



*1996 Farm Bill: A Pattern for  
Future Legislation or Failed  
Experiment?*

**Daryll E. Ray**

**2002 Farm Bill: Issues and Alternatives**

**Holiday Inn Convention Center, Fargo, ND**

**October 29 - 30, 2001**

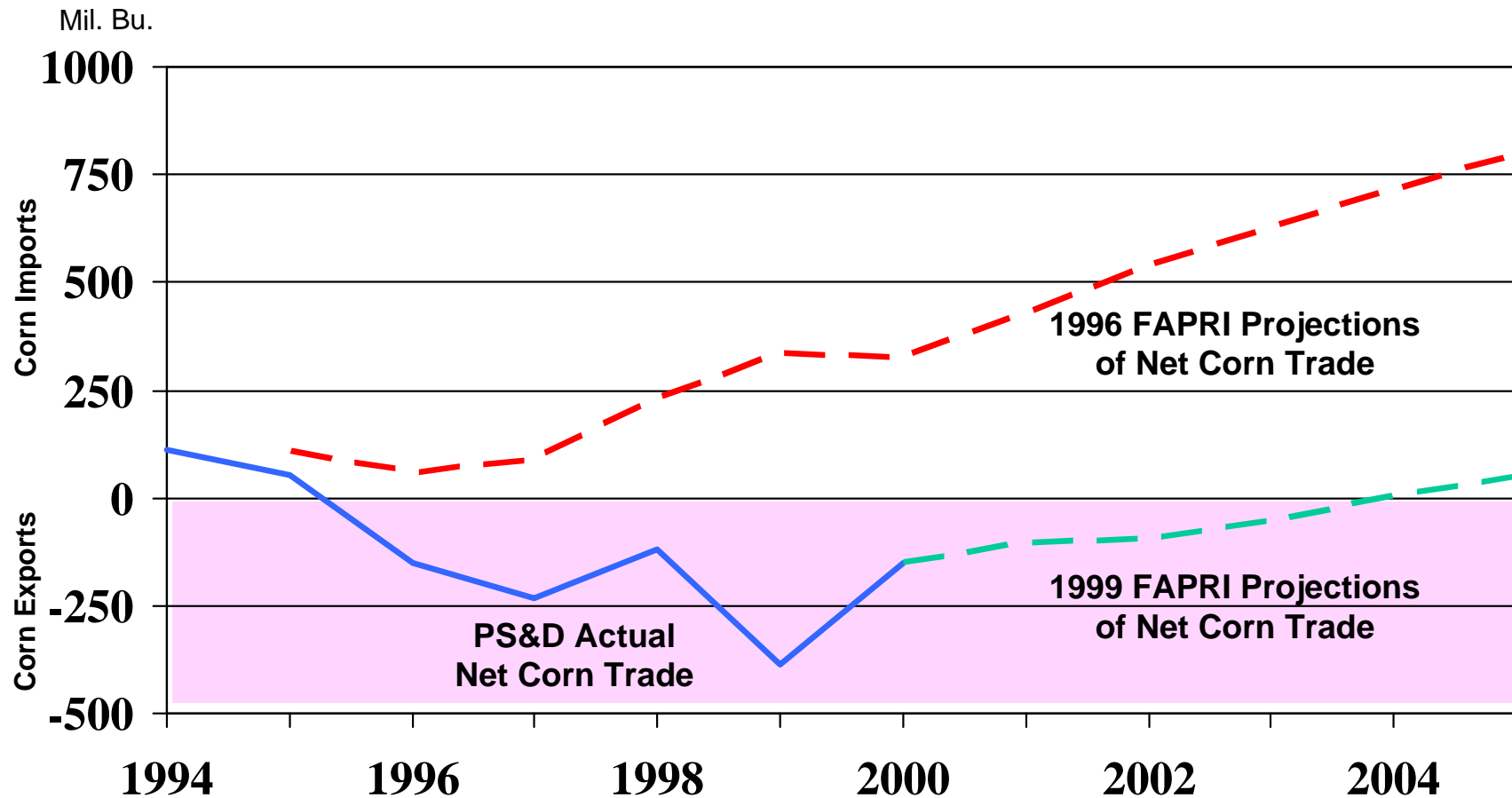
Agricultural Policy Analysis Center - Institute of Agriculture

The University of Tennessee

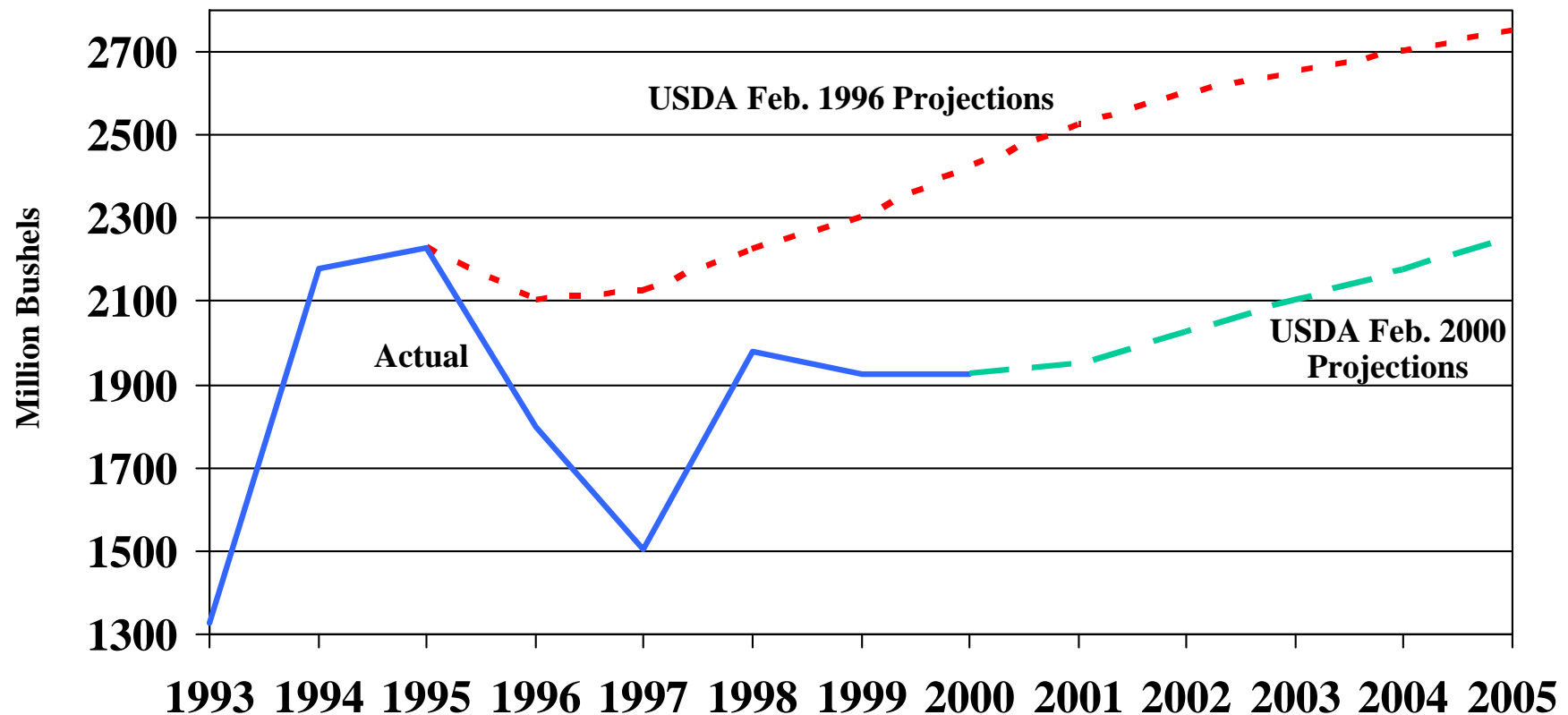
# Expectations

- **“High” Prices and Incomes Like 1995/1996**
- **Because:**
  - **Rapid Per Capita Income Growth in China/Asia Will Increase Demand and U.S. exports**
  - **With Planting Flexibility & Decoupled Payments Farmers Would Plant for the Market – Reduce Production When Needed**
  - **With No Brake on Prices, Importers Will Import More From the U.S. When Prices Decline –Increase Consumption & Reduce Production When Needed**
  - **With Marketing Loans, Competitors Would Not Be Under U.S. Price Support Umbrella –Reduce Production When Needed**

# *Net Corn Trade for China: Actual and Projections, 1994-2005*



# *U.S. Corn Exports: Actual and Projections, 1993-2005*

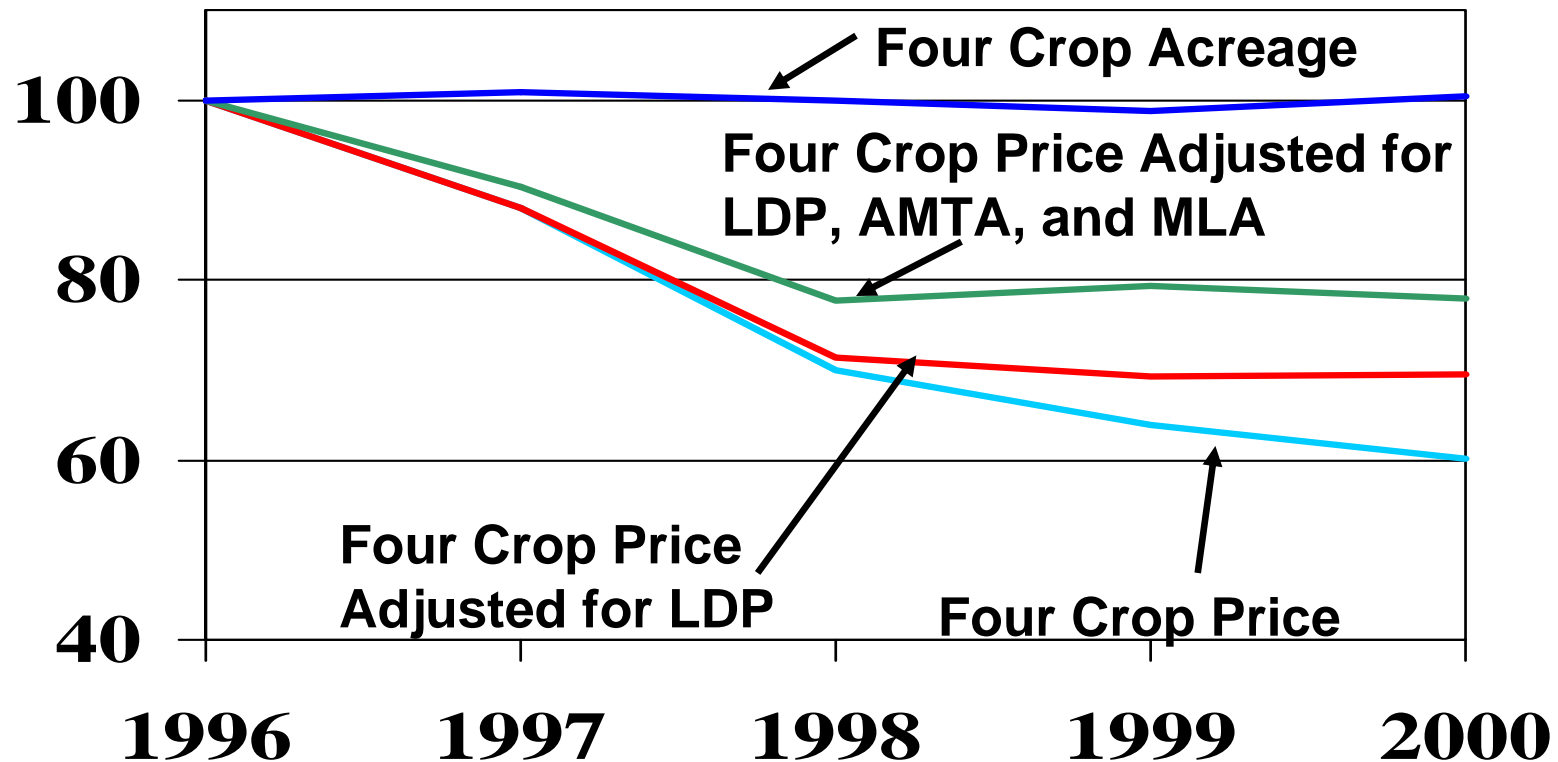


- **Expected Rapid Growth in Exports Did Not Occur**

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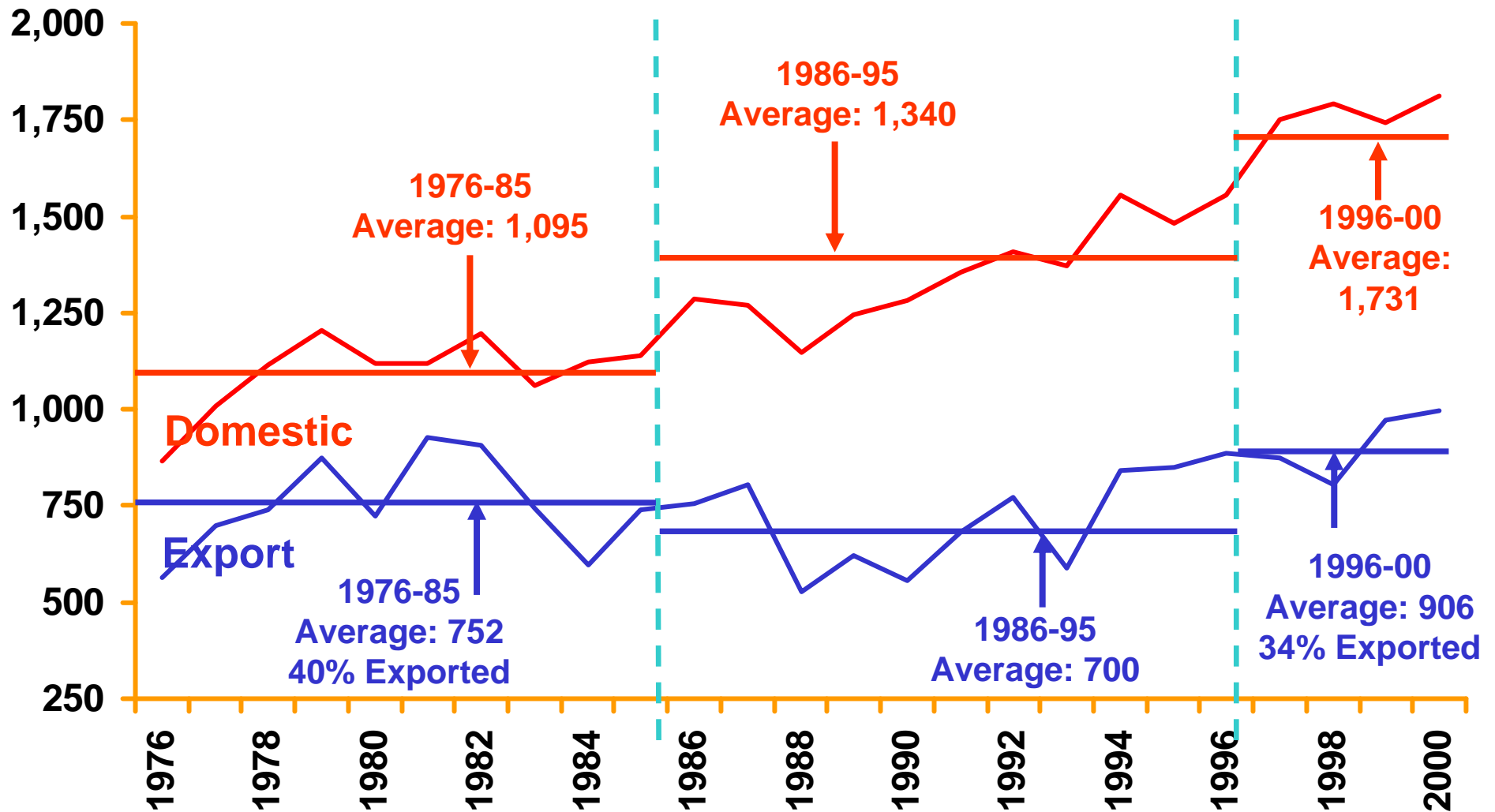
# *Indexed Four Crop Acreage, Price and Price Adjusted for LDP and Contract Payments*



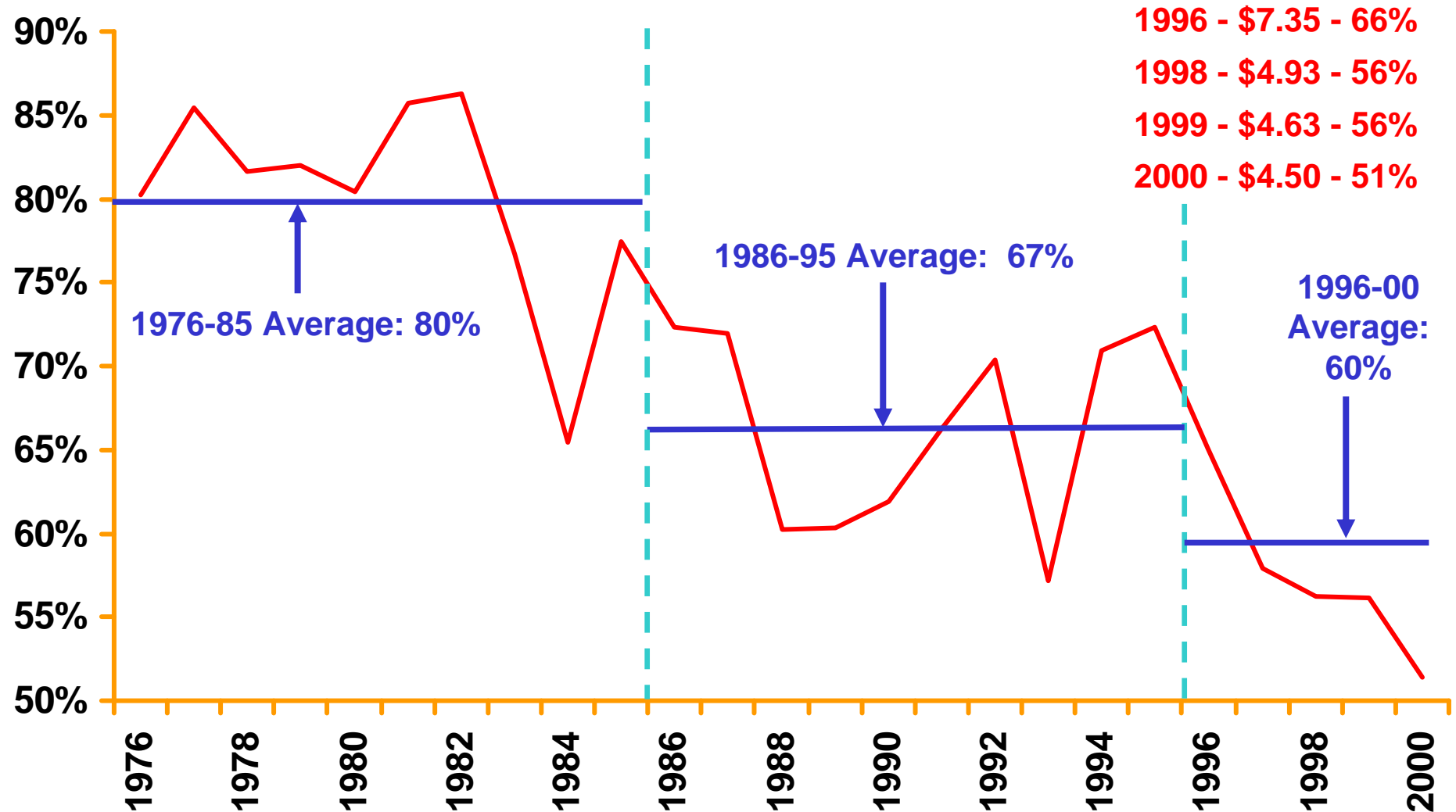
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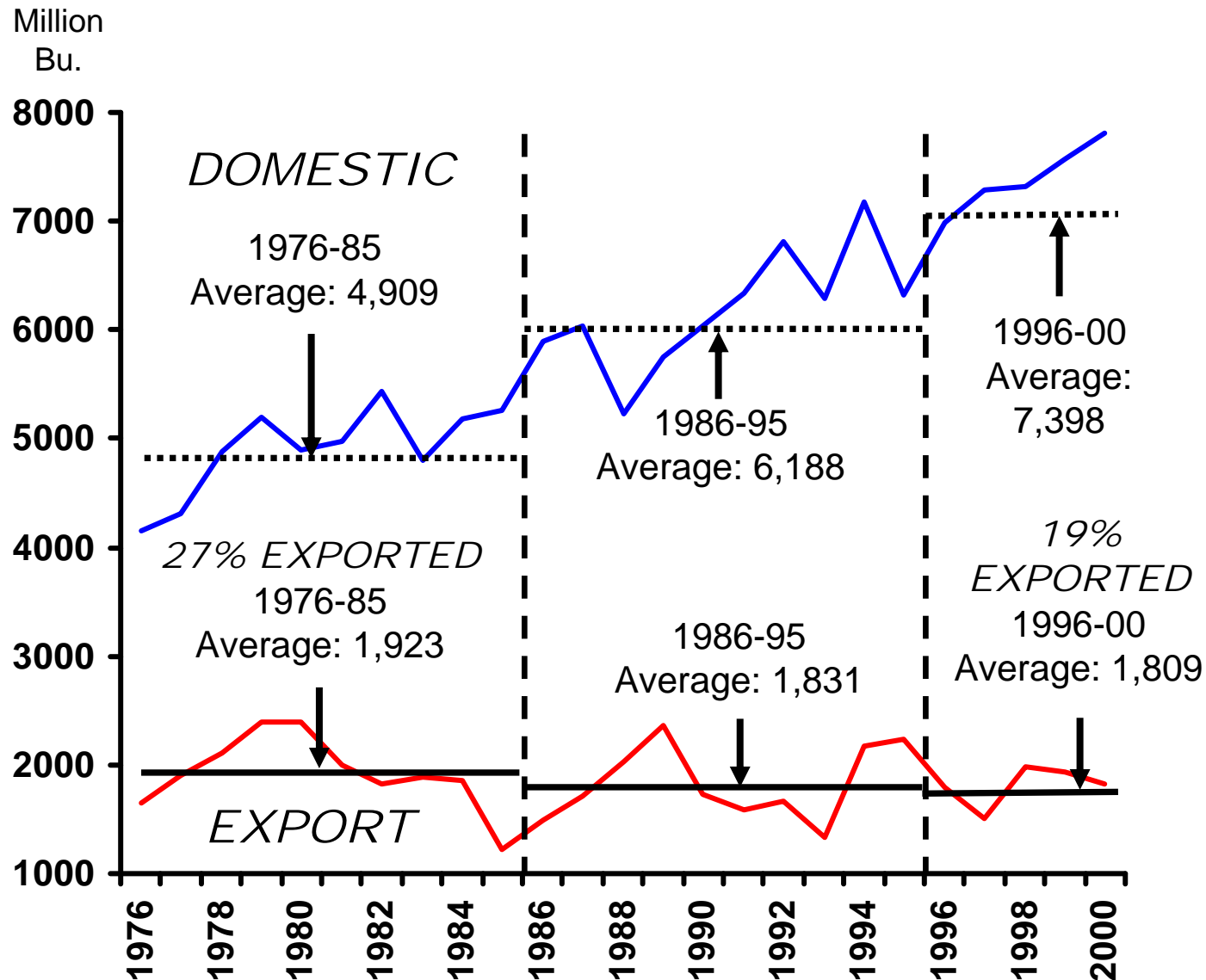
## U.S. Domestic & Export Demand



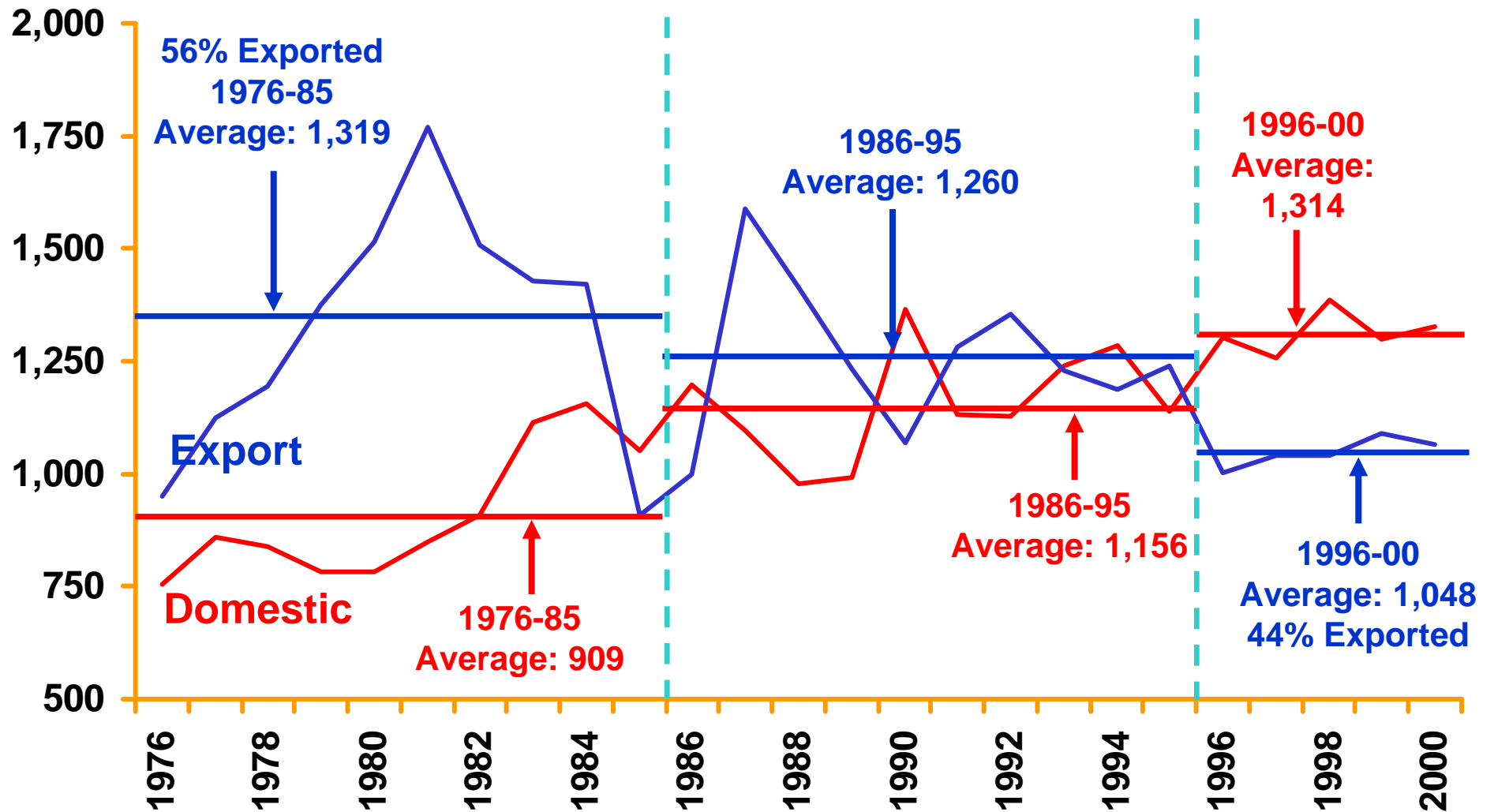
## U.S. Share of World Exports



## U.S. Domestic and Export Demand

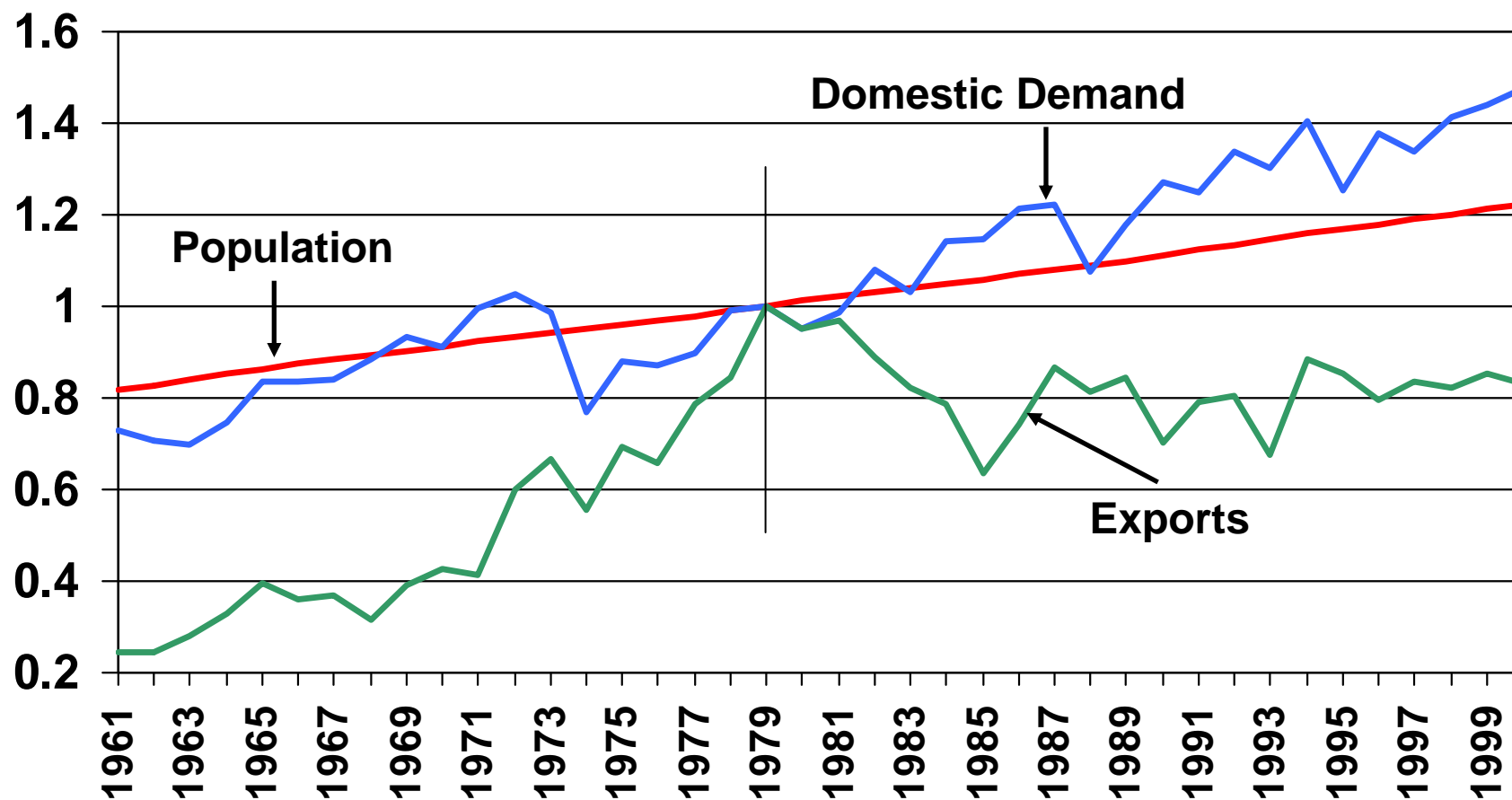


# U.S. Domestic & Export Demand



# *Indexed Growth in U.S. Population, Domestic Demand for Grains and Seeds, and Exports of Grains and Seeds*

1979=100

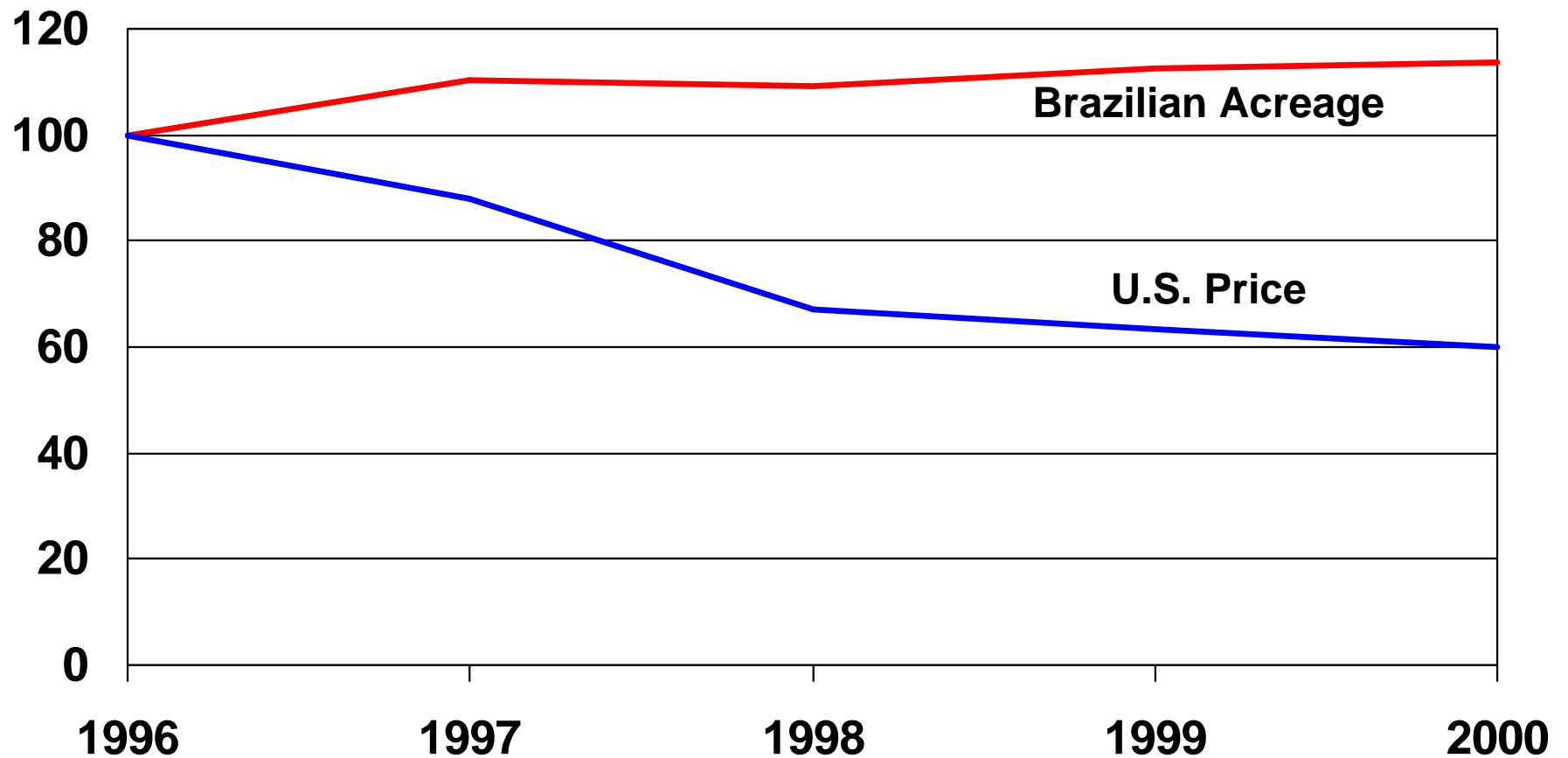


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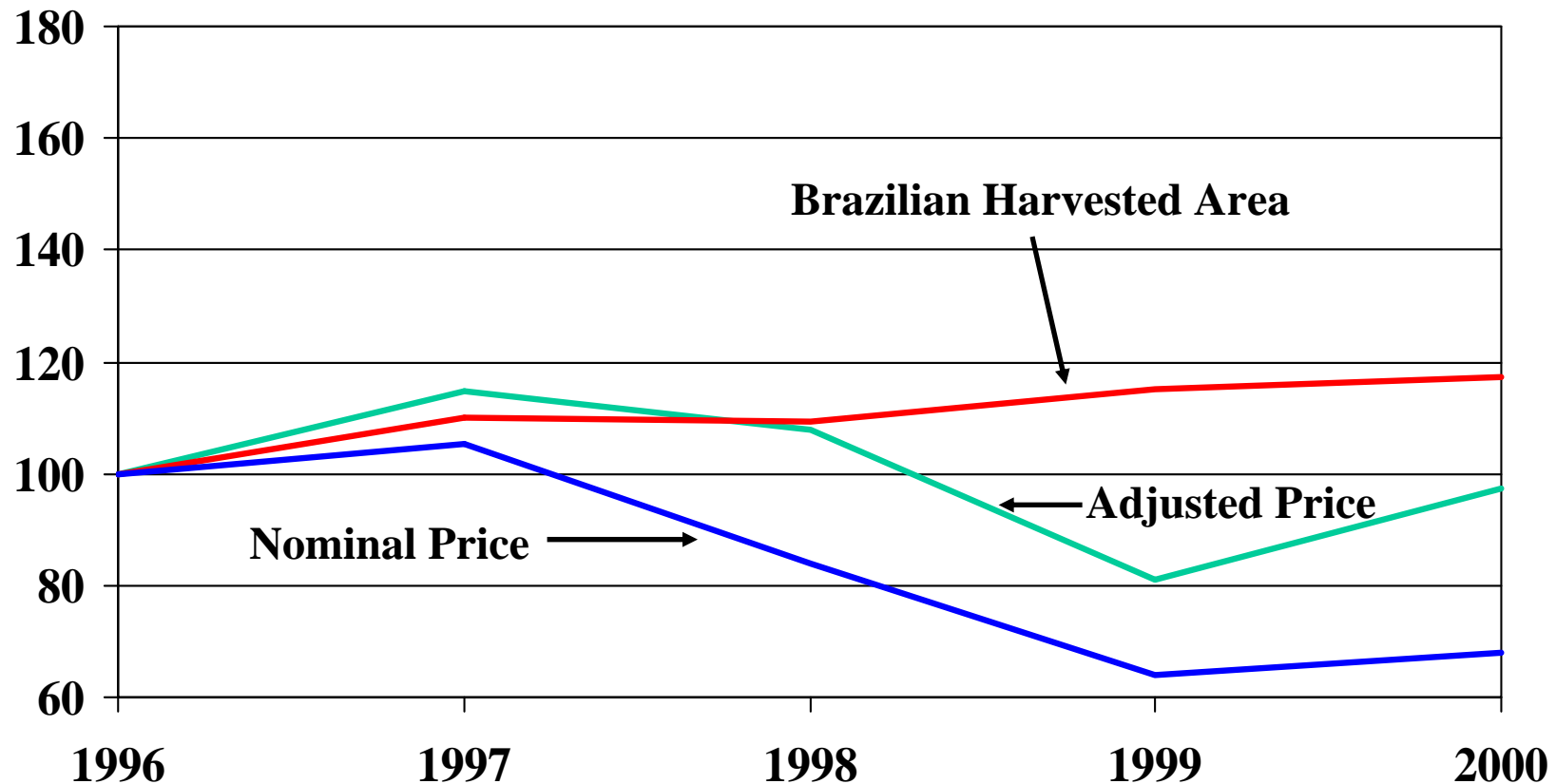
# *Brazilian Soybean Acreage and U.S. Price*

(Indexed: 1996=100)



# Brazilian Soybean Price\* and Harvested Area

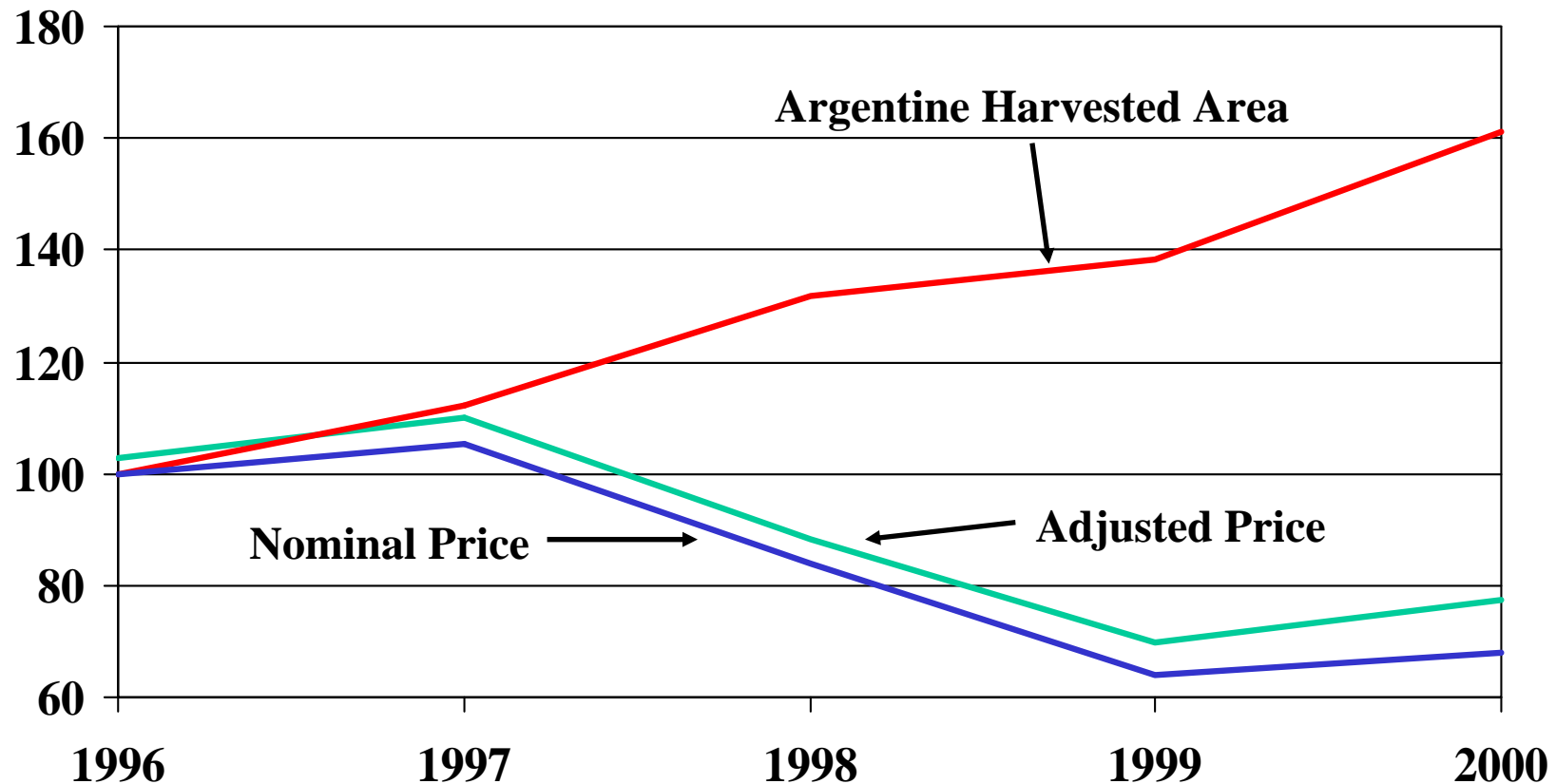
Indexed 1996=100



\* Price is the export price posted by Abiove, the Brazilian Vegetable Oil Industry Association. Adjusted price is adjusted for changes in exchange rate and inflation.

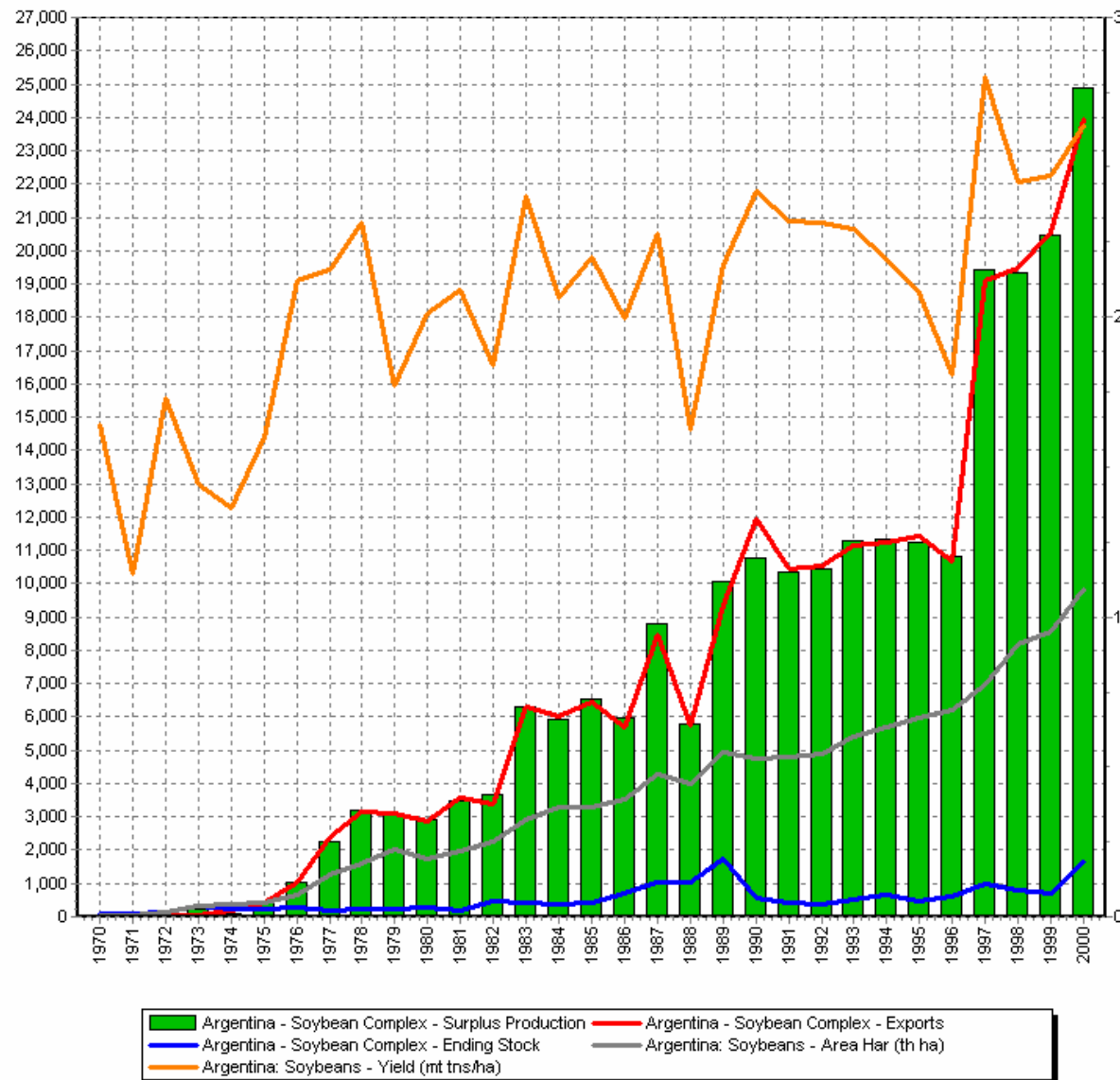
# Argentine Soybean Price\* and Harvested Area

Indexed 1996=100

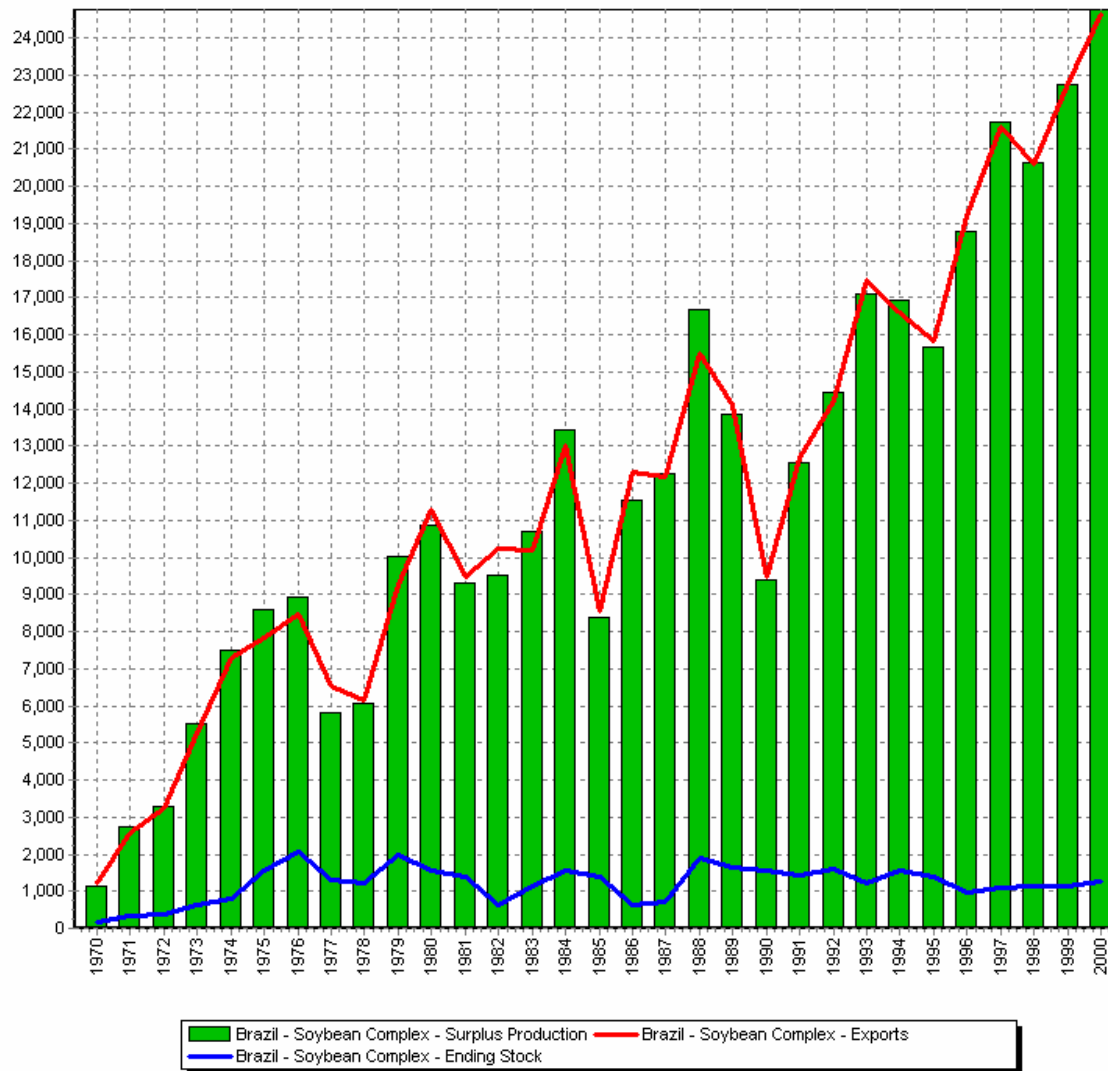


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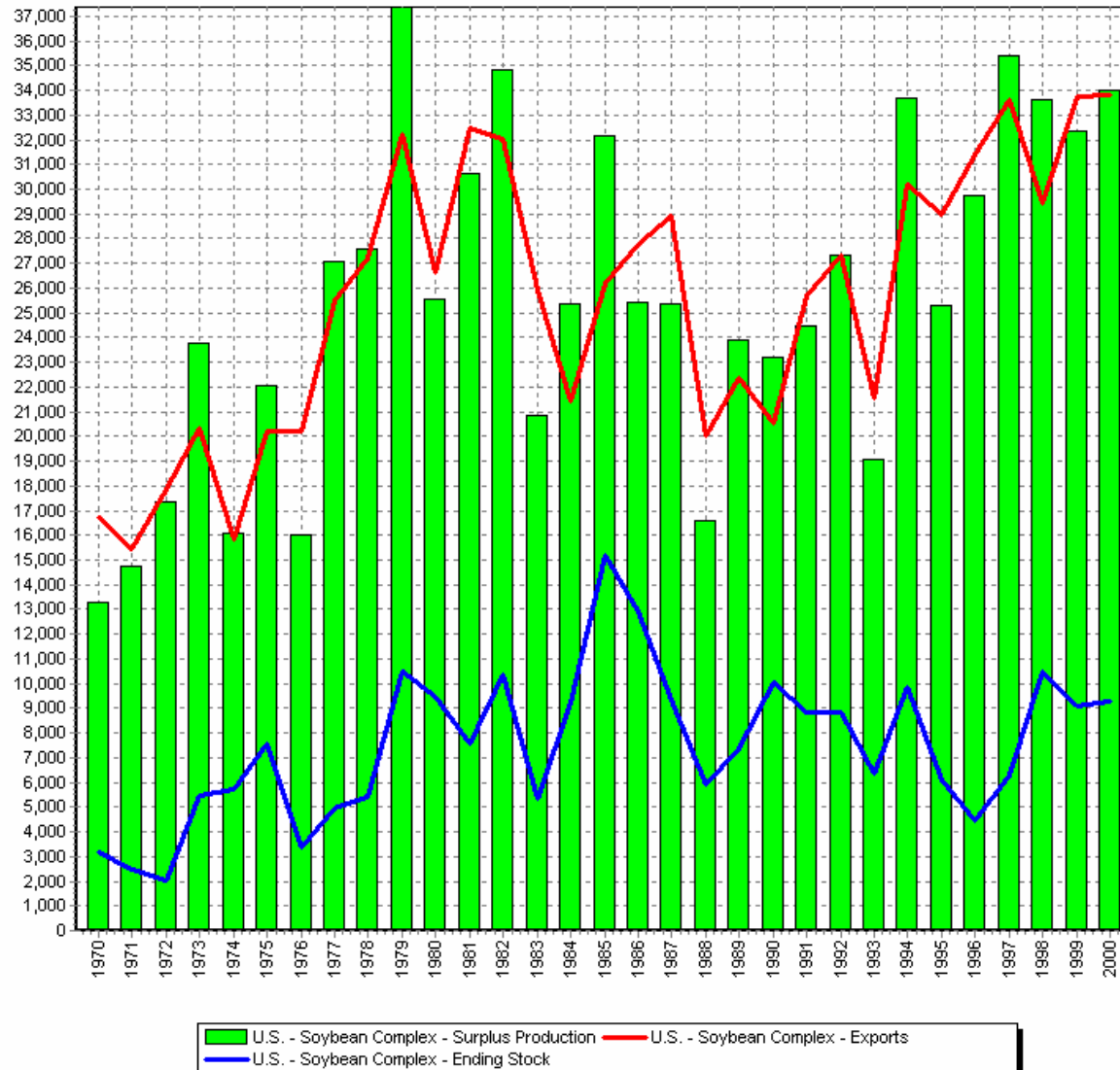
# Argentine Soybean Complex Exports and Surplus Production



# Brazilian Soybean Complex Exports and Surplus Production

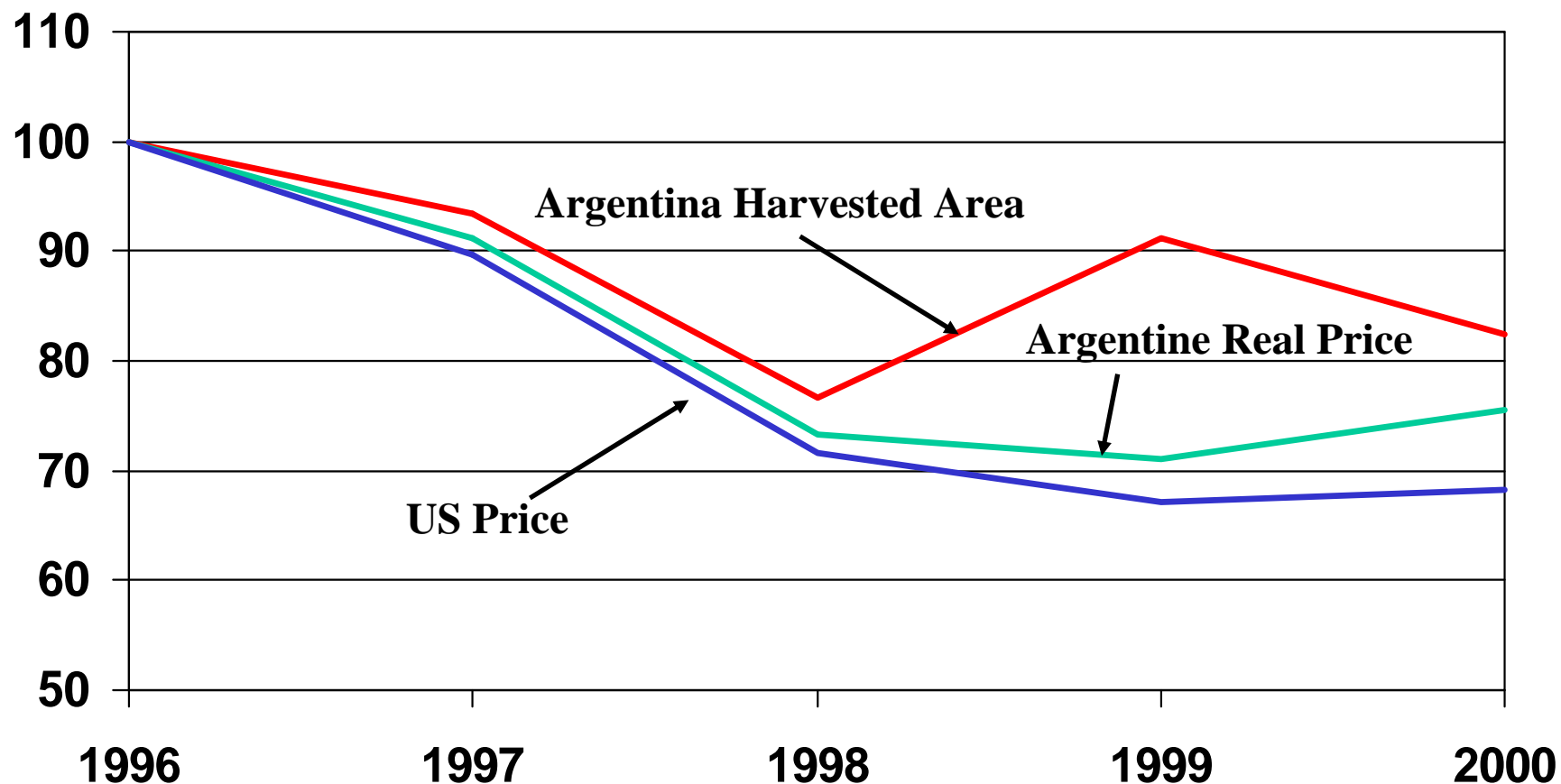


# U.S. Soybean Complex Exports and Surplus Production



# *Corn Harvested Area for Argentina and Argentine Real and U.S. Nominal Corn Prices*

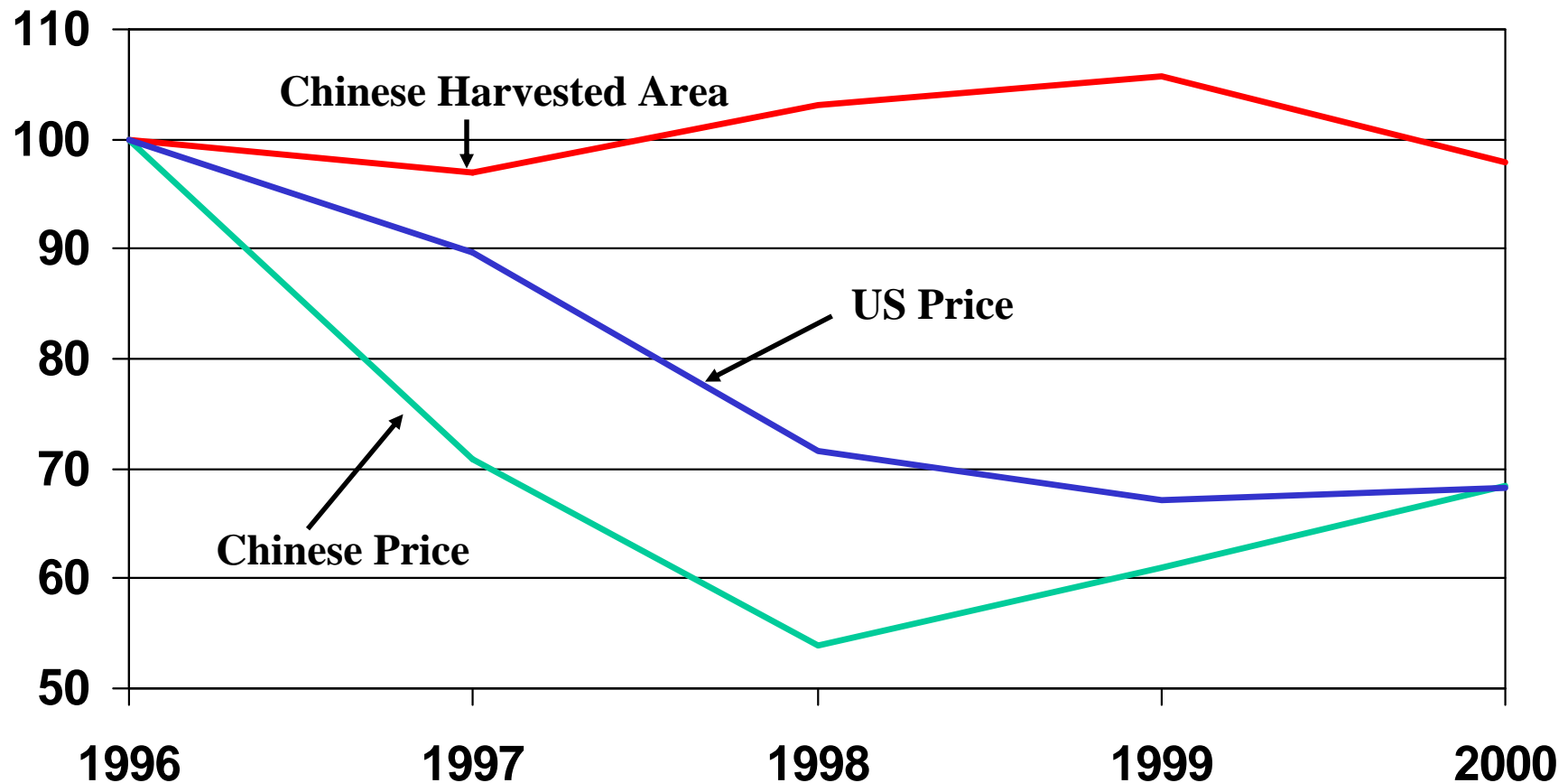
Indexed 1996=100



Data source :USDA, ERS

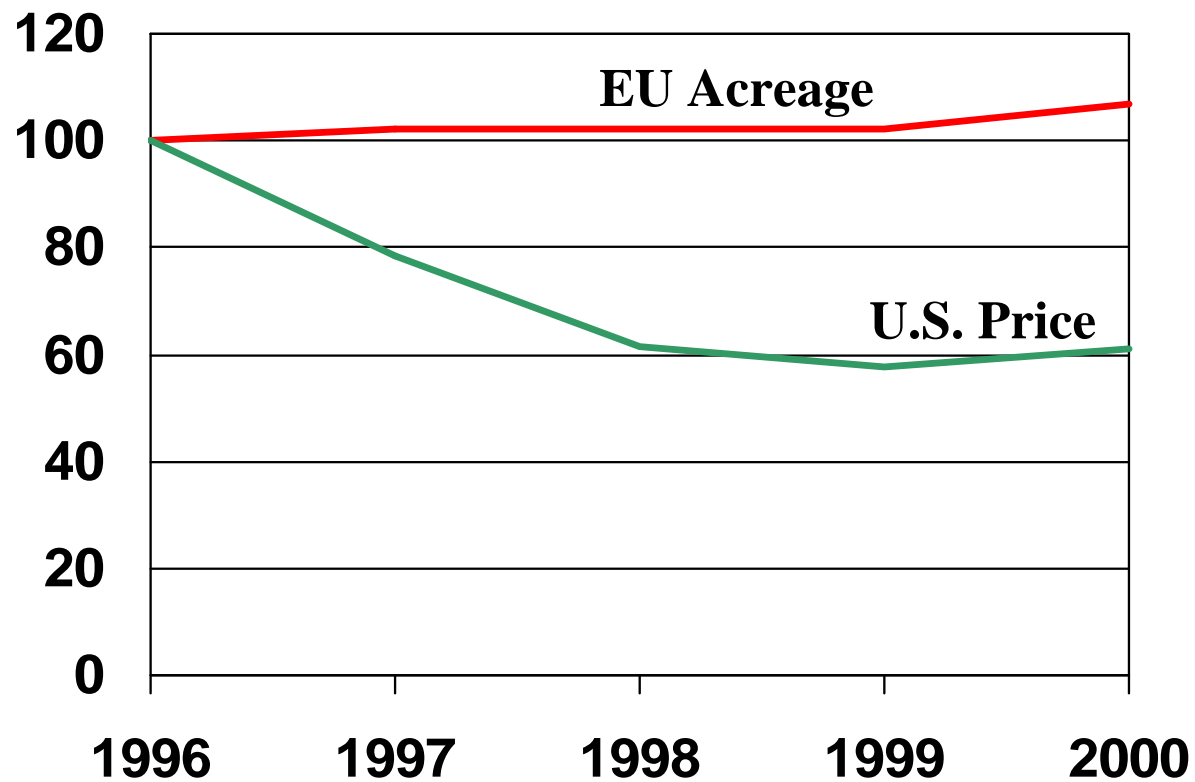
# *Corn Harvested Area for China and Chinese Real and U.S. Nominal Corn Prices*

Indexed 1996=100



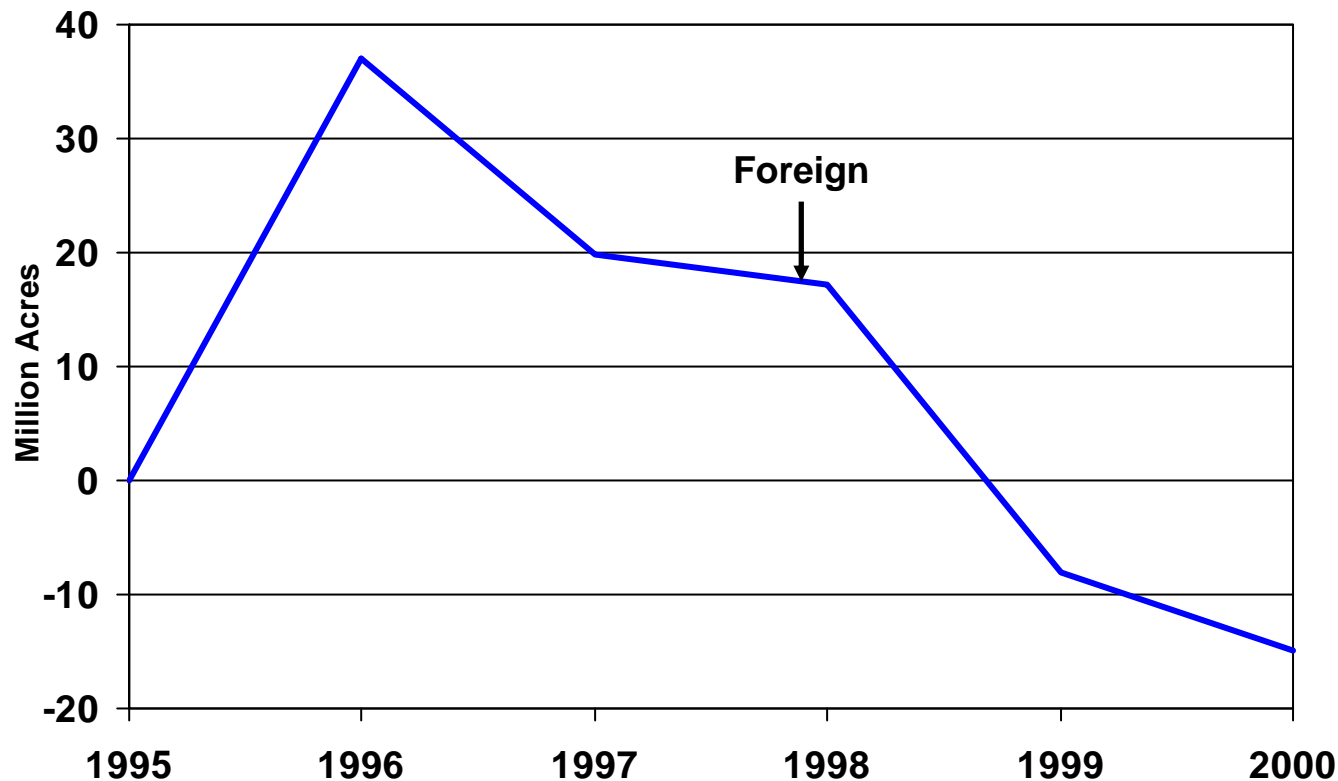
Data source :USDA, ERS

*Wheat Area European Union,  
and U.S. Price*  
**(1996=100)**



# *Foreign Crop Acreage*

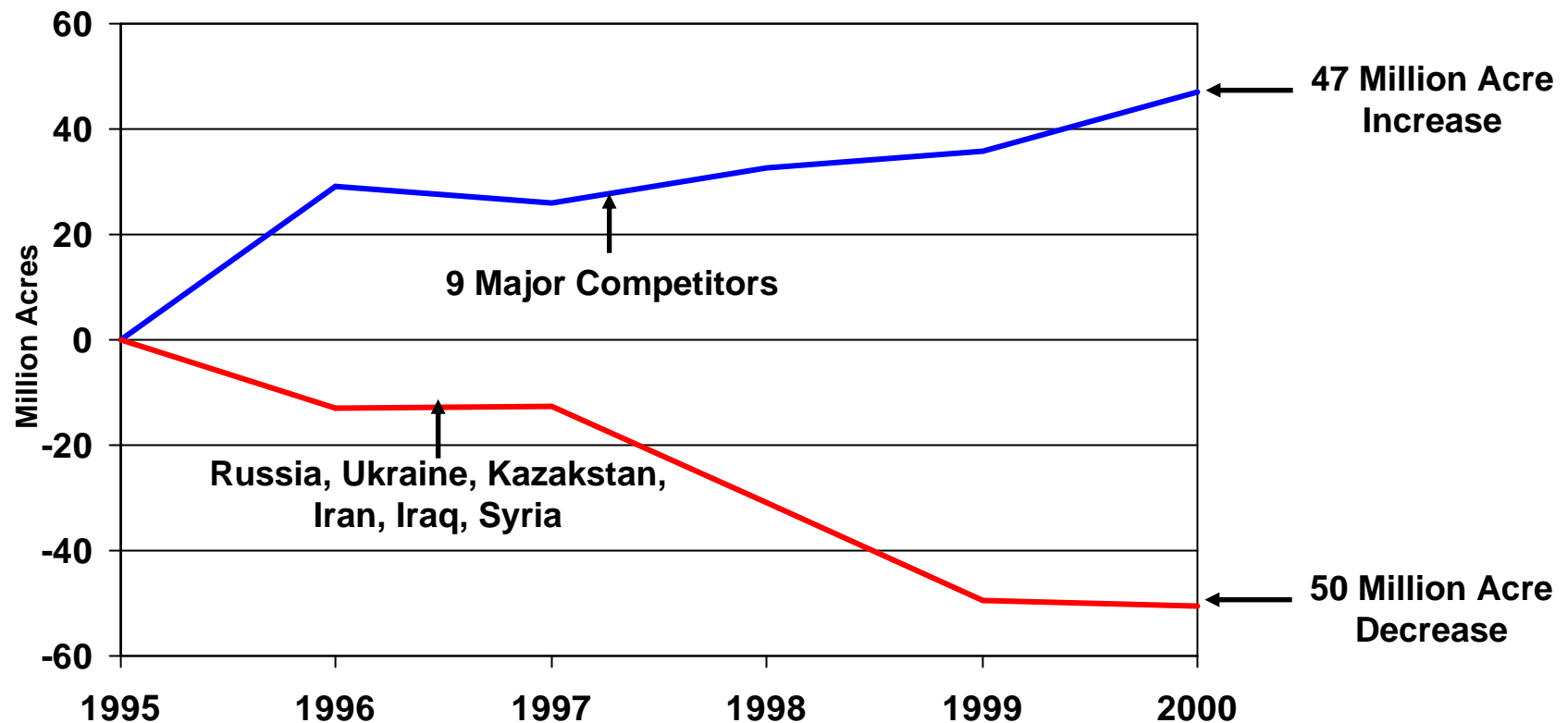
**Some have cited the 1999 reduction in foreign harvested acreage as indicative of the benefits of eliminating set-asides**



**Gain or loss in foreign harvested acres when compared to 1995**

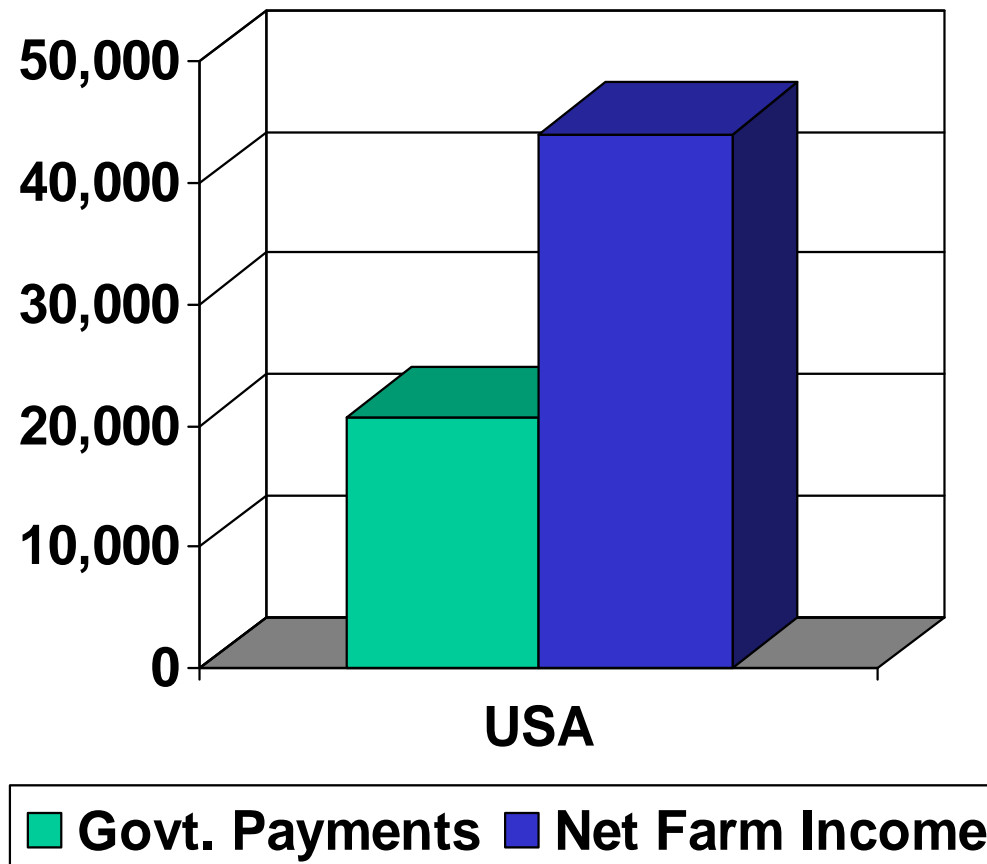
# Foreign Crop Acreage

What countries did we hope would reduce their acreage when we eliminated set-asides?

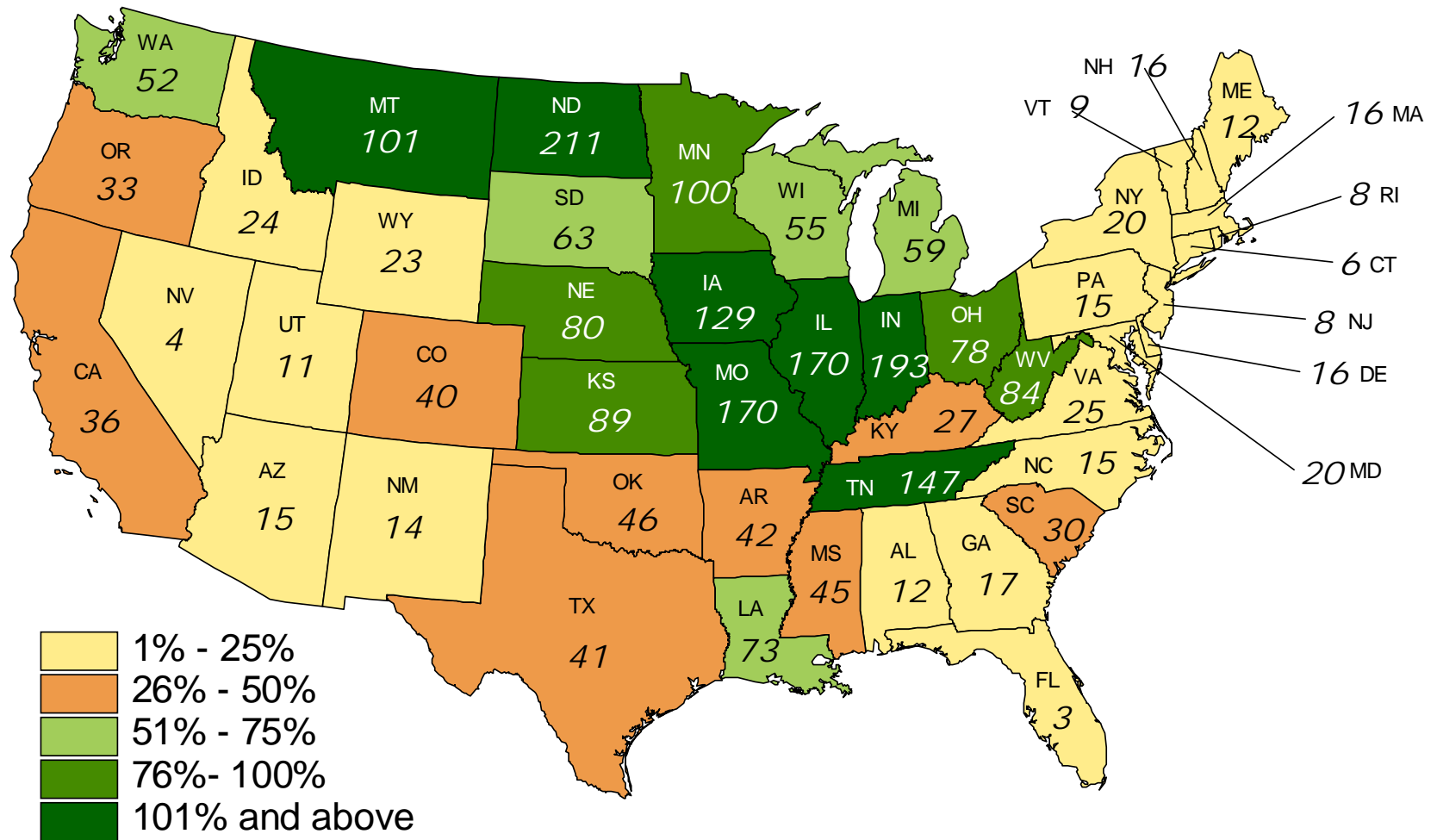


Gain or loss in 9 competitors' and a grouping of 3 former Soviet Union and 3 Middle Eastern countries' harvested acres when compared to 1995.

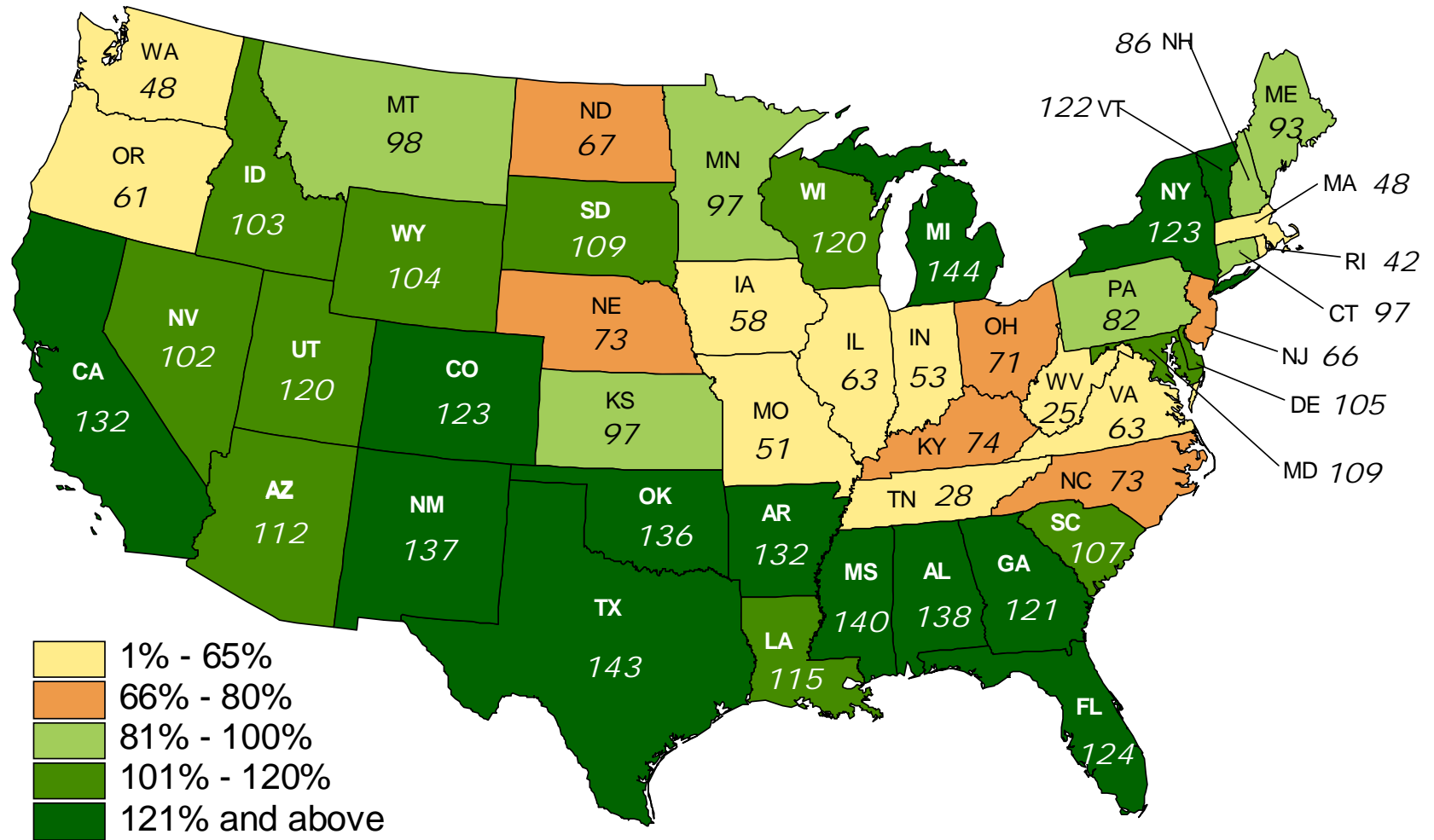
# 1999 Net Farm Income and Government Payments



# 1999 Government Payments as a Percent of Net Farm Income



# 1999 Net Farm Income as a Percent of 1990-1998 Average



*Slide Handouts & Column Reprints  
Available Near Door or on Website*

*Agricultural Policy Analysis Center*

*University of Tennessee*

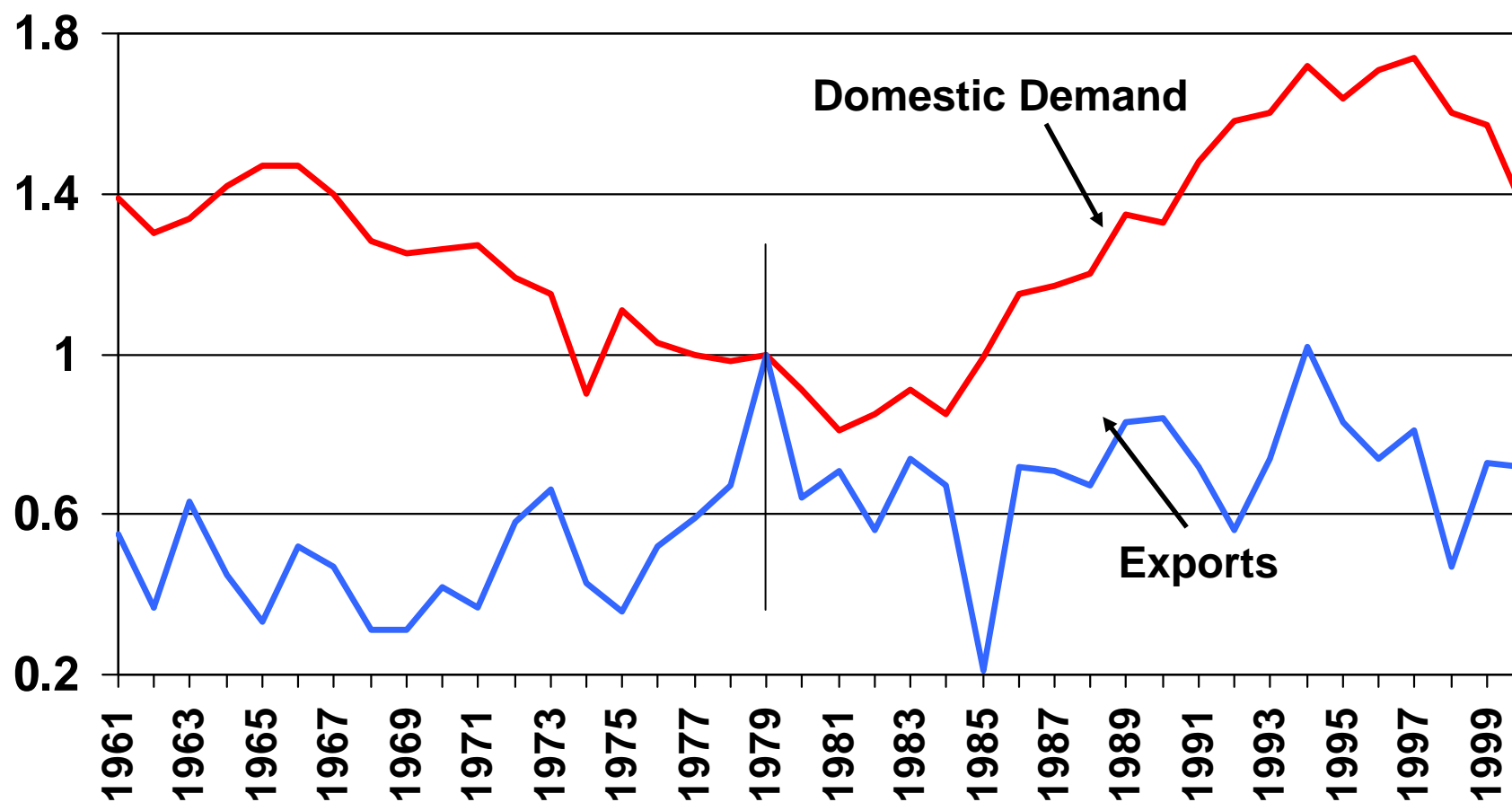
*<http://agpolicy.org>*

*[dray@utk.edu](mailto:dray@utk.edu)*



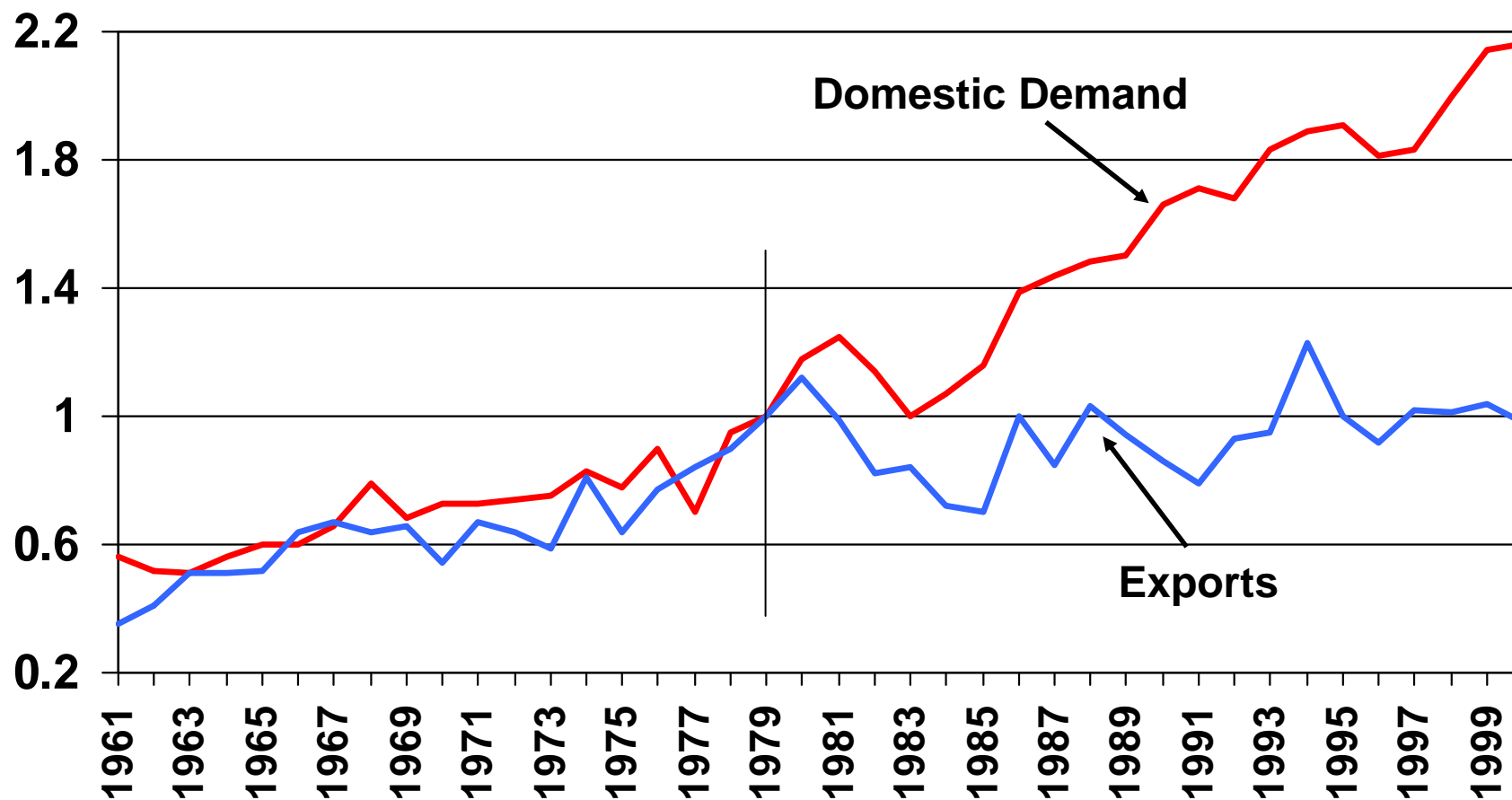
# *Indexed Growth in Cotton Domestic Demand and Exports*

1979=100

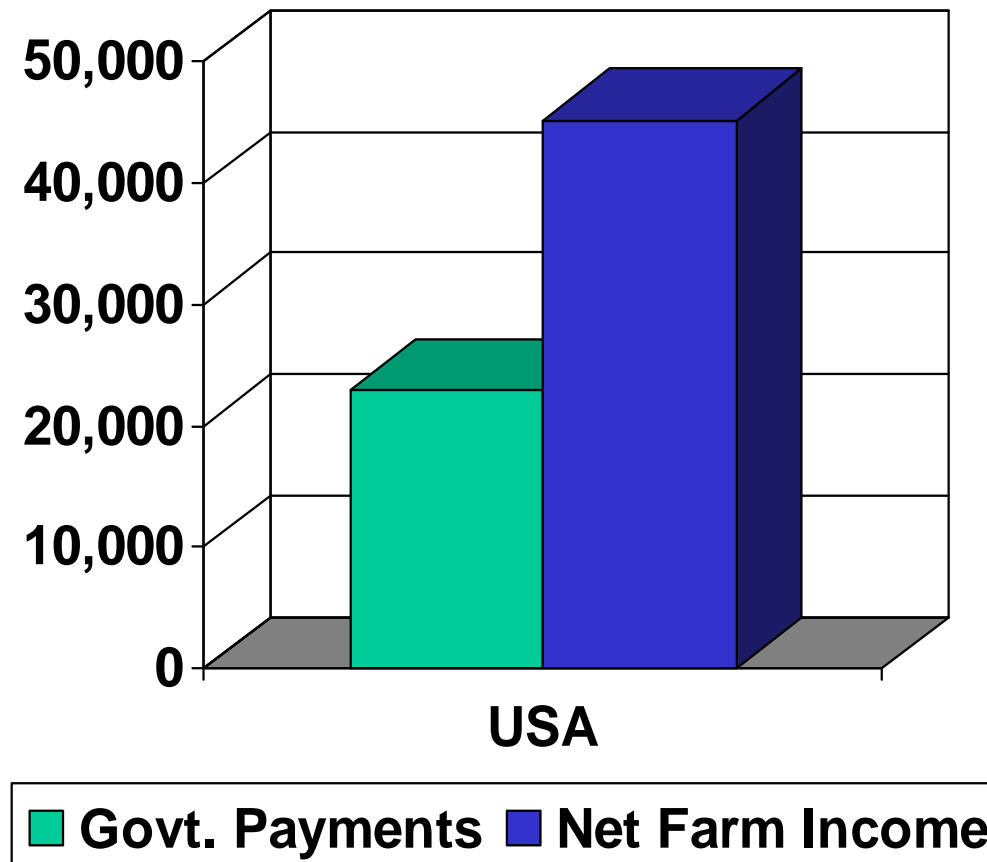


# *Indexed Growth in Rice Domestic Demand and Exports*

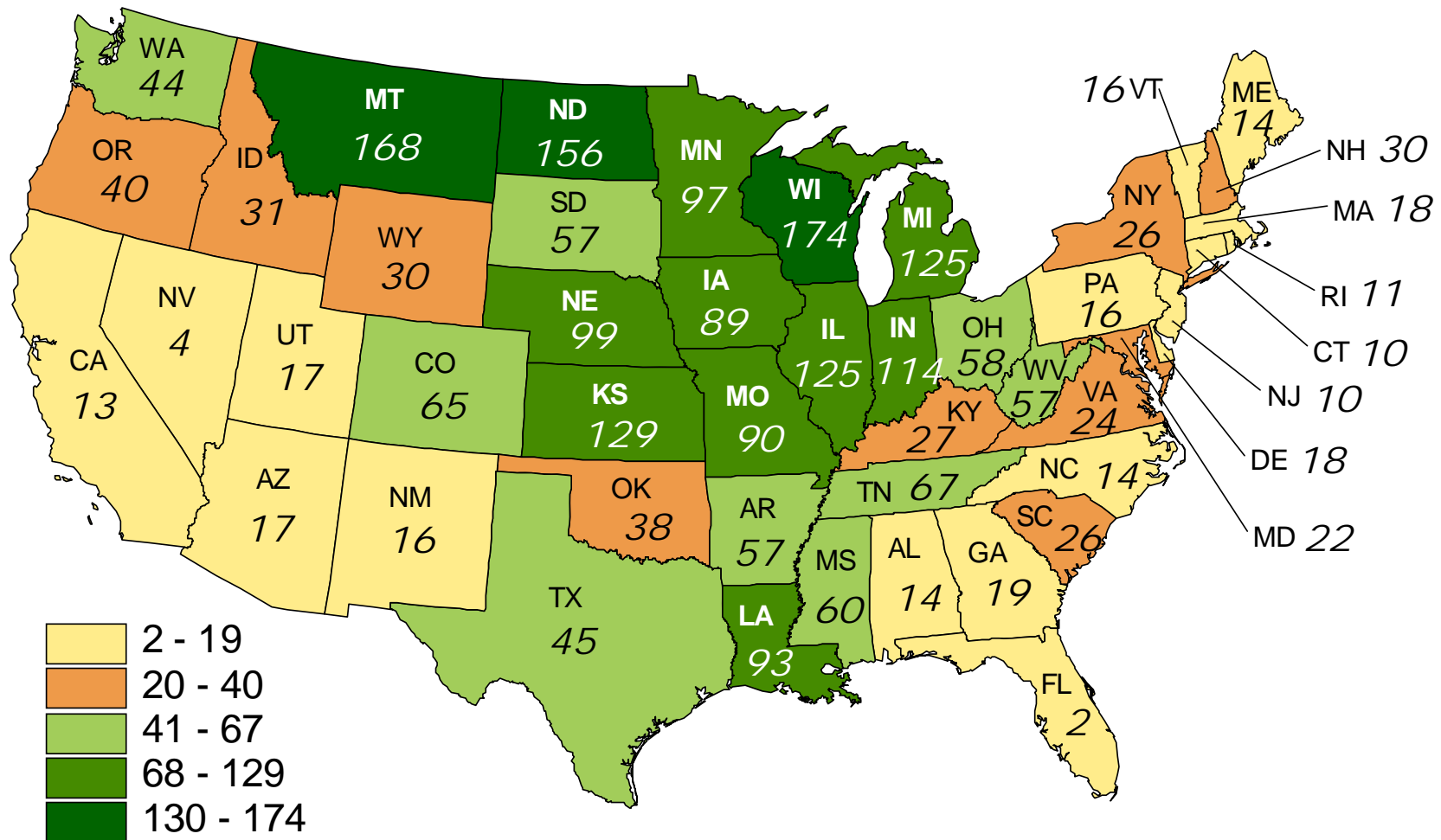
1979=100



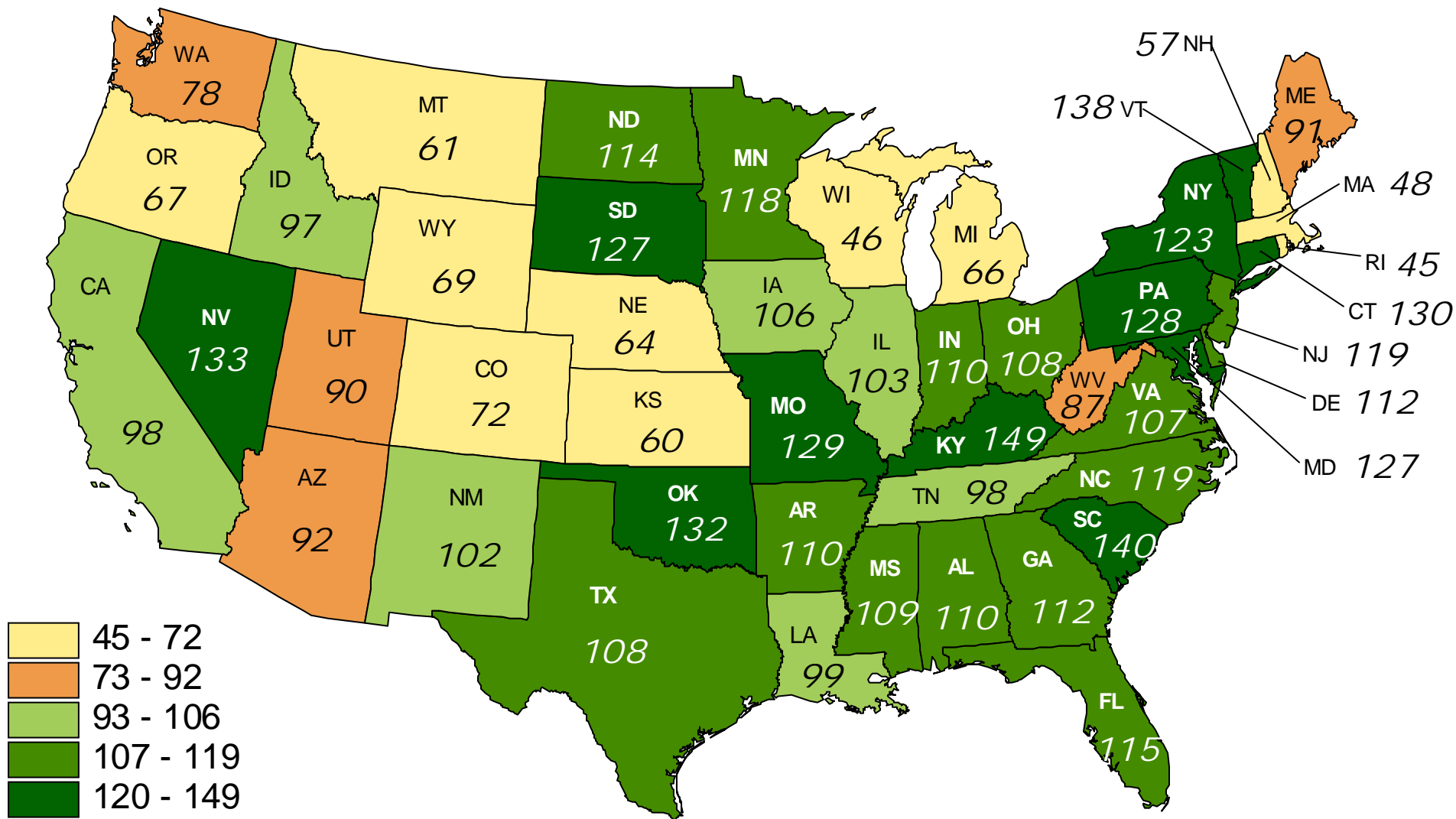
# *2000 Net Farm Income and Government Payments*



# 2000 Government Payments as a Percent of Net Farm Income

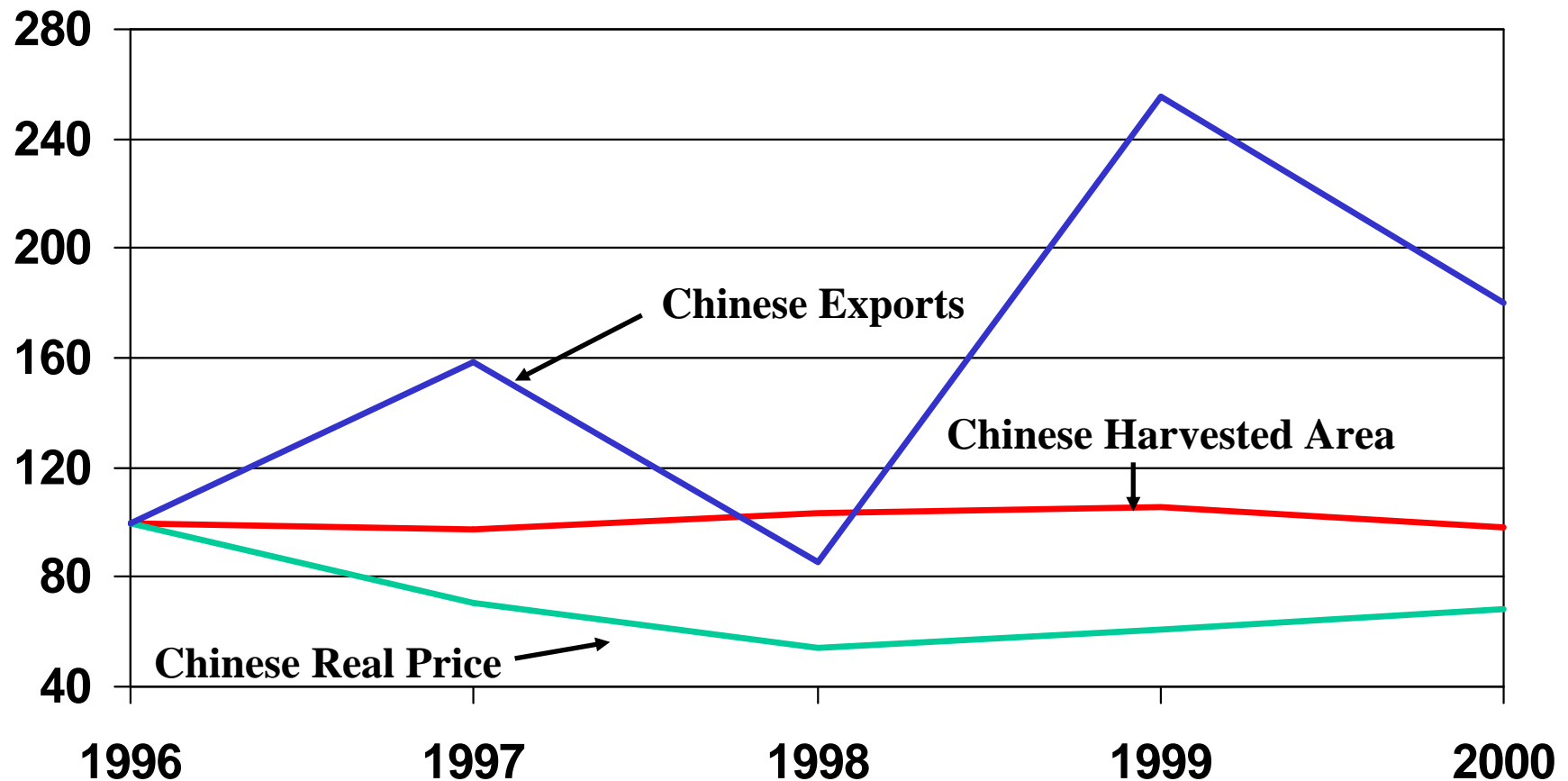


# 2000 Net Farm Income as a Percent of 1990-1999 Average



# *Corn Harvested Area, Exports and Real Price for China*

Indexed 1996=100



Data source :USDA, ERS