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THE NEW AGRICULTURE AND FOOD POLICY
"View Through a National Farmer Study"

by

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THE NEW AGRICULTURE AND FOOD POLICY

"View Through a National Farmer Study"

Since farmers are directly concerned with agricultural policy decisions, it seems appropriate to have some current perspective of how they view the issues as a basis for policy decisionmaking.

Through a coordinated effort in the fall of 1980, agricultural economists in ten states developed a survey research plan to determine farmers' views on current issues relative to pending legislation.

A questionnaire was developed jointly so that farmers in each participating state would be asked the same questions. Only slight variations were made to accommodate different commodities and organizations on a few questions.

State statisticians from the Federal State Cooperative Crop Reporting Service assisted by drawing a sample of representative farm operators in each state where the survey was to be taken. In nine states questionnaires were mailed during the two weeks following election day, and in one state in early January.

The states participating in the survey were: Illinois, Indiana, Michigan, Minnesota, Nebraska, North Dakota, Ohio, Oregon, Washington and Texas.

Samples of 1500 were used in nine states and 1200 in one state. Altogether, 4,876 farmers in the 10 states responded to the survey, making an overall return of 33 percent.

The Major Issues

Future Direction for 1981 Legislation

The most frequent preference, from 35 to 52 percent, among farmers in the 10 states, was to keep the basic format of the 1977 Act with minor changes in loan rates, target prices and reserves. But only in North Dakota and Minnesota was this a majority response.

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The second most frequent response, from 14 to 31 percent, was to eliminate all price and income support programs. From 10 to 16 percent would prefer to develop totally new farm legislation, but we really don't know what they had in mind. The remaining segment were those with *no opinion* or *no response* which ranged from 13 to 31 percent.

Fair Prices, Loan Rates and Target Prices

In response to questions about what farmers considered would be a fair price in 1981, a range of responses was received. The average price farmers considered to be fair was considerably above current market prices. However, in comparing what farmers considered a fair market price and what they wanted the loan price to be, the loan price ranged from \$.70 to \$1.00 per bushel below the market prices. These responses suggest that they want the market to function and to give prices the opportunity to respond to supply and demand conditions.

The respondents would like to see 1981 loan rates for corn ranging from \$2.74 to \$2.93 compared to \$2.25 in 1980. For wheat they suggested loan rates from \$3.81 to \$4.10 compared with \$3.00 in 1980. They also wanted increased target prices for corn and wheat.

On the issue of discontinuing target prices, farmers were divided. Agreement that target price be eliminated ranged from 13 percent to 36 percent. With a substantial *no opinion* and *no answer* group in each state, there was no majority opinion on this issue.

No opinion and *no answer* responses ranged from 29 to 61 percent on the target price issue in the 10 state surveys, suggesting that for many farmers the loss of target prices would not be a crucial issue. Part of this difference may be due to no deficiency payments in 1979 and 1980 and substantial non-participation in programs that would qualify producers for deficiency payments if prices dropped below the target levels.

Farmer Owned Reserve

Farmers have mixed reactions to the grain reserve. More felt it was a good program for consumers than for farmers. In all states, more agreed than disagreed that they would like to see the release prices raised for feed grains and wheat. Questions dealing with release prices, two price loan plans, and call prices also brought a substantial *no opinion* and *no answer* response, probably because few farmers are familiar with program details.

Agricultural Trade

Respondents displayed much stronger feelings on international trade than commodity program issues. A substantial majority in all states believed that the United States should not limit farm exports for political or foreign policy reasons. More would have accepted the 1980 embargo if all trade had been suspended. In all states, two-thirds or more of the respondents favored a provision in the 1981 farm bill that would give price protection if exports are limited for any reason. Also, in each of the 10 states, a majority favored renewal of the five-year agreement with Russia by which minimum quantities to be exported are specified.

On a national board to control marketing of U.S. grain exports, more farmers opposed this idea than favored it. On international commodity agreements, more farmers seemed to favor than oppose the idea of agreements with other exporting countries to control reserves, production and prices. But the *no opinion* and *no answer* responses ranged from 19 to 35 percent, leaving a significant number who did not express either positive or negative opinion on this issue.

Other Issues

On help for small farmers, a majority would favor giving more price and income support benefits to smaller and medium size farmers with annual sales under \$40,000.

More farmers agreed than disagreed with replacement of disaster payments with the all risk crop insurance plan passed in 1980.

On food stamps, more respondents opposed than favored use of public funds to buy food stamps.

On soil conservation, in 7 states, more farmers would favor than oppose a mandatory compliance with approved soil conservation plans to qualify for price support benefits.

On nonfarmer purchases of farmland, a substantial majority would favor a prohibition against purchase of farmland by foreign investors. However, a majority would not favor a prohibition of purchases of farmland by non-farmers from this country.

On agricultural research and extension, about a two-thirds majority would favor increased funds for agricultural research and extension.

Conclusions--What has Happened?

Farmer opinion is not the only influence in shaping a new agriculture and food policy in 1981. But an examination of the Senate and House Committee bills shows that they may have had some influence.

The features in the 1981 bill that appear to be in line with our 10-state farmer survey include: maintaining the basic format of the 1977 Act with some evolutionary changes, higher loan and target prices, price protection for farmers in case of an export embargo specifically on agricultural products, continuation of the farmer held grain reserve, more funds for agricultural research and extension, and a tightening of eligibility for the food stamp program.

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