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# Flashback, 1979: What the Previous Cliff Might Tell Us About the Potential One Ahead

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Looking back to look ahead can be a tricky task. The past offers the future lessons, and experience is a great teacher. But humans are humans after all, and knowing that failure to learn from history is effectively choosing to recycle problems and mistakes is rarely preventative (*farmdoc daily*, February 16, 2026). It would be difficult to find a better way to say it than the song lyric about finding "different ways to make the same mistakes again" (Tom T. Hall, "I Hope It Rains At My Funeral"). Fortified by song, let's return to the year 1979.

Rarely does any single event cause a crisis, but events can be catalysts. Working from metaphor or analogy, crises can be thought of as dominoes positioned, with one event setting in motion the fall of all; or, as a cliff, in which the crises build to the edge and one event serves to push things over. The twin farm crises—erosion and economic—of the 1980s continue to serve as a primary example. Tough stretches in agriculture inevitably draw quick comparisons to the 1980s with questions that seem almost obligatory. The worse things look, the more inescapable the comparisons and questions. To add perspective and offer points of comparison, this discussion borrows much from previous work, cited here but applied throughout (Coppess, 2018; Coppess, 2024; *farmdoc daily*, May 30, 2019; July 11, 2019; February 22, 2018; March 8, 2018; March 16, 2017).

To the extent that a catalytic event for the 1980s crises exists, it would most likely have been a decision by the Federal Reserve. On October 6, 1979, Federal Reserve Chairman, Paul Volcker, announced drastic measures to combat inflation in the U.S. economy. Inflation and stagflation had been significant problems throughout much of the 1970s. One specific consequence of the effort was a rapid increase in interest rates (Medley, November 22, 2013; Walsh, December 3, 2004). Among other things, this raised borrowing costs for heavily indebted farmers, many of whom took on large debt loads to finance the get-big-or-get-out mentality of the 1970s embodied by Agriculture Secretary Earl Butz (Vogel and Eichenberger, 2025; Barnett, 2000). That event was followed shortly by the Soviet Union's invasion of Afghanistan in December, and President Jimmy Carter's response that included an embargo on grain

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exports to the Soviet Union (State Department; Penner, 2018; Brown, 2013; Tarrant, 1981; Paarlberg, 1980).

In the background to all of this was oil and turmoil in the Middle East. A second oil crisis for the U.S. had been caused by oil exporting countries in the region (Verleger et al., 1979; Graefe, November 22, 2013; Rudolph, 2025). It was part of the fallout from the Iranian revolution that took place from January 1978 through February 1979, when the government of the Shah of Iran collapsed and the Iranian revolutionaries assumed control of the country (Maloney and Razipour, January 24, 2019; Dunn, 2023; Britannica, "Iranian Revolution"). Adding further to the situation, on November 4, 1979, Iranian revolutionaries stormed the U.S. Embassy in Tehran and took 50 Americans hostage (State Department).

To be pushed over the cliff, however, farmers had to first get to the edge of it, an approach that began in 1971 with changes in monetary policy, as well as changes to the lending authority for the Farm Credit System. The summer of 1972 brought about the controversial grain deal with the Soviet Union, followed by the damage to Peru's anchovy harvest that winter. The resulting spike in crop prices fueled export expectations and general market exuberance. Secretary Butz best represented the mindset in a speech in which he proclaimed that, "after 40 years of wandering through the wilderness of artificial price props, irksome production controls, and programs which were originally well-intentioned," the "promised land for agriculture is near at hand." The Senate Agriculture Committee included the entire speech in its report on the Farm Bill (*S. Rept*. 93-173, at 11).

In response, Secretary Butz released back into production tens of millions of acres that had been set aside by policy (Bonnen, 1973). Farmers planted 17.6 million more acres of the major row crops (barley, corn, cotton, oats, peanuts, rice, rye, sorghum, soybeans, and wheat) in 1973 compared to 1972 (NASS, Quickstats). Congress followed his lead, changing farm policy in August in the 1973 Farm Bill by enacting the target price and deficiency payment. The new policy was explicitly intended to provide "production incentives" to farmers of the supported commodities (P.L. 93-86). Farmers responded again, planting another 17 million additional acres of the major row crops for a total increase of over 34 million planted acres since 1972.

Major problems arose quickly after the 1973 Farm Bill, however, with an energy crisis caused by conflict in the Middle East. On October 6, 1973, Egypt and Syria attacked Israel. The U.S. responded with aid and support. Oil producing nations, such as Saudi Arabia, retaliated by reducing oil production and exports, creating the energy crisis (State Department). Problems for oil drove up costs for farm inputs (and everything else), while farmers kept taking on debt to expand and consolidate throughout the decade.

What did Congress do in response? Mostly prioritized increasing target prices in each of the next two farm bills. The Food and Agriculture Act of 1977 (P.L. 95-113) increased target prices, while also giving USDA the authority to adjust them further based on a cost of production calculation (Spitze, 1978). The Agriculture and Food Act of 1981 increased target prices again (P.L. 97-98). Notably, Congress did continue set-aside authority in each of the 1973, 1977, and 1981 Farm Bills. Congress added a farmer-owned grain reserve authority in the 1977 Farm Bill (Peters, 1982). None of these policies helped.

A primary problem with set-aside policy helps explain its failure: it operated as a requirement on farmers to be eligible for assistance but provided none for the acres taken out of production and set-aside. It could be understood as a cost to the farmer, especially on rented ground. Conservation policy, by comparison, provides financial assistance to farmers on the acres taken out of production, such as rental payments in the Conservation Reserve Program (CRP). The CRP would not be enacted until the 1985 Farm Bill, however (*farmdoc daily*, February 26, 2026).

It should not be surprising that acres increased with the production incentives and the problems with set-aside policy. By 1980, farmers planted 64.5 million more acres to the major row crops as compared to the average planted from 1970 to 1972. Acres planted to these crops stretched further in 1981, when farmers added 71.6 million acres to the average planted in 1970 to 1972, hitting the all-time high of 315.6 million acres planted to those crops. Farmers planted more wheat in 1981 than in any year on record, topping 88 million acres, followed by corn at 84 million acres and soybeans at 67.5 million acres.

Looking back, the cliff in 1981 can be measured in terms of those 315.6 million acres planted to crops with damaged exports, increased input costs, and struggling market demand. Its contours marked by

costs that increased faster than crop revenues, highlighted by fuel which was more than 4.5 times higher in 1981 than in 1973 and interest expenses that were also more than 4 times higher in 1981 than in 1973. Crop receipts, by comparison, had increased by only 76% in 1981 compared to 1973.

Today, with the right kind of glasses the contours of a possible cliff can almost be glimpsed but the fog is thick, and it takes a little imagination. As they ready their planters for the spring, farmers are looking out at substantial chaos at home and around the world, with more market uncertainty than at any time in recent years. Certainly, instigating a new war with Iran and escalating turmoil in the oil producing Middle East focuses the mind on drastic potentialities. Tariff troubles remain unresolved, including any further retaliatory actions, while Russia's war in Ukraine drags on. As if proof is needed of the many ways in which these things can recycle in time.

On oil and energy markets alone are concerns justified about whether a 1979 cliff is lurking in front of American agriculture today. If there is, the edge may be carved by familiar matters but the potential catalysts for pushing farmers over it look different and did not exist in any meaningful way in 1970s and 1980s. The most uncertain might be the Chinese export market but that will be left for future discussions, or better minds. The most familiar—the growth of crop acreage and production—is now outside of the U.S., in Brazil. Maybe the most unexpected is the Renewable Fuels Standard (RFS).

Unlike 1979 or 1981, any potential cliff today is unlikely to involve a huge increase in planted acres in the U.S. Since 2020, farmers have averaged close to 265 million acres planted to the major crops, well below the levels in the late 1970s and early 1980s. One important reason could be the CRP, which provides a 27-million-acre backstop—at least, that is, unless USDA releases acres from the program or Congress allows it to expire for a significant amount of time. While it serves as a buffer, CRP can offer little new help to farmers because enrollment is at its cap and would require Congress to do more than it seems inclined to do.

While U.S. acres have not increased in recent years as they had in the 1970s and early 1980s, Brazilian acres have. In 1979, Brazilian farmers harvested just over 82 million acres to the major row crops. Last year, they harvested just short of 200 million acres of those crops, over 122 million acres of soybeans. They also harvested nearly 56 million acres of corn. Brazilian farmers, in fact, have harvested more acres of soybeans than American farmers have planted since the first round of tariff conflict by the first Trump Administration. In 2019, harvested soybean acres in Brazil topped 90 million and have continued growing each year since (USDA, FAS: PS&D). While U.S. acres may or may not remain within normal levels, Brazilian production is a game changer, especially in the world market and for soybeans.

If anything has remained relatively stable and constant in all the chaos and uncertainty, it has been that the RFS continues to provide strong domestic demand for corn, building on to the demand for livestock and poultry feed. Combined they make corn the safest bet—that does not make it a completely safe bet, however. The problem lies in the reality that the RFS can only consume so much corn, basically about 5.5 billion bushels (USDA-ERS, February 2023; USDA, WASDE, February 2026). According to USDA, in fact, corn bushels used for ethanol have been very consistent, rarely falling below 5 billion and almost never going above 5.5 billion bushels in a marketing year (USDA, ERS: U.S. Bioenergy Statistics). To put this in perspective, at national average yields, 5.5 billion bushels of corn would require about 30 million planted acres. Farmers in Illinois, Indiana, and Iowa planted 30 million acres in 2025—enough to meet the RFS on their own.

Concerns the RFS could serve as an unexpected catalyst are reminders that individual decisions can end up producing macro consequences. How might it happen? If farmers in 2026 plant an unusually high number of acres of corn, total production could outstrip demand for corn and create problems that even the RFS cannot handle. For example, farmers with southern crop base acres that receive high PLC payments might see the benefit of coupling those payments with the safer bet on corn (*farmdoc daily*, January 29, 2026). Uncertainty about export markets for soybeans, coupled with increasing Brazilian production, could argue for shifting some of those acres to corn as well. And so on. Too many acres in corn would likely drive down corn prices and possibly touch off a domino effect as farmers are left with no good crop market options. If the problems spread to land values, then a return to crisis is at hand.

Notably, U.S. farmers planted almost 99 million acres of corn in 2025, according to USDA, the most acres planted to corn since 1936 (102 million acres) and 1932 (113 million acres). Those were bad years. The Dust Bowl hammered 1936 and Congress had to scramble to fix farm policy after the Supreme Court

declared it unconstitutional, while 1932 was in the early stage of the Great Depression and the year before enactment of the Agricultural Adjustment Act of 1933. In the RFS era (since 2005), the next highest acreage planted to corn was in 2012 (97 million acres), which was notable for a massive drought in the Midwest that reduced total production and spiked prices.

What level of planted acres represents the edge of the cliff this year? That seems a worthwhile question to explore before seeds go in the ground. If an ounce of prevention is worth a pound of cure, the possible policy responses to avoid going over the edge also seem worthwhile matters to prioritize. The silence is deafening, it may well be dangerous.

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