



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

November 10, 1976

KEY ISSUES IN THE 1977 FARM BILL

THE NEW ADMINISTRATION AND THE CONGRESS face major decisions about the future direction of our agricultural and food policy. Since the Agriculture and Consumer Protection Act of 1973 expires in 1977, the Congress and the President face three major choices: (1) take no legislative action and let farm-support programs operate under earlier, permanent legislation; (2) extend the 1973 Act in its present or a modified form; or (3) write new legislation. The policymakers probably will start with the 1973 Act and make some changes, based on the prevailing views and conditions in 1977.

TARGET PRICES AND LOAN RATES. For many producers, these are the most important issues. Market prices and farm costs rose significantly after the 1973 Act was passed. The President vetoed efforts to raise target prices and loan rates in 1975. Such efforts might be more successful in 1977. The basis for upward adjustment could be cost of production, parity, a percent of average prices in recent years, or some discretionary authority by the Secretary of Agriculture. Each will be examined thoroughly.

ACREAGE ALLOTMENTS AND NORMAL YIELDS. Many producers feel that the allotments and normal yields set by the government for their farms are out of date. Some efforts to update allotments are expected, since these affect the amount of deficiency payments, if market prices drop below target prices, or disaster payments, as provided under the 1973 Act.

SPECIAL COMMODITY PROGRAMS FOR DAIRY, WOOL AND MOHAIR, PEANUTS, EXTRA-LONG STAPLE COTTON, AND TOBACCO. All of these will be reviewed. The major issue is whether this group of separate, special programs should be continued or whether these commodities should have a system of target prices and loan rates similar to those for wheat, feed grains, cotton, and rice. The sugar program with its domestic and import quotas expired in 1974. Some people would like to see it reinstated.

EXPORTS AND IMPORTS OF FARM PRODUCTS. These affect both producers and consumers. The role of government in our international trade will be a major concern.

GRAIN RESERVES. This matter becomes an issue in any price-stabilization program. A key part of the 1977 policymaking debate will concern how and where such reserves should be held and who should control them.

FOOD AID--DOMESTIC AND FOREIGN. This has become an integral part of our policies on agriculture and food. The type of aid, who is to receive it, the total amount of public funds to be used, and how the program is to be administered must be decided.

CROP INSURANCE AND DISASTER PAYMENTS. These activities now operate as two separate programs. Under government crop insurance, producers help pay part of the cost and also share the risk. Under the government-funded disaster payments, only certain crops are covered. Payments are based on allotments, yields, and target prices. Consideration will be given to merging these programs or to eliminating one of them, in order to provide uniform coverage and equitable treatment for all producers.

The election is over, but the agricultural and food policymaking process for 1977 is just beginning. The Congressional Budget and Impoundment Control Act of 1974 sets a timetable for Congressional action. Cost estimates must be developed by March 15, a bill must be reported out of committee by May 15, and both houses of Congress must pass legislation by seven days after Labor Day. Now is the time for farmers and consumers to make their views known to their elected representatives.

Harold D. Guither

Harold D. Guither, Extension Economist, Public Policy

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

Official Business
Penalty for private use, \$300

FIRST CLASS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

