INSTITUTIONS, INSTRUMENTS AND DRIVING FORCES
BEHIND U.S. NATIONAL AGRICULTURAL POLICIES

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Fundamental Forces Influencing Policy

At the most general level at least five fundamental, long-term forces influence policy decisions. These are 1) the reigning values or ideologies of the society, 2) the dominate institutional arrangements, public and private, 3) the level of educational attainment of the society and therefore the ability of the public to understand many of the issues, 4) the impacts of technological change that reallocate property rights and create both opportunities and impose costs on various groups in society and finally, 5) the heavy hand of the past arising out of prior policy decisions.

Ideologies

The reigning values of a society tend to be very long lasting and stamp public policy with a definitive pattern over long periods of time. When values are inconsistent, substantial conflicts and uncertainty in policy can prevail. The United States provides a good example of how conflicting values can give rise to complex and sometimes conflicting policies. Many values were formed in the United States of the 18th and 19th century in a society that in a sense was a small third-world developing nation, trying to survive in competition with many, more powerful nations. A weak United States had to fend off stronger European powers while it attempted to settle an entire continental land mass through westward migration. This period lasted until about the end of the 19th century.

The nation wanted to be left alone to fulfill its destiny -- homesteading and conquering a raw continent. An early and strongly held value running through American political behavior was the belief that it was our manifest destiny to dominate the land mass between the former Atlantic colonies and the Pacific. The Monroe Doctrine was a
statement declaring a sphere of influence that excluded the European powers. These beliefs led very logically to another belief that still persists, isolationism. Many early Americans fled from religious and political persecution and conflict and wished to be left alone in religious, political and economic freedom. Widely held isolationist values delayed American entry into World War I, and led Congress to reject United States membership in the League of Nations following the war. Before the Japanese attacked Pearl Harbor, the same beliefs made it difficult for President Roosevelt to support Britain or rearm for World War II. Isolationist beliefs reinforce protectionism and any inclination to pursue a mercantilist foreign economic policy.

Another value firmly ingrained in U.S. behavior is that of rugged individualism, which comes from the early settlement period and expresses a strong belief in individual rights and responsibilities versus those of the community or of collective rights and responsibilities. Closely related is another value arising out of the anglo-saxon tradition, which found a very strong expression in the Constitution of the United States. The value of political freedom for the individual was counterpoised against the rights of the state, with the rights of the state substantially restricted by the Bill of Rights and the Constitution. A value conflict that has played a major role in our history is states rights versus federal dominance of the powers of the state. The Civil War established that the United States is a federal system with sovereignty vested in the Nation not the states, although the appropriate balance between the states and the national government continues to be contested.

Laissez-faire versus government control of markets involves conflict between economic values closely related to some of the political values already discussed. In the 19th century national political rhetoric celebrated the virtues of the free market, but practice frequently involved government intervention in both domestic and export markets and protectionism when foreign competition made inroads in United States' markets. Like most developing nations the United States pursued a mercantilist policy. The balance tipped even further toward government control from the Great Depression
until deregulation began under the Carter Administration. Only since World War II has the United States provided any leadership for international free trade but, even then, agriculture was excluded from consideration in the GATT -- an exception championed by the U.S. until this year, when the Uruguay Round began.

The final value considered is the very persistent one of Jeffersonian agrarianism. In the early days of the Republic, Thomas Jefferson and others argued that the strength of a democratic society was dependent upon a strong, independent yeomanry. Thus it was believed that the numbers and welfare of family farmers were important to the strength of the Nation. The facts are that today the farm population constitutes about 2% of the national population and farm production less than 2% of GNP (CEA). Nevertheless, the value persists in a populist form that continues to generate popular support for demonstrably obsolete farm programs.

The ideologies to which a nation is committed structure its opportunity set, blocking off many policy options, while making others possible or even unavoidable. Ideology shapes human institutions and behavior and, for good and evil, is a major driving force of history.

Institutions

Policy decisions are also influenced by the nature of the institutions of the society. Institutions differ from one country to another and are defined here to mean the rules of behavior and roles that govern patterns of relationships between individuals and groups as well as the public agencies, private organizations, families and other decision-making units of society. They include the arrangements for public governance, especially the political and policy decision processes of the society. They also include all of the social arrangements and rules that govern production and marketing decisions, including business law. Much of this paper is devoted to describing institutions that affect national policy.
Human Capital

Another slowly changing, major force influencing policy decisions is the breadth and depth of the education levels of the society. The capacity and sophistication of the education system determines the level of economic and political literacy that informs public opinion, an important political influence in any modern democracy. This human capital base allows society to deal more or less effectively with complex problems, whether these be political, social or technological. We will not explore this dimension.

Technology

A fourth force in shaping public policy is the capacity of society to modify its technologies and to improve the useful knowledge of society. Behind this base lies some prior investment in institutions and human capital, but technology and knowledge are critical dimensions of the basic capacity of any modern society. Changes in technology and its timing redistribute property rights, create opportunities and impose costs within and between various societal groups. The effects of technological change will not be dealt with here, except as it has helped create a new United States political actor, the media.

Past Policy and Political Commitments

Finally, the influence that tends to make policy changes incremental and slow is past policy decisions and the political and ideological commitments of the participants. The dead hand of the past falls heavily on agricultural policy today. Substantial evidence exists that the agricultural policies of most industrial nations are inconsistent with the imperatives of an internationally interdependent world economy. Yet those policies persist and are exceedingly difficult to change.

Evolution of United States Agricultural Policy

In the United States the industrial revolution began about the third decade of the 19th century. By the time of the Civil War, industrialization was advancing rapidly. By the beginning decades of the 20th century, the United States had reached the level of economic and political strength of the European nations with which it competed.
From the early decades of the 19th century until the Great Depression of the 1930s legislation addressing agriculture could be characterized as social legislation focused on long run institutional development. The main purpose of policy for the agricultural sector was the improvement of agricultural productivity and bringing rural living conditions and welfare up to urban levels. A pervasive fear existed that a backward rural sector in an industrial society would be a growing threat to the stability of democratic institutions and could push farmers back into an underclass, if not the peasantry from which many North Americans had escaped. The benefits of these social investments went not so much to individuals as to the whole of the rural sector and indeed to the whole of the society. That is, they provided collective goods. This legislation included the Homestead Act as well as the act establishing the U.S. Department of Agriculture (USDA) and the Morrill Act authorizing the land grant college system, all of 1862; the Hatch Act of 1887 created a national system of state research stations for agriculture; and in 1914 the Smith-Lever Act created a national system of state extension services to disseminate new knowledge and technology to farmers (Bonnen 1984, pp. 57-8).

With the exception of the Homestead Act, farmers placed little value on the agricultural (institutional development) legislation of the 19th century. However, when the farming sector was in economic crisis and disorder and populist violence was perceived to threaten society, the nation responded with another type of legislation regulating the villains that farmers saw as the source of their trouble. From the Civil War to the 1890s, this led to railroad rate regulation and to antitrust legislation attempting to restrain the monopolistic behavior of the nonagricultural sectors with which agriculture dealt.

In the late 19th century through the 1920s, and explosively during the Great Depression, Congress began passing narrower, more specific types of agricultural legislation. This included legislation establishing policies and programs in reclamation and water development, rural free delivery of mail, soil conservation, agricultural credit, rural electrification, rural road building and many other investments in the physical
infrastructure and inputs of agriculture. While most of the benefits of these programs were collective goods, many were not available to all citizens or even all farmers, and some laws were administered to create selective benefits for specific groups.

In addition, a new kind of legislation regulating different aspects of agriculture was initiated, e.g., fertilizer and seed standards, weights, measures and grade standards, animal health and food safety. This regulatory legislation imposed direct costs on some, major benefits on other specific groups in society. Most significantly, legislation regulating markets to support the prices of a few politically favored "basic" farm commodities was introduced in 1933 (Bonnen 1984).

The introduction of very narrow kinds of commodity and other regulatory legislation began the fragmentation of general social policy into legislation creating major impacts on the immediate welfare of specific groups in agriculture. It produced concentrated interests and motivated those affected to organize to influence policy decisions. As a consequence, commodity organizations and other narrow interest groups began to replace general farm organizations as the primary vehicles for political expression of farmer interests (Lowi). Thus, commodity policy began slowly to dominate agricultural policy debates from the 1930s onward. By the 1950s the creation of highly valued selective goods by these commodity policies had changed the political and economic behavior of the agricultural sector (Bonnen 1980).

With the passage of the Agricultural Adjustment Acts (AAA) of 1933 and 1938 creating price supports enforced by supply controls (initially in the form of acreage allotments), the United States forfeited its export markets for price supported commodities. In a crisis as deep as the Great Depression and following the very highly protectionist decade of the twenties, this all seemed quite logical. In any case, domestic farm policy dictated that there be no concern for international trade in these commodities. Subsequent policy behavior was reasonably consistent with this closed economy orientation in that there was little or no public investment in market development abroad or in legislation to encourage exports of price supported
commodities through the 1940s and 1950s. Among industrial nations, the United States led the way in excluding agriculture from international trade through domestic legislation to protect farm programs from foreign competition. When the GATT was formed in 1947 the United States obtained an exclusion for section 22 of the 1935 AAA Act, which imposed quotas on imports when imports were found to have interfered with domestic price support programs (Sorenson).

By the 1960s Congress had begun to enact export development programs for commodities whose prices were supported. It was also in the 1960s that economic development programs abroad began to take on an objective of market development. The resulting inconsistency between the domestic price support system and the effort to expand export markets was recognized in the 1965 Agriculture Act, which changed farm income support to a two price system for wheat, feed grains and cotton. Price support guarantees (loan rates) were dropped to world market-clearing levels and higher domestic prices to farmers were maintained by marketing certificates (paid by consumers) in wheat and its equivalent in feed grains and cotton through a deficiency payment from the Treasury (paid by taxpayers). Wheat was eventually shifted to a deficiency payment also. The deficiency payment was provided only on a farmer's share of domestic utilization. It was not paid on the exported portion of farm production (Cochrane).

This lasted until the 1973 farm bill. In part because we had entered a period of tight grain supplies and rapid export market growth, we moved to a new system. From 1973 on producers participating in price support programs were assured a target price for all of their production (including exports) through a deficiency payment that was the difference between the target price and the market price (or the price support loan guarantee, whichever was the higher). This target price was set well above world market-clearing prices.

When Congress renewed the price support legislation in 1981, it expected that the export market expansion and rising prices would continue through the next few years. Neither expectation held. Under pressure from commodity interests, Congress specified
in the law a schedule of price support loan guarantees that moved up steadily through the life of the legislation. By the early 1980s price support guarantees (loan rates) were above world market-clearing prices for extended periods in some commodities. As a consequence of this and the growing strength of the dollar plus a world wide recession, the volume of United States wheat exports began to decline after the 1981-82 marketing year (USDA 1987). Feed grains export volume had begun to decline a year earlier (USDA 1986). By 1985 the price support guarantees were above world market-clearing prices in most supported commodities. Both government and private stocks were at record levels. The United States was accumulating stocks and in effect supporting world market prices.

It was only with the 1985 Food Security Act that, for the first time since 1973, domestic commodity policy began to move toward greater consistency with international market development. This was achieved by dropping price supports to market-clearing levels and paying a larger deficiency payment to maintain farm incomes. The 1985 Act changed the deficiency payment calculation to base it on a yield and acreage base that was fixed thus eliminating some of the incentive to expand production. Dropping price support levels rapidly over the life of the Act results in a very much larger deficiency payment to farmers, since the target price goal was programmed to decline at a much slower rate. This, of course, has a substantial impact on other participants in the international market because a far larger portion of current United States production goes into the market rather than into USDA Commodity Credit Corporation (CCC) storage. The Payment in Kind (PIK) feature increases the pressure on world prices by moving current CCC stocks into the market also. Over sustained periods in the past the we have maintained domestic farm prices well above market-clearing levels. This created an incentive for expansion of market shares by many countries at little or no cost to those country's taxpayers. The United States withdrawal in 1985 from that policy posture has caused the "chickens to come home to roost" at home (for taxpayers) and abroad (for taxpayers and farmers). The industrial nations are now engaged in a world-
wide battle of farm subsidies in which everyone loses except importing country consumers.

**Presumptions Underlying U.S. Agriculture Policy**

The values of individualism and independence kept farmers from pressing for (and Congress from awarding farmers) direct aid when they were in trouble in the 19th century. This began to change during the farm depression of the 1920s, which followed World War I. By the Great Depression efforts to aid farmers took a very different direction. In the 1930s farming was much more commercialized and market dependent than in the late 19th century. Understanding of markets had improved and farmers and politicians perception of the "farm problem" had sharpened. Thus the commodity price support programs established by the Agricultural Adjustment Act of 1933 responded to a different and more focused perception of the relationships between the agricultural and nonagricultural sectors.

It was believed that fundamental economic forces chronically disadvantage agriculture in the market relative to the nonagricultural sectors. Economists argued that in an industrial nation the terms of trade inevitably run against the farm sector. As a consequence, the same bundle of resources earns less in farming than it does in the nonfarm sector. This was perceived by farmers as unfair. Commutative justice requires equal returns for an equal investment of labor and other resources. The price and income parity idea arose out of the concept of commutative justice. The nonfarm public had little opportunity to observe this injustice and thus formed no strong beliefs about it. However, statistics had begun to establish that per capita and family income was lower in farming than in the nonfarm sector. Farmers and their families were easily perceived to be much poorer than the average nonfarm family. This, of course, is the very different matter of distributive justice. This perception of injustice grew stronger over time and elicited support from the rest of society to do something about it.

Finally, it was believed that agricultural markets were subject to far greater instability than nonagricultural markets. This instability was attributed generally to a
highly inelastic demand and supply for farm products and to the biological nature of the production process including the perishable or semiperishable nature of many farm products. This tends to make agricultural markets riskier and less efficient than most others. Thus, it was suggested that government stabilization of agricultural markets would produce more efficient outcomes and contribute to societal welfare and development.

This set of factual and value beliefs became the rationalization for government intervention. Such views are reasonably common across industrial countries with developed agricultures. It is not accidental that, without exception, all of the advanced industrial countries protect their agricultural sectors internally and consequently in external trade as well. We shall return to these presumptions later to point out that for the United States none have the same degree of validity today that they had in the 1930s.

**Forces That Shape U.S. Agricultural Policy Decisions**

**Actors**

There are many actors in the agricultural policy scene. Government agencies, of course, play a number of roles in agricultural policy and in some cases these have changed in recent years.

**U.S. Department of Agriculture Agencies**

Today all policy in the Department of Agriculture (USDA) dealing with commodities is under the direction of the Undersecretary of Agriculture for International Affairs and Commodity Programs. This arrangement was created in 1969 to coordinate better the agencies involved in trade and domestic commodity policy. Previously this had been divided between two assistant secretaries. The position was raised from an assistant secretary to undersecretary in 1978. The Undersecretary of Agriculture is the primary voice for the Secretary in Congress and elsewhere on domestic commodity policy. He is also the Secretary of Agriculture's primary representative in trade policy negotiations. In the past the Undersecretary has played a major role in agricultural trade
negotiations, but for the Uruguay round Secretary of Agriculture Lyng appears to have ceded that responsibility to the United States Trade Representative in the Executive Office of the President (see below).

Separate organizations deal with domestic and trade matters under the supervision of the Undersecretary. The Agricultural Stabilization and Conservation Service (ASCS) administers all of the domestic commodity support programs. Thus it is a primary focal point for all of the commodity interest groups whose product prices are subsidized and subject to supply control. The ASCS is an awesome political bureaucracy composed of a network of state and county offices each with an elected committee of influential commercial farmers from that state or county. These farmer committees play a major role in ASCS administrative and policy decisions. When threatened, ASCS mobilizes this "grassroots" hierarchy of farmers and the commodity groups to defend its interests in the political process in the Congress and with the Secretary of Agriculture. Many of these commodities involve markets with large exports or imports. Thus, the same interest groups (e.g. corn, soybeans, wheat, rice, cotton, sugar, wool) are also equally focused on the Foreign Agricultural Service (FAS) and constitute its clientele and political support. The FAS administers export promotion programs and collects foreign economic intelligence on international agricultural commodity markets. Thus, all of the agricultural attaches in our embassies around the world are administered by and report to the FAS. FAS does not have any domestic "grassroots" bureaucracy, but depends on national commodity organizations for its considerable political clout. The capacity of the USDA in agricultural trade policy debates is dependent on the analysis and capability of the FAS backed up by research by the Economic Research Service (ERS), which reports to the Assistant Secretary for Economics. ERS does research on commodities and markets and other economic issues but is purely a research and policy analysis agency and has few strongly supportive, politically influential clientele. It is sometimes used by the Secretary (and others) to check on the analysis of FAS and ASCS.
There are other policy areas within the USDA that have politically potent "grass roots" bureaucracies or are the focal point for major interest groups. These include the Farmers' Home Administration (FHA), which provides subsidized credit to farmers in disaster situations and when commercial credit cannot be obtained. The Rural Electrification Administration (REA) is responsible for rural cooperatives providing electricity, telephone and cable TV service in many rural areas. The Soil Conservation Service (SCS) manages the soil and water conservation programs. The Food and Nutrition Service (FNS) administers the Food Stamp and other supplemental food programs. Its primary interest group support includes labor unions and welfare organizations. Since the 1960s the Food Stamp Program has constituted the major trading material that keeps the commodity programs viable in the legislative process.

Other Cabinet Agencies

In addition to the USDA there are at least five other cabinet agencies or organizations that are of relevance on occasion to agricultural policy and agricultural trade policy. The Department of Labor administers agricultural labor regulations, including those for migratory labor. During trade negotiations the Labor Department is the primary voice of labor inside the executive branch. United States labor unions were strongly free trade in their orientation until the late 1960s when they slowly turned protectionist. American labor is generally protectionist in its outlook today.

The Department of Treasury will also be involved in all trade negotiations and in agricultural policy when financial issues are important. Interest rate subsidies are an anathema and export subsidies and the means of financing commodity programs generally attract the attention of Treasury. The Treasury has a small group of agricultural economists in their analysis unit.

The Department of Commerce is generally the focal point for business interests in the executive branch. In 1983 there was an effort to transform the Commerce Department into a Department of International Trade and Industry. This failed but it does reflect the level of interest that the Department of Commerce has long had in international trade.
The Department of State has the lead role among the cabinet agencies in international affairs. The State Department is responsible for general intelligence on economic, political and policy matters in other nations and provides analysis for United States foreign economic and political policy. Thus, it has a major role in trade policy but does not participate in domestic policy except as it has a direct impact on foreign policy. The management of trade negotiations was a primary responsibility of the State Department until 1962, when the Office of the United States Trade Representative (originally the Special Trade Representative) was created in the Executive Office of the President (see below).

The disparate views of the several cabinet agencies must be debated, the information provided analyzed and considerable winnowing of issues take place before an administration can take a position on an important policy question. In trade policy, as in other areas, this begins in interagency committees. At the Cabinet level today the Trade Policy Committee (TPC) chaired by the United States Trade Representative provides interagency coordination. Reporting to the TPC is the Trade Policy Review Group (TPRG) at the assistant secretary level. Below this at the working level is the Trade Policy Staff Committee (TPSC). Since trade issues are not only general questions but most frequently commodity and country specific, the TPSC is organized in geographic as well as functional committees plus task forces on broader issues such as how to deal with centrally controlled nonmarket economies. Participation in these interagency groups varies depending on the subject, the issues and the domestic constituency involved. The main participants are USTR, USDA, and the Departments of State, Commerce, Labor and Treasury (Rossmiller 1984). Recommendations on trade policy go from the TPC to the Cabinet Council on Economic Policy.

The president's Cabinet is organized into three policy councils at present, the National Security Council, the Council on Economic Policy and the Council on Domestic Policy. The Economic Policy Council of the Cabinet is the forum through which all major economic policy questions must be processed before going to the President. The
Council on Economic Policy includes the Departments of Treasury, Commerce, State, the President's Council of Economic Advisers (CEA) and the President's Office of Management and Budget (OMB) as a routine matter and other departments as appropriate to an issue. All agricultural policy issues that reach the president flow through the Council on Economic Policy, which is chaired by the Secretary of Treasury. The Council's analysis of policy options, recommendations and remaining conflicts at issue between cabinet officers are summarized for the president's decision.

Executive Office/White House

The White House is staffed according to the preferences of each president. It has no permanent structure for policy. However, the Executive Office of the President contains organizations that have been created by law and may not be eliminated or modified by the president without the concurrence of Congress. The Executive Office includes two agencies already mentioned, the Office of Management and Budget (OMB) and the Council of Economic Advisers (CEA). The Council of Economic Advisers is composed of three (usually) outstanding economists who through the chairman provide advice to the president on economic policy. The Council's primary responsibility is for macroeconomic policy but it also analyzes and participates in any area of policy with significant economic impact. One staff member and one Council member will have the responsibility of keeping track of and participating in major agricultural policy issues including trade negotiations. In most administrations CEA has been involved (at least marginally) in policy for trade negotiations. The importance of the CEA in policy depends on the president's desires and his confidence in CEA. The Reagan CEA appears to have little influence on White House decisions.

The Office of Management and Budget is the President's budget and priority enforcement agency. OMB manages the budget formation process and therefore participates in the policy process. The OMB does not normally have any involvement in trade policy. It does, however, have a seven person unit that in handling all USDA budget matters participates in the policy process in agriculture. Both CEA and OMB have a
continuing presence in domestic agricultural policy debates within the executive branch.

Also in the Executive Office is the Office of United States Trade Representative (USTR), who since 1962 has been designated to lead trade negotiations including the development of the policy position for those negotiations. The present trade representative is Clayton Yeutter, an agricultural economist and former Assistant Secretary of Agriculture and Chairman of the Chicago Board of Trade. USTR was brought into existence in 1962 to bring to an end the interminable bureaucratic fighting between cabinet agencies Department of State in trade negotiations. Before the Trade Expansion Act of 1962, the Department of State had the lead role. They subordinated economic policy to political goals and frequently attempted to cut out the other cabinet agencies, the affect of which was to force most decisions, large and small, to the president. This critical institutional change put USTR in the primary leadership role not just in trade negotiations with other countries but also in negotiating with the cabinet agencies to develop the United States negotiating position. USTR depends in varying degrees on cabinet agencies for technical and analytical support in carrying out its responsibilities. The influence and formal authority of USTR has grown substantially since its founding in 1962.

Interest Groups

Interest groups represent the various economic and political interests at stake in the policy process. These are highly organized in the United States. Through the 1960s most of the effective lobbies were rather large coalitions that represented functional areas such as business, labor, and agriculture. Before the 1960s smaller interests generally were not well organized and, even if they were, did not have the same degree of access to decision makers as the large economic coalitions had. During the 1970s a number of changes in the rules of Congress and the electoral process strengthened single interest groups and their access and influence. Today the interest group scene especially in Congress is dominated by large numbers of highly specialized, single interest groups.
Interest group lobbyists attempt to maintain close relationships with the committees presiding over "their legislation" and also with the administrators in the executive branch who implement that legislation. When the stakes are high and conflict intense, they often gain access to the Executive Office of the President and even the White House.

The pattern in agriculture is a little different. The general farm organizations (e.g. American Farm Bureau Federation, National Farmers Union) were dominant in the early days of farm interest group influence in the USDA and Congress. But they began to lose out to the narrower commodity interest groups that formed around the commodity price support programs established in 1933. By the early 1950s commodity groups dominated commodity policy. Policy for agriculture soon came to be viewed by farmers and politicians as little more than commodity policy. In most other economic sectors, large coalitions of interests (e.g. labor, business) remained reasonable effective until the early to middle 1970s.

The 1933 farm commodity legislation created an "intense interest" among producers. Older or new commodity groups immediately focused on these interests and lobbied relevant congressional committees and ASCS program administrators. Thus was born commodity based "triangles of power" in agricultural policy. When the interest group leadership, the ASCS administrator of that commodity program, and the House and Senate subcommittee with relevant jurisdiction agree, it matters not what the Secretary of Agriculture, or the President, or anyone else thinks about it. They are locked out of the policy process for that commodity by the "triangle of power" and can influence the outcomes only with extra-ordinary political effort and cost.

Over the 1950s and 1960s farm producer interests, while dominant, were progressively fragmented by the specialization of agricultural production. This led to growing political conflict between and within commodity groups, as the interests of farmers diverged commodity by commodity and region by region. When combined with conflicts between agribusiness and farm producer interests it became increasingly difficult to develop a consensus within the previously tight-knit "triangles of power" in
agriculture (Heinz). It is a principle of bureaucracy that, as conflict increases and a consensus cannot be reached the locus of decision is progressively forced from lower to higher levels (Downs). In the 1960s conflict between interests forced agricultural policy decisions toward the Secretary of Agriculture (e.g., the 1961-63 feed grain legislation) and to the President in the late 1960s and early 1970s (e.g., the 1965 sugar legislation which was initially drafted in the Executive Office of the President).

From the middle 1960s through the mid 1970s new actors entered the agricultural policy debate. The Bracero (foreign farm labor) Program was killed in 1964 by a coalition of labor unions and churches! The Food Stamp Program began to expand rapidly after it acquired labor union and welfare organization clientele. The 1965 omnibus farm legislation saw the first coalition of farmer, agribusiness, labor and consumer interests. The legislation passed by a comfortable margin only because of the supporting coalition of diverse interests. Farm and agribusiness groups compromised with others to hold the temporary coalition in place. Labor wanted food stamps available for strikers and to keep food prices low. Welfare organizations were interested in food stamps for the poor and keeping food prices low. The consumer organizations were interested in low food prices, nutrition and food safety. The consumer interest, however, is so diffuse that consumer interest groups rarely are able to develop broad member support and much political influence.

In addition, in the course of the 1970s the United States agricultural sector was internationalized as the Nation grew increasingly dependent on the rest of the world economically and politically. The revolution in electronic communications technologies has led to an integration of spatially separate commodity and capital markets into one world market. Capital markets and commodity markets have become increasingly interactive. Events in one immediately affect values in the other — worldwide. Macroeconomic policy changes in any large industrial nation, such as the United States, flow out into the world economy via commodity and financial market transactions just as events and policy change elsewhere create impacts that flow in. There are few closed
economies as even the centrally planned nations are discovering. With this growing world economic interdependence the possibility of effective national macroeconomic policy declines, and international coordination of economic policy becomes an imperative of stability and growth.

Over the 1970s the nominal value of farm exports expanded more than six times over while physical volume more than doubled (USDA 1983, 1985). Most export growth came after 1973 as a consequence of a rapid decline in the value of the dollar, steady world-wide economic growth driven in part by a massive growth in world liquidity as OPEC petro-dollars were recycled and lent to developing countries, plus low and often negative real interest rates in many countries as a result of the exchange rate and monetary policies pursued. At the same time the U.S. had millions of acres of idle land available that had previously been withdrawn from production by supply controls. Thus, not only did exports grow but the United States market share of world agricultural exports expanded. A bad crop year over a large part of the world, plus a change in the agricultural policy of the Soviets created a one-time surge in prices for 1973 that was epic. The USSR traditionally slaughtered livestock it could not feed in bad crop years. But in a policy reversal they suddenly began to import grains following a severe crop failure in 1973 (Rossmiller 1986). This cumulative set of events imposed a heavy burden on world grain supplies just as all of the excess stocks accumulated in the 1960s had been absorbed as imports by rapidly growing middle-income developing countries (Hathaway, 1974).

As these changes have occurred, power shifts have followed within the executive bureaucracy and among interest groups. When it became necessary to form coalitions with labor, consumer and welfare interests in order to get agricultural legislation passed, the USDA's Food Stamp Program became political trading material and the assistant secretary responsible became politically more influential. The food stamp policy area simultaneously became a scene of considerable conflict over whether the farmers' Department should be the host for and champion of a "welfare program." This cut across
the grain of farmers' long standing belief that every individual should be independent and self supporting.

The growth in farm exports has brought new interest groups and bureaucracies into the fray in agricultural policy. These include export organizations and their cooperators as well as financial interests. The Departments of Treasury and State, and the United States Trade Representative are routine actors in agricultural policy. When food has been used as a weapon of economic warfare in embargoes, the Central Intelligence Agency and the National Security Council have been drawn into the policy decision process.

An index of both the relative strength and weakness of agricultural commodity groups is found in the successful efforts of a coalition of major commodity groups to force the American Farm Bureau Federation (AFBF) to change its long-held free market philosophy as expressed in the formal statement of AFBF policy. At two successive biennial AFBF national conventions during the 1980s, these commodity groups, many of whose members are also AFBF members, pressured AFBF (threatening a politically costly floor fight) first to gain AFBF political commitment to price supports and then, two years later, to the target price-deficiency payment feature of commodity programs. While this event reflected the greater power of the commodity groups relative to general farm organizations, it was motivated by the declining power of commodity groups to sustain commodity support legislation and thus their need for a stronger, more unified producer coalition. Other general farm organizations such as the National Farmers Union and the Grange were already supportive of the commodity programs.

**Congress**

The Congress is a major, independent partner in all policy made in the American government, including all trade negotiations. In the Reciprocal Trade Agreements Act of 1934, Congress removed trade policy from congressional purview (to provide some insulation from interest group influence) and assigned it to the president. Since World War II, but especially since the early 1970s, in the conflicts between Congress and the
presidency Congress has reasserted and extended its role in foreign affairs including trade policy. While it never ceded any of its authority in domestic agricultural policy, Congress has been more or less active depending on the political context and the personalities involved.

The primary focus for agricultural policy is the agricultural committees of the House and Senate where all legislative matters are handled. In addition, since appropriations to implement any policy are handled separately by the Appropriations Committees of the House and of the Senate, there is an agricultural subcommittee in each of these committees that has a major voice in the policy process. International political affairs are in the hands of the Foreign Affairs Committee of the House and the Committee on Foreign Relations in the Senate but any legislation concerned with international trade would be managed by the international trade subcommittees of the House Ways and Means Committee and the Senate Finance Committee. It should be pointed out that in any legislative matter the Rules Committees of the House and of the Senate make a decision as to which committees proposed legislation will be referred. Thus any piece of legislation could be referred, not just to the obvious committee, but to others, if strong enough interest is expressed by other committees and enough political influence is mobilized to move the Rules Committee to do so. The committees concerned with commerce and with labor issues will usually be involved in trade legislation. The committee structure is not a totally certain road map of how legislation might be handled in the Congress. It depends on the politics of it and what the Rules Committees do.

In addition, the Joint Economic Committee (JEC) of Congress, which has no legislative authority, can hold hearings and advise any other committee on legislation. Also the Congressional Budget Office (the Congressional equivalent of the OMB in the executive branch) and the Congressional Research Service of the Library of Congress have staff who, when requested by Congress, can do analysis of agricultural legislation including trade issues.
The Media As An Actor: The Struggle to Manage Public Opinion

Perhaps the most remarkable change in the United States political process in recent time is the intrusion of the media as a participant. The media became a political actor in the last several decades as the press combined with television began to affect political and policy outcomes. The media has captured two of the most critical functions of the political party, access to voters and the setting of national, political and policy agendas. We tend to think that more information leads to better decisions. But the electronic media have characteristics that contribute to chaos by maximizing conflict, while minimizing the capacity for decision or conflict resolution. The entrance of the media as a political actor has greatly compounded the uncertainty and conflict introduced by the other changes already described.

Television, and to a lesser extent the print media, over-simplify issues, and the facts never catch up with any errors or distortions. Television lives on and stresses sensationalism and even advocacy in presenting public issues. This practice arises out of the financial need to maintain a maximum share of the audience in order to sustain advertising revenues. The media tend to personalize public issues. On television there is a villain with an evil design behind every failure and a hero behind every success. Television fosters an endemic cynicism that nothing is as it seems. The apparent explanation always hides some lurking evil or malicious plot. In reality most man-made disasters arise not out of plots but from human inattention, stupidity, confusion, ignorance and incompetence. Thus, the media by its nature fosters a public cynicism that erodes the authority and denigrates the leadership of all institutions it touches. Television in particular turns campaigns and public issues away from their substance toward visual "media events" that personalize, sensationalize, and ultimately trivialize political issues (Communications Revolution).

The advent of network television has shifted the focus of the news towards national and away from state and local affairs. There is not only a new focus (and agenda setting capability) but new audiences. Television, primarily an entertainment media, has brought
from local into a national level existence blue collar and other non-elite audiences. This has had an impact, not only on advertising, but has changed the political process and national opinion formation. Previously access to the formation of national public opinion and policy had been generally limited to national elites (Robinson).

Television tends to be inherently anti-establishment in its impact. This is due to the combined effect of the public cynicism it generates about existing institutional authority, its wide audience impact, and its symbolic and emotional audio-visual nature (Robinson). In essence television does not inform, educate, or communicate ideas (especially complex ideas) but rather transmits broad images and values with which an audience resonates, responds or acts on. It is not an educational media but an emotional and symbolic one. And politics has been transformed by it.

Electronic communications have accelerated many social and political trends that would have otherwise occurred much more slowly. The response time for dealing with issues has been compressed and the public agenda cluttered with more issues than politicians can safely manage, while taking away from politicians the little control they had over the agenda. Television has changed the dynamics of the interaction between the actors and thus directly affects policy outcomes. By controlling the agenda and access to voters, and by changing the nature and the speed of the interaction that occurs in policy and political processes, the electronic media, especially television, have become a direct and often destabilizing participant in the policy process.

Other actors now invest an immense effort and many resources in media management to influence the headlines and control what shows up on the evening and morning news. Candidates for office and office holders create media events to gain visibility or to squeeze other items off the news. "Spin control" is a media management art form practiced in today's White House and in each cabinet secretary's office to put a positive face on negative events and self-inflicted wounds.

The media had a substantial influence in assuring passage of the Food Security Act of 1985 in a form that preserved and expanded commodity price and income supports.
The "farm crisis," of 1983-85 was the inflamed context in which this Act was debated and enacted. The media personalized the "crisis" with interviews of bankrupt farmers and their family, often in tears, and against the background of the auctioneers' chant. By the end of 1985 the average TV viewer had the impression all or nearly all farmers were going out of business. In fact the vast majority were doing reasonably well and were in no danger of going under.

Grassroots, small family farm advocacy groups, following energetic media strategies, generated most of the original media attention. They hoped to have a major impact on the 1985 legislation; however, in the end most of the benefits of the legislation, as in the past, went to commodity interest groups and their large commercial farm members. But the political heat generated assured renewal of the commodity programs in the most expensive format in history.

Political Dynamics

Presidential and Congressional Conflict

Canadian and United States governance institutions differ fundamentally. The United States is not a parliamentary system. The executive and legislative branch are not tied together by the electoral process. The president, senators and members of the House of Representatives all have fixed terms of different lengths and are elected from separate constituencies. The President has a national constituency and is elected every four years in a nationwide vote. Senators are elected for six year terms from an entire state with the size of population and political composition of states varying greatly. Congressmen are elected every two years from 435 districts of about equal population within the 50 states. The Constitution forbids senators and congressmen from serving simultaneously in the legislative body and the president's cabinet. Before being appointed to head a cabinet agency they must resign from Congress.

The Constitution of the United States establishes the legislative, executive and judicial branches of government as separate institutions but then gives them shared authority. As Richard Neustadt has explained, this means that the power of the
President and of all other constitutional actors in this system is only "the power to persuade." That is, if you must collaborate to act effectively then your power is only the power to persuade other actors to join you in support of your version of the action needed. Persuasion thus becomes bargaining (Neustadt).

The primary goal of the founding fathers was to diffuse power broadly to avoid its concentration and to provide checks and balances to its exercise. The United States system is designed to be generally more responsive to small local groups and interests in the body politic. Consequently, United States national policies will more frequently lack coherence and consistency. The parliamentary system, on the other hand, is normally organized to assure a sufficient concentration of power so that effective governance is possible. The European historical experience more often has been one of fragmented political parties of substantial ideological difference, frequently with an insufficient concentration of power to govern. The rules of many of the parliamentary democracies are written to assure that concentration of power needed to overcome political fragmentation and ideological conflict.

The typical congressman cannot afford to think any further down the road than the next election. Most of his action in Congress is calculated in terms of its effect on his reelection, which is never more than two years off. His agenda is dominated not by national but parochial interests and whatever distribution of power exists within his district. Senators, who are elected for six year terms, will tend to take a slightly broader and longer run view. The president will appeal to a national constituency of voters and interests, often over the head of the Congress, for support of his agenda. United States electoral campaigns have grown to about two years in length. This means House members are in a perpetual campaign mode. The cost of election campaigns is now so great that even senators and a president must begin raising money for reelection, the moment they are elected. "Money talks" in politics and never more loudly than today. Needless to say, none of this is conducive to statesmanship or thoughtful policy making.
Thus, to establish a new policy, one must fight a political war all the way through the executive branch, the House of Representatives, and the Senate, having to face in each quite different agendas, political actors and distributions of power. A diplomat representing another country is shocked to learn that it is not enough to deal with the president of the United States and his cabinet officers; that the president cannot enforce his promises unless the Congress agrees. And Congress frequently chooses to disagree. The astute and successful Iraqi ambassador, Nizar Hamdoon, has observed:

My first advice to any ambassador here is don't spend more than five percent of your time with the administration. There are limits to its power. Anything you agree to with the administration, despite any guarantees, means nothing if Congress and public opinion are not with you (Kempe).

It runs against the grain for diplomats from parliamentary nations to lobby our legislative branch. In a parliamentary democracy that would be interfering in a president's domestic political affairs. Yet it is necessary and, when done with discretion, is effective and accepted behavior in the United States.

The other consequence of the United States governance system is that nothing is certain. One may start out with a substantial consensus but in the year to two years that it takes to get something completely through this process, the context of a decision can change, the actors can change in some cases, and the interest group configurations that cluster around any particular issue can change. Thus, there is a continuing guerrilla war that must be fought over any one piece of legislation. Negative power predominates in the United States policy decision process. In the present fragmentation of power, it is far easier for a legitimate interest to prevent any change in policy than to establish a new policy. Trade policy is just a small contingent subset in this scene.

**Trade-offs With Other Issues**

It is always true in a democratic legislative body that log rolling, trading of support on issues, is an important political behavior. In the American governance system, this is of special importance. The only way that actors can deal with each other effectively is
through bargained agreement in forming coalitions to get legislation through. The same is true with respect to other agendas. In other words, the president will have an agenda that is quite different from any congressman. Interest groups will have even different agendas. There are many possibilities of coalitions being formed and tradeoffs occurring between the actors and their various agendas. Thus, it matters substantially what other issues exist when you mount any specific legislative effort or when you lobby the executive branch. This causes one to think carefully about timing as well as the configuration of issues.

**Local Economic Interests versus Foreign Policy**

A common characteristic of the U.S. system of governance is of particular relevance to treaties and any foreign policy effort. Due to the openness of the system to all economic interests no matter how small, and due to the manner in which congressmen and senators are elected and the parochial nature of their interests, one cannot expect members of Congress to view foreign policy or a treaty simply as a matter of national interest and vote on that basis. When local economic interests come into conflict with foreign policy, one must assume that the odds always favor the domestic economic interest. This is normally true in most democracies, but it is especially the case in the fragmented political scene today in the United States.

**Policy Creates Vested Property Rights**

The creation of agricultural commodity program subsidies generates selective benefits for specific groups of farmers. These quickly become politically vested property rights. The experience in U.S. and European commodity programs is that any modification of existing programs must "hold harmless" impacts on prior property rights. In short, any change in agricultural legislation has to produce the same or higher levels of income for each group of farmers. This leads to farmer conflict within commodity groups over specific features of commodity legislation. The conflict arises out of minor variations between regional and state production conditions so that any one program rule can have very different effects on the unit costs of operators who farm in different parts of the country.
Institutional Changes: Reform of Electoral, Party and Congressional Rules

The old concentrations of power in Congress and the executive branch and the stable coalitions that once formed the base of the political parties through the early 1970s are gone. The old system and the old way of doing business have disappeared. We are now in transition to something as yet unseen, presumably to some different way of making the political system work. Today this creates a great deal of uncertainty and even instability in United States policy processes.

Why has this change occurred? In part, it arises out of the effects of changes in societal values and the new electronic communication technologies. But it comes most directly from changes in the rules governing our political institutions. These reforms have combined with the other changes to fragment the political and policy decision process and the institutions by which the United States is governed.

The reforms arose out of a major societal crisis. It began with the trauma of Vietnam and the imperial presidencies of Lyndon Johnson and Richard Nixon. It was compounded by the Watergate scandal and the assassinations of President Kennedy, Robert Kennedy, Martin Luther King and the attempts on the life of Governor Wallace and President Ford. With the media's help, these events created a belief that our political institutions had failed and spread a cancerous cynicism about all authority, especially in government. It dissolved the stability of the depression-born political consensus and the reigning social and political values of our society. It led to a reform of the primary election process and of campaign financing, to a reform of the parties and their rules and to a reform of the Congress and its rules.

The purpose of these reforms was to open up and make more responsive and accessible what was perceived as a closed and unresponsive political system that no longer had the legitimacy of broad citizen support. The reforms did open the political process to all of its frustrated critics and to anyone who wanted to "participate." It hardly seems objectionable to make a democratic political process more democratic. However, the effect of dismantling the old system has not only been to open up and
democratize the political process but also to destabilize it by magnifying conflict while reducing the institutional capacity to resolve conflict. This has occurred at all levels of political and policy decision.

The creed of participatory democracy asserts that unless every one in the electorate has the opportunity to participate in all political and policy decisions, those decisions are not legitimate. This substitutes the New England town meeting concept for that of Edmund Burke's democratically elected representative, or representative democracy. The critical assumption is the belief that all voters are well enough informed to be capable of good judgment in complex matters, and are equally able to participate.

The changes in rules to implement participatory democracy involve substitution of popular voting in primaries for the selection of candidates in state and local party caucuses and conventions. The United States is the only democracy today where the party does not select the candidates to represent that party in elections. This turns national party conventions into redundant media events and removes the party as an effective participant in the governance process. Since parties have been the glue that historically has held together the constitutionally-created institutions of the governance process, this change has important destabilizing effects.

The change in electoral financing rules limit large political contributions but have provided the incentive for interest groups to create thousands of political action committees (PACs) with computerized mailing lists that support or oppose candidates in elections. This plus the need to merchandise one's candidacy on television has escalated the cost of elections, and given single interest groups a privileged position of influence.

Congress reformed its rules to distribute power more evenly to all senators and congressmen, while removing it from the leadership and the committee chairmen. With this has come an explosion in the number of subcommittees. Thus, instead of 20 to 30 barons running each house of the Congress, all 100 senators and nearly half of the 435 congressmen now hold formal positions of authority but few control much of anything.
Complicating this is a more than sixfold growth of congressional staff from around 6,000 in 1947 to 38,000 in the mid 1980s. Congress now has a bureaucracy so large that its propensity for creating unnecessary conflict and confusion now may exceed that of the executive branch. In Congress today, staff members make many of the decisions, manage the decision process, and often tell their boss how to vote. Unlike the executive branch, there is no hierarchical command structure for managing the congressional bureaucracy. Each congressman and senator does well to control his or her own staff.

Congressional reform has resulted in so great an increase in single interest group access to Congress that policy outcomes are now dominated by a buzzing swarm of interest groups. As a consequence most legislation, no matter its camouflage, is special interest legislation. The Congress, which was never good at controlling expenditures, has almost completely lost control of its appropriations process. Ease of access, combined with a lack of power in major leadership roles, turns Congress into little more than a battlefield on which an unending, often indeterminate struggle takes place between interests.

We have greatly increased the transaction costs of doing the nation's business. Stable decisions and the national interest increasingly elude us. Narrow economic and political interests dominate the decision process, most clearly in the Congress but also in the executive bureaucracy. The political parties are now so weak as almost not to exist. The shift in political values from representative to participatory democracy has increased the disorder in basic political institutions and has led to a very unstable decision process for all policy.

**Conclusions**

The diffusion of power and uncertainty so pervade the United States political and policy processes today that policy outcomes contain many accidental, even random, elements. Negative power, the ability to block another's initiatives, predominates. Few, if any, actors have the strength to extract just what they want out of the process. The positive power to establish a completely new policy in agriculture (for example, as
proposed by the Administration in 1985) does not seem to exist. On one hand, while one may safely predict that major changes in policy are unlikely to occur, it is almost impossible to predict or anticipate the many marginal modifications of policy that seem to occur nearly at random.

The presumptions underlying agricultural policy are no longer as factually valid nor as widely believed. The resources and labor invested in the largest commercial farms now earn on average as much or more than the same resources invested in most of the nonfarm business sector. The smaller commercial farms still frequently earn less. Thus, the commutative justice argument has eroded. The distributive justice argument is completely unfounded today; on average farmers of all sizes (including noncommercial farms) earn net incomes (from all sources) that match or exceed those of the nonfarm sector. Commercial farmers also own far more in assets than the nonfarmer. Farmers as a class are no longer poor. The only "people left behind" in rural America are the smaller commercial farmers without significant non-farm income, who are being squeezed out by the technological treadmill, and the rural nonfarm population in areas dependent on a declining economic base in manufacturing, agriculture, forestry and/or mining.

Finally, the argument that government intervention in agricultural markets is justified by the greater instability and risk of those markets has also eroded since the 1930s. Not only are there now available alternatives such as futures markets and insurance, but contracting, vertical integration and concentration of production have altered the structure of many markets. New production technologies and scale of operation have eliminated or reduced many of the risks in production agriculture. While production and market risks remain, the major risks today would appear to arise out of the unprecedented international interdependence of commodity and capital markets and from the impact of United States fiscal and monetary policies as well as those of our major trading partners.
Popular perceptions of agriculture, and thus support for farm policy, have not changed much yet, but they are bound eventually to reflect the new reality of equity and the markets in agriculture. Thus, while the prospect for a broad shift toward free trade seems unlikely in the short run, in the long run major changes in United States agricultural policy are almost certain, as the reality of these markets and of the welfare of farmers becomes more widely understood.

While the current Administration is free trade and anti-government intervention in its orientation, the Congress has become increasingly protectionist and begun to take a larger role in trade issues. Since World War II, and more rapidly since the mid 1970's, Congress has reestablished a major aggressive role for itself in trade policy, as it has in foreign policy generally.

The environment of United States foreign policy has changed dramatically in the last decade or two. As a consequence the focus of United States foreign policy has shifted from political and military goals toward economic goals, which are no longer being sacrificed as readily to the other two. The reasons for the greater importance of economic goals are found in the fact that the United States is no longer the single dominant economic power in the world. The United States has as well moved from trade surplus to deficit and from being the world's largest creditor to its largest debtor nation. Economic goals become far more important when you get into this much economic trouble. While policy coordination or harmonization has become more difficult in today's interdependent world, it is worth the effort because macroeconomic and trade policy are more important determinants of farmer, agribusiness and consumer welfare today than most conventional elements of agricultural policy.

Where are we headed? I frankly do not know. It is possible to visualize some very different scenarios. One is United States' withdrawal from international leadership into a new isolationism, retreating in frustration and failure from political and military commitments around the world. The United States could, in its senescence, be replaced
eventually by Japan, much as the United States replaced Britain as a superpower in the early part of this century. It is also possible to envision a dangerous, frustrated "Rambo" posture of repeated overreaching militarily, politically and economically until disasters result. With strong, intelligent leadership in the White House and Congress, it is also possible that the United States could shoulder its share of responsibility in a genuine coalition of industrial and developing nations to build the international institutions and cooperation necessary to harmonize national policies in the interest of economic growth and stability. I would not want to place any bets.

Footnotes

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