

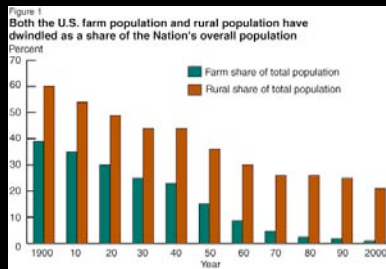
U.S. Farm Policy: An Historical Overview

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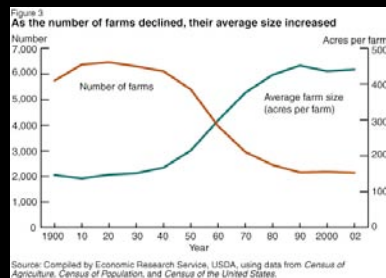
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The Changing Agricultural Landscape: Farm Population



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The Changing Agricultural Landscape: Farm Numbers/Farm Size

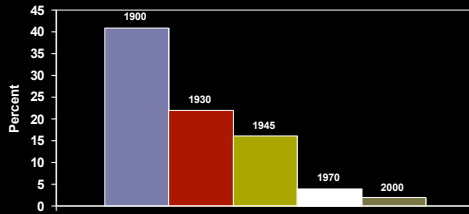


Source: Compiled by Economic Research Service, USDA, using data from Census of Agriculture, Census of Population, and Census of the United States.

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The Changing Agricultural Landscape: Farm Labor

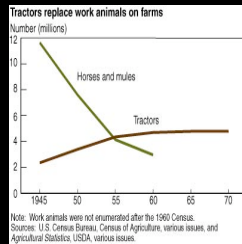
Share of labor force in agriculture has steadily declined



Source: Historical Statistics of the United States 1900-1970; Census of Population, 2000



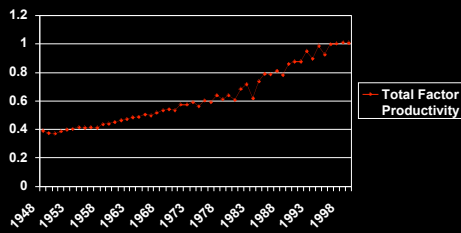
The Changing Agricultural Landscape: Farm Power



Note: Work animals were not enumerated after the 1960 Census.
Sources: U.S. Census Bureau, Census of Agriculture, various issues, and Agricultural Statistics, USDA, various issues.



The Changing Agricultural Landscape: Farm Productivity



Source: USDA, ERS, Agricultural Research and Productivity Briefing Room,
<http://www.ers.usda.gov/briefing/AgResearch/>



The Changing Agricultural Landscape: Increasing off-farm income

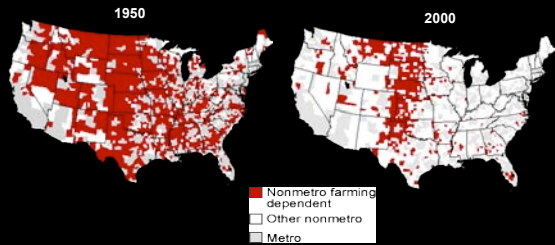
- **1930**
30 percent of farmers worked off farm for an average of 100 days
- **1945**
27 percent of farmers worked off farm
- **1970**
54 percent of households had off-farm income
- **2002**
93 percent of households had off-farm income

Source: Census of Agriculture and Census of the United States.



Rural economies have become less dependent on farming

Nonmetro farming-dependent counties



Source: Farming-dependent counties are defined by ERS. Metro/nonmetro status based on Office of Management and Budget June 2003 classification.



Early US policy supported farmers through favorable land distribution laws

- Land acts of early 19th century reduced minimum price and acreage and recognized squatters' rights
- Culminated in 1862 Homestead Act
- 1877 Desert Land Act modified provisions for arid land
- 1902 Reclamation Act facilitated arid land development for agriculture



Science and education policy facilitated agricultural improvements



- 1862 Department of Agriculture established
- 1862 Morrill Act establishes land grant state university system
- 1877 Hatch Act establishes Federal funding of state agriculture experiment stations
- 1914 Smith-Lever Act establishes Extension Service

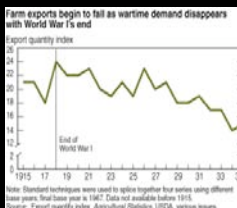


Information, credit, and marketing policies increased Federal presence

- 1912 Federal Land Banks provide credit assistance
- 1921-22 Packers & Stockyards, Futures Trading, and Grain Futures acts regulate processors & traders
- 1922 Capper-Volstead Act allows for agricultural cooperatives
- 1923 Agricultural Outlook Conference brings market information to farmers



Post-war crisis deepens, Federal support expands



- McNary-Haugen plan calls for direct interventions:
 - effective agricultural tariffs
 - export subsidies
 - cost of production pricing



Post-war crisis deepens, Federal support expands

- 1929 Agricultural Marketing Act establishes Federal Farm Board
 - succeeds in supporting cooperatives through credit assistance
 - fails to stabilize prices through loans to stabilization corporations



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New Deal for agriculture: Emergency programs



- Credit
 - 1933 Emergency Farm Mortgage Act—immediate refinancing
 - 1933 Farm Credit Act—provides for long-term credit needs
 - 1934 Federal Farm Mortgage Act—creates Farmer Mac

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New Deal for agriculture: Emergency programs

- Commodity supports
 - 1933 Agricultural Adjustment Act—supply management for basic crops
 - Acreage reduction with rental payments
 - Per-unit commodity payments through non-recourse loans
 - Marketing agreements for other crops



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New Deal for agriculture: From emergency to long-term approaches



- Commodity supports
 - 1936 Soil Conservation and Domestic Allotment Act
 - Incorporates soil conservation practices
 - Moves commodity support from emergency funding to annual appropriations
 - 1938 Agricultural Adjustment Act—
 - Confirms conservation basis
 - Adds “parity” price concept
 - Adds crop insurance

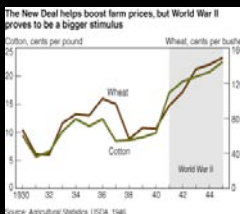


New Deal for agriculture: Structural adjustment programs

- Rural electrification
 - 1930-45—share of farms with electricity increased from 10% to 50%
- Tennessee Valley Authority
 - Flood & erosion control, reforestation, and water power generation
 - Comprehensive redevelopment of poor agricultural region
- Resettlement/Farm Security Administration
 - Varied success, supervised credit continues as FmHA



After the New Deal: Wartime emergency production



- Legislation sets increasingly high price supports (90% parity) and ends supply controls to meet production goals
- Fear of post-war depression keeps high price supports in place until 1948



An agricultural policy for post-war prosperity: What didn't happen

- 1949 Brannan plan—not adopted
 - Income based support
 - Add support to perishable crops
 - Limitations on support to large farms
 - Conservation compliance and supply control



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An agricultural policy for post-war prosperity: What did happen



- Agricultural Act of 1949—permanent legislation
 - Flexible high price supports
 - Adjustment to parity calculation
 - National security provision allows waiver of flexible price supports
- Korean War emergency—
 - triggered national security provision of 1949 Act

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Adjusting agricultural policy for explosive productivity gains: 1950s

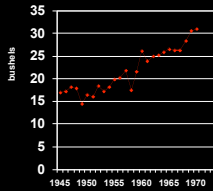
- Agricultural Act of 1954—Price supports remain centerpiece, but flexibility returns
- Agricultural Trade Development and Assistance Act of 1954 (PL 480) provides authority to donate or sell surplus commodities
- Agricultural Act of 1956—Soil Bank removes additional land from production for conservation



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Adjusting agricultural policy for explosive productivity gains: 1960s

Wheat yields 1945-75

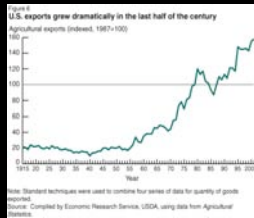


- Feed Grain Act of 1961—mandatory 20% acreage reduction for wheat and feed grains
- Cotton-Wheat Act of 1964—
 - Subsidies to first handlers
 - Dual cotton allotments
 - Wheat-marketing certificates
- Food and Agriculture Act of 1965—
 - Adjustments to cotton
 - Cropland adjustment program for conservation uses



Responding to globalization: 1970s

- Agriculture Act of 1970—
 - Introduces payment limitations
- Agriculture and Consumer Protection Act of 1973—
 - Introduces target prices
 - Introduces loan rates below market prices
- Food and Agriculture Act of 1977—
 - Introduces Farmer-Owned Reserve
 - Ends historical allotments as basis for payments and set asides



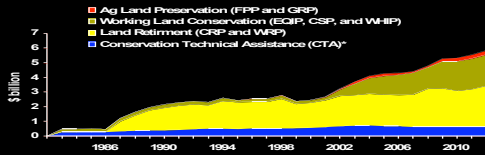
Responding to crisis: 1970s-1980s

- Emergency Assistance Act of 1977
- Grain embargo of 1980
- 1983 PIK program
- Farm financial crisis



Responding to environmental concerns: 1980s and beyond

- Working lands
 - Conservation compliance (1985), EQIP (1996), CSP (2002)
- Land retirement
 - CRP (1985), WRP (1990)
- Agricultural land preservation
 - FPP (1996), GRP (2002)



Source: Office of Budget and Policy Analysis, USDA, and Congressional Budget Office



New directions in farm policy: 1990s and beyond



- 1996 Federal Agriculture Improvement and Reform Act (FAIR)
 - Replaced target price/supply control system with decoupled payments
- 2002 Farm Security and Rural Investment Act
 - Introduced Counter-Cyclical Payments
- 2008 Food Conservation and Energy Act
 - Introduced ACRE program



Additional resources

- [The 20th Century Transformation of U.S. Agriculture and Farm Policy](#), ERS Economic Information Bulletin 3, June 2005
- [Milestones in U.S. Farming and Farm Policy](#), Amber Waves data feature, June 2005
- [U.S. Farm Policy: The First 200 Years](#), Agricultural Outlook, March 2000

See also the ERS Farm & Commodity Policy Briefing Room for other related resources:

<http://www.ers.usda.gov/Briefing/FarmPolicy/readings.htm#history>