The Agricultural Policy Outlook

Joe Glauber, USDA
Agricultural Issues Center
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Weak U.S. Agricultural Markets
World Economic Growth

- World
- U.S.
- Asia
- Latin Am
- Transition

Percent change in real GDP

1993-97
1998
1999
2000

-4
-2
0
2
4
6
8
World Grain Production

![Graph showing world grain production from 1990 to 2000, with feed grains represented by red points and wheat represented by blue points. The graph shows fluctuations in production levels over the years.]
U.S. Agricultural Exports

![Graph showing U.S. Agricultural Exports from 1994 to 2001f. The graph compares Total and Asia subcategories. Total shows a peak around 1997 and a steady decline to 2001f, while Asia remains relatively flat with slight fluctuations.]
Crop Prices
Gross Revenue--8 Principal Crops

![Graph showing Gross Revenue and Value of Production over years from 1990 to 2000. The graph displays fluctuations in billion dollars for both categories, with Gross Revenue peaking in 1996 and Value of Production showing a trend of decline from 1990 to 2000.](image-url)
All milk price

[Line chart showing the price of milk from 1993 to 2001, with prices ranging from 12.00 to 15.50 dollars per cwt.]
Major legislation since farm bill

- 1998 Emergency Appropriations ($6 billion in FY 1999)
- 1999 Emergency Appropriations ($9 billion in FY 2000)
- 2000 Agricultural Risk Protection Act ($5.5 billion in FY 2000; $1.6 billion in FY 2001)
- FY 2001 Appropriations ($3.5 billion in FY 2001)
## Effective Price Received by Farmers

<table>
<thead>
<tr>
<th>Crop</th>
<th>Market Price</th>
<th>Effective Price Received</th>
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</thead>
<tbody>
<tr>
<td>Corn ($/bu)</td>
<td>1.70</td>
<td>2.51</td>
</tr>
<tr>
<td>Wheat ($/bu)</td>
<td>2.50</td>
<td>4.09</td>
</tr>
<tr>
<td>Soybeans ($/bu)</td>
<td>4.75</td>
<td>5.72</td>
</tr>
<tr>
<td>Cotton ($/cwt.)</td>
<td>60.0</td>
<td>81.0</td>
</tr>
<tr>
<td>Rice ($/cwt)</td>
<td>6.00</td>
<td>12.88</td>
</tr>
</tbody>
</table>
Average Farm Real Estate Value

Real

Nominal
2002 Farm Bill

• return to more regulated govt programs (set asides, base acres) ?
• return to countercyclical payments?
  – based on current or historical production?
  – price or revenue based?
  – commodity specific?
• changes to who receives payments ?
• raise/rebalance loan rates ?
Other farm bill issues

• Crop insurance/disaster policy
  – little or no experience under ARPA
  – delivery issues

• WTO constraints
  – disciplines on support tied to current production and prices
  – role of “green box” programs
U.S. domestic support levels

![Bar chart showing U.S. domestic support levels from 1986-88 to 2000f. The chart includes a WTO ceiling indication.](image-url)