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A continuing evolution in U.S. agricultural and food policy – The 1990 Act

R.G.F. Spitze
Department of Agricultural Economics, University of Illinois at Urbana-Champaign, Urbana, IL, USA

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ABSTRACT

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This paper reports the results of a study of the economic content and the decision-making process of the recently adopted U.S. 1990 agricultural and food policy. It is the most comprehensive policy of its type. It represents the broadest participation of private individuals and interests groups, and will affect the economy of not only the United States, but also the economies of trading countries around the world.

The study examines the economic conditions leading up to the policy, a theoretical foundation of public policy determinants, the role of economic analysis in that policy development, the provisions of the Act compared with the previous policy, and its extensive economic implications. Results of the study support features of a conceptual framework for economic policy of a participatory government. The study also reveals the unique policy process of the United States and the provisions of its price and income policy for the food and agricultural sector.

Finally, this article identifies the interrelations between the 1990 policy and on-going GATT negotiations, the emerging importance of environmental and food quality issues in agricultural and food policy, and sources for further study of this Act.

INTRODUCTION

The adoption of the Food, Agriculture, Conservation, and Trade Act of 1990 (hereafter the 1990 Act) in the United States (U.S.) was the culmination of a unique, complex, two-year process of public policy making. This policy development was followed with interest worldwide, and carries

Correspondence to: R.G.F. Spitze, Dep. Agricultural Economics, University of Illinois at Urbana-Champaign, 305 Mumford Hall, 1301 W. Gregory Drive, Urbana, IL 61801, USA.

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economic implications for major agricultural trading nations. Although there were no direct links between the simultaneous decisions of this policy and that the General Agreement on Tariffs and Trade (GATT), there were signals in the 1990 Act for the continuing trade negotiations. The U.S. Congress (legislature) gave the Act its strong approval with a House of Representatives vote of 318 to 102 on October 24, 1990, and a Senate vote of 60 to 36 on October 25 (U.S. Congress, 1990). The President signed it on November 28, 1990.

The 1990 Act sets the course of what is commonly known in policy scholarship as price and income policy, or 'farm policy' in legislative jargon, for the U.S. for the first half of the 1990s. It is another installment in six decades of U.S. public policy evolution (Spitze, 1987). This new policy will directly affect U.S. agricultural production, farm product prices, farm income, food and fiber consumers, agribusiness, rural communities, and taxpayers, as well as other countries through trade and aid.

METHODS AND PURPOSE OF STUDY

The purpose of this study was to analyze this new important policy – its provisions, the public decision-making process, determinants, scope, primary changes from previous policy, and major economic implications. The methods include a critical theoretical and empirical examination of: policy research leading up to the Act, the detailed official documentation of the Act as well as that of the previous Food Security Act of 1985 (1985 Act), and the current Act's likely implementation. An underlying thesis of this investigation was that a reliable understanding of a governmental policy requires knowledge of the process as well as the provisions, a view reinforced by Hedley et al. (1990) in a recent discussion of Canadian agricultural policy for which a summary was published. This inquiry was facilitated by the author's leadership in organizing national professional policy workshops in preparation for the policymaking, and the author's presence in Washington, DC at the U.S. Department of Agriculture (USDA) Economic Research Service (ERS), the Congressional Hearings and bill marks-ups, and the final Congressional Conference Committee sessions.

Findings will be useful to future policy researchers, policy decisionmakers, and private participants in food and agricultural policy in most countries, particularly those using participatory political processes.

RESULTS AND DISCUSSION

Economic setting

Public policy of a sovereign state is a political decision. Yet, the 1990 Act was rooted in economic problems, as well as other determinants, and embodies economic content. Thus, as developed by Gunther Schmitt (1985), agricultural and food policy integrates political and economic behavior.

Two forces dominated the economic setting: the farm sector recovery from the devastating financial crisis of the early 1980s, and the federal budget constraints arising from the strong national consensus to reduce the budget deficit. The current economic situation is critical to policymakers because it helps define the problems, is an indicator of immediate future trends, and suggests possible actions to improve conditions. Thus, if the late 1970s had not been characterized by double-digit inflation, the U.S. Agriculture and Food Act of 1981 would not have contained a 6% escalation of target prices. If the early 1980s had not witnessed a 40% loss of the U.S. agricultural export market, the 1985 Act would not have included the unprecedented bundle of current export subsidy schemes.

Table 1 depicts a comparison of the primary economic factors characterizing U.S. agriculture that are particularly relevant to the policy decisions. For the two-year period (1987–88) preceding commencement of policy development for the 1990 Act, these factors were exactly the opposite of those portrayed in the depressed conditions in the first half of the 1980s (1981–84), that led up to the 1985 policy cycle. This general rebounding of the agricultural sector resulted from a convergence of several trends. Farm output (supply) dropped due to droughts and record acreage set-asides of 15–20% of cropland. Demand jumped with a 15.4% annual rise in exports, substantially aided by the export promotion and subsidy programs of the 1985 Act. Farm income was enhanced by not only strengthened prices but also record Treasury transfers via the target price, deficiency payments programs, accounting for 8% of gross farm income. These forces, in turn, reversed the previous plunge of farm asset values and shrunk the mountain of government commodity stocks. Such a relatively favorable economic picture allowed policymakers flexibility in 1990 for options in both programs and budgets that had not been available in recent policy cycles.

Another inexorable pattern of resource shifts continued in the U.S. throughout the 1980s. The farm population declined by 2–3% per year, average farm size increased to just over 450 acres *, farm labor productivity out-paced most other sectors, and off-farm income provided more of the farm families' income (U.S. GPO, 1991).

The second economic force was the growing imperative to reduce the federal budget deficit which interrupted the final stages of the policy

* 1 acre ≈ 0.4047 ha.

TABLE 1

Economic characteristics of U.S. agriculture basic to the 1990 policy development

Years preceding 1985, 1990 policy	Agricultural supply (production)	Agricultural demand (generated) [a]	Supply–demand balance	Prices of all farm products [b]	Net farm income per farm family [b]	Total farm assets [b]	Government commodity stocks [b]
			(compound annual rates of change)				
1981–84	+1.9	−0.5	Stronger supply	−4.1	−1.7 [c]	−8.2	+17.3
1987–88	−4.1	+4.6	Stronger demand	+2.7	+17.2	+2.3	−33.5

[a] Includes demand generated by annual changes in factors as follows: for both periods, population (+0.7) and consumer income (+0.2); with net trade, for first period (−1.4) and for second period (+3.7).

[b] Constant dollars.

[c] Adjusted for exceptional weather-induced crop and income shortfalls at the beginning of the period.

Source: Compiled from data published by USDA Economic Research Service.

process of the 1990 Act. Senate Budget Committee Economist Hoagland (1990, p. 73) observed, "No issue has so dominated the political landscape of the 1980s as... the federal budget deficit." A prolonged summit of Congressional and Administration leaders during the spring and summer of 1990 allocated substantial cuts to the projected costs of all agricultural and food programs. The response was to eliminate increases initially planned for food stamp and other aid programs, but to reduce Treasury farm program outlays for the five years by about 25% across all commodities. Such budget pressures not only prompted policymakers' resistance to raise target prices and price support levels, but also allowed them to adopt the 'flexibility' slogan as a program change to reduce costs, with the added effect of lowering farmer benefits.

Political setting

Four factors dominated the political setting: the politically-determined duration of the 1985 Act; the off-year Congressional elections; the GATT negotiations; and publicly-inspired environmental concerns. The policy development cycle was triggered to occur in 1990, an inopportune election year, due simply to the approaching statutory termination of the five-year 1985 Act. At variance with much of its other public policy, U.S. price and income policy has, for 60 years, included a specified duration, somewhat similar to the Annual Review of earlier United Kingdom and of current European Community (EC) policy. In recognition of both the pending elections and GATT, the Executive (Administration) even sent out political feelers simply to extend the 1985 Act for one or two years, but Congressional momentum was to proceed on schedule. Even though concerns were expressed about developing policy during Congressional elections, particularly for the eleven of 19 Senate agriculture committee members up for reelection, there was little noticeable effect upon either the process or policy.

The prolonged, increasingly tense GATT negotiations similarly remained outside of the core 1990 policy development, even though it shadowed the policymaking with uncertainty. Protectionist countries like the EC observed the process to obtain evidence that indeed the U.S. was not going to forego its own longstanding market interventions. Conversely, the Cairns, less protectionist group hoped to detect signals that the aggressive export subsidization launched by the 1985 Act was to be curtailed. On the home front, the Administration used its free market position at GATT as leverage for less governmental presence with the 1990 policy, while the opposition pointed to the continued stalemate in the negotiations as rationale for even stronger export retaliation. In the end, GATT's impasse during the critical period of decision-making likely strengthened support for the continuation of the U.S. aggressive export subsidization policy. It certainly precipitated the unique provision inserted in the final compromise that would trigger changes in the 1990 Act to raise the ante for export subsidy funding in the absence of an agricultural trade agreement by 1992.

Finally, growing national concerns about environmental effects of farming, and technology effects on food quality and safety filtered through the political processes to produce several new initiatives in the 1990 Act.

Alternative policy directions

In contrast to recent policy-making cycles, the 1990 period did not call forth the usual proposals advanced and promoted by prominent political leaders for elimination of all market interventions – the free market approach of the Reagan years – or mandatory production controls, or even a welfare-oriented program for farmers.

Of most significance was the unanimity among both Executive and Congressional leaders of both Houses and both political parties that the 1985 Act was satisfactory in a relatively favorable current economic climate. Tinkering to improve, not to replace, was acceptable. In fact, the Congressional majority leadership (Democratic Party) introduced the text of the expiring 1985 Act as its starting point for negotiations.

The second proposal, again to improve the existing policy, was advanced by the Secretary of Agriculture as the *1990 Farm Bill Proposal of the Administration* (USDA, 1990). Its primary thrust was more flexibility and greater dependence on market forces. It called for less reliance on land retirement with some multi-year set-asides and more on planting flexibility, continued lowering of target prices and loan rates of the previous Act, replacement of crop insurance by a crop disaster program, continuation of food aid programs and various export subsidization initiatives, extension of the conservation reserve with an added water quality provision and a cap at 40 million acres, a shift of credit assistance to guaranteed private funding, and an increase in agricultural research through a national science initiative.

A third proposal was advanced by an unprecedented coalition of eleven prominent private environmental and consumer organizations. Released early in 1990 and widely publicized through the media, the colorful, professionally designed *Farm Bill 1990 – Agenda for the Environment and Consumers* (Environmental Coalition, 1990) set forth an agenda for farm, food, and natural resource policy.

A fourth initiative emerged from a self-styled urban coalition of 19 members of Congress. They called to reduce, if not eliminate, agricultural price and income intervention programs by lowering the maximum Treasury payment per farmer or by limiting the production eligible for deficiency payments. It attracted at most 38% of the votes of the House.

Each of these alternative policy directions had some effect on the eventual compromises of the 1990 Act, but the final version clearly continued the aims of the 1985 Act and of the evolution of decades of public involvement into the private allocative and distributive transactions of the food, agricultural, and natural resource sector of the U.S. economy.

Policy process

In a participatory political system, public policy decisions, such as the 1990 Act, result from the choices – embodying not only economic but also social, political, ethical, and other values – of individuals and interest groups to resolve their problems. Economists study policy and pursue rigorous analyses under the guidance of general models, the most common being the perfectly competitive micro and macroeconomic equilibrium market systems. Yet, public policy is more than economic behavior. Thus, more than economic paradigms may be needed as Petit (1988, p. 27) noted in his recent IAAE Presidential Address, "...the basic concepts and some of the fundamental hypotheses of economic theory rely on hazy definitions, the ambiguity often reflecting fundamental intellectual problems."

During the past three decades there has been increasing attention in the literature of governmental policy – not the same as public policy – on public choice and transaction costs (PC/TC) theory, such as by Buchanan, Tullock, and North, among others. It has frequently focused on governmental decisions as choices made by officials, or perhaps agents, of self-serving pressure groups and motivated by a search for net economic gains to their constituents in order to remain in power. Furthermore, all governmental decisions involve transaction costs including those incurred or considered, such as for information gathering, negotiating, and implementation.

This study suggests in PC/TC, or any other approach to the political economy of governmental policy, it is critical to understand that: (1) all governmental policies are not public policies; (2) public policy decisions are compromises simultaneously encompassing political, social, and other values in addition to economic; (3) these composite decisions arise from innumerable choices of all participants, ranging from producers and consumers to elected legislators and executives, according to their perceived gains and losses, and those choices may indeed be similar in principle to those price seeking and resource allocating decisions characterizing a market system; and finally (4) these public policy decisions are the essence of societal value rather than its origin being in some source external to the process or its evaluation necessitating some external criteria.

An adequate logical foundation to understand public policy should include a conceptualization of a political system, circumscribed with limiting assumptions, by which the actual varying degrees of perfectly functioning participatory systems could be studied, just as with economic analyses. Even participatory governments exhibit diverse organizations. Different somewhat from the policy process of the common partliamentary system where a majority party or coalition reigns, the U.S. process producing the 1990 Act involves negotiations, compromises, and settlements between political parties in each branch of the legislature, between the House and Senate of Congress, and between the separately elected Congress and Administration.

This study of the 1990 Act, along with evidence from the past 20 price and income policies since 1929, reveals five generalized determinants that can be expressed as follows:

$$\mathrm{PP}_{\mathrm{AF}} = f(P, \mathrm{VB}, \mathrm{ES}, K, I)$$

where $\mathrm{PP}_{\mathrm{AF}}$ public policies for agriculture and food; P policies experienced in the past or currently in effect; VB values and beliefs of the participating individuals and groups; ES economic and social conditions, particularly current trends directly relevant to the agricultural and food sector; K knowledge by participating individuals or groups about alternative policies for the public problem at issue, and about the likely consequences of each; and I influence levels within the political system of private interest groups affected by the alternative policies.

One of the factors in this equation of particular interest for this study was the knowledge base (K), which as provided for the 1990 policy by the research and education system was likely the best ever in U.S. policy history. It provided some of the needed objective analyses of past policies, accurate characterizations of the current economic situation, descriptions of emerging agricultural and food problems, and even new policy options with expected consequences. Noteworthy sources, with selected representative examples cited, include: USDA Economic Research Service background and briefing series, such as their policy review (USDA Economic Research Service, 1989); Land Grant University research reports and educational leaflets, such as the national farmer survey (Guither et al., 1989); Food and Agricultural Policy Research Institute Reports; Library of Congress Congressional Research Service releases; information from various non-profit centers and national councils, such as the Resources for the Future National Center for Food and Agricultural Policy; and the several regional and national professional journals.

Some important improvements in the quality of this knowledge base can be identified. Anticipating the complications posed by the general election in the year of the policy decisions (1990), Congress commenced their open hearings across the nation in 1988. This permitted two full years to generate discussions among relevant interest groups, to hear testimony both in their home region as well as in the national capitol, and to study specific questions and proposals. The early agreement among policymakers to improve, rather than replace, the 1985 Act focused inquiry and evaluations on defined issues upon which more rational decisions could be made. Finally, research input was not only directed as in earlier policy cycles at the emerging policy issues but its communication quality was enhanced. For example, *Choices* as a publication of the American Agricultural Economics Association was launched as recently as 1986 explicitly to reach leaders and policymakers. Furthermore, all of that organization's national awards (AAEA, 1991) for Policy Contribution and for Quality of Communication were for performances and publications focused on the 1990 policy development.

The policy process reached its climax with public decision makers in the executive and legislative bodies following extensive input from many individuals and diverse interest groups. In Congress, the House Committee on Agriculture commenced public hearings around the nation via its subcommittees on June 28, 1989 and the Senate Committee on Agriculture, Nutrition and Forestry on April 5, 1989. Each finally reported its proposed comprehensive bills in June, 1990, with documents exceeding 1000 pages. Debates occupied five to seven days each on the floors of the chambers culminating in strong majority votes by July 31 on separate but similar bills. The differences were reconciled in a Conference Committee of 23 members from the two agricultural committees negotiating for eight days while interacting with the ever-present Administration staff, out of which the final compromise for the 1990 Act was struck.

Any systematic assessment of the quality of the product of the 1990 Act in terms of performance, rather than only deduction, should be ex post its implementation. It is interesting to note that the final approval by Congress was exactly the same vote of 73% as for the 1985 Act, and the previous clouds of possible presidential vetoes did not hang over the 1990 outcome.

Policy provisions and primary changes

The 1990 Act is the most comprehensive price–income–food–conservation–trade policy enacted in the six-decade evolution of this type of U.S.

TABLE 2

Summary of provisions of the Food, Agriculture, Conservation and Trade Act of 1990

Item	Provisions	Comparison with 1985 Act
Duration	5 years	Same
Food aid		
Domestic	Food stamp and other programs continued; penalties for fraud raised	Similar but real aid likely to decrease with inflation
Foreign	P.L. 480 continued; title I credit sales left with USDA; title II donations and new III development shifted to AID	Similar but some management transferred to Department of State
Grain reserves	Farmer owned reserve continued	Entry-exit tied more to stocks and discretionary authority
Commodities Grains	Voluntary production control contined; new annual triple base and optional set-asides with no deficiency payments	Similar but more base crop reduction without benefits and more planting flexibility, yields frozen
	Price supports continued; 85% of 5-year moving average, discretion to reduce 20%; marketing loan discretionary	Higher minimum instead of 75–85%, discretion tied more to stocks; new marketing loan
	Target prices frozen at 1990 levels; deficiency payments only on eligible crop and on 12-months basis final two years	·Frozen instead of declining; 'safetynet' decreased with triple base and inflation
Oilseeds (including soybeans)	Soybean price supports continued; \$5.02 per bushel minimum; marketing loan; 2% assessment fee; oilseeds price support	Higher than previous \$4.50 minimum; first use of marketing loan, minor oilseed supports, and assessment
Cotton and Rice	Price supports, target prices, marketing load continued	Similar but target price frozen instead of declining
Sugar	Price support at \$0.18 per lb (0.45 kg), import quota, and no net Treasury cost continued; assessment fee	Similar but loan level decreases with inflation; new assessment
Dairy	Price support continued; \$10.10 per cwt minimum; USDA must recommend new adjustment program; assessment	Support at lower level; no whole herd buyout; new assessment; new program to be considered
Wool, Mohair, Peanuts, Honey	Price supports continued at different levels; assessment fee	Similar with new minima and assessments
Payment limits	Base \$50,000 per person continued	Similar with some limits lowered

TABLE 2 (continued)

Item	Provisions	Comparison with 1985 Act
Conservation	Sodbuster, swampbuster continued; conservation reserve at 40×10^6 acres minimum; water quality, wetlands, and insecticide record programs	More programming and funding for resource and environmental purposes; penalties strengthened; water and food safety focus
Exports	Long and short-term credit sales, export subsidies, and promotion continued	Same programs and levels with real decrease by inflation
Credit	New rules on foreclosed FmHA property, buy-back rights, write down options, and interest subsidies	Similar, with reduced credit assistance, and continued shift to private guarantees
Research and Education	New initiatives for environment and food safety; higher funds authorization	More support for competitive grants, sustainable agriculture, and centers
Forestry, Grain Quality, Organic Food, Rural development, Global warming	New programs, studies authorized, standards set, and funding authorized in each area	New public involvement in areas heterofore left entirely to private market monitoring

(Winchester) bushel ≈ 0.3524 hectoliter.
cwt = 1000 lb ≈ 45.36 kg.

public action. It encompasses 25 titles, six being new for forestry, fruits and vegetables, grain quality, organic, rural development, and global warming. No substantive programs were dropped, but new important additions and program changes were made. Being truly a compromise, no leader or interest group is claiming sole authorship – or even strongly defending it – but it was supported by a multitude of competing interests, commodity groups, and political parties; however, dissent has been voiced. Vigorous reactions, diverse interpretations, and detailed explanations will be forthcoming, such as a careful description by USDA (1991). Table 2 presents a synopsis of the primary provisions of the 1990 Act, including a brief comparison with the 1985 Act, following a similar earlier format for that policy (Spitze, 1987).

Each new policy cycle brings alterations in the basic price and income supporting mechanisms of the nonrecourse loan rates and target prices. Under the 1985 Act, price supports for most program crops were permitted to decline by a formula using 75–85% of an adjusted five-year moving average and the target prices were reduced an average of 2% annually. By the 1990 crop year, for example, the wheat loan rate had declined to \$1.95

and target price to $4.00 per bushel, while for corn the respective prices were $1.57 and $2.75. To slow these declines and inflation's further deterioration of the farmer 'safety net', the 1990 Act raised the minimum formula base to 85%, restricted some adjustments permissible by the Secretary of Agriculture, and froze the target price levels for the five year duration. However, the 1990 Act instituted changes from existing policy in three areas, that will have implications well beyond its duration, focusing on (1) flexibility, (2) environmental protection, and (3) new initiatives.

Flexibility. Flexibility became a trademark of acceptability as a policy direction early in the 1990 deliberations, even though it carried quite different meanings to the diverse proponents. Given as an early priority for a policy change, the Administration viewed it as a move toward less governmental intervention and toward more allocative efficiency. Producers hoped it would bolster their incomes through the freedom to shift production out of program crops without losing base acreage. Exporters wanted more production to market from any relaxed acreage controls. Environmentalists favored the option so producers could alter their traditional program cropping pattern. Budget watchers saw it as a means to reduce Treasury costs. Thus, the inevitable adoption of flexibility measures responded to all of these objectives, but only to a limited extent for each.

Two flexibility provisions were launched with the 1990 Act. One was the much discussed 'triple base'. It was an addition to the historical program crop base previously assigned to each producer and to the permitted acreage (base) associated with any designated annual voluntary set-aside under ARP (annual reduction program). This new provision offered producers desiring to participate in the program the option to shift an additional 15% of their base acreage (resulting in the third permitted base) into a non-program crop without loss of the historic base. However, no deficiency payments would be received in addition to the market returns on that 15% regardless of what crop was produced. The second flexibility provision permitted participating producers to shift yet another 10% of base acreage into non-program crops, also without losing the historic base but only losing deficiency payments with a shift. Thus, the trade-offs of the new flexibility were less Treasury costs and more producer freedom to seek optimum resource allocation against the likely results of more production, lower returns, and more economic uncertainty.

Environmental protection. The second change included environmental and food quality program provisions, responding to emerging concerns from environmental, conservation, and food interest groups that became imperatives for the 1990 Act. This followed the historic erosion control programs launched in the 1985 Act with the voluntary Conservation Reserve Program (CRP) by which 34 million acres had been withdrawn from production for 10 years, and with the erodible cropland conservation compliance condition for any program benefits. Now, the public clamored for more protection of the soil, the water supply, and food quality.

The tradeoffs were for more regulations and incentives protective of the resources central to agriculture against higher Treasury costs and limitations on producer's discretion. The provisions included: a higher minimum of 40 million acres for the CRP; strengthened sodbuster and swampbuster prohibitions; establishment of a national Wetlands Reserve of up to 1 million acres involving as long as 30-year public easements of farm wetlands; cost-sharing for remedial practices up to $3500 per farmer per year for as much as 10 million acres of farmland susceptible to polluting ground water; inauguration of pilot Integrated Farm Management Programs to assist producers; mandated record-keeping of all applications of restricted-use pesticides; and creation of a new Office of Environmental Quality in the Department of Agriculture. However, some of these programs must await funding.

New initiatives. The third area of change involved six new titles in the 1990 Act that launched several program initiatives including: forestry improvement research, education, and funding for both private and public owners; mandated establishment of Rural Development Administration, coupled with organizational and financial support for local economic development; strengthened grain quality standards and enforcement particularly applicable to exports; development of national standards for labeling of organic foods; and coordinated research to assess better the questions of global warming and its policy implications. Many of these initiatives are likely precursors to expanded programs in future Acts.

CONCLUSION

The 1990 Act continues major provisions of the past six decades, but also extends public involvement into the agricultural sector. The results of this study support a conceptual framework for economic policy for participatory governments generally that includes: (1) public policies are responsive to persistent, perceived problems, including economic; (2) policies result from five general determinants; (3) many private interests are represented in the decision making process; (4) the policy choices are shaped by compromises among diverse interests; (5) the public policies generally evolve, rather than change quickly; and (6) these public choices are essentially political decisions influenced by economic, social, cultural, and even ethical factors.

Furthermore, the study reveals a content and process of price and income policy for the agricultural and food policy sector unique to the United States as follows: (1) the policy evolution focuses on the price, income, trade, conservation, and food aid issues in which the public has intervened since 1929; (2) the public involvement has relied increasingly on voluntary private compliance induced by Treasury incentives in place of direct market intervention; (3) this evolution of public policy has exhibited an increased comprehensive, nonfarm focus and a broader participation of non-agricultural interest groups; (4) the eventual compromises among policymakers always involve conflicts between political parties, the House and Senate of the Congress, and the legislative (Congress) and the executive (Administration); and (5) this particular policy was shaped by the relatively favorable economic conditions in the farming sector, by the constraints of the budget deficit, and by the escalating conflicts in world trade.

Finally, although the 1990 Act charts a policy path for the first half of the 1990s generally independently of the ongoing worldwide GATT negotiations, it contains provisions sure to have economic effects outside of the United States in several ways. It reenforces for another five years the post World War II policy of attempting to balance market supply and demand through its voluntary production controls using various monetary incentives. These include minimum price supporting, supplementary producer deficiency payments, and a minimum grains reserve. Of direct interest to all agricultural importing and exporting countries, it reaffirms a series of aggressive agricultural export promotion and subsidization programs. Although the 1990 Act clearly supports the U.S. role in helping shape a GATT agreement for reduced barriers to agricultural trade, it also embodies a mechanism to trigger even more aggressive export subsidization in the absence of successful negotiations.

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