August 2015

The 1995 Farm Bill

Darnell B. Smith
Iowa State University

Follow this and additional works at: http://lib.dr.iastate.edu/iowaagreview

Part of the Agricultural and Resource Economics Commons, Agricultural Economics Commons, Agriculture Law Commons, Economic Policy Commons, and the Public Economics Commons

Recommended Citation
Available at: http://lib.dr.iastate.edu/iowaagreview/vol1/iss1/10

This Article is brought to you for free and open access by the Center for Agricultural and Rural Development at Iowa State University Digital Repository. It has been accepted for inclusion in Iowa Ag Review by an authorized editor of Iowa State University Digital Repository. For more information, please contact digirep@iastate.edu.
Emerging Issues

The 1995 Farm Bill
(Darnell Smith. 515-294-1184)

As the 1995 Farm Bill debate draws near, issues related to economic stabilization, trade and market development, federal budget pressures, and the environment have risen as primary areas of policy debate. Luther Tweeten, in a 1993 paper, wrote

"... agriculture continues to be troubled by problems of international competitiveness and efficiency, environment, family farm loss, farm succession, cash flow, poverty, instability, and farm community decline. Commodity programs either are not helpful in addressing these problems or need extensive restructuring to address these problems in a cost-effective manner."

Although Tweeten argues that economic instability in agriculture provides the strongest justification for commodity programs, his calls for reform may go unaddressed as the nagging question of the day remains, "Will we have significant change in policy emphasis and direction in 1995 or will we, as in the past, simply tinker with the policy program edges?"

Only in time will this question be answered. However, policy pundits have delineated issues that facilitate some prognostication about potential changes in policy direction that may emerge during the 1995 Farm Bill debate. Pundits have argued that programs based on the 1933 Agricultural Adjustment Act, enacted at a time of small farms and high farm population, are simply out of step with today's food production, processing, and global distribution systems. Truly, we no longer think about the impending industrialization of world agriculture—it has already happened. The Jeffersonian ideals associated with small farms and slow paced rural life are indeed important, but the major portion of production agriculture's commodities no longer comes from small farms. Concurrent with the change in the structure of U.S. production agriculture over the past half century has been an increased reliance on trade with ongoing globalization of world food markets. More recently, strength in world food markets and in U.S. export growth has come in the area of value added goods (processed food products and meats) with somewhat lackluster performance in bulk commodity export markets.

In light of these changes in the world agricultural and food production system, one might list the following areas of alternative policy consideration:

i) Increased volatility in commodity supply and prices implying a greater need for economic stabilization policies.

ii) Higher importance of trade, in consumer food products—GATT, NAFTA, and other trade agreements have heightened the need for agricultural and trade policy reevaluation.

iii) Enhanced visibility for environment and conservation. Ground and surface water quality concerns illustrate importance of policy integration.

Thus, one can say that more efficient risk management will be emphasized in the policy debate as well as more specific targeting of environmental benefits and a reevaluation of the wisdom of Export Enhancement Program (EEP) subsidies. Tangible policy alternatives would be: enactment of a type of revenue insurance and better use of the Farmer Owned Reserve for economic stabilization, shifting of direct EEP subsidies to more product or market development oriented programs, new CRP contracts only for highly erodible or fragile areas, and livestock producer incentives for best waste management practices.