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Values and Agricultural Policy

by

Neilson C. Conklin and Lyle D. Riggs*

Working Paper # 69

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Forward

This paper is a product of a shared belief that there is more to public policy than a quest for self interest. Because there is little room in the formal quantitative models of political economy for forces beyond rent seeking, we have chosen to go beyond the bounds of neoclassical economics in our examination of agricultural policy. Our interest here is not to deny the usefulness of contemporary models of political economy but rather to describe a more general framework in which public spirit and non-pecuniary human values play a role in public policy.

We wish to thank Tom Rhodes for his thoughtful comments.

Values and Agricultural Policy

In spite of international and domestic pressures for a major overhaul of agricultural policy, U.S. farm programs have remained resistant to reform for nearly 50 years (Bonnen and Browne). The 1990 farm bill, the Food, Agriculture, Conservation, and Trade Act, was no exception; policy makers met budget targets with a marginal reduction in the acreage eligible for subsidies rather than through fundamental policy reform. However, a closer examination of the debates surrounding the passage of the 1990 farm bill reveals some fundamental changes in the value systems and goals underlying U.S. agricultural policy; changes which may portend a more fundamental change in the direction of agricultural policy in the future.

In an era of increasingly complex quantitative political-economic models human value systems are often overlooked as an engine of institutional change. The goals-values-beliefs (GVB) approach to policy formation which dominated thought about agricultural policy in the 1950's and 60's seems out of date, its optimistic view of human nature hopelessly naive compared to the studied cynicism of public choice models. While the GVB approach has languished--though it still appears in undergraduate texts and in an occasional paper at a policy conference--quantitative models of the political economy have exploded in recent years and have made a substantial contribution to our understanding of the political

economy of agriculture. However, the limited power of these models and their inability to predict major changes in the direction of policy leaves a significant gap in our understanding of policy formulation. We believe that the GVB approach can help to close this gap.

This paper presents a conceptual framework for understanding agricultural policy based on the GVB approach and applies it to the 1990 farm bill and the House debate on means testing farm programs.

Quantitative Models of Political Economy

Today's political-economic models of agriculture represent the agricultural policy process as a political economic market, a world view based on the public choice school of economics (Buchanan and Tullock, Downs, Olson). This general approach was refined and applied to trade policy (Tullock, Kreuger, Rausser) and the economics of regulation (Peltzman, Stigler) during the late 1960's and early 1970's. The public choice approach theorizes that the interaction of policy makers and interest groups seeking benefits shapes government intervention in markets. Private interests, constrained by the costs of organization, use votes and political contributions to bid for transfer payments in a political market place. Policy makers, constrained by the economic structure of the markets in question, adjust policy instruments to maximize their own utility.

Rausser and Freebairn's application of policy preference functions

represented one of the earliest applications of modern political-economic models to agricultural policy. Since 1974 political-economic models have been applied to agricultural policy in two distinct ways: first, in modeling the dynamics of policy behavior in individual commodity markets, and second, in general models of government intervention and behavior in the agricultural sector. Quantitative formulations of these models generally describe the policy process as the maximization of a policy preference function¹ subject to the constraints of economic behavior in agricultural markets and the macro policy environment (Love, Rausser, and Burton).

Applications of political-economic models to individual commodity markets (Lopez, Rausser and Freebairn, Reithmuller and Roe, Sarris and Freebairn) generally use detailed market models which endogenize policy decisions to explain the level at which policy instruments are set. These models generally incorporate a detailed specification of the institutional and economic constraints in the market. Gardner's (1987) study of U.S. price support programs extended the political-economic approach to explain the differences in support levels across commodity markets. In Gardner's model, political power and the costs of organization determine the demand for intervention while determined by while the social costs, or deadweight losses, determine policy makers' ability to supply intervention. The empirical results suggest that both the private costs of generating

¹ Policy preference functions, also referred to as political preference functions, policy criterion functions, or governing criterion functions defines political utility as a function of the welfare trade-offs between various interest groups involved in the policy process.

political pressure and the social costs (deadweight losses) faced by policy makers are important factors in determining price support levels for various commodities in the United States.

The more general, or cosmopolitan (Paarlberg), models extend the public choice model even further, attempting to explain levels of government intervention in agriculture across time, markets, and national boundaries (Honma and Hayami, Skully). Cosmopolitan models, deterministic economic models which abstract from culture and institutions, were developed to explain the paradox that developing countries generally exploit agriculture while developed nations generally subsidize it (Olson).

Political economic models have generally focused on the relationship between private interests and policy determination, however, Gardner (1989) has pointed out that these models do not explain political preferences and has suggested that the GVB approach offers a research program for explaining weights in a policy preference function. Furthermore, the limited empirical power of these models, especially when confronted with sudden, revolutionary changes in policy like the advent of price support programs in the United States during the 1930's (Gardner, 1987), leaves room for alternative approaches to understanding the formulation of policy.

The Goals-Values-Beliefs Approach to Agricultural Policy

The role of human values in policy formulation has not been ignored by agricultural economists, who generally have used the goals-values-beliefs approach to understand the role of human values² in policy formulation. John M. Brewster, an "agricultural" philosopher, devoted a large part of his professional career to explaining the role of values and beliefs in the formation of policy goals. Brewster derived much of his approach from John Dewey's moral philosophy. Dewey, a naturalist, believed that man naturally has values and confronts moral decisions when values conflict. For example, consider the farmer who places great importance on the "freedom to farm" (the freedom to make decisions about production practices) but also believes in a right to clean drinking water. When confronted with pesticide and nitrate contamination of his well by his neighbor's use of chemicals the farmer faces a moral dilemma; he must evaluate the situation to decide on a course of action. Dewey called this process of deliberation "valuation" and believed that if valuation was based on complete and unbiased information a reasonable choice would follow. This belief was the basis for Dewey's emphasis on education as a major source of social progress and reform.

² The narrow definition of value, the worth of a thing, is more comfortable for the economist than the generic use of the term value to describe critical pro and con predicates. Philosophical theories of value fall into two general groups, hedonistic and antihedonistic. Hedonistic (and quasihedonistic) theories of value consider values within the context of pleasure or pain associated with an object or action. Antihedonistic views of value evaluate objects or actions in terms of their relationship to some overarching principle (excellence for Aristotle, God for Aquinas, or knowledge for Spinoza). The GVB approach outlined in this paper is based on a quasihedonistic theory of value (Dewey) and human values, in the context of this paper, are understood to mean what people think is right or true.

Brewster's Approach to Agricultural Policy Formulation

John Brewster (1950, 1961a, 1961b, 1970) applied Dewey's concept of valuation to the formulation of agricultural policy goals by both farmers and urban people. This approach to agricultural policy formulation rests on the premise that people, both individually and collectively, form policy goals as they confront moral dilemmas and that their value systems shape these goals. Brewster's definition of terms and details of his analytical system often lack clarity (Breimyer) but his approach, as interpreted by Cochrane, holds that people's value systems consist of beliefs³, their personal concepts of proper way of life, while values are the weights they attach to their various beliefs. Thus, two people may have identical beliefs and yet have different value systems if their weights differ. Value systems are not immutable, people adjust both their values and beliefs in response to facts and perceptions about the world. Facts which an individual cannot reconcile with his value system may lead to changes in values or to changes in beliefs⁴.

Policy formulation in Brewster's approach is driven by changes in the external environment which pose moral dilemmas or by changes in value systems.

³ Philosophers generally take belief to be an interior state of mind which is related causally to behavior (Quinton).

⁴ But, because people filter facts through their value systems, existing beliefs about what is right and proper may endure long after objective facts demonstrate that existing beliefs are no longer appropriate. Such unsupported beliefs, like the agricultural fundamentalist belief that farming is a morally superior way of life, may be defined as myths (Paarlberg) or articles of faith (in this case faith may be defined as a firm belief in something for which there is no evidence) and take on a quasi religious aspect for those who believe in them.

As individuals examine the outcome of current policy through the lens of their value systems, they identify policy issues (moral dilemmas) where the outcome of current policy is not in accord with their existing values. Through the process of valuation they then develop new policy goals and or adjust their values and beliefs until they have resolved the issue in their own minds. Individuals may then become part of a collective process leading to the establishment of consensus policy goals for existing interest groups. As interest groups struggle through the collective process of valuation they may adjust their collective value systems or old groups may break apart or new groups may form.

An individual forms beliefs based on perceptions of past, present, and future circumstances. He then attaches values (weights) to these beliefs. As his perceptions or circumstances change he reevaluates his beliefs and values and reorganizes his value system. An individual may hold beliefs that appear to contradict or come into conflict. The values attached to these beliefs determine which belief he will more closely follow. Unless he adopts new beliefs, the farmer in our example above must resolve his moral dilemma by adjusting the weights he assigns to his beliefs about "freedom to farm" and rights to clean water. If he assigns a zero weight to "freedom to farm" he adopts an "environmentalist" value system; if he assigns a zero weight to his beliefs about rights to clean water he adopts a "libertarian" value system.

Just as individuals must make moral choices when confronted with conflicts in their value systems, society is faced with policy choices when the consensus on values breaks down. This is where the nations of Eastern Europe find themselves

in the 1990's. But value driven changes in policy are not always this dramatic. The complexity of social value systems is even greater due to the need to aggregate beliefs and values of groups and individuals. For example, a farm group is made up of a thousand farmers who share the same beliefs as the previous individual farmer. The farmers, however, all vary in the weights they attach to these two beliefs. The farm group goes through a valuation process, aggregating individual value systems to develop a group value system.

Within the context of a value system, individuals, organizations, and society identify goals. "Goals are presumably formulated because the analysis of the current state of affairs identifies issues that are at variance with what [individuals] and groups in society judge to be desirable." (Gardner, 1985) Goals (policy measures) represent the actions that individuals and groups feel they need to take in order to change conditions and make them consistent with their own beliefs. The means used to reach a goal are also influenced by value systems. Means identify the manner or way individuals and society wishes to bring about the desired changes. The selection of goals and means involves conflict over what ought to be done and how it should be done. Conflicts of this nature result from either conflicting values or conflicting beliefs.

Beliefs , Values, and Agricultural Policy

Brewster identified three basic creeds⁵, systems of belief, which dominated the vision and value system of 19th century America: the democratic creed--embodied in the Declaration of Independence, the Constitution, and the Bill of Rights; the work creed--a belief in the inherent worth of excellence in any occupation; and the enterprise creed--the "protestant ethic" that capital accumulation is the correct and proper test of a man's worth.

The democratic creed holds that (1) all people are equal in dignity and worth; (2) no person, however wise or benevolent, is sufficiently wise or benevolent to possess controlling power over another; and (3) every person is entitled to an equal voice in making policies that govern all. This latter component is of especial importance in a democratic society. As more and more people participate in the decision-making process, the more legitimate the restraints and regulations become. People are obliged to follow the rules because they have imposed the rules on themselves.

The work creed dictates (1) that no productive capacity is any higher or lower than any other. The contributions of the ditch digger is no less important than the contributions of the medical doctor. And (2) proficiency in one's chosen field is the best way to earn respect for oneself and the respect and esteem of others (Brewster 1970).

⁵ Arthur Schlesinger's theory of American political cycles, the ebb and flow of activist government, is driven by cyclical changes in the weights Americans attach to two dominant creeds, capitalism and democracy, which parallel Brewster's enterprise and democratic belief systems.

The enterprise creed considers accumulation of capital from a successful proprietorship the exclusive test of a person's worth to society. Furthermore, the enterprise creed dictates that (1) the individual or the family is responsible for their own economic security; (2) the function of government is to keep the imprudent from demanding that others contribute to or share the burden of their economic security; (3) proprietors have the right to determine how they will produce; and (4) the government is to keep others and itself from infringing on the managerial freedoms of proprietors.

These three creeds formed the basis for Brewster's (1950, 1961b) analysis of the policy issues associated with technological change and the mechanization of American agriculture. Willard Cochrane used the same three creeds in his analysis of the development of American agriculture, hypothesizing that change in the values (social weights) attached to the democratic and enterprise creeds was one of the major forces influencing U.S. agricultural policy during the 19th and 20th centuries.

Brewster (1970) identified two types of policy conflict: policy problems arising from disagreements over the weights which ought to be attached to common beliefs, and policy crises arising from a breakdown in the social or political consensus over the proper beliefs. While society tends not to fear policy problems, policy crises are generally viewed as fundamental political and cultural threats. Two examples from agricultural history illustrate the difference between policy crises and policy problems. The evolution of land distribution policies in 19th century America

illustrates the effects of a continuing policy problem. Following the signing of the Constitution, the young nation was faced with the task of distributing vast areas of public land. Federalists, under the intellectual leadership of Alexander Hamilton, generally believed quick development of industry would best help the fledgling nation to survive, but held a belief that agriculture also had a role in the economy. Republicans, represented by Thomas Jefferson, favored an society and economy dominated by agriculture but nevertheless realized that industry too had its place. These political parties attached very different weights to similar beliefs which led to their conflicts. Yet because they both held a belief that the nation should grow and advance and that both industry and agriculture had their place in the economy they were able to reach compromises and shape land policy, ultimately culminating in the Homestead Acts. "When the Republicans captured the national government in 1800, and the dust of conflict had settled, the new President, Thomas Jefferson, admitted that the area of agreement was indeed great. For, as he observed, 'every difference of opinion is not a difference of principle. We have called by different names brethren of the same principle. We are all Republicans, we are all Federalists.'" (Degler, 1970) p. 98

The issue of slavery, on the other hand entailed a policy crisis. Opponents held diametrically opposite beliefs--abolish slavery or accept it. No middle ground for compromise existed. Abraham Lincoln, in the election of 1860, tried to find a middle ground by advocating the prohibition of slavery in states where it did not already exist and in all new states and the protection of slavery in states where it

already existed. He even offered to support a constitutional amendment to that effect. However, the differences between abolitionists and slaveholders were not simple differences in how to weight common beliefs about human and property rights; fundamental differences in beliefs about human and civil rights were at stake. As a result neither side accepted Lincoln's proposal and the result was the Civil War, emancipation, and a whole new direction in the history of agriculture in the South ensued.

Toward a More General Framework

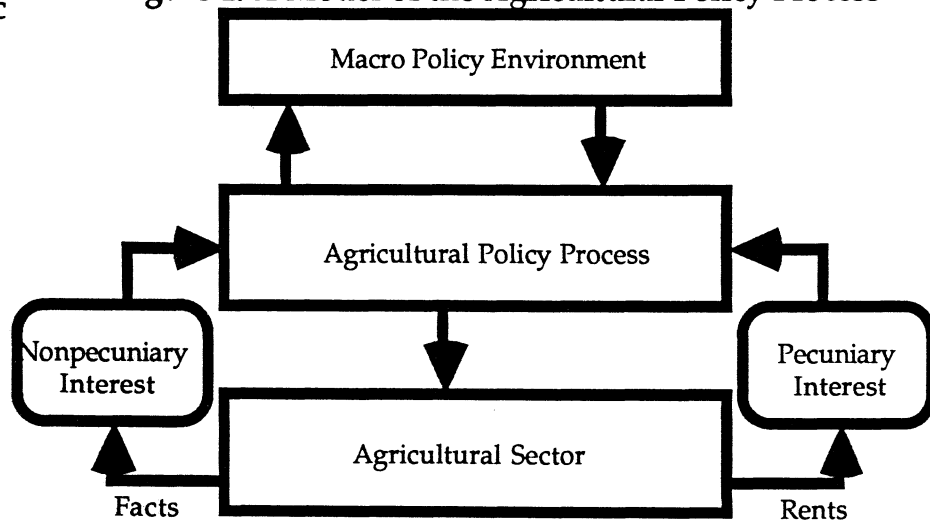
Public choice models of collective decisions based on the assumption of individual utility maximization are only one of many possible models of the behavioral dynamics which may be involved in the valuation process. Thus current models of political economy may in some sense be viewed as a subset of the GVB approach. They are a subset in two senses: first, they generally deal only with values which can be measured quantitatively in monetary terms (eg producer and consumer surplus), and second, they assume fixed beliefs. Because of these restrictions, contemporary quantitative models have difficulty explaining some types of policy change, like the evolution of 19th century land policy or the abolition of slavery, which can more readily be explained within the comprehensive GVB framework. The diagram in figure 1 illustrates this framework. Agricultural policies—courses of action directed at the agricultural sector—emerge from the

"policy process" as legislative or administrative actions. In this model these policies are influenced by four major forces: macro policy forces outside agriculture (fiscal policy, trade policy etc), the institutional structure of the policy process itself, lobbying by pecuniary interests, individuals and groups seeking to preserve or enhance rent streams, and lobbying by nonpecuniary interests, groups and individuals seeking changes because current policies are at odds with their own value systems (eg. environmentalists and animal rights groups). Obviously any individual or group may have both pecuniary and nonpecuniary interests in a particular policy issue.

In the language of modern political economy, the agricultural policy process in this model can be viewed as the maximization of a political preference function subject to the constraints of political institutions and the structure of the economy. The constraints facing agricultural policy makers are not fixed and are heavily influenced by the

macro policy (economic and social) environment. For example pressure to reduce federal budget deficits has had a significant effect on agricultural policy

Figure 1. A Model of the Agricultural Policy Process



decisions in recent years (Conklin, 1990).

Within this general framework policy formulation begins as individuals and groups evaluate the perceived social, political, and economic effects of current policy on the agricultural sector within the framework of their own value systems. Figure 1 distinguishes between rents (measurable economic effects) and "facts" (social and political effects). Political-economic models focus on the activities of pecuniary interests as they respond to changes in rent streams, while the GVB approach also incorporates cultural change and the valuation of social and political effects by nonpecuniary interests. Where these outcomes are at odds with an individual's (or group's) value system, or create conflicts in their value system, they are faced with a moral dilemma, forcing them through a process of valuation. Valuation may lead them either to change their value system or to formulate new policy goals and enter the policy process. Both pecuniary and nonpecuniary interests enter the policy process in an effort to achieve agricultural sector outcomes which are in accord with their value systems. They may try to achieve their goals by lobbying for major changes in policy goals, means (programs or policy instruments), or process (institutions). In the context of a political-economic model these are efforts to change the arguments of the policy preference function, the weights in the function or the constraint set.

When agricultural sector outcomes are relatively stable and when there are no groups with significant interests in sector outcomes who do not have an argument included in the preference function, agricultural policy tends to remain

stable with tinkering induced by lobbying for adjustments in the function's weights. Where a social and political consensus about beliefs exists, the policy debate is about adjustments in the weights of a policy preference function and not about its form or content; policy makers and society face agricultural policy problems not policy crises. For example, the farm financial crisis of the early 1980's represented a policy problem rather than a policy crisis; there was general accord that the sector was in distress and the policy debate was marginal (how much aid to provide and how best to provide it) rather than fundamental. However, the 1990 farm bill debates, in particular the debates over means testing and environmental controls indicate that underlying changes in the beliefs and value systems supporting current farm programs are in the midst of radical change. We believe that these changes in values may culminate in agricultural policy changes as dramatic as those of the 1930's.

Values, Beliefs and the 1990 Farm Bill

In many respects agricultural policy emerged relatively unchanged by the 1990 farm bill. The final legislation retained many policy instruments including nonrecourse loans, deficiency payments, and acreage reduction programs. However, the tone of the debates surrounding the passage of the 1990 Food, Agriculture, Conservation, and Trade Act was quite different as "outsiders" challenged the cost and distributional effects of farm programs on the House floor and farm groups

joined environmental groups to fight for the continuation of existing farm programs. These events reflect a major realignment of the value systems and goals which underlie current agricultural policy and portend even greater changes in the future.

The Macro Policy Environment

Budget issues clearly dominated the debates over farm policy in 1990. This point is underlined by the fact that the most important changes in agricultural law were a part of the 1990 Budget Reconciliation Act, not the farm bill itself. As Congress began to consider alternatives for new agricultural legislation early in 1990 it was obvious that they would be operating under serious budget constraints and that much of the debate was likely to focus on how to meet the required budget targets. The President's FY 1991 Budget, submitted to Congress on January 29, 1990 proposed a reduction in spending on farm price and income support programs totaling \$20 billion over the five fiscal years beginning with 1991 (Office of Management and Budget). Although the budget did not advocate a particular policy measure it identified target price reductions, reductions in the acreage eligible for payment, and targeting program benefits at smaller farmers in the greatest need (means testing) as policy options for making the spending cuts called for in the budget.

Budget negotiations between the administration began in the spring of 1990 and dragged on throughout the summer and into the fall. On July 16, Budget

Director Richard Darman announced that based on Mid-Session Review estimates the deficit for fiscal year 1991 would reach \$168.8 billion, \$104.8 billion over the targets required by Gramm-Rudman-Hollings, triggering a massive sequestration of about \$100 billion. Half of this reduction would come from defense spending. The remaining half would come from nondefense programs, but because nearly two thirds of the budget was exempt from the sequester, the nonexempt programs, including most agricultural programs, would be cut by nearly 40 percent .

Congress and the Administration continued to negotiate a budget package including both new tax revenues and spending cuts with the threat of these draconian spending cuts hanging over the process. There was widespread concern that spending cuts of this magnitude would not only disrupt vital government services, like meat and poultry inspections, but could also throw the economy into a recession. In spite of the threat of a sequester, the budget process dragged as negotiators had difficulty finding a mix of revenue increases and spending cuts that the president and a Congressional majority could support. The 1990 Farm Bill moved slowly in both the House and Senate because the committees were not sure what the budget would require of them and were reluctant to make any substantial cuts in farm programs.

The House bill survived an attempt led by Congressmen Schumer (D, NY) and Armey (R, TX) to limit payments to large farmers through means testing. By late summer both the House and Senate versions were passed and readied for conference without any major changes in farm programs. However, in early

October the initial budget deal between the President and Congress called for a \$13 billion cut in agricultural programs and the final farm bill, hammered out by a Senate/House conference committee between October 12 and 16, cut program benefits and introduced a new policy instrument, the "triple base". Over five years the farm bill and the reconciliation bill, legislation to implement the budget deal, cut spending on programs under the jurisdiction of the agriculture committees by \$13.3 billion, approaching the \$15 billion cut requested by the President. No one had seriously doubted that there would be major spending reductions in farm programs and the debate revolved around how the reductions would be made. This debate led inevitably to questions about the goals of government intervention in the sector and the cultural values supporting farm programs.

The Means Testing Debate: a Clash of Values

Political and social support for a particular public policy rests not only on coalitions of self interest but also on the cultural foundation of our value systems. The cultural foundation of support for policies transferring income to farmers since the 1930's has rested on a mix of traditional American beliefs in the democratic, enterprise, and work creeds, a belief that market failure prevents farmers from reaping their just rewards and an even deeper belief in what Don Paarlberg refers to as the agricultural myth. The agricultural myth, also referred to as agrarianism, or agricultural fundamentalism, is a direct descendant of the 18th century Jeffersonian beliefs that farmers were the "chosen people of God" and that the realization of democracy required an agrarian society free of the corrupting influences of

urbanization and industry (Jaffa). The agrarian belief system holds: (1) there is something special about the farm way of life. (2) The farm way of life produces more dependable and politically stable citizens than the urban way of life. As a result farmers have a higher moral traits, characterized by honesty, integrity, and reliability. (3) The tiller is more independent and self-reliant than the city dweller. And finally, (4) farming is a divine calling in which God and the farmer walk hand in hand to satisfy the physical needs of humanity.

The role that beliefs in market failure and agrarianism have played in providing a cultural rationale for a policy of farm price and income supports is obvious in the following quotation taken from Section 1608 of the Food and Agriculture Act of 1981:

Congress reaffirms the historical policy of the United States to foster and encourage the family farm system of agriculture in this country. Congress believes that the maintenance of the family farm system of agriculture is essential to the social well-being of the nation and the competitive production of adequate supplies of food and fiber. Congress further believes that any significant expansion of non-family owned, large scale corporate farming will be detrimental to the national welfare... *It is the policy and the express intent of Congress that no such program be administered in a manner that will place the family farm operation at an unfair economic disadvantage.* (Emphasis added)

As long as income transfers to farmers and their effects on the agricultural sector were perceived to be consistent with the consensus value system supporting agricultural policy there was little chance of major policy changes. This perception was reinforced by the events of the early 1980's and the "farm financial crisis". The dominant value system provided an intellectual justification and a public interest

rationale for the price and income support programs.

However, by the late 1980's the inconsistencies between the effects of farm programs and the value system supporting them became increasingly evident. Agricultural policy critics (Bovard) began to focus not only on the economic inefficiencies created by farm programs but also on farmers' growing dependence on federal subsidies and the programs' distributional effects, with wealthier farmers receiving larger payments (Reinsel). As David Cloud (1990b) noted in the *Congressional Quarterly* "Today, as the government cash flow has become paramount to farmers, it is harder and harder to ignore the charge of 'welfarism.'" The idea that farm programs had become welfare for wealthy farmers was certainly not consistent with the concepts of distributive and commutative justice embedded in the democratic and work creeds, nor was it consistent with agrarian beliefs in self reliance. Once the effects of farm programs were perceived to be fundamentally inconsistent with the cultural value system supporting them, market failure could not justify their continuation. Farmers and agricultural policy makers were forced to confront a moral dilemma in conjunction with an even larger public policy crisis created by the record budget deficits and bruising budget battles of the 1980's.

Continuous peacetime budget deficits are a modern American phenomenon, beginning in the 1930's. Historically, this American preoccupation with a balanced budget has been driven more by a Jeffersonian view of public debt and Federal deficits as a corrupting influence than by any adverse economic effects of deficit spending (Savage). In spite of the mid 20th century shift from a moral to a

Keynesian, instrumental view of deficits, the budget debates of the 1980's made it is obvious that over 50 years of nearly continuous budget deficits had not eliminated the powerful political symbolism of deficits as a corrupting influence on American democracy. Richard Darman, Director of the Office of Management and Budget in a speech to the National Press Club on July 20, 1989 remarked:

The deficit is but one more symptom of our Now-nowism. Many think of it as a cause of problems. But it is also a symptom: a kind of silent Now-now scream. It is the mathematical representation of our wish to buy now, pay later -- or more accurately, buy now and let others pay later. ... Collectively we are engaged in a massive Backward Robin Hood transaction -- robbing the future to give to the present. ... In the public domain ... this self indulgent theft from the future borders on public policy wilding.

In the context of the larger budget debate, spending on farm programs could easily be seen as another "self indulgent theft from the future."

It was in this environment of moral and political pressure to cut spending and reform agricultural policy that Representatives Dick Armey (R,TX) and Charles E. Schumer (D,NY) led a coalition of urban Democrats and suburban Republicans which advocated legislation to target farm program benefits to small producers. The coalition sponsored an amendment, authored principally by Armey and Schumer, to the House version of the farm bill. The amendment sought to deny benefits to farmers with adjusted gross annual incomes in excess of \$100,000.

The core of the coalition's attack on farm programs was based on their inconsistency with the democratic creed (regressive redistribution of income), their violation of the work creed (paying farmers to idle resources), their violation of the enterprise creed (keeping inefficient farmers in business), and their inability to live

up to the expectations of the agrarian myth (failing to halt the demise of the family farm).

Armey, an economist by profession, wrote "Moscow on the Mississippi: America's Soviet-Style Farm Policy" which appeared in the Congressional Record (U.S. Congress, 1990, E23-E25). Armey compared the central planning attempted by Congress and USDA with that of the Soviet Union prior to "perestroika". He called for bringing "perestroika" to American agriculture, in other words, the elimination of federal farm programs and a return to the free market where farmers make their own decisions. He summarized his position by citing Armey's Axiom Number One: "The market is rational; the government is dumb," adding, "farm programs are replete with examples that validate that principle."

Speaking for a more equitable farm policy, Representative Schumer said: "Perhaps at one time we could afford to have 40 percent of the farm dollars go to the top 3 percent of the farmers, but that time is no longer. The Schumer-Arme y amendment will fix the farm program, because we care about the family farmer. It will say money goes to the family farmer, money goes to the family working soil, but money does not go to the well-to-do hobby farmers, the large agro-businesses and the investors who are now milking the Government for \$700 million a year."(U.S. Congress, 1990, H5572)

The value system supporting the Schumer-Arme y amendment was, in many respects, not very different from the value system of those supporting existing farm programs. Although the coalition supporting means testing may have assigned

relatively higher weights to the democratic creed's sense of equality (by attempting to make sure benefits reach producers in need) to the enterprise creed (by limiting government intrusion into the market and returning decision-making to farmers), and to agrarian beliefs (by maintaining the family farm), the critical difference in the value systems was that Schumer-Arney supporters rejected the belief that market failure denies all farmers their just rewards. From this value system emerged a new single and coherent goal for farm programs as income maintenance programs for needy farmers, that is a farm welfare program or a safety net.

One argument against the Arney-Schumer amendment was based on a firm level interpretation of the work and enterprise creeds, and the notion that diligence and efficiency should be rewarded, not penalized. Representative Robert F. Smith (R,OR) argued that eliminating big farmers, who have grown because of their efficiency, strikes at the heart of the American value of growth. In other words, disqualifying them from government benefits would penalize them for their efficiency (U.S. Congress, 1990, H5566). This position is rooted in the enterprise belief that efficiency and capital accumulation should not be penalized. Representative Pat Roberts (R,KS) echoed this sentiment by stating that the amendment "says to those who are most productive and most successful that 'the badge of your success is that you had an adjusted gross income of \$100,000, and we are going to publicly brand you as unworthy and deny you any benefits from the farm program.'"(U.S., 1990) H5566 These unsophisticated micro interpretations of enterprise and work creeds, predicated on the assumption that government intervention is fixed, lead to

policy conclusions diametrically opposed to Armeys economically more sophisticated arguments that that current programs violate enterprise and work creeds by reducing efficiency for the farm sector and the economy as a whole. In this case different interpretations of the same "facts" lead to different conclusions about the consistency of policy with shared creeds and therefore to different policy conclusions.

However, opponents of the Schumer-Armeys amendment based their main defense of the programs by appealing to the belief that market failure posed a fundamental threat to the security of the nations food supply and to consumers. They asserted that farm programs were necessary to stabilize supply and assure safe, high quality, and low-priced food and fiber for consumers. In other words, farm programs were a food security program. Representative Neal Smith (D, IA) asserted: "The goal is not welfare for producers. It is to stabilize food prices and supplies, and the payments, of course, relate to the contribution toward the goal." (U.S. Congress, 1990, H5553)

Associating payments with the goal of stabilizing food supplies and prices reflected the notion offered by Representative Tom Tauke (R,IA) that farm programs are a contract between the government and the farmer. A farmer performs certain functions, for example limiting production, setting aside acreage for conservation purposes, etc., in return the government pays the farmer. Thus the arguments of Representatives Smith and Tauke attempt to reconcile the farm programs with traditional cultural values supporting them by focusing on the belief

in market failure and the policy objective of preserving food security. Thus farmers are being paid their just rewards for providing the security which society demands and the market fails to provide.

One of the primary outcomes of the House debate over means testing was to focus attention on the objectives of agricultural policy. Was farm policy an income transfer program for farmers? Or, was it a food supply and price stabilization program implemented for the benefit of consumers? These questions are unanswerable and while agricultural policy does not in reality have a single well focused goal the agriculture committees were forced to coalesce around the goal of food security to defend the programs to avoid inconsistencies with their underlying value systems and to defend them against charges of welfarism.

The House debated and defeated the Arney-Schumer amendment, 159-263, on July 25, 1990 (U.S. Congress, 1990). The movement for means testing farm programs failed not because it was bad policy, or because the intellectual arguments were not convincing; it failed because the rent seeking forces of farm interests remained strong and they succeeded, at least temporarily, in realigning the goals of agricultural policy in such a way that they were not broadly perceived as being grossly inconsistent with American values. As David Cloud (1990a) put it, the "coalition of urban Democrats and suburban Republicans proved more adept at drawing attention to its attacks on farm programs than at attracting votes." However, the intellectual arguments and political coalitions which defended existing programs against Schumer-Arney were not based solely on farm interests

and food security arguments; an emerging constituency for farm programs with its own value system and goals, the environmental movement, played a crucial role in determining the outcome.

Reconciling Farm Programs and Environmentalist Value Systems

Although environmental interests have long been concerned with agricultural issues including land policy, water policy, and soil erosion, environmentalists had little influence on agricultural policy until the 1980's; the 1985 Food Security Act was the first multi-year omnibus farm bill to include conservation titles. The environmental movement has brought a new perspective and a new set of beliefs and values to the agricultural policy debate.

Unlike conservationists who share a anthropocentric belief that the value of nature is its worth for man, environmentalists consider nature to have natural rights, existence has its own value. Thus environmentalism can be viewed as an extension of the Lockean natural right to a continued existence from man to nature as a whole (Nash). In other words, nature does not depend on man for recognition of its rights it simply possesses them because it exists. Although there a wide range of beliefs and values among environmentalists, they share a general set of beliefs which we characterize as an environmental creed.

For the purposes of this paper we define the environmental creed to hold: (1) present inhabitants have a responsibility to maintain earth's productive capacities and resources for future generations; (2) natural resources have value in

themselves, not just the value given them for their economic capabilities; (3) humans should work to understand nature and work with nature; (4) humans are a part of nature as a whole, as opposed to nature existing for humankind's benefit.

Within the value systems of environmental groups the environmental creed obviously takes on a heavy weight. However, the value systems of environmental groups vary widely, especially in terms of their non-environmental beliefs and values. At one extreme, so called deep environmentalists, like the original Earth First! movement, may place a weight of zero or nearly zero on beliefs other than the rights of nature. Other groups, like the Green Party, combine a heavy weight on environmental beliefs with an otherwise more traditional left-of-center value system. The Green Party's basic tenets include ecology, social responsibility, nonviolence and grassroots democracy (Fuller, 1990). The party's positions reflect a high value for the environmental and democratic creeds. However, the Green value system puts little or no weight on the enterprise creed since it does not accept capital accumulation as a mark of success. The value systems of mainstream environmental groups are generally based on an amalgam of similar beliefs in the environmental, democratic, work, and enterprise creeds with each group assigning different weights to similar beliefs. In general their policy goals, agricultural and otherwise, reflect a relatively heavy weight on environmental beliefs.

Prior to the 1990 farm bill debate the primary agricultural policy efforts of most environmental groups were oriented toward strengthening the environmental provisions in the 1985 Food Security Act. For example, the primary goals of the

Natural Resources Defense Council (NRDC), as outlined in their January 1989 "Agriculture Program Docket" emphasized the traditional agenda for conservation and environmental groups: strengthening sodbuster and swampbuster provisions, protecting Conservation Reserve Program (CRP) land after 10 year contracts expire, and removing barriers to the adoption of sustainable agriculture. However, a new interest in the commodity programs was obvious:

For more than half a century, the United States Government has supported farmers' incomes and the prices of farm products. Indeed the 'commodity programs' administered by USDA have evolved into one of the largest and fastest growing sets of federal entitlements, with an annual price tag exceeding \$20 billion.

Unfortunately, the commodity programs are notoriously ineffective in eliminating surplus crop production and assisting those farmers who are suffering from the greatest financial stress. And they have a profound effect on the rural landscape, offering direct subsidy for intensive chemical use and cropping of marginal land.

The growing interest in farm programs on the part of environmental groups arose from a realization that existing government intervention had important environmental consequences. However, environmental groups were not in accord about whether commodity price and income support programs were a net plus or a minus for the environment.

Some environmentalists, recognized the distortions in resource allocation caused by existing subsidies and emphasized the negative effect on the environment. Don Leal, author of "A Birds-Eye View of Destructive Farm Policy," (U.S., 1990, B69) claimed that farm policy encourages fencerow to fencerow planting in order to maximize payments from U.S. taxpayers, resulting in heavy application of pesticides and herbicides which kill wildlife. He called for

environmentalists to join the push to eliminate farm programs which encourage overproduction and to let farmers deal with the problem. The NRDC also saw existing agricultural policy as the primary problem and favored the Schumer-Army amendment. They wrote: "If anything drives the over production of commodity crops, it is the status quo, not restrictions on subsidies to the wealthy ..." (Cloud, 1990a).

On the other hand, many other environmental groups recognized that the programs they had won in the 1985 Food Security Act had tied them to the commodity programs; existing environmental regulation of agriculture through the sodbuster, swampbuster, and conservation compliance provisions required a high level of participation in the commodity price and income support programs in order to be effective. Therefore, most environmental groups, like the National Audubon Society and the national Wildlife Federation, who believed that the environmental benefits of the conservation provisions outweighed the environmental costs of distortions in resource allocation opposed the Schumer-Army amendment. "They argued that kicking big farmers out of federal farm programs would hurt environmental quality because, to qualify for federal payments, farmers must comply with numerous environmental controls, including a ban on draining wetlands and plowing highly erodible land." (Cloud, 1990a) The House came to a consensus that eliminating big farmers from the commodity programs would hurt environmental quality. Representative Roberts said: "When you drive him [the successful farmer and investor] out of the program, you can bet your sweet green

wetlands will go with him, and that's something we don't want to see."(U.S., 1990, H5557) Clearly, environmental arguments and objectives played a crucial role in defeating the Shumer-Armev amendment and attempts to reduce farm program costs by targeting or means testing benefits.

Conclusions and Implication

While the farm and environmental interests which defeated Schumer-Armev may not always agree, they have more in common following the passage of the 1990 Food, Agriculture, Conservation, and Trade Act than they did before. Although means testing advocates failed to achieve fundamental changes in agricultural policy they did shake the foundations of the traditional value system supporting current farm programs. The result was renewed attention on the goals of agricultural policy. As charges of "welfarism", unpalatable to the traditional value system supporting farm programs, became credible, farm interests seeking to preserve existing rent streams and reconcile policies and values to avoid a moral dilemma emphasized farm program goals beyond income transfer to preserve the "family farm". Food security was one such goal but environmental goals proved to be a key in defending the structure of farm programs.

The adoption of environmental goals in defense of existing farm programs reflects an important shift in the value system supporting agricultural policy. Environmental beliefs have joined the democratic creed, the work creed, the

enterprise creed, and the agricultural myth as a basis for farm programs.

Furthermore, the weight on the agrarian beliefs embedded in the agricultural myth seems to be declining relative to the weight on environmental beliefs. This shift not only reflects the growing emphasis on environmental values in society and the inclusion of environmentalists in the agricultural policy process but also the search for farm interests for credible goals for farm programs. Many farmers and their representatives would prefer to believe that the rent streams from farm programs represent payment for environmental goods than to accept them as welfare.

The shift in the value system supporting farm programs may have profound implications for the future of agricultural policy in the United States. If environmental goals become a major justification for government intervention in agriculture, it seems likely that the structure of policy will begin to change to increasingly emphasize environmental goals. If this is the case then farmers may face greater changes in policy than the means testing proposals defeated in 1990.

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