

Planting Flexibility Is Great But It Does Not Address Overproduction (By Itself)

Hands down, the most popular feature of the 1996 Farm Bill among farmers is planting flexibility. It is of such importance to them that farmers often talk of planting flexibility as if it were another name for the farm bill itself and vice versa.

Since complying with the planting rules of previous farm legislation was such a pain, it is little wonder that planting flexibility is so popular. No longer do farmers worry about planting within their commodity-specific base acreage to be eligible for direct payments and other farm program benefits. Nor are farmers asked to set-aside a portion of their planted base acreage.

With planting flexibility, the logistics of farming is much simpler since relatively large parcels of land can be planted to a crop and then completely rotated into another crop the following year. Before, additional time and machinery trips were required because a land parcel was most likely divided among two or more crops, some crops with and some without assigned base. And, in some years, set-aside acreage was part of the mix. The smaller the independent parcel, owned by a certain landlord for example, the more inconvenient it was to comply with the planting rules and set-aside regulations of previous farm bills.

Given its universal popularity, it is an almost certain bet that planting flexibility will be part of the next farm bill. From the standpoint of operating a farm, its advantages are obvious and very real. But how does it affect crop output sector-wide? It allows farmers to collectively shift acreage from one crop to another as prices vary across crops. That is, with planting flexibility, total crop acreage is allocated to individual crops based on relative profitability.

If the crop sector's major problem was that the mix of crops was wrong, planting flexibility and AMTA payments of the 1996 Farm Bill would quickly solve the problem.

Rather than the wrong crop mix, the primary problem is one of oversupplies and low prices for major crops generally. Planting flexibility allows the acreage/supply

of individual crops to be more price responsive, but the introduction of planting flexibility apparently has not caused the total of crop acreage to become relatively price responsive. While there have been shifts among crop acreages since 1996, total planted acreage for the four major crops—corn, soybeans, wheat and cotton—has remained virtually unchanged even though season average prices for the crops have dropped by about forty percent. Planting flexibility has much to do with the mix of crops planted; it has little or nothing to do with the totality of acreage planted to crops.

Actually, planting flexibility is a recycled concept. It was first introduced as part of the 1970 Farm Bill. Programs were administered using each farm's Normal Crop Acreage rather than crop-specific bases. Subsequent legislation reintroduced crop-specific bases largely to allow more targeting of program benefits to those crops specifically in oversupply.

Is it time to revisit the concept of normal crop acreage as a potential means to address a general overcapacity problem in crop agriculture? A percentage of normal crop acreage could be diverted after which farmers would be free to plant whatever they wanted.

What do you think about a paid land diversion program in which farmers bid on rental rate for the land set aside? The bidding could be similar to that used for the Conservation Reserve Program but the land would be set aside for only one to three years and with no or few restrictions on the nature of cropland that could be diverted.

With either of these program types and others, planting flexibility could be retained while adjusting supplies to the realities of demand.

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