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*✓* FUTURE NATIONAL AGRICULTURAL POLICY:  
DIRECTIONS AND INFLUENCES

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## FUTURE NATIONAL AGRICULTURAL POLICY: DIRECTIONS AND INFLUENCES

"The peaceable allocation of vast power was as ever, the most remarkable aspect of Election Day." [1]

"I have watched and thought about Ronald Reagan a lot during the past year. Still I'm uncertain whether he would be a good or bad President. But I do feel confident that at least two groups would have their expectations dashed by a Reagan presidency. They are his harshest critics and his most zealous supporters." [2]

Now is an exciting time in the political and economic history of our country. The changes brought about in the election of 1980 can be compared in several ways to the major shifts that occurred in 1932. Not since 1932 has a major party incumbent been defeated after 4 years in office. Not since 1954 has the Republican party had control in the Senate.

It is certainly an appropriate time to examine what these developments mean for the future direction of future national policies and their meaning for Illinois agriculture.

Agriculture today includes more than just on-farm production. A recent report from the General Accounting Office describes the situation quite appropriately:

"The food system is an intricate pattern of many disciplines and occupations encompassing far more than farming. It includes (1) the so-called agriculture support service industries which provide the products such as energy, machinery, and chemicals used by the farm sector; (2) the farm sector itself, meaning the producers of crops, livestock and dairy products (one could also include the fishing industry here, although it is not commonly referred to as such); (3) the food processing sector, such as slaughterhouses and meat packers, grain transportation, and distribution; (5) retail food stores and restaurants, and finally; (6) the consumers.

"The economic viability of those who produce, process, and market food is crucial to provide consumers with a continuous stream of safe, high quality, and relatively low priced food. Government programs and policies which constrain one or more of the food system links threaten the system's ability to respond



to consumers' needs and desires. Such constraints can take on the form of inadequate farm policies that dampen production or innovation by not providing proper incentives to produce; conflicting and overlapping federal and state rules and regulations that impede productivity gains and increase costs of food marketing; or policies that threaten the future supply of basic food producing resources such as land, water for irrigation, energy, fertilizer and money (capital and credit)." [3]

The Food and Agricultural Act of 1977 was the most comprehensive piece of legislation defining agricultural and food policy that we have seen since the 1930s. Although the major commodity programs to stabilize prices and producer incomes were included, the Act also includes sections dealing with grain reserves, food assistance and distribution programs, agricultural research and extension, and a few miscellaneous items dealing with trade, farm storage, conservation and grain inspection. Although other legislation does affect agriculture, this Act is the major effort of the House and Senate and Agriculture committees.

The broad choices as we enter 1981 with only one year left in the life of the 1977 Act are: (1) continue the 1977 Act with minor changes; (2) rewrite completely our major agricultural and food legislation (3) do nothing and revert back to the basic legislation of 1938 and 1949 that is still on the books.

The major changes in the picture in 1981 are well recognized: (1) a new President with new advisers; (2) A Republican Senate and a Democratic House but one that is more conservative and closer balanced between parties than in 1977; (3) a trend to more conservative direction in government and a desire to control inflation, strengthen the dollar and raise national productivity.

The major issues that will come up in the formation of the Food and Agriculture Act of 1981 are as follows:[4]

Farm Price and Income Policies. Commodity loans on the major commodities and income support through target prices have been a part of the 1973 and 1977 Acts. The basis for setting loan rates, target prices and support levels have undergone major changes in the last 30 years. In recent years efforts have been made to use costs of production as the base for setting these rates. Only dairy products remain tied to a percentage of parity, and this exception may also phase out after 1981.

The farmer held reserve program was a significant new feature of the 1977 Act and its operation to date would suggest that it will be continued in any new farm and food legislation. With the new administration likely to emphasize more market orientation, we can expect efforts to widen the spread between loan rates and the reserve release and call prices. The future of target prices is less certain. Although some provisions will probably permit set aside or diversion programs when supplies are large, it seems doubtful that any set aside programs will actually be put into effect during the next four years. Why not?

There will be strong pressures to control inflation, expand agricultural trade, and stabilize food prices. None of these goals is compatible with a policy to create a reduced supply of wheat, feed grains, or other agricultural commodities.

Food Prices and Supplies. World stocks of grain are down and could decline further in the year ahead. Our agricultural exports climbed to about \$40 billion, a new record high, during the year ending September 30. Many parts of the world did have some improvement in 1980 crops, but other countries had declines, including the United States. Our carryover stocks from a record 1979 output, plus a reserve program that provides for gradual release when the market goes up, provides a policy that is not likely to be changed significantly in 1981.

The American public is concerned about inflation, including prices and supplies of food when drought occurs as it did this year. We can expect continued efforts to boost productivity in agriculture, keep production high, and keep prices stable at home, and serve the export markets and special relief needs abroad.

Farm Structure Issues. Special attention was given to farm structure issues during late 1979 when Secretary of Agriculture Bergland called for a series of dialogues on farm structure in 10 meetings which he personally conducted. Recent hearings by the Senate Small Business Committee gave specific attention to the issue of pension purchases of farmland for investment purposes. An earlier law required registration of all foreign ownership of farmland.

Concerns about foreign investment, pension fund investment, difficulties of young farmers to get started, tax policies that appear to favor big farmers are all part of the range of structure issues. In a new administration we can expect to see less effort to limit size of family owned and operated farms. But we can also expect to see continued concerns expressed regarding outside investment in farmland, and tax policies that seem to favor outside investments at the expense of operating family farmers. Programs to give help to beginning farmers and smaller farms can be expected to get some attention.

Tax Policies. Tax matters that affect farmers are not covered in the Food and Agricultural Act of 1977 or are likely to be in 1981. The Tax Reform Act of 1976 made important changes in the valuation method for closely held businesses and family owned farms that has given some relief to smaller farm holdings. The relief is less significant for larger holdings, and will become less helpful as inflation continues. Changes in income tax policies are likely that would reduce capital gains taxes, and speed up depreciation to encourage more investment. Some increase in exemptions on estate taxes is possible. These are general tax policies that would affect agriculture. Further special treatment for agriculture is not likely, nor would it be in the interests of family farmers to have further special benefits.

Trade Policies. Agricultural exports rose to an estimated \$40 billion in the year ending Spetember 30. The agricultural trade surplus will probably be close to \$23 billion. This is a very significant figure when we recognize the size of the deficit for nonagricultural trade, mostly because of the huge amount of imported oil that we buy.

Both producers and consumers benefit from the volume of our agricultural exports. The export suspension to Russia early in 1980 was one of the most controversial agricultural policy decisions in the last four years. The issue is now whether the limitation should be lifted, and whether a new agreement should be signed when the present 5-year agreement expires next October 1.

The recent agreement with China, which will probably boost wheat exports more than corn and soybeans brings in a new dimension to the trade policy debate. Farm groups do not agree on whether the China agreement was a good move for producers' interests. Without a new Russian agreement, we might expect to see more fluctuating exports from year to year, depending upon how badly Russia really needed the grain. Since the agreement, year to year exports have been more stable.

Natural Resources, Conservation and Environment. Soil erosion losses have become a serious concern. Efforts to improve incentives for farmers to practice conservation can be expected. Voluntary compliance will be attempted rather than mandatory regulations. Environmental regulations dealing with pesticide use, feed additives, chemicals in food processing will be softened but not eliminated.

Energy, closely related to natural resources and conservation will continue to attract attention and interest. Efforts to develop alcohol fuels will continue but pressures for exports and food supplies could produce conflicts on the extent of subsidy for grains that have food uses.

The Department of Energy has had a difficult time creating a favorable image. It will face strain and stress, staff reductions, but will probably survive.

Nutrition, Food Safety and Assistance. Nutrition education programs and food assistance programs will continue but stress and strain on budget cutting can be expected. In the last quarter of 1979, the food stamp and other food assistance programs involved 17.8 million people, the WIC program assisted 1.6 million, and several million children participated under the child nutrition programs (school lunch, breakfast, day care, and special milk programs). Expenditures totaled about \$11 billion in fiscal year 1979, for 1980 about \$13 billion, and for 1981 an estimated \$14 billion will be spent.

More than half of the present USDA budget is comprised of food and nutrition programs. These programs will likely face severe budget cutting efforts with the shift of control in the Senate and an administration calling for reductions.

Litigation in the courts will become part of the struggle to maintain assistance programs if serious cutback efforts are implemented.

The idea that agricultural production should be patterned after the recommendations of nutritionists is an idea that will probably not get much attention or support during the next few years.

Food safety and quality programs will continue but some effort to revise the Delaney Amendment to provide some relief to the extensive regulations on food additives can be expected. Yet the concerns of environmental pollutants entering the food supply will continue, despite a change in administration.

## The Meaning for Illinois Agriculture

Illinois agriculture will be significantly affected by any major changes in national policies which affect feed grains, wheat, hogs, cattle, or our export trade. [5] With the changes in the Administration and the Congress, we can expect more conservative approaches to future legislation. More efforts will be made to expand exports, encourage productivity, and permit the market system to work.

At the same time, efforts to improve conservation practices, improve water quality and maintain a clean environment will not be completely abandoned. Budget constraints will place pressures and strains on many programs we have carried out in the past, however.

## New Influences in Agricultural and Food Policy Decisions

From the 1930s, when the government first became deeply involved in supporting farm prices and incomes, until the 1960s, the major decisions on farm and food policy issues centered with four major groups sometimes referred to as the "establishment in farm policy making." These were: the agriculture committees in Congress, the U.S. Department of Agriculture, the major farm organizations, and the land grant colleges and universities. Paarlberg has sometimes referred to these groups as the agenda committee. They might not always get what they wanted in government farm programs, but they usually determined what issues and programs would come up for discussion. [6]

During the last 20 years, the "agenda" committee has undergone major changes, and the number of organizations and groups seeking to influence the direction of government agricultural and food policy has greatly expanded. The rise of the consumer and environmental movements in recent years is reflected in the major legislation and policy decisions that affect the direction of agricultural and food policy. However, the number of producer advocates have increased and become more specialized.

During the period from 1977 to 1979, we have identified 466 major national and regional organizations that in some way have a legislative concern on matters relating to food and agriculture. [7]

The general farm organizations continue to participate actively in policy making activities through hearings, lobbying activities, communications with their members to encourage individual contacts with members of Congress.



In recent years, the number of commodity organizations with Washington representatives has increased and these groups by focusing on specific and a limited number of issues can be effective spokesmen for their point of view. Cooperatives, farm wives, and other producer groups also are engaged in legislative activity to influence policy directions. The increased number of specialized producer spokesmen dilutes the efforts and provides competition for the general farm organizations to get the attention and support from members of Congress that they once had.

The business and industry groups are represented through trade associations both input suppliers and the handlers, processors and distributors of agricultural and food products. Besides the trade associations there are individual companies that maintain Washington offices and have registered lobbyists on their payrolls. More than 240 agricultural firms and industries are actively engaged in lobbying and representation.

The representatives of business and industry are highly professional, skilled in the art of getting facts and presenting them to members of Congress who make important policy decisions. Increasing regulation of pesticides, food additives, and labeling have all contributed to the numbers and increasing activity of business and industry representation in Washington.

We may expect that some of these groups will get more sympathetic reception in Congress and by the Administration in the next few years than in the past.

Consumer, Citizen and environmental groups represent a new and growing influence on food and agricultural policy. Among the 90 groups identified, around half did not exist before 1966. These groups carry out a broad range of programs and activities and receive funding from a variety of sources.

Some are membership organizations and receive funding from dues and contributions. Others do not have members, or the membership is very small, so they must depend upon funding from foundations, grants and contracts from the federal government, or engage in business activities such as publishing newsletters and books to generate revenue to continue their existence. The major areas of interest among these groups are rural community development, including small farmers and farmworkers; food and consumer issues, food assistance, and hunger; and environmental and conservation concerns. Other

groups work in a broad range of issues and are (1) affiliated or sponsored by churches and religious groups or (2) are public interest law firms funded by foundations or federal government grants.

The growth in numbers of citizen and consumer groups with agricultural and food interests is partly a result of federal programs designed to help certain groups. Clientele have been encouraged to give legislative and lobbying support for continuation and expansion of the programs. At the same time, growing consumer interest in agricultural and food issues has resulted from rising prices of food, inflationary pressures, and a broadening awareness of hunger and malnutrition both in this country and abroad. Advocacy efforts are closely tied to early crusades by Ralph Nader, his support of Public Interest Research Groups among college students, and the events of the late 1960s and early 1970s.

The concerns of the consumer and citizen groups not only involve concerns based on economic values, on which producers and agribusiness place major emphasis, but on social, spiritual, cultural and political values as well.

Behind the positions which these groups take on specific issues are values that place major emphasis on social justice; quality of life in rural communities; family living; equal opportunities for the young, the poor, and minority groups; human dignity; and the principles of democratic freedom.

Consequently the positions of the citizen, consumer and environmental groups may more frequently be in opposition to producers and agribusiness groups than on the same side of the debate.

There are other groups that also have food and agricultural concerns. The public employee and public institution groups are engaged in programs established by law and are usually seeking improvements in the funding, operation, and functioning of their institutions. Although research and information groups are engaged in programs that may not be direct legislative or lobbying activity, their efforts may provide information that is used by other legislative and lobbying groups. Indian tribes have a direct interest in public policy as it relates to public lands, reservations and food distribution programs.

## Making Your Views Known on Food and Agriculture Issues

The increasing numbers of organizations and groups that are trying to influence food and agricultural policy means that if you really want to make your views known, you will have to make special efforts and spend some time at it. Here are some of the ways that should help you be a part of the policy making process: [8]

- a. Belong to an organization. Be active and get involved in drafting resolutions which your organization passes at its annual meeting. Organizations representing hundreds and thousands of members can command more attention than an individual alone.
- b. Write effective letters in your own words, not just what some organization or group writes up and wants you to send in. In urgent situations, use telegrams and phone calls.
- c. Know how to make effective office calls. Legislators and Congressmen are busy people. But with appointments, you can talk to them and to their staff. Plan to talk to your Congressman or legislator when he is in his home district.
- d. If your group is going to Washington or Springfield, plan effective visits by being prepared with facts, figures, and an effective presentation.
- e. Testify at hearings, in Congress, in Springfield, or in your home county before county boards, zoning boards, park districts, forest preserve districts, or school boards---any local government unit that has authority to levy taxes and spend your money.
- f. Inform other groups of your position. Joint organizational efforts (coalitions) may often accomplish more than a single group alone.
- g. Keep informed on what is going on. You will be more effective in making your views known if you are up-to-date and informed of what government is doing, what is happening in your community, and what agriculture needs to effectively perform its mission.

Differences in economic, social, political and spiritual values bring about differences on the agricultural and food issues held by various producer, business, citizen and consumer groups. As with most other policy decisions in our representative system of government, the decisions made on food and agriculture issues will be the result of compromise among the various groups involved and represented in the policy making process. You can be a part of that process.

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