by George E. Rossmiller

SIX PROBLEMS That Affect Ag Policy

➢ Myths—notions based more on tradition or convenience than on facts and resplendent with inaccuracies—are pervasive in discussions about agricultural policy. Because of these myths and the multiplicity of purposes of agricultural programs there is great confusion about the intent or impact of any single program. This confusion also stems from six problems that are associated with the agricultural policy process. Recognizing these problems helps explain why some programs fail to accomplish what they were presumably designed to do.

Governments, by and large, do what elected officials think their constituents want—or do not care about. Thus, barring unanticipated disaster, government politicians get reelected. The federal government is not monolithic. It includes Congressional politicians of persuasions both left and right; administration politicians either left or right; bureaucrats, who are wily, sometimes self-seeking and often more knowledgeable about policy and program detail than any elected or appointed politician can ever hope to be.

There is a plethora of interests and actors engaged in the process of formulating and implementing agricultural policy. Politicians, elected and appointed; bureaucrats, career or just passing through; farmers and their advocates, elected, hired or self-proclaimed; and those that purport to speak for the consumer, the taxpayer, the young, the old or the poor; advocates of the flora and the fauna of the wild, the welfare of the chicken, the pig, the cow or the endangered plant; and the protectors of the sustainability of the water, the soil or the bucolic ambience of the environment within which we all exist, work, play, go broke or prosper, *all* have their own agendas and, indeed, play them out on the national agricultural policy stage.

This diversity of people and interests has led to farm policies being only a small part of what today might be characterized as food and agricultural policies. Food and agricultural policies go far beyond farm policy. Programs are in place to promote food availability, food and fiber industry growth, food safety, product regulation, nutrition, domestic food assistance, food assistance to the world's poor, international trade, rural development, welfare of rural residents, resource conservation, environmental protection, animal welfare, and on and on. The list seems endless.

Mainly because of this multiplicity of purposes, great confusion exists about the logic of any single program. As the number of programs have grown like topsy, the rationales offered by their supporters for the expansion of these programs have been stretched to the limits of credibility. Each new program is justified as contributing to sound national policies that serve a variety of public interests. In reality, new programs result from the political necessity to buy new constituents to support old policy goals. These additions serve to attract sufficient votes to keep farm programs alive. National policy goals are usually articulated after the deals have been cut, ex post, not ex ante. In reality they are rationalizations for what was approved.

Government Myths

There are at least two powerful and contradictory myths about government.

One is the belief that government can and should meet social needs and objectives through a carefully formulated, logically consistent and straightforward plan of attack. This myth of governmental optimal planning is evident in the belief that farm-state members of Congress are duty bound to formulate and support programs that reduce risk, guarantee farm incomes and preserve valued institutions such as the historic family farm and the pleasant, harmonious and vibrant rural community, themselves myths of the modern era.

The other and contradictory myth is the belief that government cannot do much about meeting social needs and, indeed, should not even try, since people by and large can achieve their social objectives best without government intervention. This myth of government ineffectiveness shows up in complaints about regulatory practices, bureaucracy and a vague but deeply felt commitment to the free market. "All I really want is the government out of agriculture and a fair price," complains the frustrated farmer. With these disparate beliefs about government's role as a basis for agricultural policy, is it any wonder that we have such a morass of contradictory programs?

Government has historically intervened when the results of markets were disliked by large numbers of people. However, it is certainly not true that a government solution is always superior to market outcomes. Government programs also fail to attain outcomes desired by a large proportion of the public. But it is almost impossible to predict, *a priori*, whether government programs can bring about presumably desired outcomes and, therefore, whether society will be "better off" with or without the program. Trade-offs and distributional issues are almost always involved, and since preferences differ among people, success or failure is not easily evident.

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Six Problems

There are at least six problems associated with the agricultural policy process. They help explain, at least in part, why government programs often fail to accomplish what they were presumably designed to accomplish. They also explain why it is not possible to tell what a program accomplishes by listening to the rhetoric about it.

Bureaucrats Have Their Own Incentives

Congress makes the laws, the Administration implements them. Between these two very different types of government bodies are vast opportunities for differences in interpretation, or, indeed, in intent. Take agriculture as an example. Congress grants wide discretionary authority to the Secretary of Agriculture who, in turn, receives selected information and advice from agencies and constituent groups.

But, agencies such as the Agricultural Stabilization and Conservation Service (ASCS) within the USDA, respond to a very different set of incentives than do Cabinet officers and elected officials. These incentives may or may not lead to advice and actions appropriate in accomplishing the goals intrinsic to the legislation and the needs of society as a whole. These differences are sometimes the basis for charges that bureaucracies are out of control in both actions and spending. In part, such charges arise from the internal as well as external incentives to which agencies respond. Employees of government agencies are commonly rewarded for ideas that justify maintaining and expanding agency budgets and enhancing its support among interest groups that recognize that they directly receive benefits from programs administered by the agency.

Agency employees responsible for implementing or regulating a program usually have close relationships with those they are trying to regulate and those to whom they are transferring money. The pressures and the temptations to give the benefit of the doubt to those being regulated and those receiving the checks are always present.

The Agricultural Stabilization and Conservation Service (ASCS) is responsible for administering the USDA price and income support programs. The agency has offices at the state and county levels with farmer members on the county ASCS regulatory boards. While this type of organization leads to strong political support, it also fosters lax enforcement of regulations. Farmer members find it difficult to impose sanctions and penalties on neighbors who violate ASCS rules and procedures. It also affects the "spirit" of program implementation. For example, local ASCS committee chairs have been known to suggest ways that farmers could minimize the effect of acreage set-aside programs on their crop production. Such suggestions are counter to the stated objectives of set-aside policies to reduce production.

Other difficulties arise when farmers know more than bureaucrats. Crop yields used as a basis for crop insurance coverage are an example. Farmers know more about their own yields than a government or insurance official can ever hope to learn. Under these conditions, the farmer, but not the government official, knows when a good or a bad deal is being offered. Farmers participate or not based on their superior knowledge. Such adverse selection creates serious financial difficulties for federal crop insurance.

Farmers also know how to work the system as the innovative ways around the $50,000 payment limitation and the profits made with "PIK and roll" demonstrate. Innovative farmers who know how to work the system will be the real gainers from almost any public policy that is designed ostensibly to help all farmers even if the preamble of the legislation says that its objective is to protect family farmers.

The Unintended Side Effects

Unintended side effects of government activities are also inherent in agricultural policy processes. One reason outcomes may be unintended is that policy makers usually operate with a short-run perspective. They are seldom rewarded for considering long-run implications of policies. Pressures are strong for politicians to act quickly often without adequate information, although many times they do not do so. Nonetheless major consideration is focused on short run effects.

Agricultural policy is a fertile ground of examples. Increases in commodity price supports can cause land prices to increase. Such land price increases help those who already own farm land, but not those who may want to buy land. Moreover, higher price supports can damage competitiveness of U.S. products in international markets. Over time this loss of competitiveness may well cause farm incomes to be lower than they might have been with lower or even without price supports.

Another example of unintended side effects is how commodity programs encourage the farming of marginal and erosive lands counter to erosion control goals of U.S. policy. It was not intended to be this way; it simply happened as farmers maximized returns with practices allowed by the programs. Tradeoffs such as this in agricultural policy are the rule, not the exception. The challenge is to anticipate before programs are implemented whether they may have unintended side effects.

Caution is needed when considering the unintended consequences problem. It may well be that some members of Congress know the side effects of certain policies and they know that they will benefit the "right" constituents. Thus, what may appear to some observers to be unintended effects may, in fact, have been intended and, indeed, anticipated.

Programs Thrive on Inertia and Defy Oversight

Effective and timely oversight of programs and regulatory authorities is often impossible and usually distasteful to legislators. Close oversight can lead to loss of appropriations, elimination of agency jobs, cutbacks on services expected by constituents, and perhaps even new controls by congressional committees. Few legislators relish opening these kinds of "Pandora's Boxes." Too often, even in the face of obvious policy irrelevance, agencies can avoid close oversight simply because there are many other things that legislators can focus on that have much less political risk.

The politically neglected Animal and Plant Health Inspection Service (APHIS) is a case in point. Pressures have mounted for APHIS to develop new guidelines for the contentious issues related to biotechnology products. This pressure makes it easy for the less trendy work focused on animal disease control and eradication to be ignored. Because Congress is inattentive and key livestock interests consider animal health programs proprietary, APHIS faces little pressure to change these programs. In fact, Agency personnel resist change even in the face of evidence that animal disease problems are increasing worldwide.

There is another problem partially related to inertia. The APHIS Administrative Management Team recognizes that the major diseases for which it was originally funded are largely eradicated. In contrast, there are many pressing problems related to disease detection and management. How does such an agency effectively shift its resources to new challenges? It doesn't, at least not well or efficiently and certainly not quickly. So, APHIS keeps a low profile, Congress ignores it, and most hope that it—like so many other parts of the agricultural establishment—will just muddle along without perpetrating a crisis that will call attention to it.

Belief that Everyone Should Share In Programs

Government programs and policies can lead to increasing inequities in the distribution of wealth. For example, price supports cause land prices to increase and therefore land owners gain wealth. If land owners are already wealthy, this government induced addition to their wealth may be contrary to society's general view of equity. But, in a democratic society, wealth affects political power which, of course, influences government decisions. Thus, wealthy people can gain wealth through government action, which they encourage, even if the larger society believes the distribution of wealth should be more equal.

But there is a belief that in fairness everyone should share positively in government solutions. Thus, there is a constant clamor to correct inequities caused by policies. Rhetoric, rather than deed, however, largely prevails.

The opening of agricultural policy to the poor, consumers, environmentalists, animal protectionists, and organic farmers, relates also to fairness. Government is not only unfair if it does for one and harms another, but it also is no less a villain if it does for one without doing for another.

Unfortunately, Members of Congress find it useful to ignore the original purposes of programs. The tendency is to oversell what has been done for every special constituency. This approach creates both false expectations and an endless search for rationales to justify the original policy deed.

Claims That Everyone Wins

Perhaps the most repeated comment made about farm price support programs is the spurious one that U.S. consumers get to pay amazingly little for their food, less than 12 percent of their 1990 income. Cause and effect, so hard to prove or disprove, nonetheless are lumped easily together in appealing to a popular image for agricultural policy. Advocates are compulsive in trying to show that broad public benefits are derived from even the most select farm or business constituents receiving large direct government program benefits. With so much emphasis on fairness between parties and with continually burgeoning programs, the need for such excuses is understandable. Few, even sympathetic, agricultural observers are prepared to accept as fair how much the U.S. government does for so few with its commodity policies.

The rhetoric about program intent gets incredibly convoluted on such issues. Try, with a straight face, telling knowledgeable consumers that they too will benefit when the government buys out the herds of willing dairy producers in order to lower supplies and increase milk prices. Or, try telling environmentally-concerned Americans that the Conservation Reserve Program is really an environmental program rather than a supply control effort when several other alternatives could bring more conservation with far fewer dollars.

Until the public understands that agricultural policy is made by and for large farmers that have only limited, if any, resemblance to the idealized "family farmer," public officials will continue to claim that dumping large sums of money on the largest producers is good for everyone. The resulting hectic search for any rationale that suggests a link between the farm good and the social good will continue unabated. Of course, the resulting information in support of the public interest will provide precious little insight into what agricultural programs are really accomplishing.

Omnipotency: Programs Can't Go Wrong

Those who contribute to the development of agricultural programs have an omnipotency problem—the belief that what their political maneuvering has created cannot possibly go wrong.

Yet, there are too many obvious failures for U.S. farmers and the general public to believe that the creators of agricultural policies were either all powerful or all knowing. Agricultural programs, even those that fail, create stakeholders. Beneficiaries of otherwise failing programs will lobby hard for the continuation of the programs even though the programs fail to accomplish their intended results.

The omnipotency problem is more malicious to sound agricultural policy than the other five problems. Due to their belief in their own omnipotency policy makers often neglect to identify and eliminate programs that may actually harm U.S. agriculture, its dependents or its constituents. Since programs are subject to constant justification, public officials spend much of their time and efforts assembling factual data bases to support their positions. In the end, they are left with precious little time or capacity to root out disastrous effects.

These six problems contribute to the contradictory myths that frame our expectations about the policy process. They are not likely to go away. The web is too complex, the ideals too inconsistent, the expectations too incongruous, the irony too great. But recognition of the irony is not a bad approach for understanding and interpreting public policy. For this is a way of reminding ourselves that no single interest, including our own, represents the public good.

A multidisciplinary team wrote the 1991/92 Annual Policy Review of the National Center for Food and Agricultural Policy, *Sacred Cows and Hot Potatoes: Agrarian Myths in Agriculture Policy.* The team consisted of two agricultural economists (Jerry Skees, Laurian Unnevehr), a rural sociologist (Louis Swanson), a political scientist (William Browne), and a philosopher (Paul Thompson).

The volume, in 11 chapters, takes a comprehensive view of agrarian myths and how they have affected the debate over and the outcome of U.S. agriculture policy. This article borrows heavily (lifts text actually) from one of the chapters entitled "Never Assume That a Government Program Will Do What It Says." The cost is $15.95 plus $2.50 for postage and handling. Copies are available by writing to Westview Press, 5500 Central Avenue, Boulder, CO 80301, telephone (303) 444-3541; fax (303) 449-3356.