



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

WITHDRAWN  
6 1984

Mo  
Statement of Harold F. Breimyer  
at hearing, "Toward the Next Generation  
of Farm Policy," Joint Economic  
Committee, U.S. Congress, Des Moines,  
Iowa, July 1, 1983

University of Missouri-Columbia  
Department of Agricultural  
Economics, Paper No. 1983-21

### A DESIGN FOR AGRICULTURE

There's nothing new under the farm policy sun.

Everyone close to the farm scene knows that basic decisions in agricultural policy will be made within the next couple of years. A search will be on for an almost magic new idea, an original scheme by which agriculture can be restored to prosperity without breaking the U.S. Treasury.

None will be found. Nothing new remains to be invented. We will act on what we already know.

The question at issue is whether agriculture will accept collective discipline in pursuit of goals for itself and for its role in the economy, and what form that discipline will take. As of now, in my judgment, neither agriculture nor the other interests associated with agriculture are prepared to resolve that question.

A comment confined to a couple of pages can only restate principles. I offer a few.

1. The farm program of the future will not be PIK. I will not take a stand on whether Secretary Block was justified in setting up PIK, under the circumstances that prevailed in the winter of 1982-83. But PIK cannot be a pattern for the future. It is certain to get an increasingly bad press. One of its biggest flaws is that most of the gain to individual farmers comes from saving of production cost. The farmer with the biggest cost gets the biggest bonanza. That is not the kind of principle on which to build a sound program.

2. Insofar as crop acreage programs are relied on, a stair step sequence can be described beginning with the weakest, least effective, and ending with the most effective. Least effective is the kind we had in 1982, namely, voluntary acreage reduction, crop by crop, where the only attraction is a farmer's eligibility for crop storage loans and deficiency payments. The program suffers from its implicit contradiction, which is that if it is successful the non-participant gains more than the participant.

Paid diversion, the next step, is a little more effective.

If programs are to have any punch to them they must call for cross compliance and require that any acreage reduction for one crop become a net reduction in total cropped acreage.

The most effective program is quantity marketing allotments, as now applied to one or more types of tobacco.

Various intermediate programs can be sketched. Generally, though, supply control can be truly effective only if acreage or quantity allotments are applied to all farms.

3. I am not plugging for mandatory allotments. But neither do I hold promise that the taxpaying public will subsidize farmers grandly to carry out big voluntary acreage programs. Anyone who believes that \$15 to \$20 billion a year will be available for that purpose is dreaming.

This is one reason why I pose the overall issue in terms of collective discipline.

4. A program must be internally consistent. If price support levels are to be at an absolute minimum, little acreage control is needed. If supports are appreciably higher, acreage control must be tight.
5. Much is still to be said for keeping the Commodity Credit Corporation loan rates relatively low and using deficiency payments as supplement to incomes. But payments must be factored down for largest farms.
6. The first five points omit all mention of the international scene. It is certain to be mentioned often at this hearing. One quick comment is that we are not even close to deciding how we want our farm programs to relate to our international trade policy. But I also point out that foreign trade is not the only game in town. Three-fourths of our farm products go to our own domestic markets. Let's not get too carried away with engaging international issues.

To repeat, lots of experience has been gained the last 50 years in applying these principles.

I use my remaining time to invite, even challenge, the leaders of U.S. agriculture to think in more forward looking terms, to consider what kind of agriculture we want in our nation.

I particularly have two ideas in mind. The first is whether we want farm programs to work in favor of a decentralized agriculture of modest sized family units, or whether the programs are to continue to favor, however inadvertently, larger sized and more capital-intensive units.

But I emphasize even more the urgent need to make farm programs fit with goals of conserving the soil resources of our nation. At the least, program benefits should be denied to any farmer who palpably damages his soil. But I challenge our leaders to go one statesmanlike step further. It is to abandon historical commodity bases, or at least make them subordinate, and design programs to conform to good land use. To make even partial progress toward such an exalted goal would be a heroic achievement. Ought we not give thought to the kind of agriculture we want to build for the future, and bring our farm programs appropriately into line?