

Potential pitfalls of supply management

In the 19 years that we have written this column, we have used a considerable amount of ink writing about the weaknesses and failures of farm policies beginning with the 1996 Farm Bill—Freedom to Farm or Freedom to Fail, depending on your perspective—and continuing through successive farm bills down to the 2018 Farm Bill.

Surveying this history, we believe that proponents of various legislative policies, in addition to describing the operational components of their proposals, ought to step back and also identify the weaknesses of their proposals and the conditions that might cause their proposals to fail. If they did that, some of the problems that farmers have had to face over the last nearly two decades could have been minimized or avoided.

Most of the problems that we have seen were evident at the time that the legislation was signed into law.

In that spirit, this is the second column in which we examine the potential pitfalls facing the Agricultural Policy Analysis Center/Texas Farmers Union supply management proposal (APAC/TFU). In the last column (<https://tinyurl.com/y6fytnp2>) we raised the question of how to prevent farmers who have available acres to bring back into production from doing so when we are paying other farmers to take acres out of production. If we can't address that problem in a fair manner, the APAC/TFU proposal will fail.

Likewise, in designing farm policies, we pointed out that we ought to assume that the most significant driver of overproduction and the resulting low prices will continue to be technological in nature: yields that increase faster than demand. On a global level, this is a significant issue because the technology is already on the shelf and as yields in developing countries approach those in the Global North, we could be facing a price-suppressing glut of agricultural commodities while 800 million to 1 billion people live with food insecurity.

We have long argued that although we want the world's agricultural productive capacity to significantly exceed our current needs, we don't need to use all of that capacity all of the time. How do we do manage the utilization of our agricultural capacity in a coordinated way that is fair to US farmers and the hundreds of millions of other farmers around the world?

Moving from this global overview, we want to drill down to the local level.

As US yields continue to increase and we need fewer acres to supply prospective demand, what do we do with the extra acres? Will there be a limit on land retirement? What is the optimal geographic distribution of lands put into the environmental reserve? How can we put land into this reserve in a way that does not have a negative economic impact on the local community?

Can we develop a working lands policy that provides environmental benefits while managing supply over the long run so we can manage price depressing surpluses? How do we develop policies that support farmers who implement soil building practices and rotations that include the production of cover crops on a portion of their land every year?

If the United States Department of Agriculture calls for the submission of bids for land to be put in an actively managed environmental reserve, who signs the contract? Because some of that land that could be productively put into an environmental reserve is land that is rented and will in all probability remain in the reserve over a long period of time, we need to think about both the landlord and the renter.

We raise this last issue because we recognize that while the Agricultural Adjustment Act of 1933 had a positive impact on landowners and small farmers who owned all or most of their

land, it was devastating for tenant farmers in cotton country, particularly African American tenant farmers.

What happens if a tenant retires, the landlord changes tenants, or the land is sold? Do we need to be talking about land easements that are enforceable over a significant period of time? How are the costs and benefits shared among the various participants including the landowner, the tenant, and the general public?

We don't have all of the answers needed to solve these challenges to the APAC/TFU supply management proposal, but we believe that by raising the difficult questions before the proposal is put in legislative form and listening to the concerns of supporters and critics alike, it is possible to design a positive farm bill that has fewer negative surprises than those in the past.

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