cost of commodity programs. If substantial cuts are made in these programs, some of the savings could be used for environmental advances and for rural development, both of which would help vastly more people.

Substantial factual information regarding environmental concerns, needed for intelligent ecological action, already exists in the Department of Agriculture, the farmers' friend. It also exists in the Environmental Protection Agency, wrongly perceived by some farm people to be the adversary.

New Directions

The directions for change are already set. The Food Security Act of 1985 has a reduced scale of target prices and carries incentives for environmental actions.

Agriculture is emerging from the financial crunch of the early 1980s and no longer needs the assistance provided during the early years of the 1985 Act. The Act expires with the 1990 crop and is due for replacement in that year, with an advance skirmish likely during 1989.

Changing the farm-policy agenda will require disciplining the commodity programs with their vocal beneficiaries, their thousands of employees, their pipeline to the U.S. Treasury, their Political Action Committees, their secret allies in the Hunger Lobby, their checkoff funds, the well-rehearsed speeches of their advocates, their captive members on the agricultural committees, and the momentum acquired during more than 50 years. Truly a formidable aggregation.

Twice before we missed a chance to scale back the commodity programs so that we could address more meaningful issues. First, during World War II, when their rationale, the Great Depression, was overcome and we no longer needed the programs; and second, during the farm prosperity of the 1970s, when commodity programs could have been de-escalated with minimal pain but were not.

A conjunction of events has now given us a third opportunity. Let us hope to do better this time.