



Historical Perspective on the 2014 Farm Bill's Farm Program Choice

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The 2014 Farm Bill provided farmers with the opportunity to elect the commodity program for their crops and farms. As discussed in detail in [previous *farmdoc daily* articles](#), producers could elect a fixed-price program (Price Loss Coverage, PLC), a county-level revenue program (Agriculture Risk Coverage, County, ARC-CO) and an individual all commodity level revenue program (Agriculture Risk Coverage, Individual, ARC-IC). This is not the first time throughout the 80-plus year history of farm policy that producers have confronted decisions about the specifics of the programs that will be applied to their farms; however, most came in the form of large-scale referendums of and votes by farmers growing the affected commodities. In light of the fact that 76% of all farm program base acres [elected](#) ARC-CO and 23% PLC, this article looks closer at previous instances of farmer decision making for farm programs.

The original and longest-running version of choice in commodity programs is the farmer referendum on marketing quotas. They originated in the Agricultural Adjustment Act of 1938.¹ Put simply, under New Deal farm policy the Federal government would support the prices of commodities through nonrecourse loans but farmers generally had to comply with acreage allotments to get the loan. Marketing quotas were initially an additional component of supply control policy that were at the discretion of the Secretary and the farmer via referendum. Marketing quotas essentially set limits on the quantity of a commodity that could be sold. They were often used in the event that the acreage allotments (or specific diversion or reduction requirements) failed to reduce supplies sufficiently to balance against demand. Under the typical marketing quota provision, the Secretary of Agriculture would have to declare a marketing quota when supplies were estimated to be excessive and then all farmers that would be subject to the quota could vote in a referendum held by USDA; if more than one-third of the farmers voting opposed the quota they would not go into effect.

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The concept of a farmer referendum on marketing quotas was generally carried in the various farm bills written through the volatile 1950's farm bill debates, but was used more for some commodities than others.² The Agricultural Act of 1958 offered a notable variation on the policy option offered as a farmer voting option: corn farmers were given a referendum to choose either continuing then-existing price supports at between 75% and 90% of parity for those complying with acreage allotments, or a new program that ended acreage allotments and provided price supports at 90% of the average price received by farmers in the three previous years.³ Corn farmers largely supported the new option over the existing policy in the referendum and that program became effective for corn beginning with the 1959 crop year.

Arguably the most consequential referendum was the 1963 wheat referendum authorized in the 1962 Farm Bill.⁴ This referendum would have restored production controls, including marketing quotas, on wheat unless more than one-third of farmers voted against it. On May 21, 1963 less than 50% of wheat farmers voted for the referendum. This vote effectively ended the marketing quota and referendum concept as Congress removed these mechanisms for most program commodities in the 1970 Farm Bill.⁵

With the 1973 Farm Bill, farm policy shifted towards target price, deficiency payment programs. The 1996 Farm added fixed income payments via production flexibility contracts which became direct payments in 2002. The 2008 Farm Bill provided the first notable instance of an individual-farm program option or alternative under which farmers could elect out of counter-cyclical payments program and part of direct payments in favor of the Average Crop Revenue Election program.⁶ Of course, that farm-level decision was followed by the 2014 Farm Bill's election at the crop and farm level between ARC and PLC. Farmers also have had to make choices related to farm programs such as updating farm program yields and base acres in both the 2002 and 2014 Farm Bills.

In summary, while farmers have had varying degrees of choice in farm programs throughout the history of farm policy, the two most recent farm bills have provided for specific program elections at the individual farm and crop level. This is a fundamentally different farmer decision mechanism than the historic elections for an entire commodity sector decided via a large-scale referendum of all farmers of the commodity. This potential trend may well be consistent with the proliferation of choice as a defining characteristic of American consumerism, as well as flexible, customized working arrangements in the American workplace. Providing farmers these specific policy elections, however, is a relatively new policy feature, and experience under the ARC/PLC decision is expected to be instructive about this as a policy option for future farm bills.

REMINDER: Farmers and landowners, please take time to fill out the brief online survey to provide feedback about the farm program elections, the web-based decision tools and the election process at FSA. Your participation in this study is voluntary and completely confidential; any data collected will be averaged and reported in aggregate only. Individual information and responses will not be made public. To participate in the study, please click [here](#) or copy and paste <http://go.illinois.edu/2014farmbillsurvey> into your internet browser.

Notes

- [1] Agricultural Adjustment Act of 1938, P.L. 75-430, 52 Stat. 31, subtitle B (1938).
- [2] Generally, Wayne Rasmussen, "Agricultural Policies After Fifty Years," 68 Minn. L. Rev. 353 (1983-1984), pp. 353-377, and Edward L. Schapsmeier and Frederick H. Schapsmeier, "Farm Policy from FDR to Eisenhower: Southern Democrats and the Politics of Agriculture," *Agricultural History*, vol. 53, no. 1 (1979), pp. 352-371.
- [3] Ruth R. Harkin and Thomas R. Harkin, "Roosevelt to Reagan Commodity Programs and the Agricultural and Food Act of 1981," 31 Drake L. Rev. 499 (1981-1982), pp. 499-517.
- [4] Generally, Don F. Hadwiger and Ross Talbot, *PRESSURES AND PROTESTS: THE KENNEDY FARM PROGRAM AND THE WHEAT REFERENDUM OF 1963* (Iowa State University Press, Ames and Chandler Publishing Co. San Francisco, 1965; Food and Agriculture Act of 1962, P.L. 87-703, 76 Stat. 605 (1962).

[5] Agricultural Act of 1970, P.L. 91-524, 84 Stat. 1358 (1970).

[6] Food, Conservation, and Energy Act of 2008, P.L. 110-246, 122 Stat. 1651, at sec. 1105 (2008).

References

Schnitkey, G., J. Coppess, N. Paulson, and C. Zulauf. "[Perspectives on Commodity Program Choices under the 2014 Farm Bill](#)." *farmdoc daily* (5):111, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, June 16, 2015.

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