

Settled Beliefs and Institutional Change in Food and Agricultural Policy: Attempts at Reform in the 2008 U.S. Farm Bill

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Alternative visions of U.S. agriculture underlying recent farm bill reform proposals

- The *global competitiveness* vision
 - emphasis on high-input, high-yield production of ‘commodity’ crops
 - emphasis on farm and international trade policies to promote high volume of exports
- The *sustainable agriculture* vision
 - emphasis on ecological sustainability and ‘Jeffersonian’ family farm structure of agriculture
 - evolving to be similar to the European Union ‘multifunctionality’ view of agriculture

Reform proposals

- Complete the ‘decoupling’ that was started in 1996 and then substantially reversed in 2002
 - Supported by ‘global competitiveness’ people in order to move WTO talks forward
 - Supported by ‘sustainable agriculture’ people in order to reduce the bias in favor of chemical-intensive agriculture, and against ecological agriculture

Reform proposals, cont.

- Tighten payment limits to individual farms

From 1995 through 2005, 73% of payments went to just 10% of payment recipients

Reform proposals, cont.

- Shift major portion of funds from ‘commodity’ programs to ‘agri-environmental’ and ‘healthy food’ programs
 - From 1995 through 2005, \$165 billion in USDA payments went to farmers and landlords:
 - \$130 billion (79%) for ‘commodity’ payments
 - \$15 billion (9%) for disaster assistance payments
 - \$20 billion (12 percent) for conservation program payments

Reform proposals, cont.

- Give major attention to the Conservation Security Program (CSP), the major 'working lands' program
 - \$9 billion authorized by Congress for 2002-2011, but only \$2 billion obligated through 2007 in long-term contracts (only 20,000 farmers enrolled)

2008 farm bill outcomes (commodities)

- Existing subsidy structure left largely intact
- No comprehensive payment limitation reform
- No change made to prohibition on growing fruits and vegetables on commodity base acres, except for a limited pilot project for several Midwestern States
- A new, optional revenue protection program added: Average Crop Revenue Election (ACRE)
- New permanent disaster programs added

2008 farm bill outcomes (agri-environment)

- No major shift of funds from 'commodity' programs to 'agri-environmental' programs
- Redesigns and expands the Conservation Stewardship Program (new name; formerly the Conservation Security Program)
- Authorizes additional funds for the Environmental Quality Incentives Program (EQIP)
- New technical and financial assistance option in EQIP for conversion to organic agriculture
- Expands funding for organic agriculture research and certification cost share assistance
- Reduces acres in Conservation Reserve Program (CRP)
- Increases acres in Grassland Reserve Program (GRP) and the Wetland Reserve Program (WRP)

2008 farm bill outcomes (healthy food)

- Increases funding for Farmers' Market Promotion Program
- Increases funding for fresh fruits and vegetables in schools
- Establishes a Specialty Crop Research Initiative
- Makes permanent the Community Food Project program
- Provides loan guarantees for local food enterprises

Summary of reform outcomes in 2008

- Essentially no reform in commodity subsidies, and new risk and disaster programs likely to reinforce chemical-intensive farming that lacks biodiversity
- Some agri-environmental programs modestly strengthened
- Some progress on 'health food' programs
- Little likelihood of 2008 policies and programs shifting *overall agricultural system* toward healthier and more sustainably grown food

Apparent reason for failure to achieve fundamental reforms: Political power concentrated in 'farm' States

- 59% of payments went to just 10 States (Texas and Iowa the highest, at 9% each) in 1995-2005
- 74% of payments went to just 15 States
- Payments tied largely to just 5 crops: corn, soybeans, wheat, rice, and cotton

Abduction

Reasoning from effect to cause (or reason).

Abduction explains effects.

What really explains the persistence of such strong Congressional support for commodity subsidies, even with so-called 'farm States' increasingly urbanized?

Commodity payments have propped up land values

- Average cropland values nationwide more than doubled between 1998 and 2007
- Example from case study a few years ago at SDSU of typical eastern SD corn/soybean farm :
 - \$1,500/acre land value *with* commodity subsidies compared to \$850 *without*, a difference of \$650/acre

Agri-businesses have benefited from commodity subsidies

- Prior to run-up of crop prices over the last couple years, “cheap” grain and soybean commodities benefited:
 - livestock industry
 - ethanol industry
 - agricultural export industry

Nutrition programs funded under the farm bill

- USDA outlays averaged \$88 billion/yr in FYO3-07
 - **55% nutrition programs**
 - 18% commodity programs
 - 4% crop insurance programs
 - 5% conservation programs
 - 3% rural development programs
 - 6% forestry
 - 3% trade and food aid
 - 3% research
 - 3% other

Entrenched self-interest of farm lobby organizations

- Farm Bureau
- National Farmers Union
- Commodity organizations

Volitional pragmatism

Recognizes that institutions evolve as a result of human perceptions about future possibilities and a working out, over time, pragmatically, of ways to achieve envisionings. This is a back-and-forth process of weighing and matching social ends and alternative institutional possibilities, before policy for new institutional arrangements is reached.

Settled belief

the arrival at a point in time in the consideration of possible action that individuals or groups can finally and honestly declare, “this seems the better thing to do at this time.” When we can say to ourselves . . . that we have reached a decision, it means that our settled deliberations have given us a new coherent belief. And, again, a belief is that upon which we are prepared to act. In effect, we have now found **sufficient reason(s)** to alter specific institutional arrangements in the interest of--for the purpose of--modifying particular economic outcomes in the future.

The two major reform groups in 2007/08 did not have a common 'end' and, hence, not a common 'settled belief'

- **Global competitiveness group**--major concern was narrow view of *economic efficiency* and international comparative advantage; food production capacity within individual countries a low priority.
- **Sustainable agriculture group**--more concerned with externalities, resource sustainability, and healthy food than with export competitiveness.

Also, not necessarily a completely 'settled belief' within the sustainable agriculture group about commodity subsidies

- There is agreement that there should at least be much more rigid payment 'caps'
- But disagreement about complete elimination
 - some want complete elimination, arguing that even moderate-sized farms better off in long run with elimination
 - others see need for continued 'safety net' for small and moderate-sized farms

What will it take to accomplish fundamental reforms?

- In the United Kingdom, a series of events caused public to say “enough!”
 - decades of environmental and landscape decay
 - ‘Mad Cow’ disease
 - Foot & Mouth disease
- Emergence in U.S. of consensus on a more ‘*multifunctional*’ view of agriculture?

'Multifunctionality' view of agriculture

Agriculture is inherently *multifunctional*--it does more than just provide food, fiber, energy, and timber. It has many functions or purposes, thereby potentially producing a wide range of outputs or services. Agriculture that depletes organic matter or erodes soil externalizes costs that others in society must bear. But agriculture can also serve positive functions, such as sequestering carbon, enhancing wildlife, providing valued landscapes, preserving wetlands that reduce flooding, enhancing biodiversity, and providing rural employment.

Forces in U.S. that could lead to a new “settled belief” about farm and food policy

- Decades of environmental and landscape decay
- Obesity epidemic
- Health scares (meat recalls, contaminated vegetables, etc.)
- Roles/treatment of immigrant laborers
- Revulsion at treatment of animals in CAFOs
- Accumulating effects of climate change (e.g., flooding in Midwest this summer?)