



**Agricultural Food Policy Center**

**at Texas A&M University**

# A Brief Summary of U.S. Farm Program Provisions



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## **A BRIEF SUMMARY OF U.S. FARM PROGRAM PROVISIONS**

### **Introduction**

This brief publication began as a need for a short summary of farm programs and farm bills for two agricultural economics courses focusing on agricultural policy -- ag. economics 429, and ag. economics 614. It became clear that many students taking these courses had less and less background in agriculture and less (even cursory) knowledge of policies than those of the recent past. After this list was developed a number of other professional agricultural economists found copies and began to use it, hence its publication in a more structured form.

The list of Farm Program Provisions is not all-inclusive. It certainly does not contain all the laws and provisions that have affected agriculture over the years. However, it is an easy reference to farm bills and provisions since 1933. We intend to update this list as time goes on to continue its usefulness to professionals and students alike.

The information summarized in this report comes, in part, from the following publications.

Becker, G.S. (Editor). "Farm Commodity Legislation: Chronology, 1933-98." The Library of Congress. Congressional Research Service, CRS Report for Congress, 96-900 ENR, Updated February 9, 1999.

Bowers, D.E., W.D. Rasmussen, and G.L. Baker. "History of Agricultural Price-Support and Adjustment Programs, 1933-84." USDA-ERS, Ag. Information Bulletin No. 485, 1984.

Glaser, L. (Editor). "Provisions of the Food Security Act of 1985." USDA-ERS, Agricultural Information Bulletin No. 498, 1986.

Knutson, R.D., J.W. Richardson, D.A. Klinefelter, C.P. Rosson, and E.G. Smith. "Policy Tools for U.S. Agriculture." Texas A&M University System, Agricultural and Food Policy Center, TAES Bulletin B-1548, Revised January 1993.

Nelson, F.J. and L.P. Schertz (Editor). "Provisions of the Federal Agriculture Improvement and Reform Act of 1996." USDA-ERS, Agriculture Information Bulletin No. 729, 1996.

Pollack, S.L. and L. Lynch (Editor). "Provisions of the Food, Agriculture, Conservation, and Trade Act of 1990." USDA-ERS, Agriculture Information Bulletin No. 624, 1991.

Rasmussen, W.D. and G.L. Baker. "Price-Support and Adjustment Programs From 1933 through 1978: A Short History." USDA-ESCS, Ag. Information Bulletin 424, 1979.

Womack, J. (Coordinator). "Agriculture: A Glossary of Terms, Programs, and Laws 2<sup>nd</sup> Edition." The Library of Congress, Congressional Research Service, CRS Report for Congress, 97-905 ENR, Updated June 8, 1999.

	<b>Name of Farm Bill</b>	<b>Tools/Programs</b>
1933	Agriculture Adjustment Act of 1933	<ul style="list-style-type: none"> <li>• Price support, Supply Controls, Set Parity as Price Goals <ul style="list-style-type: none"> <li>- set aside</li> <li>- plow down</li> <li>- marketing certificates</li> </ul> </li> </ul>
1934	Jones-Costegau Act	<ul style="list-style-type: none"> <li>• Add sugar cane and sugar beets to supported crop</li> <li>• Rental and benefit payments in regard to diverted acreage</li> </ul>
1934	Ken Smith Tobacco Control Act	<ul style="list-style-type: none"> <li>• Mandatory tax on sale of all tobacco</li> </ul>
1934	Corn-hog program	<ul style="list-style-type: none"> <li>• No corn plowed down</li> <li>• Removal of 4 million pigs and 1 million sows about to farrow</li> <li>• 1.4 million head and 92 million pounds of pork bought by Federal Surplus Rel Corp.</li> </ul>
1935	Agricultural Adjustment Act Amendments	<ul style="list-style-type: none"> <li>• Authorized presidents to impose import quotas on supported crops</li> </ul>
1936	Soil Conservation and Domestic Allotment Act	<ul style="list-style-type: none"> <li>• Voluntary shifting of acreage out of production</li> <li>• Introduced parity as goal for farm income</li> <li>• Introduced conservation as a goal</li> <li>• Benefit payments with conditions</li> </ul>
1937	Ag Marketing Agreement Act of 1937	<ul style="list-style-type: none"> <li>• Marketing Orders <ul style="list-style-type: none"> <li>- classification of prices according to use</li> <li>- minimum price to producers</li> </ul> </li> </ul>
1938	Agricultural Adjustment Act of 1938	<ul style="list-style-type: none"> <li>• Price supports with nonrecourse loans</li> <li>• Marketing quotas for several crops</li> <li>• Acreage allotments</li> <li>• Nonrecourse loans</li> <li>• All risk crop insurance (early MPCI)</li> </ul>
1941	War Time Legislation	<ul style="list-style-type: none"> <li>• Loan rates increased to 85% of parity*</li> </ul>
1942	Steagall Amendment	<ul style="list-style-type: none"> <li>• 90% parity for basic commodities corn, cotton, peanuts, rice, tobacco and wheat for “duration plus 2 years”</li> </ul>
1944	Surplus Property Act	<ul style="list-style-type: none"> <li>• Cotton price support at 95% of parity</li> </ul>
1948	Agricultural Adjustment Act	<ul style="list-style-type: none"> <li>• Mandatory price supports at 90% for 1949 crops if producers approved marketing quotas</li> <li>• Failed to get 2/3 approval of quotas</li> </ul>

\* parity represents the purchasing power of ag. commodity prices over the 1910-14 period - “the golden years.” Parity, therefore, suggests that prices received for a commodity should be equivalent to it’s purchasing power in the 1910-1914 period.

	<b>Name of Farm Bill</b>	<b>Tools/Programs</b>
1949	Agricultural Act	<ul style="list-style-type: none"> <li>Continued 80-90% parity target through 1951</li> <li>75 to 90% parity support price through 1952 if approved marketing quotas</li> <li><b>Became fundamental or permanent legislation without expiration date</b> (Important to today's ag program debate)</li> </ul>
1952	Agricultural Act	<ul style="list-style-type: none"> <li>More of the same: Parity supports and marketing quotas</li> </ul>
1954	Agricultural Act	<ul style="list-style-type: none"> <li>Established flexible price supports at range of 82.5 - 90% of parity in 1955 and 75 - 90% thereafter</li> </ul>
1954	Agricultural Trade Development and Assistance Act (PL 480)	<ul style="list-style-type: none"> <li>Mechanism for disposal of surplus ag commodities through: sales, barter, and credit</li> </ul>
1956	Agricultural Act	<ul style="list-style-type: none"> <li>Established the Soil Bank with fixed payment to retire land for 10 years</li> <li>Conservation Reserve of up to 29 million acres</li> </ul>
1958	Agricultural Act	<ul style="list-style-type: none"> <li>Corn growers given two options: <ul style="list-style-type: none"> <li>high supports and effective supply controls</li> <li>no supply controls and low price support</li> <li>massive stocks built up as a result of no supply controls</li> </ul> </li> </ul>
1961	Emergency Feedgrain Act	<ul style="list-style-type: none"> <li>Voluntary program to divert corn and sorghum acres in return for 50% of support rate payment. First use of payment in kind (PIK)</li> <li>Feedgrain support price was 74% of parity</li> </ul>
1961	Food and Agricultural Bill	<ul style="list-style-type: none"> <li>Cochran's mandatory supply controls</li> <li>Introduced wide spread supply controls for grains; to use quotas in a referendum</li> <li>Passed the Senate but defeated in the House</li> </ul>
1962	Food and Agricultural Act	<ul style="list-style-type: none"> <li>As finally passed was an extension of 1961 Act</li> <li>Two tier feedgrain supports in addition to price supports</li> <li>Offered wheat farmers \$1.82 support price if complied with 55 million acre allotments but voted down marketing quotas</li> <li>Abolished 55 million acre wheat allotment in 1964</li> </ul>
1963	National Wheat Referendum	<ul style="list-style-type: none"> <li>Failed to win 2/3 approval of wheat farmers</li> </ul>
1964	Cotton and Wheat Act	<ul style="list-style-type: none"> <li>Paid domestic handlers a subsidy to bring prices of cotton and wheat down to the export price</li> <li>Continued support for farmers planting within allotments</li> <li>Scale of support prices based on level of plantings in their allotments</li> <li>Began a PIK program for cotton</li> </ul>
1965	Food and Agriculture Act (First 5 year program)	<ul style="list-style-type: none"> <li>Extended wheat and feedgrain programs to 1969, later extended to 1970</li> <li>Minimum cotton set aside 12.5% to reduce surpluses</li> <li>Cropland Adjustment Program 5-10 year contracts to retire land; lack of funding prevented use</li> </ul>

	<b>Name of Farm Bill</b>	<b>Tools/Programs</b>
1970	Agricultural Act of 1970	<ul style="list-style-type: none"> <li>• Eliminated allotments and marketing quotas for wheat, feedgrain and cotton</li> <li>• Set aside required for access to price supports: 25% cotton</li> <li>• \$55K payment limit per crop</li> <li>• Deficiency payments equal to difference between X% of parity and market price <ul style="list-style-type: none"> <li>- cotton 65% parity (35 cents/lb.)</li> <li>- corn 70% parity (\$1.35/bu.)</li> </ul> </li> <li>• Forced to plant eligible allotment to continue receiving payments</li> </ul>
1973	Agriculture and Consumer Protection Act of 1973	<ul style="list-style-type: none"> <li>• Continued set aside authority but emphasized expanded production to replace price supports to increase farm income</li> <li>• Introduced Target Prices and deficiency payment <ul style="list-style-type: none"> <li>- cotton 0.38/lb</li> <li>- wheat 2.05/bushel</li> <li>- corn 1.38/bushel</li> </ul> </li> <li>• Target prices increased in '76 and '77 for inflation on cost of production</li> <li>• Secretary raised loan rates due to anticipated higher demands <ul style="list-style-type: none"> <li>- 1.37 to 2.25 per bushel wheat</li> <li>- 1.10 to 1.50 per bushel corn</li> </ul> </li> <li>• \$20,000 payment limit per crop</li> <li>• Disaster payments introduced</li> <li>• Milk support price 75 to 90% of parity: 80% in practice</li> </ul>
1977	Food and Agriculture Act of 1977	<ul style="list-style-type: none"> <li>• Raised price supports and target prices (but not related to cost of production)</li> <li>• Continued supply controls as set asides</li> <li>• Introduced Farmer Owned Reserve for grains</li> <li>• Set up new two tier peanut program</li> </ul>
1980	Crop Insurance Act of 1980	<ul style="list-style-type: none"> <li>• Made multi-peril crop insurance (MPCI) available for “all” crops in all regions</li> <li>• MPCI was viewed as a replacement for disaster programs</li> <li>• End of low yield disaster programs</li> </ul>
1981	Agriculture and Food Act of 1981	<ul style="list-style-type: none"> <li>• Set specific target prices for 4 years</li> <li>• Rice allotments and marketing quotas eliminated</li> <li>• Dairy support prices lowered</li> </ul>
1982	Omnibus Budget Reconciliation Act of 1982	<ul style="list-style-type: none"> <li>• Froze dairy price supports</li> </ul>
1983	Payment-in-Kind (PIK) Program Act of 1983	<ul style="list-style-type: none"> <li>• Voluntary, massive acreage reduction by adding PIK payments for grain, cotton and rice</li> <li>• Instituted by Executive Action</li> </ul>
1983	Dairy and Tobacco Adjustment Act of 1983	<ul style="list-style-type: none"> <li>• Started a voluntary dairy diversion program</li> </ul>

	<b>Name of Farm Bill</b>	<b>Tools/Programs</b>
1984	Agricultural Programs Adjustment Act of 1984	<ul style="list-style-type: none"> <li>• Wheat PIK continued for 1 year</li> <li>• Froze target prices in 1981 Act</li> <li>• Paid diversion program for feedgrains, cotton and rice</li> </ul>
1985	Food Security Act of 1985 (FSA)	<ul style="list-style-type: none"> <li>• CCC loans continued</li> <li>• Target Price decreased 10% by 1990</li> <li>• Formula to set loan rates with Secretary discretion to decrease loan another 20% below the formula to encourage trade</li> <li>• Marketing loan for cotton and rice introduced</li> <li>• Findley payments for grains introduced</li> <li>• Secretary given the option for a marketing loan for grains</li> <li>• 50/92 program introduced</li> <li>• Acreage reduction program continued with the annual levels set at discretion of Secretary</li> <li>• Farm program yield frozen at 1985 levels</li> <li>• Payment limit \$50,000/ “person” as defined by ASCS (now FSA)</li> <li>• Farmer Owned Reserve extended</li> <li>• Bid based CRP, Sodbuster, Swampbuster introduced with maximum of 45 million acres of CRP and minimum of 40 million acres by 1990</li> <li>• Dairy continued price supports</li> <li>• Dairy termination-whole herd buy-out introduced</li> <li>• Export market development and expansion</li> <li>• Conservation Compliance on highly erodible land introduced</li> <li>• Export Enhancement Program (EEP)</li> </ul>
1990	Food, Agriculture, Conservation, and Trade Act of 1990 and The 1990 Budget Reconciliation Act (FACT)	<ul style="list-style-type: none"> <li>• CCC loans and target prices were continued</li> <li>• Dairy herd buy-outs were prohibited</li> <li>• 0/92 program continued for grain</li> <li>• 50/92 program continued for cotton and rice</li> <li>• Marketing loan mandated for cotton and rice</li> <li>• Marketing loan optional for grains and oilseeds</li> <li>• Findley loan eliminated</li> <li>• CAT (catastrophic yield coverage) introduced</li> <li>• Introduced Planting Flexibility <ul style="list-style-type: none"> <li>- Normal flex acres (NFA of 15%) and</li> <li>Optimal flex acres (OFA of 10%)</li> </ul> </li> <li>• Payment limits per “person”: <ul style="list-style-type: none"> <li>- \$50,000 for deficiency payments</li> <li>- \$75,000 for marketing loan gains</li> <li>- \$250,000 over all payments</li> </ul> </li> <li>• Wool and mohair payment limit decreased from 200K to 125K per person over 5 years</li> <li>• Target prices lowered and then frozen at \$4.00/bu, 2.75/bu, 0.729/lb, and \$10.71/cwt for wheat, corn, cotton and rice, respectively</li> <li>• Minimum loan rate on cotton and rice 0.50/lb and 6.50/cwt, respectively</li> <li>• ARP follow stocks/use schedule</li> <li>• Authorized FOR at Secretary discretion</li> <li>• CRP extended; WRP established with 1 million acres</li> <li>• Ag Water Quality Protection Program with 10 million acres authorized</li> <li>• Reauthorized PL480, EEP, export market development</li> </ul>

	<b>Name of Farm Bill</b>	<b>Tools/Programs</b>
1993	Amendments to the National Wood Act	<ul style="list-style-type: none"> <li>• Wool and mohair program phased down and terminated by 1995</li> </ul>
1996	Federal Agricultural Improvement and Reform Act of 1996 (FAIR)	<ul style="list-style-type: none"> <li>• Eliminated target prices for income supports</li> <li>• Nonrecourse (CCC) loans and marketing loans continued</li> <li>• Minimum loan rates at 85% of 5 year average, except cotton and rice. Maximum loan rates capped at 1995 levels.</li> <li>• Introduced decoupled AMTA payments</li> <li>• Complete planting flexibility (except for fruits and vegetables)</li> <li>• Eliminated set asides, ARP's and diversion</li> <li>• Payment limits of \$40K for AMTA payments and \$75K for loan deficiency payments, maintained 3 entity rule and generic certificates</li> <li>• Forced marketing loan for all program crops except ELS cotton</li> <li>• Dairy reduce milk support price to \$9.90 by 1999</li> <li>• Discontinue current dairy price support in 2000</li> <li>• CRP and WRP extended</li> <li>• Producers allowed to re-bid CRP contracts that were maturing. Cap on CRP acres lowered to 36.4 million acres</li> <li>• Initiated EQIP program</li> </ul>
1998	Emergency Farm Financial Relief Act of 1998	<ul style="list-style-type: none"> <li>• Early release of AMTA payment</li> <li>• 49.7 percent additional AMTA subsidy</li> <li>• Disaster assistance</li> <li>• MPCCI additional premium subsidy</li> <li>• Livestock and dairy disaster assistance</li> </ul>
1999	Consolidated and Emergency Appropriation Act of 1999	<ul style="list-style-type: none"> <li>• 100 percent additional AMTA subsidy</li> <li>• Disaster assistance</li> <li>• MPCCI additional premium subsidy</li> <li>• Livestock and dairy assistance</li> </ul>
2000	Emergency Supplemental Appropriations Act of 2000	<ul style="list-style-type: none"> <li>• 100 percent additional AMTA</li> </ul>
2001	Agricultural Economic Assistance Act	<ul style="list-style-type: none"> <li>• 100 percent additional AMTA</li> </ul>
2002	The Farm Security and Rural Investment Act of 2002	<ul style="list-style-type: none"> <li>• Target prices enacted with counter-cyclical payments (CCP)</li> <li>• Initiated direct payments that function exactly like AMTA payments</li> <li>• Marketing loan program continued</li> <li>• Marketing loan program enacted for wool, mohair, honey, pulse crops</li> <li>• Peanut quota eliminated. Initiated marketing loan, direct payment, and target price. Quota bought out at 11 cents per pound annually for 5 years or lump sum.</li> <li>• Maintained dairy price support. Established 3 ½ year National Dairy Program with direct payments made on up to 2.4 million pounds of production annually.</li> <li>• Re-institutes base acres. Producers allowed choice to update base acres to average of 1998-2001 planted and considered planted acres or keep old base acres.</li> </ul>

	<b>Name of Farm Bill (cont.)</b>	<b>Tools/Programs</b>
2002	The Farm Security and Rural Investment Act of 2002	<ul style="list-style-type: none"> <li>• Allows producers choice to update farm program yields using 1998-2001 yields. Used in CCP calculation only.</li> <li>• Add oilseed base acres. Soybeans and minor oilseeds given target price, CCP, and direct payments.</li> <li>• CCPs and fixed payments remain decoupled.</li> <li>• Direct payment limited to \$40,000, CCPs limited to \$65,000 and LDPs and MLGs limited to \$75,000. Three entity rule and generic certificates maintained. Peanuts given separate payment limit.</li> <li>• County-of-origin labeling for mandatory in two years for meat, fruits, vegetables, fish, and peanuts. For USA product label it must be born, raised, and processed in U.S.</li> <li>• Conservation Security Program to provide incentives to producers for maintaining and enhancing environmental quality.</li> <li>• EQIP funding increased six-fold.</li> </ul>