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FUTURE AGRICULTURAL AND FOOD POLICY

Robert G. F. Spitze

The agricultural and food policy future now offers more than usual excitement—and also uncertainty. As the calendar turned, it ushered in a year of decision about the future of this nation's public policy concerning its agriculture production, farm family and rural community welfare, consumers' food supply, and agricultural trade. It also signaled the changing of the leading actors who will perform yet unwritten roles in a yet-to-be-titled drama of policy development. All of this will unfold both within an international and national environment of volatile economic forces. It offers all the challenge that a student of policy could expect.

Probing for the known in an unknown future is not uncommon in economics, and certainly not for public policy economists. In fact, their very reason for existence is to provide the best possible knowledge about what exists in a probabilistic sense, what could be the future in terms of alternatives, and what would likely result from any choice among the alternatives. As in all analysis, one commences with the better-known present and reaches to the future, guided by theory and judgment.

This paper attempts to answer the following questions: (1) What are the critical characteristics of present public agricultural and food policy? (2) Where is future policy likely to be directed? (3) How might this future policy affect southern agriculture?

CHARACTERISTICS OF AGRICULTURAL-FOOD POLICY

Evolution of Policy

The one concept that best characterizes the mainstream of public (i.e., governmental) policy of this nation throughout its two centuries is *evolution*. In a representative societal system, the values that must be compromised among the multitudes of the majority are always changing, but never quickly nor extensively. Sometimes, as in the rest of the natural world, the evolution can be observed accelerating, slowing, or even shifting in different directions in response to problems, but its continuity overshadows its change.

This change is inevitable, given that policy is deeply rooted in a past, but shaped in the present by knowledge and current or expected problems, neither of which is stagnant.

Agricultural and food policy of this nation evolved through policies about land, education and research, conservation, credit, marketing, community development, food quality, environmental protection, and prices and income. This price and income policy area, which embodies the major concerns of this article, has also exhibited pronounced evolutionary traits, commencing in 1929 with heroic but futile efforts to support sagging prices of cotton and wheat (Benedict; Rasmussen and Baker). What was once called farm bills, and later agricultural policy, has long since yielded to broad, interdependent concerns of producers, consumers, traders, and resource users. Under umbrella terminology of food and agricultural policy, the public now deals with this policy agenda, which has always been changing—evolving—expanding.

The Food and Agriculture Act of 1977, with later amendments, is the current expression of this evolution of price and income policy (Spitze). Since it is scheduled to expire in 1981, new policy development is now in process. The 1977 Act is not a clear, singular, consistent policy thrust, but rather a package of policy instruments, including price supports with and without compulsory production controls, compensatory payments, voluntary land retirement, food aid, trade regulations, product reserves, technology development, and disaster (protection only recently significantly altered with the Federal Crop Insurance Act of 1980). Further shaped by subsequent legislation and administrative decisions, the Act is coupled in operation with private competitive markets.

Expanding Participation in the Policy Process

Not only has there been evolution in the content of policy, but also in the participating interest groups. Perhaps at some earlier junctures of price and income policy, decision rested with a tripartite power bloc of general farmer organizations, the USDA, and congressional representatives of rural districts. But even this perception

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should be held with caution, given that vetoes of the farmer-backed McNary-Haugen bills throughout the 1920s were sustained, and given further that the current massive, consumer-oriented food stamp program had its roots in 1939. Whatever the realities of the past, it is clear that agricultural and food policy is not now the domain of any single—or even a few—interest groups. Guither's recent study on major participants in the development of the 1977 Act identified a total of 612 individuals and groups providing testimony.

Reasons for this expanded participation are not entirely clear. However, the major forces seem to include at least the following: (1) gradual urbanization of the nation, with the accompanying demise of significant numbers of rural or farm legislative districts; (2) rapid commercialization of farming, resulting in an interdependence with other sectors of the economy and the international community, as well as their mutual interest; (3) advances in the technology of communication and transportation; (4) growing awareness of relationships between the agricultural-food sector and individual-group welfare through expanding knowledge about health, nutrition, environmental quality, international trade, foreign relations, the structure of the economy, and the government; and (5) "democratization" of the nation's political processes and the government's increasing accessibility.

As a result, a diverse array of private interest groups, including commodity producers, consumers, input suppliers, processors, traders, professionals, religious organizations, missionary agencies, and the elderly, have joined in the shaping of agricultural and food policy. Why should not the entire nation be concerned about its food supply, its rural communities, and the source of more than 20 percent of its total exports to the rest of the world?

An Environment of Economic Uncertainty

Present policy is cradled in an environment of tense national and international economic uncertainty that has both shaped it and will likely shape its future characteristics. This uncertainty is fueled by many factors, including in particular: the persistence and instability of inflation; growing dependence upon foreign markets, sometimes state controlled; substitution of floating exchange rates for the fixed gold-based system; a shift in the nation's monetary policy from interest rate control to money supply control; farmers' continued dependence on competitive product markets and growing dependence on input markets, where administered pricing is common; a slowing and erratic national productivity; and the dependence of commercial farming upon credit (Bullock; Schuh; Tweeten). These forces are translated to commercial farmers as rising

costs, uncertain export markets from large residual buyers, unstable interest rates, and rising capital costs, all of which must be borne as risk in individual management decisions. Cash flow problems can become severe for young farmers, rapidly expanding operations, and low-equity borrowers. Taken together, these economic forces of inflation, dependence upon foreign markets, flexible interest rates, and reliance on borrowed risk capital generate growing uncertainty. Economic uncertainty and price instability emerge as dominant characteristics of the agricultural and food sector and major policy issue of the future.

STAGE OF THE NEW POLICY FORMATION

It is also relevant to inquire into the present stage of the policy decision-making process. Existing policy continues to be implemented according to the script of the 1977 Act and subsequent legislation. The flexibility it provides is much used for price supports, target levels, voluntary set-aside, and a reserves program to respond to rapidly changing economic conditions. In policy development, there has thus far been less orderly deliberation about new policy than in the last policy formation cycle (1975-77). By the 1976 election period preceding the terminal year in that cycle, extensive congressional hearings, studies, and the development of background materials by many groups have already occurred. Policy makers' preoccupation with inflation, energy, budget, and changeable international issues appears currently to have preempted resources and concerns.

Some relevant background research and publications have already been developed. However, the volume seems less than offered in previous policy-making cycles, particularly by the congressional sources (Benbrook; Breimyer et al.; Gardner and Richardson; Heady and Chowdhury; Hoover; Knutson; Madden et al.; Martin; Myers; NPPEC; Schertz et al.; Schnittker; Spitze and Martin; U.S. Senate; U.S. Congress; USDA ESS, 1979). These research and educational efforts have had three primary focuses: primary and synthesizing research on farm structure issues; analytical and interpretative studies of the consequences of the 1977 Act; and systematic presentations of alternative policy options/directions for policy in the 1980s. There has been little effort to integrate or "package" compatible policy instruments/programs that must eventually characterize the proposing and compromising stages of the new policy development. Early in 1981 these issues will confront the policymakers, many of whom carry new responsibilities consequent to the election.

POLICY INFLUENCES

Factors Affecting Future Policy

Future price and income policy for the agricultural-food sector will be determined by the following factors: (1) characteristics of the present policy; (2) actual and expected economic conditions related to that sector; (3) knowledge levels, both from research and experience, of the policymakers and the populations they represent; and (4) perceptions and predispositions of the policymakers in leadership positions.

Let us examine these factors. The particular package of policy instruments that evolved to form the comprehensive 1977 Act has not seemed to provoke major discernible criticisms nor alternative proposals as its termination date approaches. Economic conditions of the agricultural and food sector can best be described as good, improving, and risky for producers, and as troublesome price-wise for consumers: these reside in the presence of highly uncertain national and international environments. Research has generated no new dramatic proposals nor findings that are likely to shape the new policy direction. However, the unusually low profile of public dialogue thus far leaves more unknown than known about the present state of understandings and desires of policymakers and the public.

Philosophy of the New Leadership¹

Policy-making leadership is now composed of the new team brought in by the 1980 election and survivors from the previous team, notably those in the U.S. House of Representatives. It also includes carry-overs with the major interest groups, but none in the four general farmer organizations.² The best guess of the predispositions of this carry-over leadership is represented in the 1977 Act, with unknown alterations probably precipitated by the election.

What about the new leadership? Interesting and suggestive hints can be gleaned from documents setting forth the philosophy of the new administration and from utterances of some of the new policy leaders in the congressional and executive branches.

The National Republican Platform included the thrust of the following provisions: (1) terminate the Carter grain embargo immediately; (2) use the Eisenhower Food for Peace program and revolving credit incentives to remove foreign trade restraints and promote new markets in developing countries; (3) eliminate government-to-government agreements and sales; (4) support

farmer-owned grain reserves, if necessary, but adamantly oppose government-controlled reserves; (5) increase net farm income and support programs with the goal of surpassing parity levels in a market-oriented agricultural economy; (6) reduce excessive regulation of agriculture relating to predator control, pesticides, food additives and preservatives, and transportation and trade of agricultural products; (7) effectively conserve soil and water resources through voluntary participation with adequate incentives; (8) reform tax laws to encourage family farming and remove tax advantages that foreign investors realize on the sale of farmland; and (9) select a secretary of agriculture and staff who will speak strongly for farmers.

In the administration's proposals on 1981 farm legislation presented to the House and Senate Committees on Agriculture, these policy directions appear: (1) reduce federal governmental expenditures on agricultural programs; (2) delegate substantially more discretionary decision making with the secretary of agriculture, and, by implication, other executive offices; (3) maintain for the major crop commodities the "nonrecourse loans, a farmer-owned wheat and feed-grain reserve [with the call price level eliminated and release price level raised], and the authority to implement an acreage diversion program when and if needed;" (4) propose "that target prices and deficiency payments be eliminated beginning with the 1982 crops of wheat, feedgrains, rice and cotton;" (5) eliminate disaster payments in the presence of the new crop insurance program; (6) set dairy price supports at 70 percent to 90 percent of parity; (7) continue P.L. 480; (8) provide "adequate funding for research and education aimed at continued gains in the productivity of the agricultural sector" and "increase the role of the States in the overall efforts of the department in these activities;" (9) suggest changes in the food stamp program separately from agricultural legislation and as a part of President Reagan's overall economic program; and (10) later submission of a comprehensive soil and water conservation program. Secretary of Agriculture Block prefaced these administration proposals with announced modest increases in the price support levels for most crops for 1981, as well as increased export credit guarantees.

President Reagan is reported as making these pre- and post-election statements: "I will, when elected, fully assess our national security, foreign policy and agricultural trade needs to determine how best to terminate yet another of the inequitable and ineffective policies (grain embargo to Russia) of the Carter Administration."

¹ Quotes and interpretative statements appearing in this section were gleaned from: 1980 Republican National Convention Platform; Secretary John Block's Statement on the Administration's Proposals for 1981 farm legislation in March and April, 1981, presented to the respective congressional committees on agriculture; AP press releases appearing on November 6, 13, 1980; *Wall Street Journal* on October 1, 1980; *News-Gazette* (Champaign-Urbana) on November 22 and 23, 1980; *Successful Farming* in January, 1981; *Prairie Farmer* on January 3, 1981; *Farm Journal* in October, 1980; and from congressional hearings preceding the 1977 act.

² New presidents within the past two years are R. B. Delano of the American Farm Bureau Federation, D. R. Woodland of the National Farmers Organization, George Stone of the National Farmers Union, and Edward Andersen of the National Grange.

He promised "a vigorously strong market place" where farmers "can work toward the goal of achieving full parity." In reference to the wheat set-aside, he said, "that New Deal type of thing" should be avoided in which "government was the manager of the farms." However, he also observed, "I favor continuation of legislative authority for acreage diversion and set-aside programs as one way to adjust production." He favored adjusting price supports to compensate for increases in the cost of production. He favored continuing dairy supports at 80 percent of parity, with semiannual adjustments. His administration would make extensive use of Food for Peace to expand foreign markets. He supported phasing out estate taxes on family farm transfers. He would "strengthen incentive-oriented, locally controlled, soil and water conservation programs."

Jesse Helms, new chairman of the Senate Committee on Agriculture, Forestry, and Nutrition, was recently quoted in the press as saying that the food stamp program "has got to be changed so you won't have so many freeloaders on it. The future, as far as I'm concerned is to reduce it to those who are truly needy." He further argued that as much as 40 percent of the food stamp assistance goes to persons who do not need it. The 1977 Act did not win his approval because of the cost and the cash-out provision of the food stamp program. He finds the commodity provisions working well, believes the President should possess grain embargo authority under conditions of short supply, but opposes cross-compliance between conservation and set-aside programs. In 1977 hearings, he indicated that he could not support "phasing out" the peanut program; that peanut production had to be cut in order to maintain prices at least at 75 percent of parity; that land should be excluded if target prices were to be based on cost of production; that farm exports should be increased; that stopping inflation and balancing the budget were the best things to be done for farmers; and that research budgets were not keeping up with inflation, and, hence, the needs for research to increase yields and lower costs of production are not being met.

John Block, the new secretary of agriculture, commented that conservation policies for farmland have to start at the local level, but that the federal role should be expanded, including the Departments of Energy, Transportation, and Interior, as well as Agriculture and EPA. He further commented: "One priority that I believe the Department of Agriculture deserves, and I hope it could achieve, is power, strength and muscle in government;" "The new Secretary should also be devoted to a market-oriented agriculture and committed to the expansion of foreign markets for American farm products;" "My philosophy is very simply, production ag-

riculture has to be the highest priority. As the U.S. looks ahead at the next decade and where we're headed, a healthy, prosperous agriculture is absolutely essential;" [on the grain reserve] "I think it's worked pretty good," but "release and call levels on the grain reserve should be higher;" agricultural production research must be expanded "or we're doomed;" and he does not favor "a lot of international grain trade agreements."

A more definitive and reliable expectation must await the philosophy of other appointed officials in the executive branch and policy proposals from both it and the legislative branches.

LIKELY AGRICULTURAL-FOOD POLICY DIRECTIONS

Continuation of Existing Policy

The new price and income policy is likely to resemble closely the 1977 Act. Continuity will overshadow change. What change will occur will be incremental, but the significance of that is not to be ignored. That is the nature of the evolution of this nation's public policy. The present was also created by such past periods of pause, dialogue, and new "armistices" (Maddox). Only the probable *changes* in policy will be identified in the following sections.

Food Aid

The Food Stamp Program, and possibly other food distribution efforts, are likely to experience substantial curtailment. It could take several forms: budgetary ceilings; prerequisite conditions for eligibility, such as proof of being available for employment or performance of service in the public sector; and elimination of target food recipient groups, such as students, strikers, and aliens. There is no indication that the trend toward a complete "cashing out" of food stamps will be speeded up.

Embargo Restrictions

Vigorous efforts can be expected to impose statutory or congressional restraints on the use of any embargoes on the exports of agricultural commodities, but it seems unlikely that they would be entirely prohibited. The role of agricultural trade in matters of national security and of foreign relations is entirely too critical to tie the hands of any administration. However, restraints on their use might well be expressed in various ways: "snap-back" provisions similar to that in the 1977 Act, which mandated higher price and income protection for producers upon the imposition of any embargo; alterations in the budgetary, quantity, or price level limits of any grain

reserve to accompany an embargo; exemptions to any embargo for specified recipient markets, such as "regular" or "democratic" countries; limits on any embargo such as not lower than a percentage of past trade; step-level-trigger-market price levels that must precede embargoes; prior approval by Congress; embargoes permitted only if applying to all products; time limits on any authorized embargo; and required prerequisite proclamations that emergencies or crises threaten the economic and political welfare of the nation.

Grain Reserve Price Levels

Although the basic provisions of the national grain reserve will likely continue, it is probable that the call—and particularly release—price levels will be raised. This would further insulate producers from "adverse" price effects of a flow of the farmer-government reserve stocks onto markets during periods of rising prices.

Curtailment of Government Commodity Stocks

Although the price support loan provisions will likely be a part of the policy package, it is probable that the potential volume of any government takeover will be restricted, as will the discretionary authority with which administrators may move government stocks so acquired back onto the market. This would protect producers' prices from being "depressed" by governmental actions. Such policy changes could include: automatic resale options for producers holding price support loans; maxima on quantities of commodities taken over by the government; and an increase in the resale price level at which government commodities may be fed back into the market.

Reemphasis on Farm and Rural Development

Repeated efforts have been made, particularly in the 1950s and again with the enactment of the Rural Development Act of 1972, to transfer public attention, education, supervision, and even funding, from the federal level "back" to the farm and rural community levels. Legislators were responsive to the several concerns about revitalizing rural America, assisting small town business, supporting the family farm, giving expression to values of "home rule," "local control," and "individual enterprise." It is likely that such efforts, in addition to those presently relevant to rural community development, or in substitution for other grant programs, will appear in the new policy package. Previous policy efforts have focused primarily on organization, technical assistance, and public attention rather than funding.

Research and Education Funding

Although the magnitude of federal research and education funding in real terms, or relative to the total budget, seems unlikely to change, shifts will probably occur in the structure and administration of that funding. Forms of the change could be less emphasis on competitive grant funding and more on formula funding to states and existing public research agencies; and less attention to recently emphasized research areas, such as food nutrition and quality, environmental issues, small farms, direct marketing, and "alternative" modes of farming.

Disaggregation of Programs

One final direction for the new price and income policy, as compared to the 1977 Act, seems likely. Whereas the thrust of recent evolutionary changes in this policy stream had been to combine and encompass several public concerns and policies into an omnibus act, it is possible that this trend will be halted, or even reversed. It might be a response to concerns about agriculture being "diluted with consumer interests" and the "trade objective" of foreign food aid not being emphasized enough. This could be expressed in several ways: separation of domestic food distribution and commodity programs into different policy packages; shift of foreign food aid (P.L. 480) from the price and income package to facilitate its association with general trade and economic assistance policy; and removal of the limited provisions for research and education, advisory committees, credit, and conservation from the price and income package for attention through other policies.

What Remains

By omission here, other current provisions of the latest evolutionary expression of price and income policy, that is, the 1977 Act, along with the remains of its predecessors and with its amendments, is likely to continue in the new policy. Policies for wheat, feedgrains, cotton, wool, and rice will probably continue. Noises will be made about the dairy program, but change does not appear imminent. Further gasohol subsidization is likely to experience similar attention and fate. Efforts may be made to increase incentives for peanut production, in response to current shortages. Sugar, in a policy as well as a market sense, will likely continue in turmoil, with changes debated but not probable, given the agonizing path trod to achieve the present compromise. Recent public concerns not covered by present policy, such as "farm structure," are likely to receive only superficial attention. Thus, the realm of the status quo in the new policy

should dominate the realm of change, but the latter can still have important impacts.

IMPACTS OF THESE DIRECTIONS ON SOUTHERN AGRICULTURE

Southern agriculture is taken to mean the agricultural and food system in the broader context of current policy discussions.³ Furthermore, attention will be limited to the impacts of the price and income policy package, bypassing by definition other important areas of agricultural and food policy and of general economic policy. Certainly, the persistent policy cloud of inflation control, with its spillover into interest rates and budget balancing, will have profound indirect, if not direct, consequences for all of agriculture.

One can discern many likely policy changes of some limited importance, but only on the periphery of the core of price and income policy, such as tightening the import control over "scrap" tobacco. Space will not permit their discussion here, but four likely major effects on the southern agricultural and food system are identified.

Southern Agriculture Adjustments in Process

Southern agriculture, like that of the rest of the nation, is undergoing important changes: shifts of cropping patterns, such as cotton westward; increasing size of commercial farms in the presence of a healthy part-time, dual-employment farming sector; mechanization and dramatic increases in purchased inputs; improved economic well-being of the farm family; and a diminishing relative economic importance of the agricultural sector in the total economy. The farm population of the South at 6 percent now approaches that for the U.S. of 5 percent (1970). Furthermore, in recent years, the decline in number of farms has been faster in the South, while the general increase toward full-owner farms has been faster (U.S. Department of Commerce).

Table 1 reveals the most dramatic southern relative shifts in agricultural production as: toward livestock production, particularly meat animals and poultry, and away from crops, particularly cotton and wheat; toward soybeans, rice, and vegetables, away from some of the traditional southern crops; and the slow contraction of dairy. Within the total U.S. agricultural enterprise, the South has emerged as prominent in soybeans, meat animals, and poultry, to stand with its historic dominance in cotton, tobacco, rice, and peanuts.

Nothing in the expected future agricultural-food policy mix will significantly alter most of these trends. Many will probably be abetted, such as the increased mechanization and commercialization of southern crops. Some trends

TABLE 1. Changes in Selected Characteristics of Southern Agriculture, 1958-59 to 1977-78

Farm Products	Proportion of Total Farm Cash Receipts of the South ^a		Proportion South of Total U.S.	
	1958-59	1977-78	1958-59	1977-78
	%	%	%	%
Total Farm Cash Receipts	100.0	100.0	29.6	32.9
Total Crop Receipts	55.4	52.7	38.4	35.8
Soybeans	2.3	8.9	22.2	30.5
Corn	2.0	2.8	13.5	11.7
Wheat	3.2	2.2	15.5	12.6
Cotton	17.8	6.7	74.5	66.4
Tobacco	10.1	6.9	96.2	96.2
Rice	1.8	2.4	79.6	81.3
Peanuts	1.8	2.4	98.5	99.4
Vegetables	3.4	4.1	20.8	23.6
Total Livestock Products	44.6	47.3	23.1	30.2
Meat Animals	22.6	24.9	20.1	25.9
Dairy Products	9.2	6.8	19.7	18.8
Poultry and Eggs	12.3	14.2	39.1	62.9

^a South includes sixteen states comprising U.S. Census regions of the West and East South Central and the South Atlantic. Not all farm products are listed. Time period data were simple averages of the two years indicated.

Sources: USDA, *State Estimates of Farm Income, 1949-59*, August 1960, and *State Farm Income Statistics*, January 1980.

could be slightly slowed, such as the shift from crops to livestock. The price stability and income protection afforded by the main policy thrust of programs for tobacco, cotton, rice, peanuts, wheat, corn, and dairy, which account for more than 30 percent of the farm receipts of the South, are likely to continue (see Table 1). Soybeans with minimal protection adds almost another 10 percent. On the other hand, the likely increased economic uncertainty of the future and the foreseeable reluctance of policymakers of 1981 to offer counteractive public measures implies greater responsibility for risk-bearing by farmers and their institutions.

Feed and Livestock-Poultry Sector

Among specific economic impacts, an important one relates to the livestock and poultry industry, which accounts for more than 50 percent of the total farm sales in the entire South (USDA ESS, January 1980). Furthermore, these products are the leading commodities by sales in nine of the fifteen states.⁴ Yet, the region is a net importer of one of its primary inputs, feedgrain. Poultry and eggs, so dependent upon feed concentrates, accounts for almost 15 percent of southern farm receipts and more than 60 percent of all U.S. production (Table 1). For the livestock-poultry sector, uncertain feed prices spell uncertain production, income, marketing volume, and expansion.

³ Insights in this discussion were gained from Rudd's review of the status and trends in southern agriculture, which he perceived as being generally similar to those of U.S. agriculture.

⁴ The South for this paper was defined as the Census of Agriculture regions of West South Central, East South Central, and South Atlantic.

The likely future policy resembles the present, but with tendencies toward greater price instability for feedgrains. This would be associated with fewer government stocks to alleviate market price gyrations, higher price release boundaries for the grain reserves, aggressive export sales without the benefit of bilateral agreements, and more dependence upon foreign markets. And this feed price instability will occur in a general national and international economic environment already characterized by greater uncertainty. As a result, southern producers may slow down specialization at the farm level and, at the same time, search for an organizational structure featuring larger units, product contracting, and integration with agribusiness or indeed give way to greater concentration in size and control to carry the risk more adequately.

Export Crops

With the strong emphasis expected in the new policy on export promotion and expansion, while still retaining minimal price, income, and disaster protection, southern producers of soybeans, tobacco, cotton, wheat, and rice, and the agribusinesses that serve them, should experience, on the average, slightly stronger markets, higher prices, and more favorable income.⁵ However, this increased dependence upon uncertain foreign buyers will also result in more variable prices and incomes. Recent trends in specialization by area, mechanization, firm enlargement, reliance on purchased inputs, and market integration can be expected to continue—and even be speeded up—for these crops. This should be especially noted for soybeans, a commodity that has arrived at a gross sales in the South as a field crop second only to cotton, and for which the historic reluctance to impose substantive public price and income policies is likely to be even more staunchly defended in the new policy. Southern producers, not different from those of other regions, also must face the impact that this production for export has on resources—fertility, erosion, non-point water pollution, and water reserves.

Food Aid and Consumption

For consumers in the South in general, the likely effect of the new policy portends marginally higher, more variable food prices, and hence marginally lower quantity or quality, especially for lower-income consumers. This can be the expected impact of more reliance on exports and less moderation of market supply and price as restraints on government stocks and reserves are relaxed.

The effect on food aid recipients seems clearer. According to admittedly fragmentary data for 1975, more than half of the poor farm people in the nation live in the South. A slightly higher proportion of the food stamp recipients in the South as compared to the U.S. are classified as poor by these data (MacDonald). This is further borne out in Table 2. The South accounts for a higher proportion of all people below the poverty level and receives a larger percentage of the total food stamps than its population represents. This tends to reaffirm earlier data for 1967 indicating that well over two-thirds of the southern states had rates of participation and costs per participant for food distribution programs above the national averages (NPA). With substantial curtailment of the food aid program being likely, the relative impact on the South in general, and its poor in particular, can be expected to be greater than for other regions.

TABLE 2. Selected Characteristics for the South and U.S.

Region	Total Value of Federal Food Stamps (bonus stamps issued, FY 1979)	Total Labor and Producers' Income, Cal., 1979	Population 1970	Population Below National Poverty Level, 1975 ^b
South ^a	\$2,426 mil.	\$ 429,122 mil.	63 mil.	10.4 mil.
U.S.	\$6,485 mil.	\$1,488,671 mil.	205 mil.	24.0 mil.
Percentage, South of U.S.	37.4	28.8	30.7	43.3

^a South includes the sixteen states plus District of Columbia comprising the U.S. Census regions of the West and East South Central and the South Atlantic.

^b Does not take into account regional variations in the cost of living.

Sources: USDA, Food and Nutrition Service, 1979; U.S. Department of Commerce, *Survey of Current Business*, August 1980, and *Statistical Abstract of the U.S.*, 1980.

The Rest of Southern Agriculture

It is well to remember that most of the forces molding the agricultural and food sector are not driven by price and income policy. Other policies have even more profound effects, but the bulk of the future in southern agriculture must be ascribed to the decisions of the people, the nature of their resources, their institutions, the flow of knowledge and technology, and the shape of national and international imperatives. But the fundamental shifts now occurring in the South that are brought on by industrialization of its agriculture, as well as urban centers, the in-migration of populations, the pressure on its natural resource base, the changing institutional structure of its labor force, its rising income horizons, and the changing structure of its agriculture seem likely to also characterize the future. These, the new agricultural and food policy cannot be expected to alter.

⁵ Soybeans, cotton, tobacco, and wheat were the first or second leading agricultural commodity by farm sales in ten of the fifteen states (USDA ESS, January 1980). In 1979, 56 percent of U.S. soybean production was exported, 54 percent of cotton, 33 percent of tobacco, and 50 percent of the rice (USDA ESS 1979).

SUMMARY

Any analysis of the impact of public policy upon a region of this nation, when the roster of the decision makers is incomplete, is obviously fraught with uncomfortable levels of probability. Yet this is hardly new to economics, and certainly not to policy work. This discussion moved through three logical steps to identify effects of the new price and income policy upon the agricultural and food sector of the South.

First, important characteristics of present agricultural and food policy sure to affect future policy were identified. (a) Price and income policy has been an evolutionary development in this nation, with the Food and Agriculture Act of 1977, and subsequent additions, representing at present the most comprehensive expression of that process. (b) The realm of interest groups participating in that policy development has been expanding in an increasingly open arena of decision making. (c) Several fundamental national and international structural characteristics signal greater future uncertainty for commercial agriculture. (d) Relatively little definitive deliberation and formulation within the decision-making groups has preceded this pivotal year for new agricultural and food policy.

Second, a study of the determining factors and

known policy positions of the policy decision-making leadership suggests that changes will likely occur in several policy areas, even though the dominant characteristics will be continuation of present policy. These areas of change include: food stamp program reduction; export embargo restrictions; grain reserve upper price boundary shifts; curtailment of government CCC stock; reemphasis on rural development; altered research and education funding; and some disaggregation of programs.

Third, apart from many highly specific and localized impacts, it follows from the previous conclusions that the agricultural and food system of the South is likely to be affected in four areas: (a) southern agriculture adjustments already in process; (b) feed prices for its growing livestock and poultry sector; (c) its export crops; and (d) its low-income population presently eligible for food aid.

Policy issues clearly on the immediate agenda are: increased economic uncertainty both for agricultural producers and consumers exacerbated by export market dependency; farm income protection in the presence of budget curtailment; public versus private interests in rural natural resource use; and the future of the Food Stamp Program.

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