Graduate School of Economics, Kyoto University
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U.S. Agricultural Policy and Food System

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1

Evolution of U.S. Agricultural Policies (1)

- **The U.S. Farm Bills**
  - Every 5 to 7 years, the U.S. Congress reauthorizes the Farm Bill
- **Agricultural Adjustment Act of 1933 (AAA)**
  - Price support loans to farmers through Commodity Credit Corporation (farmers pledged their grain as collateral for loans)
    - Loan-rate was set at 70% of the parity price
  - Control production through acreage control programmes
  - Background --- overproduction crisis

2

Evolution of U.S. Agricultural Policies (2)

- **Agriculture and Consumer Protection Act of 1973**
  - Earl Butz (Secretary of Agriculture)
    - Rewarding farmers for fence-row to fence-row planting
  - Target Price + Deficiency Payment System
    - Price-support was separated from income-support
    - Target price was set at 70% of the parity price
    - Loan-rate was lowered close to the level of international market price (40% of the parity price)
  - Background --- Shift of U.S. Food Strategy
    - Post WWII = Food aid to allied countries (via CCC)
    - Since 1960s = Food export on commercial base

Evolution of U.S. Agricultural Policies (3)

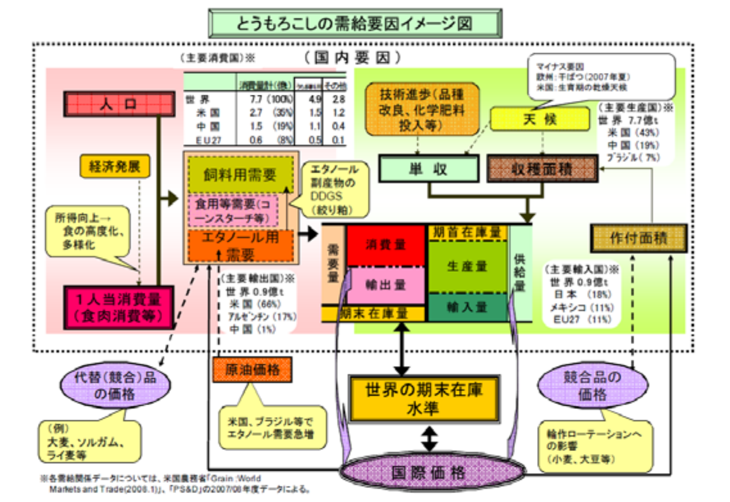
- **Food Security Act of 1985**
  - Target price was not lowered
  - Loan-rate was lowered to get more competitive in world markets
  - Especially for less competitive crops (eg. rice and cotton, later soybean in 1991 and wheat and corn in 1993)
  - Background --- Grain War (bw U.S. and Europe, Canada, etc)
- **Federal Agriculture Improvement and Reform Act of 1996**
  - Target Price/Deficiency Payment System replaced with Fixed Direct Payment
    - Decoupling of support payments from production requirement and market prices
  - Background --- Financial difficulties and need to compliance with GATT/WTO Agreement on Agriculture

Evolution of U.S. Agricultural Policies (4)

- **Farm Security and Rural Investment Act of 2002**
  - Counter Cyclical Payments introduced
    - A kind of Deficiency Payment system
  - Background --- Financial recovery and Midterm election
- **Food, Conservation, and Energy Act of 2008**
  - Fixed Direct Payments
  - Target Price/Loan Rate and Counter Cyclical Payments
  - Background --- Agricultural subsidies decreased thanks to food price rises (advantage in WTO negotiation)

5

U.S. Corn in the World Market



	消費量計(億)		
世界	7.7 (100%)	4.9	2.8
米国	2.7 (35%)	1.5	1.2
中国	1.5 (19%)	1.1	0.4
EU27	0.6 (8%)	0.5	0.1

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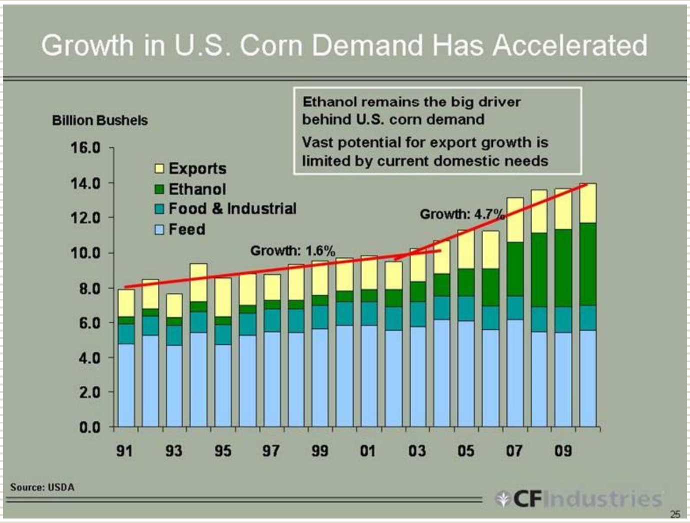
6

U.S. Corn in the World Market



7

Agricultural Structure in the U.S.

- **No. of farms decreased, while avg farm size increased**
  - 6.3m (1933)→5.9m (1945)→ 2.9m (1970)→ 2.1m (2002)
  - 151 acres (1933)→ 195 (1945)→ 376 (1970)→ 441 (2002)
  - Share of population (%)--- 39 (1900)→ 25 →17 → 5 → 1
- **Differentiation or Socioeconomic Stratification**

表　米国の農場数と農産物販売額の販売規模別構成比（千戸，%）

		農場数構成比							販売額構成比						
		1982	1987	1992	1997	1997	2002	2007	1982	1987	1992	1997	1997	2002	2007
総農場数		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
農産物販売規模別	50万ドル以上	1.2	1.5	2.4	3.6	3.2	3.3	5.2 ↑	32.5	38.2	45.9	56.6	56.1	61.9	73.5 ↑
	25～50万ドル	2.6	2.9	4.1	4.6	4.1	3.8	4.2 ↓	15.1	15.2	16.5	15.5	15.8	14.2	11.2 ↓
	10～25万ドル	9.6	9.7	10.8	9.9	8.6	7.5	6.7 ↓	25.0	22.9	20.1	15.3	15.1	12.7	8.1 ↓
	4～10万ドル	14.9	13.8	12.9	11.1	9.9	8.9	7.9 ↓	16.5	13.8	10.0	7.0	7.1	6.1	3.7 ↓
	1～4万ドル	22.7	22.8	22.6	20.5	18.8	17.2	16.1 ↓	8.2	7.4	5.6	4.1	3.6	3.7	2.5 ↑
	1万ドル未満	48.9	49.2	47.1	50.4	55.3	59.3	59.8 ↑	2.7	2.5	1.9	1.5	1.7	1.4	0.9 ↓

（出所）USDA National Agricultural Statistics Service,*2007 Census of Agriculture*, Volume 1: Chapter 1: Table 2.但し，2002年センサスで農家の定義が変更されたので，それ以前のデータと厳密な連続性はない。

Agricultural Structure in the U.S.

- Who are recipients of agricultural subsidies?

	Program	No of Recipients 1995-2009	Subsidy Total 1995-2009	Payment per Recipients
1	Corn Subsidies	1,639,547	73,775,277,671	44,997
2	Wheat Subsidies	1,374,499	30,726,213,559	22,354
3	Cotton Subsidies	264,850	29,715,272,513	112,197
4	Conservation Reserve Program	855,784	26,057,941,270	30,449
5	Soybean Subsidies	1,044,247	22,776,514,081	21,811
6	Disaster Payments	1,321,411	17,883,953,290	13,534
7	Rice Subsidies	69,990	12,551,853,937	179,338
8	Sorghum Subsidies	615,604	5,904,106,527	9,591
9	Dairy Program Subsidies	157,978	4,799,603,993	30,381
10	Livestock Subsidies	797,725	3,455,429,926	4,332
11	Peanut Subsidies	91,565	3,402,012,935	37,154
12	Env. Quality Incentive Program	242,943	3,397,617,130	13,985
13	Barley Subsidies	352,891	2,462,713,557	6,979
14	Tobacco Subsidies	394,780	944,104,224	2,391
15	Sunflower Subsidies	61,675	819,268,301	13,284
16	Canola Subsidies	20,465	355,045,686	17,349
17	Wetlands Reserve Program	4,914	332,946,182	67,755
18	Apple Subsidies	8,586	261,540,987	30,461
19	Oat Subsidies	639,941	260,883,878	408
20	Sugar Beet Subsidies	9,071	242,064,005	26,685

Agricultural Structure in the U.S.

- Who are recipients of agricultural subsidies? concentration

Pct. of Recipients	Pct. of Payments	Number of Recipients	Total Payments 1995-2009	Payment per Recipient
Top 1%	24%	35,084	51,568,132,999	1,469,848
Top 3%	45%	105,254	94,123,225,154	894,248
Top 5%	57%	175,424	119,872,324,571	683,329
Top 10%	74%	350,848	156,171,872,800	445,127
Top 20%	88%	701,697	186,325,684,673	265,536
Remaining	12%	2,806,790	24,369,588,378	8,682

Corn	Pct. of Payments	Number of Recipients	Total Payments 1995-2009	Payment per Recipient
Top 1%	20%	16,442	11,864,139,132	721,575
Top 3%	40%	49,328	24,082,094,900	488,203
Top 5%	53%	82,213	31,846,512,009	387,366
Top 10%	72%	164,427	43,187,852,087	262,657
Top 20%	88%	328,854	52,836,689,239	160,669
Remaining	12%	1,315,417	7,461,177,319	5,672

Food System of U.S. Corn

- **Value chains of U.S. corn**
  - Who are main actors involved in the production, distribution, processing, marketing, etc. of U.S. corn?
  - Who represent the interest (voice) of corn producers?
    - American Farm Bureau
    - National Corn Growers Association
    - National Farmers Union?
    - National Family Farmers Coalition?
    - And/or, associations representing CAFOs (concentrated animal feeding operations)
  - Who control the value chains of U.S. corn?
  - How they wield their economic and political power?
  - How the power balance within the value chains shifted?

11

Food System of U.S. Corn

- **Consumers' point of views**
  - Legitimacy of agricultural subsidies
  - Consumers concerns
    - Food prices and convenience
    - Nutrition and health
    - Food safety and quality
  - Who should be responsible for the public health endemic?
  - Why consumers become obsessed with consuming corn?

12