

# Evil in Public Policy?

**Daryll E. Ray**

University of Tennessee  
Agricultural Policy Analysis Center

*American Agricultural Economics Association  
2003 Annual Meetings  
Montreal, Canada  
Monday July 28, 2003*

# On Influencing Farm Policy From the 1985 Farm Bill to Present

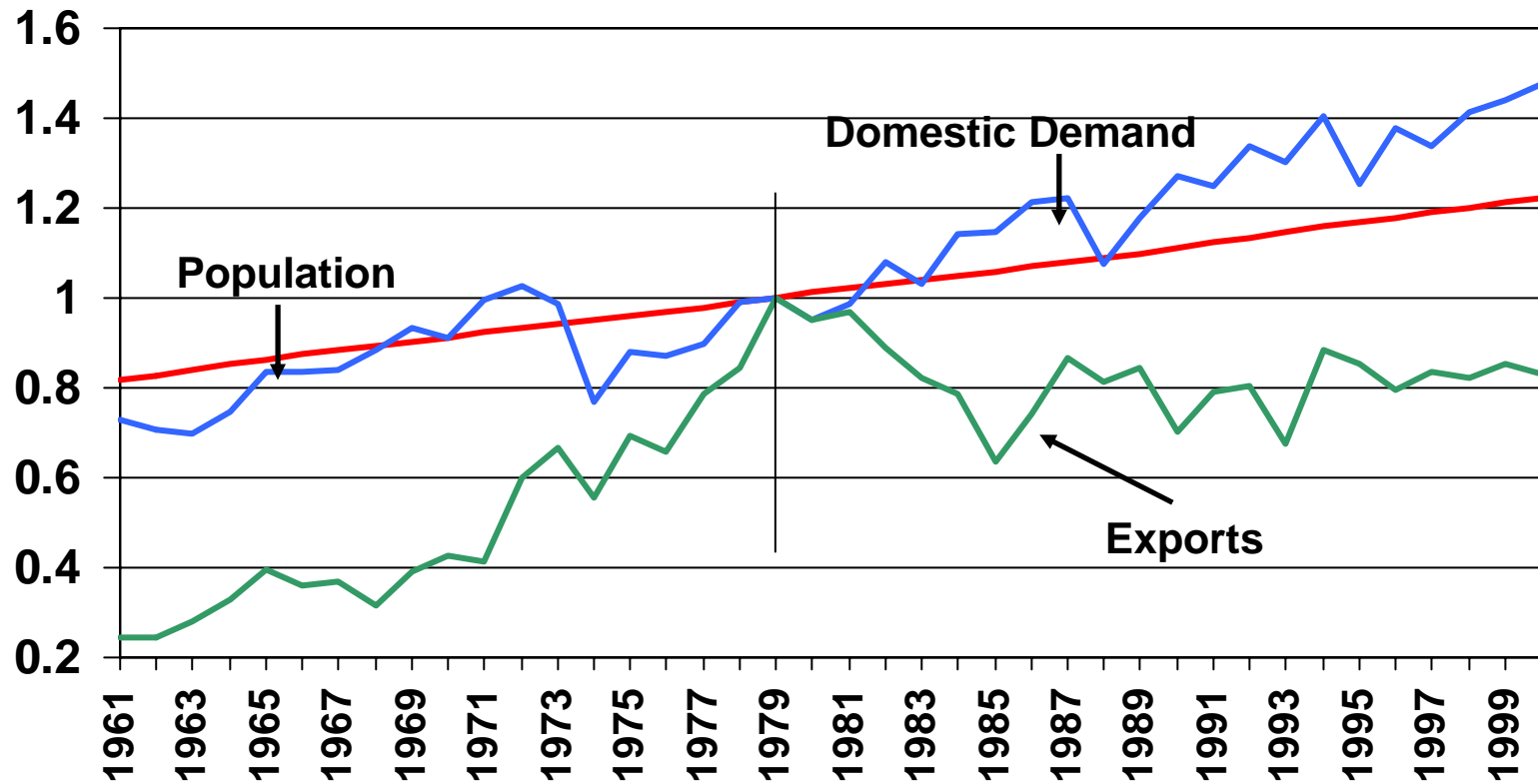
- Agribusiness has controlled the farm policy agenda
  - More inputs to sell, more output to process, transport and trade—as Glenna correctly points out
- Agricultural economists have been major enablers of agribusiness farm policy agenda
  - Free marketers/Libertarians
  - Juke-Box Economists
  - Those who believed that nature of agriculture has changed
  - Followers/Politically Correct repeaters

# For over a Generation, Agricultural Economists have:

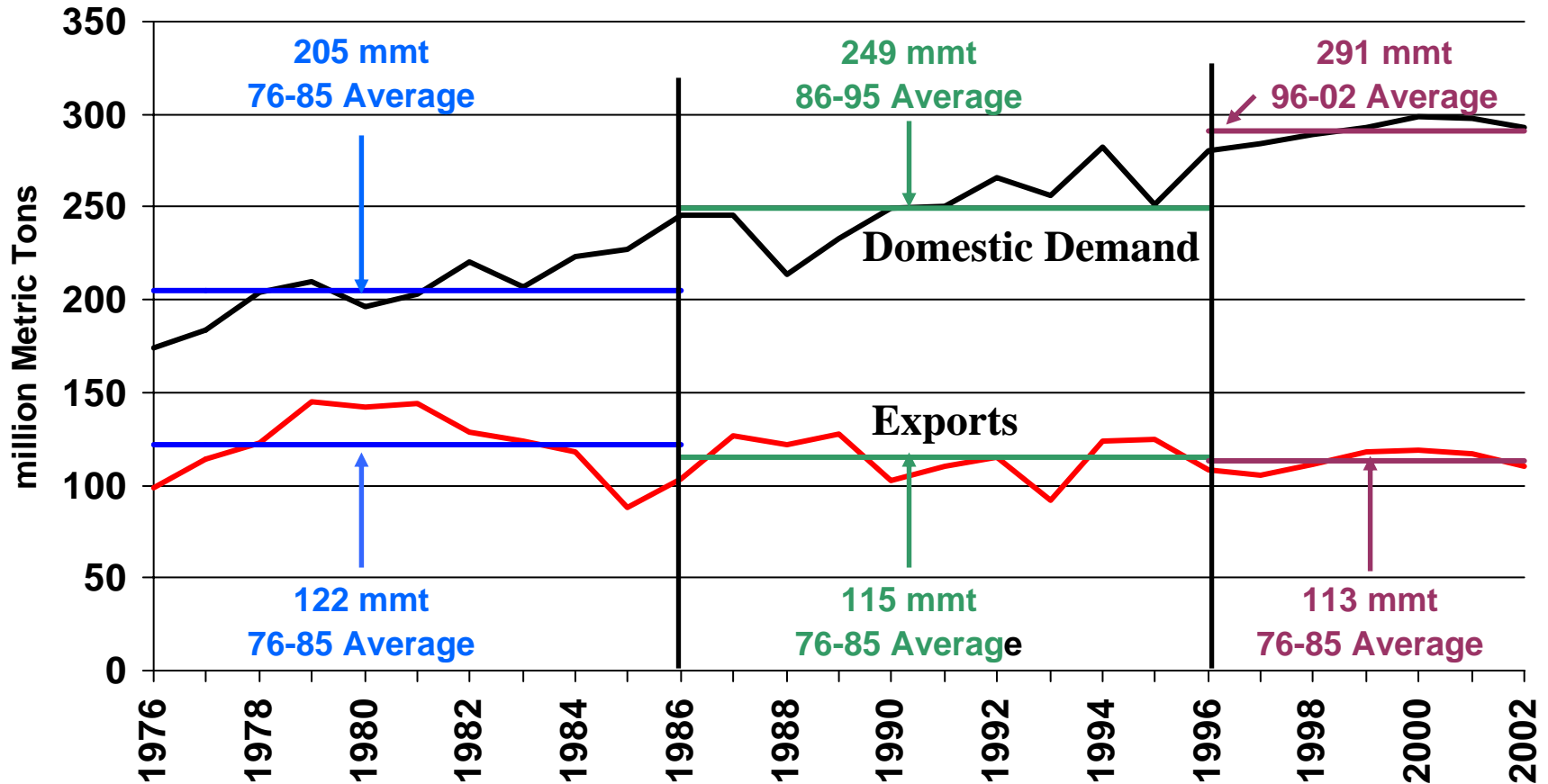
- **Seen no** difference between how crop agriculture and its markets work and how the Econ 101 textbook says they should work
- **Heard no** difference between how crop ag works compared to the nicely sloped supply and demand curves they draw on blackboards and therefore...
- **Spoke of no** difference or spoke of irrelevant differences
- **Results**
  - Predictions made by agricultural economists have been almost universally wrong
  - Farmers were sold a bill of goods
  - Meanwhile, agribusiness got nearly everything it wanted

# *Domestic and Export Demand for Total Grains and Seeds, U.S. Population*

1979=100

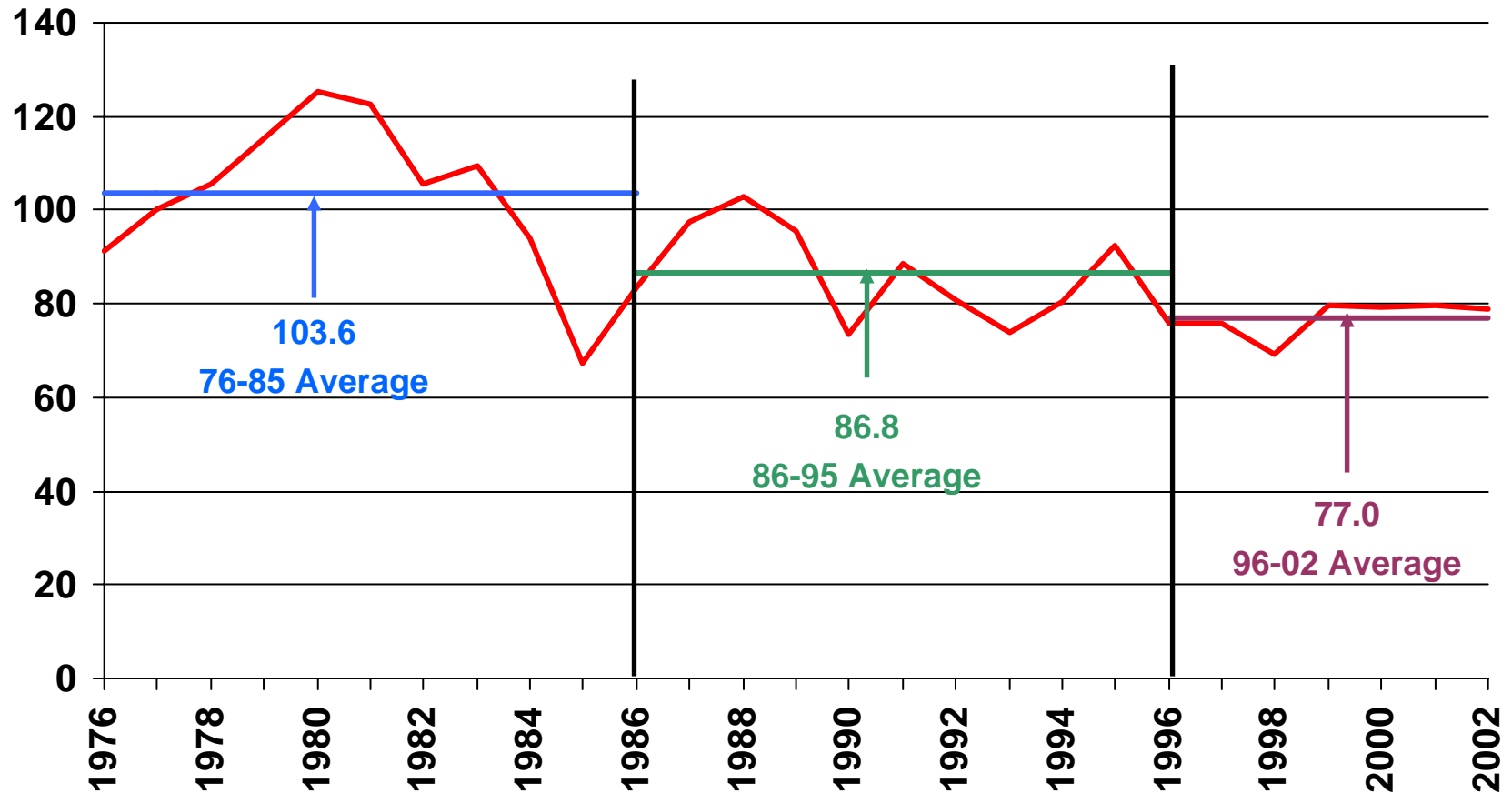


# Net Export and Domestic Demand for 8 Major Crops



# Net Export Acreage for 8 Major Crops

Million  
Acres



# *The Situation Has Not Changed in nearly 4 Score Years:*

- Technology expands output faster than population and exports expand demand
- Market failure: lower prices do not solve the problem
- No self-correction on the demand side
  - People will pay almost anything when food is short
  - Low prices do not induce people to eat more
- No self-correction on the supply side
  - Farmers tend to produce on all their acreage
  - Few alternate uses for most cropland

*In order to See No, Hear No, and Speak No...*

## *Need to Recognize that:*

- U.S. and world output will continue to outpace demand
- Aggregate crop agriculture does not self-correct on its own in a timely manner (assuming otherwise is denying the obvious)
  - Total acreage changes too slowly to be of help
  - Consumers will never oscillate between 1 and 5 meals a day depending on prices
- Exports
  - Competitors are as committed to producing for international markets as we are
  - Import customers view food as a national security issue and abhor increased dependence
- Agricultural economists' role—Evil?? Or should we say “Forgive them for they know not what they do...”

