The Role of Special Interest Groups

In Agricultural Policy:

A Case Study of The 1995 Farm Bill

by

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Agricultural interest groups play an important role in the formation of agricultural policy. History has shown that agricultural policy has developed gradually over time and major reform is rare. When reform does take place, however, it is not without the support of interest groups. This study describes the manner in which these organizations contribute to the process of policy determination and their effects on the outcome of legislation.

This thesis provides an overview and characterization of 80 interest groups that were involved in the 1995 Farm Bill process. Data was collected from testimony, newspaper articles, position papers, personal interviews, and press releases. The information was then organized to summarize the objectives of each organization and provide insight on their strategies, methods of influence, structure, and composition. The study concludes with a discussion about the outcome of the farm bill and an analysis of why some interest groups may enjoy more success than others.
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CHAPTER I
INTRODUCTION

1.1. General Introduction

The 1995 Farm Bill has proven to be an interesting case study of the proposals and positions agricultural interest groups adopted as representative of their overall objectives. The atmosphere of reform was prevalent when the debate started to get underway in the fall of 1994. The November elections gave Republicans control of both Houses, balancing the budget became a priority that did not leave any part of the federal budget unscrutinized and the Uruguay Round GATT Treaty, liberalizing trade barriers, was to take effect January 1, 1995. Organizations involved with agricultural policy recognized these changes and made adjustments to ensure their policy concerns were addressed in this new setting.

Agricultural interest groups quickly realized the budget limitations that would be imposed on the final farm bill and presented their proposals accordingly. Although the setting for reform was prevalent in the early part of the debate, not all interest groups were ready, nor willing, to make any changes to the current structure. In fact, some producer groups, including cotton and rice interests, fought against anything that deviated from the status quo. Those who criticized government intervention tried to take advantage of the opportunity to reform and introduced proposals to deregulate markets, which included eliminating the sugar and peanut programs. Others, however, took a more moderate approach and proposed to meet the budget requirements by increasing planting flexibility and moving towards full production.

1.2. Background

In recent years, political economy has emerged as a discipline that offers viable
explanations for the outcomes of policy. The study combines economic theory and
domestic politics to prescribe a myriad of legislative outcomes. To receive a true
indication of the legislative process and the role of groups interested in policy, both of
these inputs must be analyzed and assessed.

One theory of why interest groups become involved in the policy making process
is that of rent seeking. The rent seeking hypothesis suggests that the foremost concern of
individuals is promoting their self-interest. Therefore, they will join together to form
groups and coalitions in order to pursue their goals. Thus, instead of applying resources
to create wealth, rent seeking suggests that resources are used in order to redistribute
existing wealth.

The agriculture industry proves to be an interesting case study of this hypothesis.
The industry is characterized by lobby groups that have gained influence over the years.
Often they have a lot at stake in the outcome of policy decisions and thus they are active
in promoting their objectives. Over the years, these groups have been involved in every
level of policy making so that their political allies have made agriculture one of the most
protected industries in America. In fact, some of the current commodity programs seem
to defy economic logic. In many instances, the programs are costly to maintain and market
distorting (two characteristics that are not in line with current congressional and taxpayer
demands). Many of these programs were brought into question during the 1995 farm bill
debate as budget issues played a prominent role in shaping agricultural policy and trade
policy initiatives move towards greater market liberalization.

The sugar, peanut and dairy programs serve as examples of the success of political
activism of interest groups. The structured lobbying efforts of these groups over the years
has persuaded Congress to support measures that only benefit a select number of
constituents, while the majority of American consumers suffer from negative welfare
effects. While these programs have come under fire regularly, the 1995 farm bill fight has
been the most challenging for them so far. These interest groups found it necessary to
"educate" freshman Congressmen, who have no loyalty to them, on the workings and viability of their programs, while fighting against the philosophy of less government intervention. In fact, each of these industries felt such pressure on their program, that they put forth alternative modification proposals.

This thesis will focus on the political economy of agricultural policy in relation to the 1995 farm bill. The role of fiscal constraints and the shift in philosophy after the 1994 election have changed the terms of debate. These forces are causing every aspect of agricultural policy to come under close scrutiny. These changes may have also shifted the historic sources of power away from USDA, the congressional agriculture committees, and key lobby groups. Instead, the budget and appropriations committees are playing more important roles in the formulation of farm policy. This thesis will examine how interest groups responded to the changes that have taken place prior to the 1995 Farm Bill debate.

1.3. Thesis Objectives

This thesis is designed to complement the USDA National Research Initiative Competitive Grant Project, 1994-1996, "International Trade Agreements and Domestic Policy Reform: The 1995 Farm Bill" received by Dr. David Orden, Virginia Polytechnic Institute and State University, Dr. Terry Roe, University of Minnesota, and Dr. Robert Paarlberg, Wellesley College. Through their research, they will discuss the effects of the NAFTA, the Uruguay Round GATT and other economic and political forces on the outcome of the 1995 Farm Bill.

The goal of the thesis will be to analyze the involvement of interest groups in the formation of policy related to the 1995 Farm Bill. The research will describe how interest groups contribute to the process of policy determination. This will be done by analyzing key factors that influence the outcome of legislation in an attempt to assess the impact of organized constituents on farm policy.
I.4. Thesis Organization

This thesis is organized to present the main objectives of each organization and the manner in which they seek to achieve their goals. It will offer an in depth analysis of representative groups and attempt to portray an image of how interest groups act and react in different circumstances.

First, an overview and characterization of 80 key organizations involved in the farm bill debate will be provided. The characterization includes defining the objectives, structure, resources, strategies, and methods of influence employed by these groups. In the case of each interest group, there will be a discussion of the positions and objectives. In order to assess how the organization of groups effects their lobbying efforts and their degree of success, the structure and resources of each group will also be addressed. The description will include the number of members, their geographic concentration, and the objectives of the organization.

There will also be a description of the methods of influences each organization uses to provide candidate support. This will encompass the contributions made by each organization into the debate and a description and comparison of staff time and total budget dedicated to the Farm Bill. Contributions can include educational studies, reports and editorials distributed to Congressional members, staff, organization members, the public and the press. Financial support is also an important way to support the positions of a group. Many organizations offer PAC contributions or host fund-raisers in honor of a specific candidate. Organizations sometimes provide the means for candidates or members to find like-minded volunteer staff support. The overall, broad strategies that different interest groups use to pursue their objective will be examined and discussed.

According to neoclassical economic theory, each firm utilizes its resources to maximize profits. To put this in the context of interest groups and farm policy, it can be assumed that each will utilize their labor and monetary resources to maximize their returns
from lobbying efforts. It would be expected that groups with like objectives would pool their resources and form a coalition in an effort to more effectively influence Congress. A coalition represents more constituents to a Congressman when making a request and the combination of resources can prove to be beneficial. However, it is common for conceptually viable coalitions not to form because of different opinions on other issues.

The assumptions for coalition formation will be discussed and the resources allocated for lobbying efforts, the viability of the objectives they wanted to achieve, and their perceived success will be addressed. The lack of compromise between groups and why groups with similar objectives could not work together will also be discussed.

The way an organization perceives its overall effectiveness, however, may not be accurate. For example, some "lobbying giants" may feel that the outcome of the farm bill does not encompass the exact provisions they requested. Other groups may feel that these "giants" could not have accomplished better results. The final assessment will take an in depth look at the impacts of the final legislation on particular industries.

I.5. Data Collection Methodology

This section will address the methodology utilized to collect and organize information and data in this thesis. It will first consider the process undertaken to select the groups included in this study. Next, a three-phase approach of data collection will be described. Finally, the organization of the data will be explained. Agricultural interest groups will be broken down into sub-categories according to similar characteristics displayed.

I.5.A. Selection of Groups

Selecting groups and organizations to include in the study was not a cut and dry procedure. Groups and organizations were selected according to a systematic although
somewhat subjective criteria. First, a subsection of groups was chosen from the address list used by the Senate Committee on Agriculture, Nutrition, and Forestry for a letter issued by Senators Patrick Leahy (D-Vt) and Richard Lugar (R-Ind), in July 1994 asking for input on the farm bill. This was a comprehensive list including 1047 agricultural interest groups, industry leaders and farm organizations, of whom 118 submitted written responses.

Selection of groups and organizations from the Senate list for inclusion in the study was based on the type and size of the group or organization, their expected political impact, what industry they were representing, and the composition of their membership. A subset of 62 groups was selected. This list was cross-referenced with historic activity levels of the interest groups during previous farm bill debates and the involvement of various groups in the more recent GATT and NAFTA debates.

In addition, most coalitions created explicitly for the 1995 Farm Bill, were included in the study regardless of their focus, resources or effectiveness. There were 14 coalitions identified as active farm bill participants.

The list of participants in the 1995 Farm Bill was not set in stone during the study. If a group or organization previously believed to be active in farm politics held no position and took no action in the farm bill debate, it was deleted from the list. If a group was unexpectedly active, it was added to the list. After many adjustments the final list represented a thorough cross-listing of 80 organizations and businesses involved.

I.5.B. Collection of Data

After the participants were chosen, a three-phase strategy for data collection was employed. The first phase encompassed an ongoing learning process throughout the project. This included tracking newspapers and farm publications about general farm issues and the progress of the farm bill. It also included collecting and analyzing reports about proposed farm programs. Reports on the effects of programs will range from those
who proposed the plan, to those from opponents, academic researchers, and governmental agencies. Phase 1 provided some of the background information to make subsequent phases more thorough and comprehensive. It also provided more validity to the selection of key players.

Phase 2 is a more individually focused approach than Phase 1. First, the relevant responses to Senators Leahy and Lugar’s July 1994 letter were summarized. Responses to this letter were due by October 1994. These early responses allow for a preliminary assessment of the proposed strategies and objectives of the groups. For the groups that responded, the letters will serve as a basis to measure in what ways groups and organizations changed their strategies and objectives as the debate was given more priority in Congress.

Second, a number of hearings in both the House and Senate were attended. This included a five-part series of hearings held by the Senate Committee on the farm bill, several hearings on protected commodities (peanuts and sugar), commodity programs, and trade policy. Mark-up sessions and press conferences were attended as well. Testimony of attending groups was included in the data set for the study. A series of conferences presenting farm bill proposals was also attended, including those hosted by the National Center for Food and Agricultural Policy, the American Enterprise Institute, and the Environmental and Energy Study Institute.

The final part of Phase 2 of the data collection involved collecting the position and policy papers each group issued in relation to the 1995 Farm Bill. This was done primarily by requesting copies by mail or facsimile.

The third and most important part of the data collection process was a series of personal interviews conducted for the research. These interviews were conducted primarily at the organization’s Washington office or, alternatively, by telephone.

Each interview followed a questionnaire (see Appendix A) which had been developed to obtain direct responses on the composition and resources of the group.
Descriptive information about the groups was attained including the number of members, how many states they represent, and when the organization was formed and under what circumstances. Groups were also asked what issues they defined as their main priorities and how this affected the placement of their resources.

After identifying their priorities and objectives, key groups were questioned about the types of information they provide as input into the farm bill debate and any strategies they may implement in presenting this information. The overall strategy a group adopted when they dealt directly with the Administration and various Congressional committees was also important.

Many groups enter into coalitions as part of their overall strategy. These groups were asked about the cost and benefits of forming or joining a coalition and what purpose it serves in attaining their goals. Coalitions have been a predominant force in the 1995 Farm Bill debate and every group, except the American Agricultural Movement, a populist farm organization, is a member of a least one. Almost all of these groups feel that coalitions demonstrate increasing returns to scale on the resources that they contribute. On the other hand, there seem to be some groups who would naturally align, yet a coalition does not form. This subject was also discussed in the interviews.

As expected, most interviews did not exactly follow the structure of the questionnaire and many answers were difficult to quantify. Since different representatives may respond differently to the same question, even if the same idea is shared, organization of the information will be somewhat subjective. However, to the extent feasible, the information was systematically organized to reflect the policy ideas of each group, in relation to the 1995 Farm Bill, along with the approaches each used to achieve its objectives.

After the Farm Bill was signed into law by the President, interview participants were contacted for a follow-up interview. This interview focused an assessment of how successful interest group representatives perceived their organization to be in achieving the
objectives they set in the Farm Bill. Another goal of the interview was to gain insight as to how strategies changed during the course of the debate and gain insight on the effectiveness of the strategies that were utilized.

1.5.C. Organization of Data

Each of the 80 groups and organizations selected according to the process described above was determined to be a member of one of the following four categories. Defenders of Farm Programs included groups like the American Farm Bureau Federation and the National Farmers Union. Primarily they would like to see an extension of current support programs and have agricultural programs take as small a budget cut as possible. Export-Full Production Supporters are primarily comprised of grain and feed organizations and processors that rely heavily on exporting their products. Their basic positions include liberalizing trade restrictions and increasing the competitiveness of the United States. Most would like acreage set-asides that idle land reduced or eliminated and a movement towards full production. Environmental Groups include conservation, sustainable agriculture and environmental groups that are involved in the farm bill process. This category includes groups like the Sierra Club which believes regulation and penalties should be imposed on farmers if they do not employ conservation methods in their farming practices. However, the majority of environmental groups are "compensators" who recommend that the government offer incentives to farmers for conservation compliance. Compensators offer suggestions such as green payments and other compliance incentive programs for farmers.

The fourth category of interest groups is Critics of Government Intervention. This category includes policy institutions such as the Cato Institute and the Heritage Foundation and public action groups like the Citizens United to Terminate Subsidies. They feel that farm price support programs should eventually be eliminated and market forces should dominate. They would also like to see a decrease in agricultural spending and a balanced budget.
In some instances a group could easily be placed in two or more categories. In this case, groups were categorized according to their primary interest. For example, the American Farm Bureau Federation is a defender of farm programs, but also a proponent for environmental compensation. In this case, they would be placed as a defender of farm programs because that is their primary focus. Cases also arose where a very focused group did not exactly fit into any category. In that case placement was more subjective, but done through a process of elimination. For example, the New Uses Council focused explicitly on increasing demand. They are not an environmental group, a critic of government intervention, nor a promoter of full production. Therefore, they were considered a defender of farm programs because other defenders shared their views on increasing demand and because they are tacit supporters of producer interests.

Once each group has been placed in the appropriate category, there will be a discussion of the positions of each group regarding the main topics in the farm bill debate. After addressing the various stances proposed, any inconsistencies that arise within a group’s position will be identified. There will also be a discussion of how the groups in the same category aligned in comparison to each other. It will address groups that share interests and could form potential coalitions. The interviews will give the insight necessary to understand the other aspects involved in forming coalitions and some understanding as to why some coalitions are more successful than others. It will also discuss groups that seem to be at odds with each other and how they react to each others’ efforts.

There will be a comprehensive discussion that looks across categories and compares the positions of all the groups. The sources of alignment or contention between category members will be considered along with the underlying philosophies of each group that encourage them to form alliances and coalitions or work against each other.

I.6. Chapter Outline

The remainder of the thesis is organized as follows. A review of literature
addressing political economy is presented in Chapter II. Chapter III outlines the policies in place until the 1995 legislation and the relevant issues facing the debate. This includes a discussion of the legislation introduced during the farm bill deliberations. Chapter IV describes the objectives of the key interest groups addressing agricultural policy. Charts and tables are also included that summarize the main objectives of the 80 groups included in the study. Chapter V examines the structure and resources of groups and the strategies and methods of influence each of the key groups discussed in Chapter IV employs. Chapter VI looks at the groups from the perspective of how they interact with each other. It focuses on the creation, dissolution and formation potential of coalitions. Chapter VII provides a summary of the farm bill in perspective. This chapter discusses the final outcome of the 1995 Farm Bill and summarizes the main points discussed and the importance of political economy in the determination of agricultural policy. It will provide a brief synopsis of the ideas discussed in the thesis and bring all the themes to a close.

1.7. Conclusion

A study of the political economy of agricultural policy provides insight into the role of interest groups in the formation of policy. This thesis will address the interaction of groups with each other, Congress and the Administration throughout the debate and attempt to assess what makes them effective in achieving their goals and objectives. Passage of the farm bill is a very intricate process with many inter-related forces guiding its outcome. This thesis will serve as one integral piece of the analysis of the policy process puzzle.

The debate took place amidst ideal conditions for reform, yet many observers question the extent of reform that took place. The history of past farm bills shows that agricultural policy reform is slow and often lags behind the needs of farmers and the country. It also shows that if reform took place, it was often in conjunction with many
concessions that soften the effects of the new policy. The 1995 Farm Bill has followed this pattern of action, but the question rests with the reasons why.

Agricultural interest groups certainly have a well established past and are well in tune with the political process. These same interest groups also have the motivation to lobby for policies that would benefit them. Theories of rent seeking behavior often show that lobbying activities show increasing returns to scale and it is almost detrimental not to have representation in Washington, D.C. In fact, it seems that reform to agricultural policy has been so modest through the years because of the presence of interest groups. The assertion that it is politically more viable to create new programs in order to fix the problems of the existing programs rather than offer drastic changes seems to have merit. In a time where new markets are emerging and technology is quickly progressing one would hope that farm programs would be able to adapt and keep up with the times. Ironically, it may be the interest groups who are seeking what they believe is in their best interest that actually hinders them in the future.
CHAPTER II
REVIEW OF LITERATURE

II.1. Introduction

Economic policy cannot be divorced from either economic theory or political reality. To understand legislative outcomes, economic theory and the role of groups interested in agricultural policy must be analyzed and assessed in an interactive framework. One such theory of political economy is that of rent seeking behavior. This theory has an underlying assumption that the foremost concern of individuals is self-interest. Therefore, rather than trying to promote the public good, people form groups and coalitions that pursue self-interested goals. Instead of applying resources to the creation of wealth, rent seeking suggests that resources are used to redistribute wealth (Gwartney and Wagner, 1988).

This chapter will review literature that is relevant in formalizing the interaction between the expected economic impact of proposed legislation on agricultural interest groups and their corresponding political incentive to become active in the political process. Section II.2. will provide an overview of the history of farm programs. This will aid in understanding how farm programs have developed into current law. Section II.3. explores various models of political economy that have been presented and offers some comparison between these models. Section II.4. recognizes the importance of trade to agriculture and looks at political economy models that include the effects of international agreements and their formation. Section II.5. applies the theories addressed in Sections II.3 and II.4. and addresses literature that considers the question of why agricultural policy may be difficult to reform. Finally, Section II.6 provides a summary and conclusion for this chapter.

II.2. History of Farm Programs

The origin of current farm programs can be traced as far back as World War I.
During 1916 and 1917, crop supplies were scarce, particularly wheat in Europe and the United States. This led the government to impose export quotas and fix the price of wheat. During the early 1920s, demand was exceeded by crop production and although prices were low, major exporting countries accumulated large stocks. When agricultural prices collapsed in the 1920s, there was a demand for more government intervention (Cochrane and Runge, 1992).

Farm prices saw a rapid decline of 50 percent between 1929 and 1932. President Hoover responded to the distress of farmers by implementing the Agricultural Marketing Act of 1929 which established the Federal Farm Board. The Federal Farm Board was a federally funded corporation that offered loans to marketing cooperatives to control surpluses by acquiring excess supplies, constructing new storage facilities, and making advances to growers on their crops. The Board also attempted to stabilize prices through the purchases of wheat, cotton, and other commodities from farmers. The corporation ceased to function, however, when the falling prices of large supplies exhausted all of its resources. The Board's final recommendation to Congress was to implement legislation in order to control production (Tweeten, 1970).

President Hoover made an effort to protect domestic agricultural markets by recommending that Congress legislate a upward revision of tariffs. As a result, Congress, with the support of farm leaders, passed the Smoot-Hawley Act of 1930 which raised tariffs to a record high level. This Act has since been blamed for shutting off various forms of foreign trade and curtailing exports of U.S. farm products during that time (Cochrane and Runge, 1992).

The Agricultural Adjustment Act of 1933 (AAA 1933) was enacted under the New Deal to raise farm incomes and control production. The AAA 1933 was a new beginning for agricultural policy. It included provisions to control production through acreage reduction on individual farms, the authority to purchase and store commodities and the authority to regulate the marketing of specialty crops by establishing marketing agreements and orders.
To accomplish these goals, tools such as "base acres"\(^1\) on individual farms, the parity concept\(^2\) and "nonrecourse loans"\(^3\) were introduced (Cochrane and Runge, 1992).

The main feature of this legislation, that has carried through to present day in amended form, was the control of crop acreage on individual farms in return for government payments. If farmers complied with the approved reduction in crop acreage, they received benefit payments which were financed primarily by processing taxes on the specific commodity. These production controls coupled with dry weather effectively reduced production allowing farm income and prices to increase from 1932 to 1936 (Cochrane and Runge, 1992).

In 1936, the Supreme Court declared production control and processing taxes unconstitutional and temporary emergency legislation had to be passed without this provision. The Soil Conservation and Domestic Allotment Act of 1936 eliminated the processing tax feature and shifted the overall emphasis away from price enhancement and towards income protection and resource conservation. The government continued to purchase surplus supplies and operate the marketing agreements for specialty crops (Cochrane and Runge, 1992).

The Agricultural Adjustment Act of 1938 (AAA 1938) was the new permanent

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\(^1\)Base acres refer to the number of acres enrolled with USDA eligible for payments for growing specific commodities. "Base" commodities were originally corn, wheat, cotton, rice, tobacco, hogs and milk. Recently, the base has been a moving average of previous years' plantings.

\(^2\)Parity is the equivalent price today which would give a unit of a commodity the same purchasing power as it had in 1910-1914. As Paarlberg explained it: "If a bushel of wheat would buy pair of overalls in 1910-14, then, to be at parity, a bushel of wheat should be priced so as to buy a pair of overalls today" (Paarlberg, 1990).

\(^3\)A nonrecourse loan refers to a tool that USDA utilizes to provide cash advances to farmers. In 1933, nonrecourse loans were made to corn and cotton. These loans may be repaid either in cash (at subsidized rates of interest) or in-kind, by surrendering the crop to the government in lieu of the loan itself.
legislation and established a pattern for future commodity programs. This was the first law to make price support programs mandatory for corn, wheat, and cotton to help maintain a sufficient supply in low production years. This was coupled with marketing quotas that were designed to keep supply in line with market demand. Permissive supports were also provided for butter, wool, and peanuts, among other goods. In addition, this act established the Federal Crop Insurance Corporation, as a corporation of the government. Storage payments, direct payments, export subsidies, conservation incentives, and non-recourse loans were also introduced at this time. The loan rates were based on a percent of the parity prices of crops during the 1910-1914 period (Cochrane and Ryan, 1976).

The AAA of 1938 is considered part of permanent agricultural legislation. Current laws supersede the provisions of this legislation, but if current legislation expires without new legislation enacted, the law will revert back to the provisions contained in this act (Knutson, Penn, and Boehm, 1990).

The Agricultural Act of 1948 and 1949 revised the parity formula because the relative crop prices of a 1910-1914 base did not adequately reflect the current economic conditions. The law made price supports mandatory at ninety percent of parity for 1949 basic crops including corn, wheat, rice, cotton, peanuts, and tobacco. It also included a provision which stipulated that in 1950, parity would be reformulated to consider average prices of the past ten years as well as the 1910-1914 base period (Tweeten, 1989). These laws make up the crux of the permanent legislation which is still effective in amended form.

In 1949, a farm program was advanced by Secretary of Agriculture Charles Brennan that was considered a departure from past programs. A key feature of the Brennan plan was to shift to an income standard instead of the parity price standards as a measure of a "fair" return to farmers. The price support standard would be the level of individual commodities necessary to raise farm income to that in the base period. A second feature of this plan was

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4The moving base for income was originally 1939 to 1948, with the earliest year dropped and a new one added each year.
that the prices of perishable commodities would not be supported in the market. Instead, commodities would be sold at market clearing levels and compensatory, or direct, payments would be made to farmers on the difference between the market price and the support price5. Another important feature of the Brennan Plan was that supports would be limited to 18,000 units, where a unit was defined as ten bushels of corn, eight bushels of wheat, or fifty pounds of cotton. It was estimated that 2 percent of farms would be excluded from coverage of their full production.

This plan was presented to Congress as the Administration's alternative to the Agriculture Act of 1948. It received enthusiastic support of President Truman and many economists, but was strongly opposed by all of the major farm organizations, except the National Farmers Union. Farm organizations were not pleased that it discarded the "comfortable" price parity tradition and farm income would come from the Treasury, rather than the market. Congress was also opposed to the program because of the high costs that would be incurred by the government. Thus, the program was defeated in Congress (Cochrane and Runge, 1992).

In 1952, Dwight D. Eisenhower was elected President and appointed Ezra Taft Benson to the office of Secretary of Agriculture. Secretary Benson was not a supporter of government intervention in the economy and wanted to move towards a system of flexible and market-oriented price supports for agriculture. Meanwhile, farm prices were in decline while productivity was increasing rapidly due to technological advances. After the Korean War in 1953, large surpluses began to develop and Secretary Benson, with the help of the American Farm Bureau Federation (AFBF), attempted to persuade Congress to accept flexible price supports (Cochrane and Runge, 1992).

Benson won a limited victory, due to the support of the Republicans in Congress and the AFBF, and the 1954 Agriculture Act included the first provisions for a flexible price support. The measure went into effect in 1955 for basic crops, at 82.5 percent of parity to

5This program is very similar to the current structure of deficiency payments.
90 percent. The act also authorized a CCC reserve for foreign and domestic relief (Cochrane and Ryan, 1976).

Although the Administration opposed strict production controls and price supports had been lowered for wheat, feed grains, and cotton, total farm output was still growing and net farm income was in decline. In response to this problem of commodity surplus, the Administration, with the support of farm leaders, created two programs: Public Law 480 and the "Soil Bank".

Public Law 480 (P.L. 480), otherwise known as Food for Peace, was approved in 1954. The purpose of this program was two fold. It provided financial assistance for farm exports and created a market for U.S. surpluses (Tweeten, 1989). This program became a policy tool that helped U.S. farmers avoid disaster by expanding foreign demand. Although the impact of food aid on receiving nations was not an issue at the time, this program has become increasingly controversial.

The Agriculture Act of 1956 also initiated the Soil Bank, which withdrew farmland from production to reduce the amount of surplus commodities grown. This was the first large scale attempt since the 1930s to bring production in line with utilization (Tweeten, 1989).

Originally, there were two programs that made up the Soil Bank. The first was an Acreage Reserve Program which aimed to adjust short run production by paying farmers to take their land out of production. This program operated from 1956 to 1958. In 1957, 21 million acres were taken out of production so that no crop could be harvested nor could the land be pastured (Cochrane and Runge, 1992).

The other half of the Soil Bank was a Conservation Reserve Program (CRP) which paid farmers to divert below average cropland into long-range conservation uses. It was a

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6The controversy surrounding P.L. 480 will be discussed in greater detail in Chapter III.2.B.1.

7These contracts usually ran from three to ten years.
general cropland retirement program and was not directed towards any specific crops. The first acres went into this program in 1956 and the last came out in 1972. At its peak in 1960, 28.6 million acres were enrolled in this program.

Neither program was particularly effective in accomplishing their respective goals. There was a high cost associated with removing crops from production, rural areas were dissatisfied with provisions which allowed whole farms to be taken out of production, and total farm output was not reduced. Therefore, the ARP was ended in 1958 and the CRP was not promoted after 1959\(^8\) (Cochrane and Runge, 1992).

By the early 1960s, crop surpluses had built up to extremely high levels. The Kennedy Administration took office with the belief that the farm problem could be corrected by a combination of demand expansion and mandatory production controls. Secretary of Agriculture Orville L. Freeman, established a three-part policy that was designed to stimulate demand and reduce surpluses. The main goal of the policy was to meet the food needs of those living in poverty domestically. It also had objectives of providing food aid to poor nations and expanding commercial exports wherever possible (Cochrane and Runge, 1992).

To accomplish the goals set forth by the Kennedy Administration, the Food Stamp Plan was introduced, P.L. 480 was emphasized, and the Kennedy Round of trade negotiations of the General Agreement on Tariffs and Trade (GATT) was promoted to expand commercial trade. It was recognized, however, that more than demand expansion activities were needed to solve the surplus problem. Thus, a system of supply management devices were introduced to Congress, however, the legislation died in committee (Tweeten, 1970).

The Food and Agriculture Act of 1962 gave wheat farmers a choice of two alternatives. The first authorized an emergency wheat program with a voluntary diversion of wheat acreage and a continuation of the feed grain support program. It also included a marketing certificate program for wheat. Wheat producers, required to approve its marketing quota, rejected the program. The rejection stemmed from a well organized lobbying

\(^8\) However, a new version of the CRP would return in the 1985 Farm Bill.
initiative led by the American Farm Bureau Federation. The second alternative included a price support of 50 percent of parity and no marketing or planting quotas. It was very close to a free market system, but wheat farmers saw little economic advantage in this program and voted it down in the hopes that the Administration would put forth a proposal better than the previous two. (Cochrane and Runge, 1992).

The first multi-year farm legislation was the Food and Agriculture Act of 1965. It provided a four year commodity program for wheat, feed grains, and upland cotton. In 1968, it was extended an additional year and was effective through 1970. A long-term cropland diversion program was introduced under the Cropland Adjustment Program. This allowed cropland to be retired during five or ten year contract periods for conservation purposes (Tweeten, 1989).

In 1970, the initial Agriculture Act was legislation that did not receive any support from farm organizations. In fact, it was opposed by all the major farm groups for a variety of different reasons. Neither Congress nor the Secretary of Agriculture had enough strength to enact the bill, however both wanted to help farmers. Therefore, they reached a compromise that was widely accepted. (Tweeten, 1989).

The 1970 Agriculture Act introduced a short-term partial land retirement program, the set aside concept, in an effort to allow market prices to play a greater role in production decisions. A payment limitation of $55,000 per person per crop was also set (Tweeten, 1989).

The Agricultural and Consumer Protection Act of 1973 was drafted in an environment of excess demand, which differed from any bill proposed since the 1930s (Tweeten, 1989). Former price support payments were replaced by the introduction of target prices and deficiency payments (Hallberg, 1992) and the parity formula was dropped in setting future target prices. Payment limitations were set at $20,000 for all program crops. The 1973 legislation also authorized disaster payments and disaster reserve of inventories to alleviate distress caused by a natural disaster (Cochrane and Ryan, 1976).
The Food and Agriculture Act of 1977 increased the price and income supports and established the Farmer-Owned Reserve for grain. In return for the loan and storage payments, farmers agreed not to market their grain for a three-year period, unless the average farm price reached the release price. The 1977 Act also introduced a two-price peanut program that began with the 1978 crop.

The goal of the 1981 Act was to make U.S. commodities competitive abroad. Specific target prices were set for four years, rice allotments and marketing quotas were eliminated, and dairy supports were lowered. It was a significant step for the Administration to lower the support prices since it broke precedent. However, Congress was able to pass legislation that maintained the structure of the 1977 legislation and provided farmers with a modest increase in income and price support despite the stiff opposition of the Reagan Administration (Cochrane and Runge, 1992).

Although an increase in income and price supports passed Congress, implementation of the programs was left up to the administration. Therefore, the Reagan Administration implemented a weak ARP for corn and wheat. These weak controls coupled with good weather led the 1982 crop to record breaking levels.

Another departure from precedent was realized when budget pressures caused an adjustment in farm support prices. The Omnibus Budget Reconciliation Act of 1982 froze dairy price supports and mandated loan rates and ARPs for 1983 crops. The same year, a voluntary dairy diversion program and a dairy promotion program were introduced in the Dairy and Tobacco Adjustment Act. The dairy diversion program operated for fifteen months and was the first supply control attempt in the dairy industry (Hallberg, 1992).

The watershed act in contemporary farm policy is the Food Security Act of 1985.

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9This program is similar to the present peanut program that establishes one price for quota peanuts and a lower price for "additionals".

10Farmers who agreed to reduce their milk marketings by 5-30 percent below their base period production received $10 per hundredweight for each 100 pound reduction.
This legislation called for lower price and income supports and reduced dairy supports, while initiating a dairy herd buy-out program. Marketing loans were approved for cotton and rice where the government would pay the difference in the price between the support price and the export price using payment-in-kind\textsuperscript{11} (PIK) certificates. This created another form of two-price system (Cochrane and Runge, 1992). The Act also re-established a Conservation Reserve Program (CRP) targeted at enrolling 45 million acres of cropland that was considered to be highly erosive (Tweeten, 1989).

The 1985 farm bill paid special attention to conservation and environmental issues. "Swampbuster" provisions were enacted which eliminated USDA farm program benefits for crops grown on wetland converted after 1985. This was accomplished by linking farm program benefits to compliance with wetland protection measures. Conservation compliance was also included in this legislation as part of the highly erodible land (HEL) conservation subtitle. Conservation compliance requires that all HEL be cropped according to a USDA-approved conservation plan in order for farmers to remain eligible for USDA commodity program benefits. When this program was introduced it was not popular with interest groups or lawmakers. Instead, it was included in the 1985 legislation as a mechanism to hold down the costs of implementing the CRP program (Norris and Clark, 1995). In addition, although the Tax Reform Act of 1986 was not formally considered a wetland policy, it eliminated preferential treatment of capital gains and placed restrictions on expensing farm drainage investments (Danielson and Leitch, 1995).

In 1989, the Secretary of Agriculture received discretionary authority to trigger marketing loans for wheat, feed grains, and soybeans, in the Omnibus Trading and Competitive Act of 1988. These measures could only be implemented if it could be determined that unfair trade practices existed. The legislation revised the statutory

\textsuperscript{11}A payment-in-kind (PIK) certificate refers to payment in commodities instead of cash. These certificates had a stated value that were redeemable for specified commodities and products from CCC stocks or in the face value cash equivalent.
procedures for dealing with unfair trade practices and import damage to American industries. The Secretary was also given authority to extend the export programs (Cochrane and Runge, 1992).

The Food, Agriculture, Conservation and Trade Act of 1990 continued agriculture's progression toward a more market oriented direction. Minimum target prices were frozen and more planting flexibility was allowed. This five year farm bill also included new titles such as rural development, forestry, organic certification, global climate change and others. The 1990 farm bill also introduced the Wetland Reserve Program which provides incentive to restore cropland converted from former wetland (Danielson and Leitch, 1995).

A key aspect of the 1990 legislation was that budgetary pressures caused further changes in farm programs. A mandatory 15 percent planting flexibility for program crops and assessments on certain other crop loans and incentive payments were included in the Omnibus Budget Reconciliation Act of 1990. The 1993 Budget Act subsequently reduced farm spending $3 billion over the next five years (Cochrane and Runge, 1992).

These programs have set the stage for the 1995 Farm Bill. Many farm programs have proven to be out of date and out of touch with the current needs of the agricultural community, but the question still remains about what can be done. As this history has shown, farm policy has developed in incremental stages and it is rare that innovative new ideas and programs were readily accepted and implemented even if they later proved to be beneficial. It also shows that when new ideas were accepted, it was often toned down significantly in order to receive support.

II.3. Political Economy Models and Framework

Political economy theorists, such as Buchanan (1980), realize that government intervention is required when markets fail to optimally allocate resources due to externalities or other market distortions. It is at this juncture when individuals, groups, and coalitions,
organize to participate in the policy process. However, this sometimes causes the government to intercede where it is not necessary.

In this study, all of the political economy models included share the assumption that economic agents are rational and strive to maximize their objective function. Differences arise on the presumed behavior of agents and the methods by which political preferences are revealed (Swinnen and van der Zee, 1993). This section will focus on the discussion of political economy models and interactions among the models.

Gary Becker (1983) presents a general equilibrium model of political competition among interest groups. Unlike other political economy models, Becker assumed voters, politicians, and political parties transmit the pressure of interest groups and, therefore, only interest groups were included explicitly in his model. Becker asserted that the competition that existed between these groups for political influence, determined the equilibrium structure of welfare gains and losses. To gain influence, groups spend time, energy, and money on the production of political pressure. This production of political pressure combined with the pressures of other groups and an exogenous political institutional structure determines the amount of influence a group will be able to demonstrate (Swinnen and van der Zee, 1993).

According to his framework and analysis, Becker concludes that groups harmed by policies that reduce efficiency have the "intrinsic advantage" of success, as do groups that benefit from policy that increases efficiency. However, the stakes and amount of effort applied to a cause by each interest group could alter the expected results. A heavily subsidized industry, such as sugar, can overcome their "intrinsic disadvantage" with efficiency within their organization and their lobbying techniques.

Another model of political economy presented by Swinnen and van der Zee (1983), also emphasizes the self-interest-motivated behavior of those involved in the policy process, but voters, politicians, pressure groups and their coalitions play an active role. Authors, including Rausser and Freebairn, who prescribe to this view have attempted to quantify bias
demonstrated in agricultural policies towards particular groups by developing a political preference function (PPF) (Swinnen, et al., 1993). This approach assumes that a policy maker maximizes a weighted objective function subject to economic constraints. To obtain weights for the PPF policy makers can be interviewed, preferences can be revealed or the researcher can assign weights according to his own beliefs. However, if fixed-weight PPFs are used, linear political indifference curves are implied, although according to theory, one expects them to be convex (Swinnen and van der Zee, 1993). As Gardner (1989) points out, the usefulness of PPFs is then limited as the weights can only be assumed constant over a short planning horizon. Swinnen and van der Zee (1993) also point out that PPF analysis also falls short in establishing the preference structure although it includes government preferences.

Although Gardner also agrees with self-motivated-behavior, he does not utilize the PPF because of its limitations. Instead, he asserts that redistribution to producers can be quantified as "gains in economic rents at the expense of the taxpayers income and consumers' surplus" (Gardner, 1987). He used a classical analysis approach and defined the costs of redistribution in terms of dead weight loss to society\textsuperscript{12}.

Gardner approaches political economy from a different angle than the authors previously discussed. Becker, and Swinnen and van der Zee used a general equilibrium model implicitly assuming the political influence of each group differed. Gardner, on the other hand, used a partial equilibrium model and proved that all commodities would not be treated the same even if their political influence was equal. He argued that higher subsidies would be paid for commodities less elastic in supply.

Gardner supports the economic factors that Becker and others have outlined to be

\textsuperscript{12}The amount of dead weight loss to society depends on the policy implemented and the corresponding elasticities of supply and demand. For example, Gardner shows that production controls are more efficient when elastic supply and inelastic demand are present, whereas, subsidies are preferred when supply is relatively inelastic and demand elastic.
important to the political power of an interest group\textsuperscript{13}. However, he outlines characteristics of a commodity that would also demonstrate relevance. Gardner felt variables that should be considered were the number of producers, their geographical dispersion, the importance of the commodity to each producer's income, and the stability of the industry. Although Becker (1983) thoroughly addressed the number of producers associated with each commodity, Gardner felt the other factors needed further development.

Gardner concluded that there are three important factors that influenced the political success of interest groups. First, there was evidence that greater dead weight losses per dollar transferred reduced the amount of intervention. Also, there was an optimal size for interest groups and membership larger or smaller than this optimum would result in less intervention. Finally, the commodity's position related to imports and exports was deemed to have an effect on political prowess, with imported goods such as sugar receiving more protection.

Another important factor in determining the activities of interest groups lies in the amount of net gain or loss that is experienced by each individual agent. A prime example is the peanut program. This program supports 15,000 producers, yet its cost is spread among all domestic consumers. Because the base from which the funds are taken is so immense while the recipients relatively few, it is much more important for producers to lobby to maintain a peanut program than for taxpayers to lobby for its demise.

II.4. The Effects of Trade on Domestic Policies

As mentioned in Chapter I, the completion and implementation of the Uruguay Round GATT Treaty is one of the conditions that establish the current setting for reform. As such, trade policy is becoming increasingly important to producers. Most commodity

\textsuperscript{13}These factors include the costs of organizing, addressing the free-rider problem, formulating a common position, and fighting opposition.
prices are directly tied into the world price and it is, therefore, in the best interest of farmers to stay abreast with trade negotiations and relations. With this in mind, this study would be neglecting an important facet of agriculture policy if the effects of trade policy on domestic policy were not discussed, at least not in theory.

Putnam (1988) presents a general equilibrium two-level game theory approach to explain the process of formulation of an international trade policy that is rational both domestically and internationally. The bargaining that takes place between negotiators is referred to as Level I. Level II is the debate that takes place among respective constituents on whether to ratify the agreement. Putnam also introduces the concept of a win set\(^\text{14}\) in his analysis. The relative size of win sets are often used as negotiating tools. Larger win sets make Level I agreements more likely, while smaller win sets increase the risk of the collapse of the negotiations.

Putnam concludes that governments may adopt policies in an international setting that differ from those that would be pursued in the absence of international negotiations. That is to say, leaders may agree to policy measures they would not have if they only had their domestic interests in mind. In addition, the passage of international agreements are contingent on the support of a powerful interest groups within each country who approve the measure on domestic grounds.

Another example of an interest group game theory approach in international negotiations is presented by Johnson, Mahe, and Roe (1993). They develop a partial equilibrium model to estimate a noncooperative agricultural policy game. The model approximates the actual policy instruments negotiated and provides a quantified measure of the effect of varying agricultural policies on producers, consumers, taxpayers, and agricultural interest groups.

Johnson, Mahe and Roe utilize the PPF discussed in the previous section and also

\(^{14}\)The win set for a given Level II constituency would be the set of all possible Level I agreements that would gain the necessary support for ratification.
assume that negotiators are motivated by political gains represented in the PPF as opposed to maximizing net social welfare. In their one-period game, the government chooses its PPF maximization policy, given the policies of the other country. In this framework, countries would not reach agreement unless both were made better off. However, it is necessary for each government to weigh welfare gains of some group against the losses of other groups because agricultural policies are often structured to benefit one group at the expense of another.

The authors conclude that substantial trade liberalization will only materialize if some form of decoupled payments are used. This allows both countries to liberalize and realize political and net social gains that may not be achievable without decoupled payments.

II.5. The Difficulties of Reform

There have not been any major changes to the structure of agricultural policy since World War II. As demonstrated in Section II.2., modifications that have taken place were incremental and in stages (Bonnen and Browne, 1989). Drastic or "radical"\(^{15}\) reform measures were rarely implemented, although many were proposed.

Bonnen and Browne (1989) offer an analysis of the transaction costs involved that deter reform of agricultural policy. Transaction costs include the cost of obtaining information about specific issues, the cost of negotiating an agreement, and the cost of enforcing the new agreement. In some ways, transaction cost analysis can be related to Putnam's (1988) two-level game theory approach. Both address the complexities and difficulties of negotiations and the resulting policy in their models.

Bonnen and Browne (1989) also promote the concept that there is a reluctance among policy makers to reform agricultural policy during times of greatly changed economic conditions.

\(^{15}\) "Radical" refers to proposals that would eliminate the current structure and offer an alternative method of support.
circumstances. They contribute this slowness to organized interests and elected politicians who want to avoid the high transaction costs and the political risk involved. However, one key ingredient for reform of agricultural policy is that the distribution of power changes and a consensus on a solution can be reached.

Don Paarlberg (1989) responds to the Bonnen and Browne theory by asserting that the prospects for changes are greater than the prospects presented by the transaction cost model. He feels that a combination of forces could encourage reform. Paarlberg presents the economic and political conditions that prevailed on the eve of the 1990 Farm Bill. He felt that the combination of former President Bush's desire to scale back commodity programs, and the support he received from Secretary of Agriculture, Clayton Yeutter, and, Senate Agriculture Committee Chairman, Patrick Leahy combined with budget restrictions would facilitate reform. However, these prescriptions did not lead to reform of the 1990 policies.

Another theory expressed by Mancur Olson is explored by Jonathan Rauch in *Demosclerosis*. Olson pointed out that organizing a group to seek collective benefits is difficult. The formation of a group faces many obstacles before it is successful. Initially, the group faces a battle against skepticism and apathy, there are financial obligations, and the risk of failure is eminent. Although this group formation "takes a good deal of time to emerge", as Olson wrote, once these groups form they rarely disappear. Instead, "they usually survive until there is a social upheaval or some other form of violence or instability". These two inputs combine to form Olson's main conclusion: "Stable societies with unchanged boundaries tend to accumulate more collusions and organizations for collective action over time". This conclusion rests on the assumption that the country is stable enough to support the time it takes pressure groups to form and affix themselves as part of the political operation (Rauch, 1994).

This theory then goes on to explain that if a cataclysmic event were to take place, such as foreign occupation or revolution, the existing government might be abolished, and
with it the network of interest groups. When the upheaval is ended, and rebuilding begins, the new government would be free from protective policies and anti-competitive deals. Thus, Olson concludes that if coalitions have been abolished the new government should grow relatively quickly, without the "hindrance" of interest groups, after it has stabilized (Rauch, 1994).

The economic outcomes of several countries who have experienced upheaval and the dissolution of coalitions lend credence to Olson's theory. The economic development of West Germany and Japan after World War II exemplifies the growth that took place after resources were freed from interest groups. Olson also noted that Great Britain is a nation "with the longest immunity from dictatorship, invasion, and revolution" and in this century it has had "a lower rate of growth than other large, developed democracies" (Rauch, 1994).

Although this theory offers some intuitive guidance, the concept is very difficult to test empirically. Olson attempted a statistical test that compared the economic growth of each of the 48 continental states and the amount of time they had been settled. The results were supportive of the theory. States of the former Confederacy which suffered governmental upheaval in the Civil War were shown to have "faster-than-average" economic growth as did Western states which were more recently settled. The pattern also seemed to hold within regions and municipalities. The most economically troubled cities tend to be older where interest groups tend to wield more power. However, this study is hardly conclusive and some scholars feel his theory is too broad or fatalistic.

Rauch's own theory is that demosclerosis, or the government's progressive loss of the ability to adapt, is a gradual, but continuing process that can only be stopped by a long term change in behavior. He feels that a disciplined regime of self-reform must be consciously undertaken. Rauch asserts that demosclerosis occurs because change is facilitated in one direction more than the other. In other words, although it is difficult to create a new subsidy it is harder to reduce an existing one because there already exist beneficiaries to the program (Rauch, 1994).
II.6. Summary and Conclusions

This chapter began by offering a brief history of farm programs. This history provides insight into the determination of policy and the time period and economic condition that prevailed when certain policies were implemented. Although agricultural policy has gone through many changes over the years, the net effects are basically still the same, as is the goal, to improve net income to farmers.

This chapter went on to outline some of the progress that has been made in modeling economic theory with political realities. In essence, political economy encompasses an underlying assumption that taxpayers are willing to support government intervention for the purpose of redistributing income to producers. However, the manner in which this goal is accomplished lends itself to rent seeking behavior and interest group participation in the policy process. The lobbying initiated by interest groups is spurred out of self-interested motivation. Therefore, the degree to which interest groups will expend their resources and develop their political power depends on the amount of economic rent that is available.

The authors describe various characteristics that are important for an interest group to possess in order to maximize its utility function. The size of the organization, the degree to which the free-rider problem can be addressed, and the level of efficiency demonstrated by the transfer are all important. However, the most important factor, and probably the most intuitive, is the amount of net gain or loss that is experienced by each individual agent. It is the most intuitive because it is repeatedly demonstrated in various legislation before Congress.

Finally, the chapter addressed some of the issues that may hinder the reform process. If the reform measures are too great, Congressmen risk being re-elected. Although many may have campaigned on the issue of reform, the reality of staying in office exists. Thus, policy makers in general are cautious about the reform measures that they pursue.

Another theory discussed asserted that it was easier to promote "reform" by creating
new subsidies and programs than eliminating the ones in existence. This is based on the interests of lobby groups and others involved in the political process. Thus, it is more likely that less people who will be adversely affected by the new proposal will fight against it than the people who will lose benefits if an existing subsidy is removed.
CHAPTER III
BACKGROUND OF IMPORTANT ISSUES AND LEGISLATION INTRODUCED IN THE 1995 FARM BILL

III.1. Introduction

An outline of the agricultural interest groups and the manner in which they will be handled in the thesis was presented in Chapter I. An overview of the history of agricultural policy before the 1995 debate was addressed in Chapter II. This chapter will provide a review of the main issues in the 1995 farm bill debate.

Comprehension of the background and the policy process will aid in understanding how interest groups play a role in the outcome of policy. Section III.2. will address the five broad categories of issues and concerns that have been identified to be important to interest groups. Section III.3. will detail the policy process and various bills that were introduced during the debate. Section III.4. provides a summary and conclusion of the relevant legislation and issues addressed in the 1995 Farm Bill debate.

III.2. Topics in the Farm Bill Debate

Although the previous chapters touched on some of the main issues in the current farm bill debate and even the programs in place, there has not yet been a thorough outline of the politics behind the programs. This section will address some of the political reality that determines legislation. It will provide insight to the issues important to interest groups and some of the pressures on the farm programs. Five broad areas will be addressed: budget, trade policy, support programs, environmental policy, and research, rural development, and nutrition.
III.2.A. Budget

It was widely accepted that fiscal constraints would be one of the driving forces determining the outcome of the 1995 farm bill legislation. Therefore, groups took action to either maintain or reduce the cut in overall spending on agriculture; virtually no group asked for additional funding. Since 1977, farm bills have been authorized for either 4 or 5 years for the convenience of Congress. The 1995 Farm Bill proved to be different. Congress developed a plan to balance the budget over seven years and Senate Agriculture Committee Chairman Richard Lugar (R-Ind) felt negotiating five year cuts for agriculture was inconsistent with the budget process and could be difficult to reconcile. Therefore, he insisted that the farm bill be effective for seven years (Policy Report, June 26, 1995).

The Senate and the House Budget Committees each produced a budget resolution that was voted upon in the respective bodies. The resolution then went to conference committee where one target number was established for the authorizing committees. After this process was completed, the House and Senate Agriculture Committees negotiated that part of the farm bill that had budget impacts. After the authorizing committees prepare the legislative provisions with budget implications it goes to the budget committees.

During the reconciliation process, each authorizing committee was mandated to return to the budget committees draft legislative provisions to cut spending to target levels. The reconciliation bills are subject to amendment as they are considered by the respective bodies. Once passed by both houses, the bills must be reconciled. Any differences are worked out during the budget reconciliation conference and once accepted by both Houses it goes to the President for his signature (SCI Washington Report, April 1995).

III.2.B. Trade Policy

Trade policy was also an important facet of the 1995 farm bill debate. Trade policy was at the forefront during the NAFTA and, subsequently, GATT negotiations. The implementing legislation for these two historic agreements has also placed some constraints
on proposals for the new farm bill. For example, the dairy industry is proposing a new structure for their program, but they are being very careful to make sure that it falls within the realm of "GATT-legal". The term "GATT-legal" is partly subjective, although the new World Trade Organization (WTO) does provide an enhanced dispute settlement process. To some degree the subjectivity depends on how much the Administration wants to follow the spirit of the agreement. The Clinton Administration has made it clear that they intend to uphold the letter, as well as the spirit of the agreement. Therefore, it is up to the dairy producers to prove that their proposal is within the allowable policy range. To give credibility to their proposition they have hired Hogan and Hartson law firm in order to have former Secretary of Agriculture Clayton Yeutter lobby their case (Policy Report, June 26, 1995).

III.2.B.1. Export Subsidies

Generally speaking, an export subsidy is a government payment per unit of product exported. These subsidies are designed to expand exports by reducing the price of goods that enter the world market. Sometimes these programs are needed to offset the high commodity prices induced by other domestic programs or they are initiated to reduce stocks.

The subsidy raises the cost to the U.S. consumer, but reduces the export price. U.S. exports are increased relative to conditions of free trade, but production in the rest of the world falls, since foreign producers do not have the competitive advantage. Therefore, there is an economic gain for U.S. producers and foreign consumers, while foreign producers, U.S. consumers and U.S. taxpayers suffer an economic loss.

Although everyone does not receive the same benefits from trade, interest groups in both importing and exporting countries lobby for and against protectionist policies, such as the export subsidy. Some groups have called for trade restrictions to be eased and funding cut from export subsidies before it is required by the GATT. This assertion is made on two simple, yet provoking arguments. First, the United States budget cannot sustain subsidy
payments on the Export Enhancement Program\(^1\) (EEP) and the Dairy Export Initiative Program\(^2\) (DEIP) to match the spending of the European Union. Second, if the United States initiates the move to reduce subsidy payments before it is required, other countries may follow that lead. Proponents feel this is particularly true of the EU which is also facing severe budgetary constraints.

Opponents to this proposition cite that U.S. agriculture will be at a serious disadvantage if the EU continues to subsidize at current rates. They also feel that unilateral disarmament of subsidies lowers the negotiating power of the U.S. in future trade rounds.

Debates have also arisen over the effectiveness of "green box" programs, such as the Market Promotion Program\(^3\) (MPP). Daniel Sumner is quoted as saying at a American Enterprise Institute conference, "just because a program is GATT-legal it does not mean it is good for the country" (AEI, 1995). Others have backed this assertion pointing out that much of the money for MPP goes to well established firms that have large marketing budgets already, such as McDonald's, Pillsbury and Gallo Wines. A coalition to end MPP

\(^{1}\)The Export Enhancement Program subsidizes exports of wheat, flour, barley malt, rice, poultry, pork, and table eggs in order to help U.S. exporters meet competitors' prices in subsidized markets. Under EEP, exporters are awarded commodity certificates which are redeemable for CCC-owned commodities, enabling them to sell certain commodities to specified countries at a level below the U.S. market price (Pollack and Lynch, 1991)

\(^{2}\)The Dairy Export Incentive Program offers subsidies for exports of milk powder and butter. This program was established to assist dairy exporters compete with other subsidized countries. Payments are made by the CCC on a bid basis either in cash, in-kind or through certificates redeemable for commodities (Pollack and Lynch, 1991)

\(^{3}\)In the 1990 Farm Bill the Targeted Export Program was renamed the Market Promotion Program with a slightly broader intent. MPP is designed to help develop, maintain, and expand markets for agricultural products by establishing an annual funding level of at least $200 million from fiscal years 1991-1995 (Pollack and Lynch, 1991).
feels that these firms would use their own money to advertise. While proponents of MPP admit that there are some misallocation of funds, they argue other firms need the money and will use it efficiently and effectively.

Discussions have also come up as to the humanitarian nature of the food aid program. Programs like P.L. 480, export grain to developing countries at prices below the world market price. Initially, the program had a two-fold purpose, to feed people in need and to move some of the high U.S. grain stock. Despite good intentions, however, its effects have been debatable. It is not uncommon for the economies of developing countries to depend upon agriculture. In fact, because many of these countries have large populations with limited capital, they gravitate towards a relatively labor intensive industry, such as agriculture. When the United States exports grains into those countries at below market price, the farmers find themselves in a very difficult situation and many have been displaced. Proponents of P.L. 480 assert that these countries would import grains regardless and therefore, they are receiving the benefits of lower prices.

III.2.B.2. Import Quotas

Import restrictions are another form of protection in place for dairy, peanut, and sugar products. An import quota sets a limit on the quantity of a product that can be imported into the United States. The 1994 Uruguay Round GATT agreement required the "tariffication" of all non-tariff barriers including the import quotas of the U.S. and EU's variable import levies. This provision has eliminated the existence of import quotas, but equivalent tariffs can be set that have the same effect on prices and quantities.

Import restrictions result in a higher price of a given commodity for U.S. consumers and a lower price for the rest of the world than would exist under free trade conditions. The quota limits competition to U.S. producers and therefore provides them

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'Tariffication refers to the conversion of non-tariff barriers into their tariff equivalents, using a 1986-88 base.'
with economic gains. Foreign consumers also experience economic gains. However, domestic consumers and foreign producers experience economic losses due to this policy.

III.2.C. Support Programs

One of the most encompassing issues, with perhaps the most far reaching implications, are the level and type of support programs implemented for farmers. There are several ways the government can attempt to offer farmers a safety net and most producers and processors are effected directly or indirectly by these government programs whether they participate or not. Therefore, many farmers find it necessary to be involved in lobbying activities, even if it is through a larger organization, to take a stand in formulating the policy.

III.2.C.1. Set-Aside Programs

Most of the support programs can not be evaluated on its own efficiency and effectiveness alone, budget and trade matters must also be considered. An example of this are the set-aside programs, including the Acreage Reduction Program (ARPs). ARPs are a voluntary land retirement program that requires a certain percentage of a farmer's cropland be removed from production in order to be eligible for farm programs, like deficiency programs and nonrecourse loans. The primary objectives of ARPs are to reduce the supply of program commodities produced in response to high support prices and raise the price of these commodities in the market place.

Farmers have objected to ARPs but eliminating them could raise farm program costs in terms of higher deficiency payments and storage costs. The Congressional Budget Office (CBO) asserts that if ARPs are eliminated, the price of commodities will increase and more acreage will be eligible causing deficiency payments to increase $8.7 billion.\(^5\)

\(^5\)This number was eventually revised to $6.5 billion.
over five years (Congressional Quarterly, June 3, 1995). This would force Congress to find savings elsewhere. The outcomes and implications of the CBO study are important because the CBO baseline guides spending cuts in the budget reconciliation process.

Eliminating ARPs is of specific concern to groups categorized as export promoters. Many argue that fewer foreign acres would be in production were it not for domestic set-aside programs that are doing damage to our export market by creating more competitors and reducing U.S. competitiveness in terms of higher commodity prices. This problem has led the Federal government to offer export subsidies in order to reduce U.S. commodity prices overseas.

Another draw-back of ARPs is that it distorts the market by giving incentives to farmers to produce program commodities such as wheat and corn while many producers would make different planting decisions if they were considering market conditions instead of policy payments (Tweeten, 1989).

In general, ARPs are often considered the least effective method of controlling production. "Slippage" is a problem in set-aside programs that occurs because of three primary reasons. First, not all farmers participate in the farm programs. Next, if a farmer does participate, then he logically takes the poorest land out of production. Finally, the acres that remain in production are farmed more intensively (B. D. Gardner, 1995).

Experience with set-asides show that an ARP of 15 percent results in a three percent decline in production, which indicates 80 percent slippage. However, when the amount of land set-aside is higher, the program becomes more effective because more productive land tends to be set aside (Knutson, et al., 1990).

III.2.C.2. Target Prices and Deficiency Payments

Target prices are another mechanism by which the government guarantees farmers

\footnote{Slippage refers to the difference between the size of the set-aside and the actual reduction in production.}
a return on their crop. This tool provides direct payments to farmers who participate in the program. The target price is generally set by Congress and payments are made to producers, who produce wheat, feed grains, cotton, and rice on the difference between the target price and the market price. These payments are referred to as a deficiency payments.

When the target price is set below the market price, the policy has no effect on the market, equilibrium is reached, and no deficiency payments are made. When the target price is set above the market price, a deficiency payment is made on the area between the target price and the market price. In times of very low market prices, the maximum payment is the difference between the target price and the loan rate.

The target price is only paid on producer's 'normal production' which is determined by a farmer's base acreage and farm program yield. Production history is used to determine base acreage and yield. Base acreage is fairly consistent and often fixed, but yields are updated regularly. Base acreages and yields are used to determine and issue deficiency payments (Knutson, et al. 1990). Assuming that the target price is set above the competitive equilibrium price, there will be an incentive to increase production. This increased production causes the market price to fall.

The target price differs from the loan rate in that it does not depress the quantity demanded. Instead, the quantity demanded is increased due to the lower price. Since demand is more elastic in the export market, the largest demand expansion is witnessed in the international arena. The quantity of production has increased and thus, total world supply has increased and the market price has become depressed below the competitive equilibrium price. Due to this internationally positive effect, economists often view target prices as an indirect example of an export subsidy (Knutson, et al., 1990).

In general, the target price program benefits the consumer with lower prices. The producer receives gains of income support and some protection against risk. However, the government, and consequently taxpayers, bear the brunt of the monetary expenditures since in essence it is a direct payment to producers. A dilemma exists, however, because the
consumers who benefit from target prices are also the taxpayers who financially support the program. Consumer interest groups are not willing to expend limited resources and lobby for the elimination of a program that brings lower food prices and taxpayer groups will first target other programs from which they, as consumers, do not receive any benefits.

Although most groups do not hold strong positions on target prices and consumers and producers both benefit from the program, it is an inefficient program. An artificial incentive to increase production exists, therefore resources are misallocated. This could draw additional resources into the agricultural industry based on policy implications instead of market factors.

III.2.C.3. Non-recourse Loan Rate

Non-recourse loans are structured to provide price and income support by essentially setting a floor on the market price. At harvest, the Commodity Credit Corporation (CCC), a government corporation, offers a farmer a nonrecourse loan where his commodity serves as the collateral for the loan. A nonrecourse loan is designed so that if the farmer does not sell the commodity by the due date, the commodity becomes the property of the CCC as payment for the loan (Knutson, et al., 1990). If the loan rate is set higher than the market price, producers have the incentive not to sell their crop on the market. Instead, they choose to sell their crop to the government, which leaves the government with huge stocks that must be stored in times of low market prices.

In recent years, many commodities no longer depend on the loan rate as it has been consistently lower than the market price. However, since the 1930's, Congress has found that raising the loan rates was often the easiest and quickest way to respond to low farm income and prices (Knutson, et al. 1990).

Taken one step further, the loan rate can also influence the demand for exports, if it is set above the market clearing price. Foreign customers may choose to purchase commodities from other countries where commodity prices are lower. Since export demand
is typically much more elastic than domestic demand, higher domestic prices result in a sharp
decline of export demand and consequently makes the U.S. less competitive in international

Consumer gains are also limited when market clearing prices cannot be accomplished
(B. D. Gardner, 1995). When the government stores the excess supply of commodities, it
is encouraging pricing inefficiency since the market is unable to respond to an increase in
supply. That is to say, in periods of high yields, prices adjust to a lower level in order to
reach equilibrium. However, if the government stores the increase in production, the
consumer will not pay lower prices, instead they will pay a relatively higher price.

Although consumers do not benefit from this price support program, farmers who are
not enrolled receive some advantages. When production levels are high and prices low,
many program participants forfeit their commodity to the government. Since the loan rate
is essentially the price floor, non-program farmers may receive higher prices than they would
have in absence of the program (B. D. Gardner, 1995).

When the loan rate is set at a level higher than the market price, an efficiency
problem exists because resources are not allocated optimally. Producers, both enrolled in the
program and not, recognize that they will receive a price that is higher than the market
clearing price and make planting decisions accordingly. This incentive to increase
production would lead to greater surpluses and thus, the government is encouraged to impose
production controls (Knutson, et al., 1990).

This supports the rent seeking theory that those individuals and groups who have the
most to gain (lose) from a policy will fight to maintain (repeal) it. Consumer groups have
never lobbied to remove the loan rate because direct food price increases are relatively small.
However, some agricultural interest groups like the National Farmers Union and the
American Agricultural Movement have fought to maintain and increase the loan rate in order
to raise farm prices and income. Other farm groups have not fought as strongly because of
the negative trade effects. Trade has become increasingly important to agriculture and since
a high loan rate reduces the competitiveness of U.S. prices it has not received support from many grain producers or exporters.

III.2.C.4. Marketing Loan Rate

In 1982, the loan rate rose above the market clearing price and CCC stocks rose. It took another four years, until 1986, when loan rates would be reduced enough to make the U.S. competitive in world markets. During this time, CCC stocks in wheat grew so large that the market did not clear for another two years. It was this same condition in cotton and rice that led the 1985 farm bill to adopt the marketing loan rate (Knutson, et al., 1990).

The marketing loan is a nonrecourse loan where the farmer can repay the loan at the world price. It effectively removes the price floor set by loan rates that are "too high" for cotton, rice, wheat, and feed grains. At harvest, a farmer receives a loan from the ASCS office at the loan rate, but when the commodity is sold, it is repaid at the world price. The farmer keeps the difference between the loan rate and the world price which is referred to as a marketing loan payment. Marketing loans and deficiency payments are very similar and have many of the same effects discussed previously. The main difference between marketing loan payments and deficiency payments is that marketing loan payments apply to all of the output of farmers. In addition, marketing loan payments have not been subject to a payment limitation7 (Knutson, et al., 1990).

While high loan rates do not allow the market to clear, marketing loans allow the market price to fall to a level that is lower than the loan rate. This allows the U.S. market to be more competitive and the market to clear without a surplus. Although government costs are higher, the additional marketing loan costs are a trade-off for the costs associated with continuing to carry high stock levels.

7Under USDA regulations, each person can only receive up to $50,000 in direct support payments, such as deficiency payments.
This program allows consumers to benefit from lower prices while producers still receive price and income support. The incentive to place commodities in storage is removed and the competitiveness of producers in the world market was restored from the times of high loan rates. The back fall of the marketing loans is the increased cost to the government. When the program was introduced in 1985, participation rates were very high due to low market prices and high target prices (Tweeten, 1989).

III.2.C.5. Acreage Allotments and Quotas

Acreage allotments restrict farmers to planting only a specific number of acres to a specific crop. In the past, acreage allotments have been used for crops such as rice, cotton, wheat, peanuts and tobacco. Today this policy mechanism is only in effect for peanuts and tobacco. A national program acreage is determined based on anticipated domestic and export needs; then divided among individual farms based on production history (Hallberg, 1992).

The effectiveness of acreage allotments was reduced, however, because many farmers tended to farm their restricted acres more intensely to increase yield (i.e. applying more fertilizer). To combat this side effect, acreage allotments are primarily used in conjunction with marketing quotas, which restrict the amount of a commodity a farmer can sell. Marketing quotas have traditionally only been implemented if two-thirds of producers vote for them in a referendum. If the referendum is passed, it is mandatory that all producers participate. Over the years, marketing quotas have been suspended for cotton, rice, wheat and feed grains, but still remain for domestically consumed peanuts and certain types of tobacco (Hallberg, 1992).

Allotments and/or quotas are used by governments to raise the price of a commodity above the competitive equilibrium price. When a high loan rate is present, allotments can be designed to eliminate surplus by reducing production. In the case where the target price and the loan rate are both set above the competitive equilibrium price, a surplus is created.
An allotment that shifts supply back will eliminate this surplus. However, this theoretical result does not always reflect reality. As mentioned before, allotments are often ineffective because farmers respond by farming more intensively. This form of production control has been made more effective by implementing a quota on the amount that can be marketed.

The marketing quota has a different effect on the supply schedule than the acreage allotment. Instead of shifting the supply curve back, a marketing quota makes the supply curve vertical. This vertical quantity stems from the fact that farmers do not have an incentive to change their inputs in order to increase their yield because the amount they can sell is restricted by the quota.

To better understand the effect of this program, an example of the peanut program is included. The peanut program allows a certain number of quota peanuts to be produced for domestic consumption and allows for "additionals" which are not quota peanuts used for export. In a derived demand scenario, supply is restricted at the quota limit. This causes a significant increase in the price to producers. In this framework, the corresponding price changes to processors and retailers are minimal by comparison.

Domestic peanuts, however, are not the only ones that are supported by the quota, additional peanuts are also given an indirect price support. Since additionals are exported, the export price determines the acreage in peanuts and the production per acre at the margin because farmers will produce up to the point where the marginal cost equals the export price (B. D. Gardner, 1995).

Quota holders benefit greatly from this program and lobby intensively to maintain it. Even peanut producers who do not have quotas or those who produce additionals support the program because they receive indirect price support. Consumers pay higher prices for peanuts, but the gain to producers outweighs the costs to consumers, and many consumers do not notice any price effects.

\^The true price effects depend on the elasticity of derived domestic demand for the commodity.
III.2.C.6. Other Programs

Different groups take various positions on these existing support programs and the potential of new programs, such as revenue assurance⁹. Each group has their own objective and agenda where the current support programs may help or hinder their cause. Some feel that the government should concentrate on phasing out support. Others assert that a safety net is needed for farmers and if the current structure of farm programs does not meet the needs of today's society, then pilot programs should be instituted to reform the system.

III.2.D. Environmental Policy

Environmental policy is another key area of debate. Many environmental/conservation organizations want to be sure that the gains made in environmental policy during the last two farm bills are not lost. They would like to maintain the current spending level allotted for conservation programs. The Conservation Reserve Program (CRP)¹⁰ is a popular program among farmers, environmentalists, taxpayers and Congressmen that pays farmers to idle environmentally sensitive land. Environmentalists approve of the positive conservation and wildlife effects. Congressmen support the program because it is one of the few production control programs that is widely accepted. However, although this program has hailed huge support from various sources it is an expensive program that often idles prime farm land.

⁹Revenue Assurance is a proposal put forth by the Iowa Farm Bill Study Team. They propose to eliminate all price support programs, disaster programs, bases, ARPs, and federal crop insurance. Instead, they propose to assure that each producer receives 70 percent of his five-year average gross income.

¹⁰Nearly 36.5 million acres of cropland has been bid into the CRP. CRP contract holders receive $1.8 billion annually.
As with ARPs, reducing the amount of acres enrolled in CRP is not as straightforward as it may appear. Since the CRP is phased out in the CBO baseline, CRP would have to be cut to 15 million acres before any budget savings from the baseline would be achieved. If the current amount of 32 million acres was kept in the program instead of 15 million it would be scored negatively against the budget. However, it is possible that the Administration can extend the existing contracts administratively under its CCC authority (Policy Report, June 19, 1995) forcing the CBO to increase its baseline expenditures.

Other conservation programs may also come under debate. One issue is the definition of "wetlands" in the Wetland Reserve Program (WRP). There are no clear-cut guidelines to follow in determining a wetland. Therefore, it becomes a policy decision in defining these wetlands and their delineation. The reauthorization of the Clean Water Act is also important to the farm bill because issues such as ecosystems, watershed planning, and non-source pollution regulation will be addressed (Danielson and Leitch, 1995). There are also several movements to loosen the conservation regulations imposed on farmers and provide incentives for voluntary programs, consistent with the House Republican's Contract With America.

Many environmental/conservation groups would also like to see the focus of agriculture program payments shift away from price and income support towards a system of green payments. Green payments would provide compensation to farmers who engage in specific best management practices that conserve soil, enhance water quality, promote wildlife and/or protect endangered species. Some groups have proposed to shift a significant portion of funds traditionally allocated to commodity programs to green payments which would address environmental and food safety concerns (Knutson and Woods, 1995).

Many of the practices compensated by green payments have the potential to be required by law in the future. However, many farmers resist this form of subsidy for several reasons. Instability in farm prices and income could increase and the regional
distribution of benefits would shift towards those with more environmental problems. As expected, regions currently receiving payments would resist losing them. Green payments could offer benefits to livestock producers who do not currently receive any support since there are environmental concerns associated with animal waste disposal (Knutson and Woods, 1995).

Proponents of green payments assert that this program would allow the U.S. to maintain its international competitiveness while addressing environmental concerns as well. Price and income support programs have market distorting effects that could effect exports. Green payments are also likely to be less vulnerable to challenges under the GATT agreement (Knutson and Woods, 1995).

III.2.E. Research, Rural Development and Nutrition

Maintaining the American ideal of the rural farmer working hard to till his land and provide for his children and his country is a main priority for some. In addition to this ideal, research and extension offer information and accessibility to the information that might not otherwise be available if it was handled by the private sector. Traditionally, political support for agricultural research and extension has come from the farm and rural population which placed an emphasis on increasing the productivity of agriculture. This tradition base of support has been slowly eroding and the viability of these programs and their real value has come under scrutiny and could face cuts in the future (Phillips, Jones, and Gady, 1995).

Finally, there is a heated debate taking place between two factions that formerly comprised a coalition. The urban and rural congressmen often found themselves promoting each others agenda in farm bill debate to receive the support for their own programs. An interesting twist has been added to the story now that the budget pie has gotten smaller they find themselves fighting for the same money.

Nutrition programs have normally comprised about 80 percent of the budget
allocations of the United States Department of Agriculture (USDA), commodity programs 20 percent. Neither group wants their funding cut an amount that they feel is unfair, therefore they are willing to sacrifice the funds of their former ally in order to save themselves. This debate could prove to be one of the most interesting with the most far reaching effects. The urban/rural fight will not only effect the budget and appropriations for each program, but it could effect passage of the farm bill if either side feels that they were treated unfairly.

The food stamp program (FSP) has grown to become the largest U.S. food assistance program. Food purchases are subsidized through the issuance of coupons exchangeable for food in retail grocery stores. The amount a family receives is dependant on the size and income of the family. The FSP currently assists about 10 percent of the population and accounts for about $22 billion annually.

The School Lunch Program (SLP) and the Special Supplement Food Program for Women, Infants, and Children (WIC) are two other nutrition programs that have become part of the farm bill debate. The SLP is the largest child nutrition program and also serves as a recipient for surplus commodities. Since it serves as an outlet for surplus commodities, the nutritional content of school lunches have been called into question. WIC is targeted towards low income pregnant and postpartum women and their infants up to 5 years of age who are certified to be nutritionally at risk. The costs of these programs and where budget cuts will be made are at the heart of this debate (Kinsey and Ranney, 1995).

III.3. Legislation Introduced in the 1995 Farm Bill Debate

This section will analyze the manner in which Congressmen responded to the concerns of interest groups by discussing the major legislation introduced during the course of the debate. It will give a brief overview of the contents of the bill and the politics
surrounding the issues. Later chapters will address the overall success of the proposed legislation. Proposals will be addressed in chronological order to establish a feeling of how the debate ensued.

III.3.A. The Beginning of Debate

Soon after the 1994 elections, Senator Richard Lugar (R-Ind), the new chairman of the Senate Agriculture Committee, made his intent to scrutinize farm policy clear. He issued 53 questions to various farm organizations and asked for their responses. These questions were intended to be the focus of the committee hearings.

Before the hearing began, however, Lugar issued his own proposal on farm programs. He suggested that $15 billion could be saved by lowering target prices three-percent per year and eliminating the Export Enhancement Program. The committee hearings served to demonstrate the lack of support for his proposals among committee members.

III.3.B. The Clinton Administration's Proposal

Amidst much speculation, the Administration presented their proposals in the 1995 Farm Bill Guidance of the Administration, on May 11, 1995. This "Blue Book", as it came to be called, offered the policy suggestions of the President and the Department of Agriculture on almost every farm issue included in the 1990 farm bill as well as suggesting some pilot programs.

In general, the Clinton Administration supported the general direction that farm programs have followed and made little effort to cut spending despite Congressional attitudes. While the spending issue could not be completely ignored, deficit-reduction targets would be met through an increase in the percentage of base acreage not eligible for
grain and cotton deficiency payments\textsuperscript{11}.

The Administration recommended the imposition of a means test that would deny payments to farmers who earn more than $100,000 in off-farm income. The plan would also give farmers limited flexibility to deviate from historical base acreage while retaining the requirements that farmers plant only those crops designated by USDA. The administration did not propose full planting flexibility due to the objections of cotton and other commodity groups. Instead, they suggested that flexibility be increased in stages from the current 15 percent of base acreage (Food and Fiber Letter, May 15, 1995).

This plan did not suggest any changes to the sugar or tobacco programs although it endorsed modifications to the peanut program that would eliminate federal cost. Changes were also recommended for the dairy program in order to control costs and ease federal marketing controls in several regions (SCI Policy Report, May 11, 1995).

In trade policy, the administration proposed to maintain EEP funding, but convert the program to an auction system. Exporters would bid, on a quarterly basis, for the amount of export subsidies they would like to receive. There was also a call to relax some restrictions on export credit guarantees in order to allow financing sales to "emerging markets" that are often higher credit risks. Changes would also be made to P.L. 480 and international technical assistance to redirect their focus towards developing export markets (Food and Fiber Letter, May 15, 1995).

Conservation policy saw a proposal to renew the CRP with "roughly the same amount of acres", but introduce environmental standards that would enroll more environmentally vulnerable acreage. There were also several smaller conservation assistance efforts suggested along with pilot programs to test the idea revenue-based insurance and a farm income stabilization plan (Food and Fiber Letter, May 15, 1995)

\textsuperscript{11}The current acreage not eligible for payments is 15 percent. Secretary of Agriculture, Glickman did not offer a specific amount this percentage would be changed.
Reaction to the Blue Book of policy recommendations, from groups interested in agricultural policy, was generally positive. However, some changes were proposed that met with some resistance from the farm community; a prime example of this is the inclusion of means testing. Other recommendations, such as planting flexibility, met with mixed reactions as grain interest were pleased, while cotton was not. It is important to remember, however, that part of the support for the Administration's plan stems from proposed budget cuts of $1.5 billion in farm program as opposed to $8 billion cuts considered in Congress (SCI Policy Report, May 12, 1995).

Congressional Republicans are not as supportive of the Administration's plan. House Agriculture Committee Chairman, Pat Roberts, R-Kan., accused the administration of "taking a walk" on deficit reduction. Senate Agriculture Chairman, Richard Lugar, R-Ind., called the proposals "largely irrelevant" because they did not include larger budget cuts that will be required. Clinton responded by expressing his discontent with Congress for imposing sharp reductions to farm programs while offering tax cuts (SCI Washington Report, May 22, 1995).

III.3.C. Lugar/Leahy Conservation Bill

Senators Richard Lugar (R-Ind.) and Patrick Leahy (D-VT) introduced a bi-partisan farm bill conservation title. This bill has provisions to continue the CRP with stringent eligibility standards, to keep in line with budget requirements. This legislation would reduce the size of CRP from the current 36.4 million acres to 20 million acres by the year 2000. Partial field enrollments would be emphasized and USDA would only idle erosion prone acres and those that benefit wildlife; non-erosion prone acres would be returned to production (SCI Washington Report, June 5, 1995).

An Environmental Quality Incentive Program would be initiated to provide incentives for land management and "one-stop shopping" conservation assistance. This program combines functions of several other conservation programs including the Water
III.3.D. The Zimmer/Shumer Bill

In mid-June, Representatives Dick Zimmer, R-NJ, and Charles Shumer, D-NY, presented legislation that would phase out farm programs over five years. This would nearly double the spending cuts in the House budget resolution. The proposal would immediately adopt a plan to end program eligibility to producers with non-farm income exceeding $100,000, limit direct payments to $40,00 per farmer. Outlays for deficiency payments would capped each year until they were eliminated at the end of crop year 2000. (Food and Fiber Letter, June 19, 1995).

Representatives Zimmer and Shumer also offered legislation to eliminate MPP. The Congressmen attempted to build support for an amendment that would eliminate the $110 million appropriated for the MPP (SCI Policy Report, July 11, 1995).

III.3.E. Approval of Four Farm Bill Titles

On July 18, 1995 the Senate Agriculture Committee tentatively approved four discretionary titles for the 1995 farm bill. The trade, research, credit and rural development titles were the first sections addressed, although Chairman Lugar left them open for subsequent changes.

The trade title offers more specific trade policy objectives, expanded market opportunities for U.S. products, reduced policy complexity, and protection from arbitrary embargoes and access barriers. It also requires USDA to monitor the compliance of other countries to the Uruguay Round GATT Accord and recommend action against those that do not honor their commitments (SCI Washington Report, August 4, 1995).

The credit title redefines the role of USDA in assisting farmers get started or expand. It also sets credit standards "to serve as temporary assistance for beginning
farmers and ranchers." Farm property in government ownership will be moved back into the private sector, guidelines would move borrowers to non-government credit, and faulty and risky loan making and servicing practices would end (SCI Policy Report, July 19, 1995).

The research title requires USDA to develop a 10-year plan for federally supported research facilities "to maximize federal resources invested in federal research facilities and meet goals for increasing competitiveness and productivity of agricultural policies." The nine current advisory boards would be combined into a single advisory committee that would advise USDA and land grant colleges on agricultural research, extension, education, and economics (SCI Policy Report, July 19, 1995).

The rural development title provides state and local governments with unprecedented resources and flexibility to meet the needs of rural areas. Private enterprises will be encouraged to invest in rural development. Also, a state entity would be created to distribute rural development funds (SCI Policy Report, July 19, 1995).

III.3.F. The Freedom to Farm Act

When it was introduced as a concept in June 1995, the Freedom to Farm Act (FFA) was considered a radical departure from traditional agriculture policy. It promotes a form of decoupling farmers from the programs by offering seven-year contracts with fixed payments. The provisions of the FFA call for the elimination of almost all traditional program instruments including target prices, acreage bases and annual acreage idling. The FFA would allow full planting flexibility and eliminate any market distortions caused by traditional farm programs. The program would be voluntary and open to any farmer who participated in supply management and commodity programs in three of the last five years. Farmers would commit to a seven year contract with USDA and continue conservation compliance plans currently in effect. The payment a producer receives under this contract, would be a prorated percentage of historical payments so that the program would spend no
more than the allotted amount. This provides obvious budgetary advantages, but payments would be made without regard to the prices of program crops (Food and Fiber Letter, July 17, 1995).

Upon request, the FFA was extended to include commodities other than the traditional program crops. Changes were later added to the proposal include modification to the sugar, peanuts, and dairy programs.

The sugar program would experience the elimination of the annual domestic marketing quota and allotments. The loan rate would be continued at current levels for raw sugar and refined beet sugar, but the non-recourse loan becomes a recourse loan unless imports exceeded a specified level of 1.5 million metric tons. Loan rates would be reduced, however, an equivalent amount to any reduction in subsidies by the EU and other major sugar-producing countries. Marketing assessments paid by processors would increase from 1.1 percent of the loan rate to 1.5 percent for sugar cane and 1.61 percent for sugar beets. Finally, allocations for imports by individual countries under an existing tariff-rate quota would be eliminated an replaced with a first-come, first served basis (SCI Washington Report, October 4, 1995).

The peanut program would be modified to lower the loan rate for quota peanuts from $678 per ton to $610 per ton. The quota on production would continue through 2002, but USDA would have the authority to set it below the current minimum of 1.35 million short tons (SCI Washington Report, October 4, 1995).

The current price support program for dairy would end at the end of 1995, although seven-year market transaction payments would be authorized. Eligible producers would receive an initial payment of $.10 per cwt, and a second payment of $.15 per cwt in 1996. Over the next five years, annual payments would decline to $.05 per cwt. Also, commercial processors of cheddar cheese, butter, and nonfat dry milk would be eligible for loans at 90% of market price. Finally, DEIP would be extended through 2002 and the USDA would be authorized to assist in establishing an export trading company (SCI

Originally, the FFA did not have a Congressional sponsor, however, after its warm reception in Washington, Chairman of the House Agriculture Committee Pat Roberts, R-Kan, and General Commodities Subcommittee Chairman Bill Barrett, R-Neb., formally introduced the bill on August 4, 1995 (SCI Policy Report, August 7, 1995).

When the FFA was first proposed, many agricultural interest groups did not voice their opinions about the bill. Many groups had reservations about the bill, but felt it was premature to actively work for its defeat. Considering the budgetary pressures surrounding the farm bill debate, some groups felt this may be the best alternative. Still, political questions surrounded the proposal in that it greatly resembled welfare. Agriculture groups had avoided completely decoupled payments in the past because they felt that such transparency would make the programs vulnerable to attack and termination (SCI Policy Report, July 28, 1995).

Representative Dick Zimmer, R-NJ, who earlier introduced a bill to phase out commodity programs, offered his guarded support to the FFA. Zimmer agreed that payments to farmers should be decoupled, but he was concerned that the programs would not be terminated at the end of seven years. He would like to include stronger language to achieve this end, but this would further limit the support from groups interested in agricultural policy (Food and Fiber Letter, August, 7, 1995).

III.3.G. The Cochran Bill

Another farm bill alternative was introduced in the Senate by Thad Cochran, R-Miss, on August 10, 1995 that some call the "Southern Bill". Long before the bill was introduced, many speculated about its contents and expected that it would reach middle ground between the drastic budget cuts to agriculture programs suggested by Lugar, and the token changes proposed by the Administration. This proposal continues the basic tenets of commodity programs, but makes adjustments to flexibility requirements, target
prices and increasing non-paid base acres in order to meet the mandated budget targets. However, it is unclear whether budget objectives would be met since the bill does not address CRP or EEP (SCI Washington Report, August 21, 1995).

One new proposal in this bill would introduce "two-way flexibility" for soybean farmers on up to 25 percent of historical soybean acres. Marketing loans for soybeans and minor oilseeds would be increased up to 85 percent of a five-year average market price. Non-paid acreage for major crops would be increased to 25 percent and farmers would be able to keep their base acres even if they do not participate in the program (SCI Washington Report, August 21, 1995).

The Cochran bill would maintain the provisions for sugar, but change the peanut program to operate at no-net cost to the federal government. The proposal would also open the peanut program to new producers and more accurately correlate production quotas with demand (SCI Policy Report, August 11, 1995).

III.3.H. Lugar's Mark

Lugar presented another approach to reduce spending across all commodity programs to his committee that would be used as the benchmark for all other proposals. The proposal includes provisions to reduce target prices 2 to 3 percent annually for seven years, increase flexibility, eliminate ARPs, reduce CRP to 19 million acres in 2000, reduce EEP by 20 percent, and capping MPP.

The bill also called for reduced support for peanuts and sugar, reforming the dairy program, and eliminating the Farmer Owned Reserve. Lugar still supports the trade, credit, research, and rural development titles reported earlier by the Senate Agriculture Committee (SCI Washington Report, September 18, 1995).

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12 Two-way flexibility refers to allowing farmers to plant soybeans on corn base acreage and also permitting farmers to plant corn, or any other crop, on historical soybean acreage without losing subsidy payments.
III.3.I. Marketing Loan Proposal

Senator Thomas Daschle, D-SD, Patrick Leahy, D-VT, and other Democrats proposed the "Farm Security Act of 1995" which would eliminate the current program structure and replace it with a two-tier marketing loan. The sponsors claim that this approach provides income protection, increases planting flexibility, and simplifies the implementation of the programs. ARPs would only be implemented in "extreme and unanticipated" circumstances.

A first tier allows farmers to receive a "marketing loan adjustment" on the first 15,500 bushels of wheat and 22,000 bushels of corn\(^{13}\). The second tier is the marketing loan which is set at 95 percent of the five-year simple average market price for production not covered by the first tier. A payment limitation of $50,000 would also be imposed. Funding for this proposal would be limited in total, but funds in tier one and two may be shifted from year to year within the respective tier (SCI Washington Report, September 18, 1995).

III.3.J. "Son of Cochran"

On the House side, majority members Bill Emerson, R-MO, and Larry Combest, R-TX, were not pleased with the FFA. Therefore, they introduced their own legislation soon dubbed "Son of Cochran" because of the similarities with the Senate version of the bill. The main features of this proposal include a 30 percent unpaid flex acreage and 100 percent planting flexibility of base acreage to non-program crops. Current programs would remain virtually unchanged. Target prices would remain frozen at 1990 levels, and marketing loan programs would continue as would deficiency payments (SCI Washington Report, September 18, 1995).

\(^{13}\)The equivalent is used for other program crops.
III.3.K. The Resource Enhancement Act

Although Senators Lugar and Leahy submitted an earlier proposal addressing conservation, another proposal was submitted by Senators Robert Dole, R-KS, Charles Grassley, R-IA, and Larry Craig, R-ID. The Resource Enhancement Act would re-enroll CRP land at 80 to 100 percent of the previous contract rates, allow variable contract lengths of five, ten, or fifteen years, expand eligibility to include water quality acres, establish a minimum eligibility requirement for highly erodible land, and allow enrollment of non-erodible land if fields cannot be economically and efficiently divided. The proposal also addresses reform for Swampbuster, conservation compliance, and the Wetlands Reserve Program (SCI Washington Report, September 18, 1995).

III.3.L. Freedom to Milk Act

Since there was air of uncertainty surrounding the passage of the FFA, House dairy subcommittee Chairman Steve Gunderson, R-WI, proposed separate legislation to eliminate the milk price support and market order programs. The bill includes the same basic provisions as those described in the FFA (SCI Washington Report, October 4, 1995).

Within a month, Gunderson included his deregulation plan in the FFA. However, the Freedom to Milk Act still faced stiff opposition from the National Milk Producers Federation (NMPF). The NMPF was willing to accept the elimination of supports for butter and dry milk, but would like to retain the $10.10 per cwt support on cheese as a "safety net" for dairy producers (SCI Washington Report, October 30, 1994).

III.3.M. Family Empowerment Act

An alternative farm bill was introduced in the House similar to the marketing loan plan proposed in the Senate. The proposal dubbed the "Family Empowerment Act" utilizes a marketing loan approach to provide producers with a cash flow tool. The current system
of target prices and subsidy payments would be replaced with a 15 month marketing loan set at 115 percent of the five-year average price for wheat, feed grains, cotton, and rice. Soybeans and minor oilseeds would also be eligible for the marketing loans which would allow producers to repay their loans at a discount if the actual market price falls below the loan level.

This proposal would also establish a total crop acreage base system to increase planting flexibility. In addition, the three-entity rule\textsuperscript{14} would be eliminated and replaced with a system of "direct attribution" where payments would be attributed directly to the individual. Payments that are received by an entity would be attributed to the owners in proportion to their fractional interests. Also, the proposal would limit the loan amount to $175,000 per year, per farmer (SCI Washington, October 30, 1995).

III.3.N. Agriculture Reconciliation Bills

After weeks of debate, the Senate Agriculture Committee approved the Agriculture Reconciliation Act of 1995. The approach this bill takes to agriculture policy is more traditional than many expected given the surroundings of reform. The legislation retains the basic structure of farm programs, but modifications were made to achieve budget savings.

The bill is primarily comprised of features proposed by Senator Thad Cochran, R-MS, including the extension of current programs. The proposal would increase non-paid flex acres for wheat, feed grains, cotton, and rice from 15 to 30 percent. ARPs for the same commodities would be eliminated and planting flexibility would be increased. Deficiency payments per unit would be capped at current CBO baseline levels.

The bill also provides provisions to reduce EEP by 20 percent, cap MPP at $75

\textsuperscript{14}The three-entity rule refers to provisions that allow an individual farmer to be a participant in three separate "entities", thus mitigating the program payment limitations per individual.
million a year and eliminate SOAP and COAP. Acreage under the CRP would be capped at the current 36.4 million acres, but new land may be added provided the limit is not exceeded.

The legislation also includes changes to the sugar, dairy and peanut programs. The sugar loan rate would be continued at the current rate of $0.18/lb, but this non-recourse loan becomes a recourse loan unless imports exceed 1.34 million tons. Also, processors who forfeit stocks to the government pay a $0.01/lb penalty. Dairy producer assessments and price supports for nonfat dry milk and butter would be eliminated although cheese supports would continue. The milk support price would be reduced $0.10/cwt per year from the current $10.10\(^{15}\). Finally, the minimum poundage quota for peanuts will be eliminated and the loan rate for quota peanuts will be reduced to $628 per ton from $678. Also, peanuts produced outside the quota can be sold for domestic consumption if market prices exceed 120% of the price support loan rate (SCI Washington Report, October 4, 1995).

This Committee bill goes to the Budget Committee where it will be included in the budget reconciliation bill. After the bill passes the Senate, differences with the House version will be worked out in the Conference Committee. Conflicts could arise, however, because the bills do not include the same mechanisms to support farm income.

Unlike the Senate, the House Agriculture Committee was not able to reach an agreement and submit a bill for the reconciliation package. This caused Chairman Pat Roberts, R-KS, to inform Budget Committee Chairman John Kasich, R-OH, of the Committee's failure and recommend that the FFA be incorporated into the reconciliation bill. The version incorporated will be the one approved by the House GOP Conference, although further changes could be made. The Budget Committee is not required to vote on the FFA. Instead, Speaker of the House Newt Gingrich, R-GA, plans to invoke his privilege and write a rule that sends FFA to the House floor for an up or down vote as an

\(^{15}\)The cut would increase to $0.25/cwt per year if cheese purchases exceeded 1.5 billion pounds milk equivalent.
amendment to the reconciliation bill. This procedure is unusual and has invoked criticism from the Democrats (SCI Washington Report, October, 4, 1995).

III.3.O. The Senate Bill

On February 7, 1996 the Senate passed a $50 billion farm bill that would replace traditional farm subsidies with a system of fixed, declining payments. The legislation is based upon Representative Pat Roberts' (R-Kan) Freedom to Farm proposal discussed in Section III.3.F. Although the bill faced intense opposition from Minority Leader Tom Daschle (D-SD), it received bi-partisan support and passed with a final vote of 64-32 (Congressional Quarterly, February 10, 1996).

The bill would eliminate the Acreage Reduction Program, increase planting flexibility, retain marketing loans, cap commodity loan rates, and cap export subsidies such as EEP. The sugar and peanut programs would be re-authorized, with minor modifications, for seven years. Also, soybean loan rates would be increased depending on the price. There are no major changes to the dairy price supports.

On conservation issues, the Senate bill caps CRP at 36.4 million acres and merges four conservation programs into the Environmental Quality Incentives Program (EQUIP). EQUIP would be authorized $1.4 billion for the program. There will also be $200 million allocated to protect the Everglades area by purchasing land used for sugar production (Congressional Quarterly, February 10, 1996).

In order to achieve the support of Democrats and the White House, the Republicans found it necessary to make some concessions. The largest compromise the Republicans were willing to make allowed the retention of permanent law. Democrats felt this provision was important in order to provide farmers a safety net in future years. Senators Tom Dacshle (D-SD) and Wendell Ford (D-Ky) sponsored an amendment that authorized $300 million over three years for rural development projects, such as water and sewage grants. This Fund for Rural America was a top administrative priority and easily passed.
The Senate also passed an agriculture promotion title and a miscellaneous title sponsored by Chairman Lugar that added the research, trade, rural development, and credit titles that were approved by the Agriculture Committee in July (Congressional Quarterly, February 10, 1996).

Other amendments made to the Senate bill were more specific and sometimes divided Members according to regional lines as opposed to party lines. Paul Wellstone (D-Minn) submitted an amendment for Herb Kohl (D-Wis) that would negate a provision inserted by Patrick Leahy (D-VT) that would have created a Northeast Interstate Dairy Compact. This compact would have increased the price processors paid to New England producers. The amendment passed 50-46 (Congressional Quarterly, February 10, 1996).

Tom Harkin (D-Iowa) proposed an amendment to tighten the eligibility requirements for a proposed Environmental Quality Incentives Program. This would assist livestock producers in fixing environmental problems. However, eligibility would be limited to producers that have no more that 1,000 beef cattle or 2,500 hogs. This amendment passed 57-39 (Congressional Quarterly, February 10, 1995).

Other amendments that passed established a $35 million program to buy farmland for conservation purposes and reduced funding for MPP from $100 million to $70 million. Funds to small domestic businesses would also be limited (Congressional Quarterly, February 10, 1996).

There were also many amendments that failed in the Senate. The closest vote was an amendment proposed by Senator Byron Dorgan (D-ND) that failed 48-48. His amendment would have required farmers to plant some government subsidized crop in order to receive the fixed payments. Every Democrat backed this amendment, arguing that otherwise farmers could take a vacation and still receive a check (Congressional Quarterly, February 10, 1996).

Other amendments that were rejected included a proposal to create a hybrid farm policy that would have combined fixed payments with increased marketing loans, a
suggestion to continue the Farmer Owned Reserve Program, which pays farmers to store their crops when prices are low, a recommendation to increase the interest on Commodity Credit Corporation loans to farmers and a proposal to eliminate the provisions extending sugar price-supports another seven years (Congressional Quarterly, February 10, 1996).

III.3.P. The House Bill

The House easily passed the Freedom to Farm Act on February 29, by a vote of 270-155, with bi-partisan support. It is nearly identical to the Senate version in that it turns most crop subsidies into declining fixed payments, and modifies the sugar and milk programs. However, the Senate bill contains many titles that the House version does not include and spends $3 billion more than the House.

There some amendments added to the House bill during the two day debate. Similar to the Senate, the House passed an amendment presented by Sherwood Boehlert (R-NY) that would reauthorize the CRP for seven years and create an Environmental Quality Incentive Program. Although this amendment was backed by the leadership, it faced opposition from those who felt budget-balancing efforts would be set back.

There was also an amendment offered by Toby Roth (R-Wis) to reauthorize the trade programs and an amendment to authorize $210 million to save the Everglades by Mark Foley (R-Fla) was introduced. The provisions of both of these amendments were very similar to the Senate version. James A. Traficant (R-Ohio) offered an amendment, that easily passed, that required farmers to buy only American made products when using federal funds (Congressional Quarterly, March 2, 1996).

Finally, some amendments that failed in the House included a recommendation to phase subsidy programs out over five years, a suggestion to eliminate marketing loans for cotton producers after 1998, a proposal that would authorize $1.9 billion for a new research grant program, and another proposal that would authorize $3.5 billion for rural development, research and other activities (Congressional Quarterly, March 2, 1996)
Although the House and Senate bills shared many commonalities, there were still many areas of contention. The following section will describe some of the challenges the conference committee faced.

III.3.Q. The Pending Committee Conference

The first issue that had to be dealt with in conference is the fact that the Senate bill includes titles such as nutrition, credit, rural development, research, and promotion that the House bill does not include. House Agriculture Committee Chairman Pat Roberts (R-Kan) originally proposed to include these titles in separate legislation, which he introduced February 27, but Senate Chairman Lugar did not feel there was enough time to address a second farm bill (Congressional Quarterly, March 2, 1996).

The Senate bill contains provisions that would spend an additional $130 million on higher oilseed loan rates and $300 million on rice subsidies. These spending increases are likely to meet resistance in the House. Dairy provisions are also a contentious issue since the Senate version contains no dairy provisions. Senator Lugar, however, has offered his support to the House version, which was adopted 258-164, as an amendment by Rules Chairman Gerald Soloman (R-NY). This amendment would retain prices supports and marketing orders for five years. However, Representative Roberts is opposed to it and endorses the Freedom to Milk Act. However, this proposal was stripped from the vetoed budget-reconciliation bill of 1995 (Congressional Quarterly, March 2, 1995).

Another contentious issue is food stamps. The Senate version reauthorizes food stamps for seven years without changes, but the House is reluctant to reauthorize the program without reform. Rural development also faces a challenge in the House. The Senate bill passed $300 million for the Administration's Fund for Rural America, but the House previously refused attempts to spend up to $3.5 billion on rural development (Congressional Quarterly, March 2, 1996).

On conservation issues, the House adopted an amendment that resembled the Senate
version, but it did not include Senate provisions for several pilot programs. The two bills also contain different provisions on land rental rates for the Conservation Reserve Program (Congressional Quarterly, March 2, 1996).

III.4. Conclusions

An analysis of current farm programs in some ways supports the rent-seeking theory. Many producer groups are active in policy implementation because, as illustrated, there is a lot at stake. However, this cannot fully explain government intervention in agriculture. In many ways the previous analysis shows that many policies were implemented as corrective measures for previous policies.

Several examples of corrective measures exist. The problems associated with high loan rates are the first to come to mind. High loan rates encourage increased production and surpluses and stocks resulted. The government needed methods to eliminate these stocks and introduced production control programs.

Another example is acreage allotments. When acreage allotments were implemented they were very inefficient and did not have the desired effect of production control. Therefore, the government coupled this program with marketing quotas to increase its "efficiency".

Acreage allotments and loan rates were both detrimental to the competitiveness of U.S. exporters abroad and trade was becoming increasingly important to agriculture. Therefore, the marketing loan was introduced to assist U.S. exporters. From these examples, it seems that initially inefficient programs cause the government to introduce additional programs to correct the external effects.

This is one difference of the 1995 farm bill debate: new policy is not being introduced to correct the effects of existing policy. Commodity prices are stronger than they have been for some time and farmers are enjoying incomes higher than the average
American. Yet, many of the proposals introduced in Congress still focus on supporting farm prices along with farm income.

The Freedom to Farm Act would serve as a sort of "buy-out" to farmers encouraging them to make any efficiency changes over the next seven years in order to ensure their own economic stability. Dismantling the current farm programs would eliminate any price or income supports and serve as a welfare payment that would provide a windfall to producers. Overall, this may have been the best policy alternative, current programs are eliminated, farmers are given a transition period to make any adjustments, and production and planting flexibility are increased to aid exports.

Agricultural interest groups played a key role in the proposals presented to Congress. The FFA, which would eliminate the market distortions and best prepare producers for the future, was initially snubbed by interest groups. Farm interests were afraid this act would completely eliminate their support after seven years, so that even though they would receive more in payments now and the process would be simplified, they would not support the program. Their lack of support prompted others to submit bills in the House similar to Senate versions and basically maintain the current structure. Lack of support is what caused the House Agriculture Committee to fail in presenting a bill to the Budget Committee. However, after the interest groups had a change of heart and supported the structure of Freedom to Farm it passed both Houses with bi-partisan support. Lobbying continued, however, as groups attempted to secure special provisions for their members.
CHAPTER IV
POSITIONS AND OBJECTIVES OF AGRICULTURAL INTEREST GROUPS

IV.1. Introduction

This chapter will outline the positions and objectives of key groups and organizations active in the 1995 Farm Bill debate. The groups included in this study have been selected according to the selection methodology described in Chapter I, and are listed in Appendix B, with their abbreviations. Based upon its main priorities, each group, was assigned to one of the four following characterizations: Defenders of Farm Programs, Export and Full-Production Supporters, Environmental Groups, or Critics of Government Intervention.

The chapter was developed around a matrix of active interest groups and simplified issue topics shown in Appendix C. The broad issues addressed by groups included in the matrix, and this discussion, are Budget Policy, Trade Policy, Environmental Policy, and Research, Rural Development, and Nutrition Programs.

IV.2. Defenders of Farm Programs

Organizations regarded as Defenders of Farm Programs (DFPs) represented 22 of the 80 groups included in the study (See Appendix B). Groups in this category generally maintained that government support programs were necessary to preserve and enhance farm income and ensure a safe and stable food supply. While some groups wanted to preserve the current mechanisms and extend the 1990 Farm Bill, most promoted adjustments and modifications to farm programs. In general, no group considered a DFP supported a cap on total farm support expenditures or the imposition of disproportionate reductions in spending on farm programs.

Although, DFPs share common interests, such as those mentioned above, they often
held different opinions on specific details and issues in the farm bill debate. However, it is difficult to explain these discrepancies and inconsistencies without further narrowing the categorization. Therefore, the original 22 DFPs have been broken down into three subcategories representing general farm organizations, commodity groups, and coalitions\(^1\).

Nine groups have been categorized as general farm organizations with the American Farm Bureau Federation, National Farmers Organization, National Farmers Union, and the National Grange serving as representatives for this sub-categorization. General Farm Organizations have memberships that represent a number of different commodity producers in various parts of the country (Knutson, Penn & Boehm, 1990, 75). They perform numerous services and business activities for their members and their legislative efforts cover an array of topics and issues pertaining to agriculture. These groups were often the best represented over a variety of issues in the matrix.

As the subcategory name indicates, commodity organizations represent producers of specific agricultural products. In general, these groups took stronger positions on fewer issues. Many commodity organizations, including those for sugar, milk, and peanuts, opposed the deregulation of their commodity and fought to adopt only slight modifications of the current structure of farm programs. Ten organizations were placed in this subcategory with representatives including USA Rice, the National Cotton Council, The National Milk Producers Federation, the National Peanut Growers Group, and the American Sugarbeet Growers Association.

Three coalitions complete the DFP category: Alliance for a Sound Food and Agricultural Policy, USA Farm, and the National Family Farm Coalition. However, these coalitions will not be thoroughly discussed until Chapter V- Coalitions: Formation, Strategy and Purpose.

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\(^1\)The groups are listed in Appendix C in the following order of the sub-categorizations: Coalitions, General Farm Organizations and Commodity Groups.
Table 4.1 Interest Group Abbreviations for Defenders of Farm Programs

<table>
<thead>
<tr>
<th>General Farm Organizations</th>
<th>Commodity Organizations</th>
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<tbody>
<tr>
<td>AAM</td>
<td>American Agricultural Movement*</td>
</tr>
<tr>
<td>AFBF</td>
<td>American Farm Bureau Federation*</td>
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<tr>
<td>FCC</td>
<td>Farm Credit Council*</td>
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<tr>
<td>NASDA</td>
<td>National Association of State Departments of Agriculture</td>
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<tr>
<td>NCFC</td>
<td>National Council of Farmers Cooperatives*</td>
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<tr>
<td>NFO</td>
<td>National Farmers Organization</td>
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<tr>
<td>NFU</td>
<td>National Farmers Union*</td>
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<tr>
<td>NG</td>
<td>National Grange</td>
</tr>
<tr>
<td>NGA</td>
<td>National Governors’ Association</td>
</tr>
<tr>
<td>ACGA</td>
<td>American Corn Growers Association</td>
</tr>
<tr>
<td>ASGA</td>
<td>American Sugarbeet Growers Association</td>
</tr>
<tr>
<td>NCC</td>
<td>National Cotton Council of America*</td>
</tr>
<tr>
<td>NMPF</td>
<td>National Milk Producers Federation*</td>
</tr>
<tr>
<td>NPPG</td>
<td>National Peanut Growers Group*</td>
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<tr>
<td>NUC</td>
<td>New Uses Council</td>
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<tr>
<td>RI</td>
<td>Riceland/Stuttgart Foods, Inc.</td>
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<tr>
<td>UFFVA</td>
<td>United Fresh Fruits and Vegetables Association</td>
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<tr>
<td>USA-R</td>
<td>USA Rice</td>
</tr>
<tr>
<td>USBSA</td>
<td>U.S. Beet Sugar Association*</td>
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</table>

* Indicates group that was interviewed
IV.2.A. Consistency Within Groups

The following section will provide a historical background of the main policy issues concerning DFPs. There will be an analysis of the internal consistency, policy position changes that have taken place over time, and the role each of the representative groups has in the farm bill debate. Section IV.2.B. will then analyze the consistency across groups within the DFPs category.

IV.2.A.1. General Farm Organizations

Many general farm organizations have been spawned when adverse economic conditions in agriculture have persisted for an extended period of time (Knutson, et al., 1990, 77). While many of these organizations have disappeared over time, three have survived since the inception of farm programs in the 1930s. The American Farm Bureau Federation, the National Farmers Union and the National Grange represent organizations that have been able to moderate their positions to satisfy their members and withstand the pressures of time.

Each group has a distinctly different philosophy and approach to farm programs. The American Farm Bureau is regarded as the conservative voice for farm programs and takes active lobbying initiatives. On the other hand, the National Farmers Union is normally a proponent of more liberal agendas and is thought to be on the fringes of agricultural policy. The Grange positions itself in the middle of the political spectrum and accomplishes most of its tasks through coalition efforts.

In the 1950s, a new group emerged and has survived to current times. The National Farmers Organization established its roots during the recession of the mid-1950s and has established itself as the fourth major general farm organization (Guither, 1980, 27). Each of these organizations maintains a Washington office and registered lobbyists on their staff.

The American Farm Bureau Federation (AFBF) is the largest general farm organization, representing 2500 county farm bureaus; some would argue it is one of the most influential groups addressing Congress (Keeling interview, June 1995). The Farm Bureau's
roots extend back to 1919. In the early years, the Extension Service and AFBF developed together. However, as AFBF became more active in legislative and lobby activities, USDA insisted on the separation of the groups (Guither, 1980, 31).

In keeping with their role of representing the conservative voice for U.S. agriculture, the AFBF has consistently supported market-oriented farm policies, reduced government regulation, and unrestricted access to foreign markets. They have also become strong supporters of a balanced budget, maintaining private property rights, and the "food for peace" or P.L. 480 program.

AFBF identified their main priorities for the 1995 Farm Bill as 'improving net income, enhancing economic opportunities for farmers, and protecting private property rights' (AFBF Policy, 1995). Considering these goals, the AFBF supported a long-term market-oriented farm program that met certain qualifications. First, farm programs should rely more on market forces and less on the government, so that production decisions would be based on market demand. Ideally, the AFBF would like to see a 'target-price deficiency-payment base with flexibility' (Keeling interview, 1995). This would maintain the current structure of farm programs but allow producers more leeway in the crops they choose to produce. Other important criteria for farm programs according to the AFBF, included strong opposition to means testing, payment limitations, and imposed environmental mandates for eligible for farm programs. AFBF also supported MPP and P.L. 480 and extending the existing CRP contracts.

Increasing the amount of unpaid flex acres was a major issue in the 1995 Farm Bill debate and for the AFBF as well. Each commodity would be effected differently if this policy was implemented. Cotton and rice producers felt that an increase in flex acres would be detrimental and advocated the status quo. Corn producers, on the other hand, saw benefits to this policy change.

Aware of these regional and commodity differences in flexibility, it is interesting to
note that the AFBF still articulated support to move to a whole farm base (WFB). This position indicates that even within general farm organizations, certain regions or commodities exert more influence than others. In the history of the AFBF, the Corn Belt states of Illinois, Iowa and Indiana dictated many of the policies for many years, however, the cotton belt gained control in the mid-1970s (Knutson, et al., 1990). Knutson, et al. (1990) feel that control has since been returned to the Corn Belt states in the 1980s; the policy initiative to move toward a WFB supports that view.

Although the AFBF still supports many of the Republican agendas, they were originally opposed to the Freedom to Farm Act (FFA) proposed by Rep. Pat Roberts (R-Kan). They had 'philosophical differences' with the decoupled support payments this program promoted. The AFBF would have preferred to make progressive increases in the amount of unpaid flex acres to achieve budget savings. Eventually, however, AFBF supported the FFA.

Although AFBF never explicitly outlined their philosophical differences, there are several reasons why this organization, or any other, could oppose this decoupled approach in the framework of political economy. In the case of the Freedom to Farm Act, one reason may be that producers see this as a means by which the government could completely abandon current farm programs, and over time phase out support. Although an analysis done by Sparks Companies, Inc. shows that corn, wheat and upland cotton farmers would receive higher payments per acre in 1996 under the Freedom to Farm Act, than under existing policy, 

\[2\] Whole Farm Base refers to the idea of combining crop acreage bases of program commodities into one "Farm Base". The AFBF's proposal also had provisions to include non-program oilseeds in the base.

\[3\] The current program allows farmers to receive subsidies on a maximum of 85 percent of their base acres. The 15 percent which is not subsidized is referred to as "normal flex acres", and may be planted to any allowable crop without penalty. "Optional flex acres" are an additional 10 percent of the base that may be planted to alternative crops by foregoing payments on that portion of the land while not sacrificing the base. Unpaid flex acres refer to the 25% of the land that may not receive payment.
there is no explicit guarantee of payments beyond 2002 (Sparks, Oct. 1995). Another concern producers may have is the increased risk associated with lump-sum payments. Protection from price risk is one of the primary goals of farm programs, but decoupling shifts the risks of market price changes from the government to the farmer (Knutson, et al., 1990). While these two examples of philosophical differences may not encompass all of the opposition to the Freedom to Farm Act they provide an overview of the concerns farmers have for the future of farm programs and the effects any changes in the basic structure of support programs will have on their industry.

The National Grange, the oldest agricultural interest group, was founded in 1867 and grew rapidly as a voice against high railroad fees. It also laid much of the groundwork for the formation of farmers cooperatives (Guither, 1980). While the Grange was once the largest farm organization, it now has the smallest membership of the original three general farm organizations. If the Farm Bureau represents the voice of conservatism, the Grange is the champion of moderation and unity in agricultural policy (Knutson, et al., 1990).

Traditionally, the Grange has supported policies that provide farmers with returns 'equivalent' to those in the non-farm sectors (Knutson, et al., 1990, 78), however, they never supported 100 percent parity. They were fearful that '100 percent of parity mandated by Government will lead to a rapid escalation in land values, placing the family farmer at an extreme financial disadvantage' (Guither, 1980).

The focus of the Grange has shifted from railroads towards supporting rural development and smaller family farms. In the 1995 Farm Bill, they called for funds to be directed to research and rural development as well as the imposition of a means test for recipients of farm program payments. They would also have liked to maintain the current structure of farm programs, including the peanut, cotton, and rice programs. Finally, the Grange supported the protection of private property rights and extending the existing Conservation Reserve Program (CRP) (Grange, 1995).

The National Farmers Union (NFU) represents the liberal end of the political
spectrum and maintains close contacts with the Democratic party, labor unions, and other liberal groups. The NFU began in 1902 and grew out of the decline of the Farmers Alliance groups. Then, as well as now, it has attracted farmers that did not respond to the more conservative AFBF and Grange (Guither, 1980). Today, the NFU claims a membership of 300,000 families in every state.

Traditionally, the NFU has held allegiance to the family farmer and has strongly supported the concept of parity. The base years of 1910-14 are often referred to as the 'golden years' of agriculture when farmers were not only well off related to cost, but also relative to nonfarm income (Knutson, et al., 1990). Since, this period was a time of unusually high prices for commodities, to implement a policy of 100 percent of parity would not allow the federal government to meet its budget reduction objectives. In fact, it would cause higher federal government outlays for agriculture. This proposal is directly at odds with one of the NFU's farm bill objectives, as well as an overall objective, to implement a 'program which reduces government cost' (NFU Goals, July 1995).

Today, the proposal for 'parity pricing' is given no credence, even by those Congressional leaders who are the most sympathetic to agriculture. In fact, it has not been formally proposed since prior to the 1985 farm bill debates. Still, the NFU maintains that parity 'is a reasonable standard for measuring the economic health of agriculture' (NFU, 1995). This stance has made many regard the NFU as a radical group and somewhat of an outsider in agricultural policy, yet they are still able wield some influence within the Midwest region (Sparks, 5).

In many ways, the NFU seemed to accept that their parity proposal will never be implemented since it implies an increased role of government, amidst a time when the sentiment seems to indicate a declining role for government intervention. Therefore, the NFU issued another proposal to effectively raise commodity prices, in the hopes that it would be more politically acceptable (NFU, 1995). The NFU argued that the government should raise the loan rate in incremental stages until it reaches the target price (NFU, 1995).
While this proposal may eventually eliminate the amount of federal money spent on direct farm subsidies, it would not reduce the total amount of funds that goes towards supporting agriculture. If farmers submit their crop as payment for the loan, they are still receiving prices above market price. The government is also giving producers an indirect subsidy through nonrecourse loans which would allow farmers to forfeit their crop in repayment of the loan.

This leads to the second portion of the NFU's farm bill proposal which would establish a revolving fund for CCC loans. This change is intended to have the effect that CCC loan expenditures would no longer be scored by the Congressional Budget Office (CBO) as government outlays (NFU, 1995). NFU supported this position by arguing that CCC loans are fully collateralized by the crop and the borrower pays interest on the loan, therefore they should not have been scored initially (NFU, 1995). In this proposal, the NFU is suggesting a change in the budgeting rules, and not farm programs, to achieve the necessary budget savings. This goes against the essence of achieving budgetary savings and balancing the budget deficit, because it is simply an alteration of accounting methods.

The NFU also supported using supply management/restriction programs to keep commodity prices high. They promoted the extension of the current CRP contracts and using ARPs to achieve stock reduction. On trade issues, the NFU backed funding for the Market Promotion Program (MPP) and P.L. 480. While they also felt that nutrition programs are important and expenditures should be increased, they opposed block granting the National Food Stamps programs to states (NFU, 1995).

The newest member to the established general farm lobby groups is the National Farmers Organization (NFO). Similar to the NFU, it is generally liberal in stance and somewhat on the fringes of main-stream agricultural policy. The NFO was originally formed as a bargaining institution in response to the depressed commodity prices and farm incomes of the mid-1950s.

Philosophically, the NFO is opposed to government assistance and prefers market-
based solutions. At the same time, their main priority is to ensure higher commodity prices for basic commodities such as milk, cattle, pigs, and grains. This obvious discrepancy in their philosophical and practical objectives has repeatedly placed constraints on their political activities (Browne and Cigler, 1990).

The NFO often finds itself aligned with the NFU and the American Agricultural Movement (AAM) fighting for particular legislation rather than a broad agenda (Sparks, 4). In fact, their proposal for the 1995 farm bill centers on the same concept as that proposed by the NFU. They would increase the loan rate to the target price, but they would make the corresponding loan a recourse loan. This would require that the loan is paid back, instead of allowing repayment by forfeiting the commodity. This program would still artificially raise commodity prices, but the consumer would bear the cost burden instead of the government.

IV.2.A.2. Commodity Organizations

In contrast to general farm organizations, commodity organizations represent producers of specific agricultural products. Commodity organizations are designed to meet the needs and provide services to those who produce a specific commodity or agricultural product. Unlike general farm organizations, commodity groups are usually focused on a limited number of issues that affect their commodity. Because of these limited interests, legislative activity may be a smaller part of their program of activities.

It has been asserted that commodity groups are often more effective in achieving specific commodity-oriented objectives than general farm organizations (Knutson, et al., 1990). Three main points reinforce and lend viability to this assertion. First, commodity organizations can speak in greater detail on more specific commodity issues in agricultural policy. Conflicts among producers often arise in general farm organizations that are not apparent in commodity groups. This allows commodity groups to be more specific in setting their goals and outlining their proposals. Second, as agriculture has become more specialized,
farmers can more readily identify with a commodity organization rather than a general farm organization. Therefore, their core membership is stronger than before and membership has increased over the years. Finally, commodity organizations which were once underfinanced, now have access to federal and/or state-mandated producer check-off funds. This program is intended to provide funds for research and promotion, however, the groups are strengthened financially from the increase in revenue from this source. Federal and state check-off programs exist for most major commodities and many specialty crops (Knutson, et al., 1990).

Commodity groups exist for a range of commodities, many of which are not considered DFPs. Representative organizations for DFPs are the National Milk Producers Federation, National Peanut Growers Group, USA Rice, National Cotton Council, and the American Sugarbeet Growers Association. These groups represent the main commodities that are fighting to maintain the current structure of farm programs. A brief background of the industry will be included in the analysis of the consistencies within the organizations. Other commodity groups, which were considered export and full-production supporters instead of a DFP, such as the National Corn Growers Association and the National Association of Wheat Growers will be considered in Section IV.3.

IV.2.A.2.a. Rice and Cotton

The USA Rice Federation (USA-R) is one of the newest alliances that is commodity specific. It was founded in September 1994 as an umbrella organization for the rice industry. USA-R represents all segments of the industry including rice producers, millers, exporters, and other related industries. The main objectives of USA-R have been to maintain the current structure of farm programs and avoid a disproportionate share of budget cuts for the agricultural industry. In fact, USA-R was a strong proponent of extending the 1990 Farm Bill and, along with the National Cotton Council, they were the only groups that did not put forth any alternative provisions or modifications to existing law in the 1995 Farm Bill debate.
In many ways the National Cotton Council (NCC) took positions very similar to USA-R. It was a strong supporter of extending existing programs and has pledged to do everything possible to maintain the current cotton program in the 1995 Farm Bill (Perry interview, 1995). The NCC is the central organization of the U.S. cotton industry which represents producers, shippers, merchants, exporters, and textile producers. NCC was founded in 1938 to combat the over production of cotton after the harvest of 1937 (Browne, et al., 1990, 156-7).

The NCC, like USA-R, was concerned with the prospect of expanded imports entering the U.S. as trade barriers are removed. Therefore, in order to 'remain competitive' the NCC and USA-R supported funding EEP to the GATT limit and utilizing market promotion programs to expand exports. Rice and cotton producers also share ideas in support programs. Both exhibited strong opposition to means testing and increasing the amount of unpaid flex acres. They argued that the imposition of either of these programs could negatively impact their industry.

IV.2.A.2.b. Dairy

The National Milk Producers Federation (NMPF) was founded in 1916 as an outgrowth of the rural Progressive movement, but has transformed into a representative group for dairy producer interests. Today, it is a 35 member cooperative. Although the NMPF is often regarded as an influential lobby organization (Sparks, 17), dairy interests have historically been divided upon regional lines. In many instances, consensus on a policy action has been difficult if not impossible. This has led the NMPF to support only regionally neutral and relatively short-term supply management programs (Browne, et al., 1990).

The dairy program is one of the most complicated farm programs. The farm bill establishes a minimum support price for milk and the Commodity Credit Corporation (CCC) supports the price by making purchases of cheese, butter, and nonfat dry milk. Under no circumstances can the support price fall below the set minimum (Pollack & Lynch, 1991).
Federal Milk Marketing Orders, establish the Minnesota-Wisconsin price series as the minimum price for Class III milk\(^4\) as well as the mover of Class II\(^5\) and Class I\(^6\) prices for all federal milk orders (Texas Agricultural Extension Service, 1994, 6). These marketing orders were initially established to compensate for difference in regional costs of production and transportation costs, but today improvements in modern processing, packaging and transportation technology have brought the dairy program under review.

NMPF has put forth a proposal that it claimed would change dairy support policy and bridge the regional differences between producers. The proposal would continue to support cheese prices through CCC purchases of cheddar cheese based on the support price, purchases of butter and nonfat dry milk, however, would be discontinued. The amount by which the milk support price exceeds the class price would be nationally pooled for all the milk marketed. NMPF also calls for abandoning the Minnesota-Wisconsin (M-W) price and making nonrecourse loans available to manufacturers of nonfat dry milk and butter. In addition to these changes, NMPF also expresses opposition to the dairy assessment\(^7\) (NMPF, 1995).

The NMPF vehemently opposed the "Freedom to Milk" Act\(^8\) proposed by Rep. Steve

\(^4\)Class III milk is used in "hard" manufactured products such as cheese, butter, canned milk, and nonfat dry milk.

\(^5\)Class II milk is used to produce soft manufactured products such as cream, sour cream, ice cream, cottage cheese, and yogurt.

\(^6\)Class I is milk used in fluid milk products such as whole, low-fat, skim, flavored, and buttermilk.

\(^7\)The dairy assessment is a tax placed on producers that generates up to $170 million in revenue for the government (Times Union, Dec. 24, 1995).

\(^8\)The Freedom to Milk Act calls for the restructuring of the Federal Marketing Orders and DEIP to be funded up to the GATT allowable limit. It also phases out budget assessments and price supports for cheese, butter and powder. See Section III.3.1. for more information.
Gunderson (R-WI) and encouraged their 65,000 members to signal their opposition (Sparks, Oct. 95). The NMPF agrees that the budget assessments should be phased out and they will accept ending price supports on butter and powder. However, the NMPF would like to maintain the $10.10 per hundred weight price support on cheese to provide a "safety net" for producers.

IV.2.A.2.c. Peanuts

The National Peanut Growers Group (NPGG) was founded in 1974 as a federation of state growers groups and peanut cooperatives. By 1983 it was an alliance of three regional federations including the Southwest Peanut Growers Group, the North Carolina Peanut Growers Association, and the Virginia Peanut Growers Association (Browne, et al., 1990).

The peanut industry is currently characterized by a unique combination of farm policies. Supply is controlled by a poundage quotas set annually based on production history. If farmers are unable to produce their quota, unproduced quota or "undermarketings" may be carried forward to future years. There is also a two-tier pricing system. Quota peanuts are supported at a higher rate, while the "additionals", or peanuts produced in excess of the poundage quota or on farms without quotas, are supported at a price that will ensure that there are no losses. There is also a one percent marketing assessment that was imposed by the 1990 budget act.

During the 1995 Farm Bill debate, the peanut growers were most concerned with developing a program that would eliminate government cost, but maintain the basic existing structure. Their proposal included reducing the quota to the domestic consumption level by lowering the legislated minimum quota, and eliminating undermarketings (NPGG, 1995). Basically, these proposed changes will not drastically change the face of the peanut industry. Instead, it was a step to eliminate the federal costs associated with the peanut program while maintaining domestic prices above international levels.
IV.2.A.2.d. Sugar

The American Sugarbeet Growers Association was established in 1975 after the expiration of the Sugar Act in 1974 and the breakup of the National Federation of Beet Growers. It represents sugarbeet farmers with the objective of "promoting and strengthening" U.S. sugar policy (Browne, et al., 1990). This organization, along with many other organizations in the sugar industry, often operates its public relations and educational activities through the American Sugar Alliance. The Alliance is an umbrella trade organization that represents sugar cane and beet growers and corn sweetener producers. Although it is usually considered a lobbying group for the sugar industry, the Alliance does not handle PAC contributions or candidate support. Instead, it is focused on the compilation and distribution of materials related to the sugar program.

The current situation for sugar producers includes a price support program achieved through non-recourse loans. Sugar imports are also restricted through a tariff rate quota (TRQ). In addition, domestic producers are subject to a marketing assessment which go towards reducing the federal debt. The sugar program operates at no-cost to the federal government, instead incidence of the program falls on consumers.

The sugar industry was adamant in its support for maintaining the current structure of the sugar program and focused much of their effort for the 1995 Farm Bill on "educating" the freshman members of Congress. They also had to fend off attacks from sugar processors, environmentalists, consumer organizations, and public policy institutions like the Cato Institute and the Heritage Foundation.

IV.2.B. Comparison of Positions of Defenders of Farm Programs

As a group, Defenders of Farm Programs support maintaining the current structure

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*The TRQ allows an initial amount of goods to be imported into the U.S. at a minimal tariff while any quantities above the set amount are subject to much higher tariffs.

82
of the farm programs and limiting the amount of budget cuts to spending on agriculture. In general, there were also similar sentiments expressed in trade, environmental and research policies.

On trade issues, many groups voiced the need to maintain MPP and food aid programs in order to enhance exports. These groups also felt that EEP should be funded to the GATT limit and as EEP is phased down, the funds should be switched to "green box" programs that are non-market distorting. Primarily, the same groups offered support for all three programs with only minor differences. Both general farm organizations as well as commodity groups took positions on trade policy issues, which exemplifies the importance of trade policy to American agriculture.

The groups that were notably absent from supporting trade activities were primarily organizations like the NFU, NFO and AAM who share a philosophy that exports should be limited and higher prices should be gained through supply management/restriction programs. These same groups were also noticeably missing from supporting the basic current structure of farm programs. In essence, they felt more protection and support should be given to farmers. The NFU was the only one of these groups that supported increasing farmer's flexibility, although they made it clear that this did not imply support for an increase in unpaid flex acres (NFU, 1995).

Many of the general farm organizations supported increasing flexibility, but some commodity groups expressed opposition to it. Cotton and rice producers expressed great concern over the effects of increasing flexibility. Later, they clarified their positions to state that they opposed increasing flexibility for cotton and rice, but would not oppose it for other commodities who felt it would be in their best interest (Perry interview, July 1995).

Most other commodity organizations did not take positions on flexibility, but they were strongly against the deregulation of their markets. Sugar, dairy, and peanut producers were mainly concerned with maintaining the current structure of their respective programs and focused most of their energy in this direction.
Support for extending the existing CRP was drawn from both general farm organizations and commodity groups. The same is true for extending funds to support research, rural development and nutrition programs. It is interesting to note, however, that although some commodity groups demonstrated support for these issues, it was primarily the NCC. They were represented more on the broad issue matrix than any other commodity group.

In general, most commodity groups tended to express positions only on issues that directly effected their industry and producers. For example, the NPGG was only focused on the peanut program and enhancing demand for their industry. The NMPF took positions on trade issues, but this can be explained by the importance GATT has for the dairy industry. Sugar producers expressed an interest in extending the current CRP, which at first glance may seem unrelated. However, the price of sugar is linked to price the corn sweeteners and sugar producers are keenly interested in the corn market. If more land comes into production the price of corn could fall and thereby reduce the demand for sugar.

IV.3. Export and Full Production Supporters

Export and Full Production Supporters (EFPS's) represented 24 of the 80 groups included in the study. Organizations placed in this category generally shared common goals of increasing planting flexibility in order to respond to market signals and eliminating programs that restrict supply, such as ARPs. Unlike DFP's, it was not an explicit priority for EFPS's to maintain the current structure of farm programs. In fact, many supported the deregulation of commodity programs.

The category of Export and Full Production Supporters was broken down further to better explain the similarities and differences that exist between groups. The original 24 organizations were placed into three sub-categories: Commodity Organizations, Private
Companies, and Coalitions\textsuperscript{10}. As with the DFP's, this category break-down will allow for a deeper analysis of the consistencies and inconsistencies that appear among groups.

Thirteen organizations were considered Commodity Organizations within the EFPS category. These groups represented the interests of either production or processing sides. The National Association of Wheat Growers, National Corn Growers Association, American Soybean Association, National Pork Producers Council and the International Dairy Foods Association will serve as representatives for this category. However, unlike DFP's that were categorized as commodity organizations, some EFPS's presented positions on a broad range of issues. EFPS organizations also differed in that no group was considered a general farm organization.

Private companies were another sub-category created from the broad EFPS category. This is a unique category because these corporations were not created for the purpose of lobbying. Instead, they have found that association membership is often not sufficient to accomplish their goals so the company takes on some lobbying activities. Archer Daniels Midland, Inc., Cargill, Inc., and the Continental Grain Company will serve as representatives for the five companies in this sub-category.

The EFPS category is completed by six coalitions: American Oilseed Coalition, Coalition for a Competitive Food and Agricultural System, Coalition to Promote U.S. Exports, DEIP Coalition, Iowa Farm Bill Study Team, and Security for Tomorrow from Agricultural Resources and Technology. As mentioned before, coalitions will be discussed in detail in Chapter VI - Coalitions: Organization, Formation, and Strategy.

**IV.3.A. Consistency Within Groups**

As in Section IV.2.A., the following sections will provide a background of the priority policy issues facing EFPS's and a brief outline of the history of the representative

\textsuperscript{10}The groups are listed in Appendix C in the order of the subcategories: coalitions, grain organizations, other commodity organizations, and private companies.
Table 4.2 Interest Group Abbreviations for Export and Full Production Supporters

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* Indicates group that was interviewed
groups. There will be an analysis of the internal consistency, the role of the groups in the farm bill debate, and changes in their positions that have taken place over time. Section IV.3.B. will compare the consistency of the groups across the EFPS category.

IV.3.A.1. Commodity Organizations

The premise behind commodity organizations has been described in Section IV.2.A.1. Although the purposes and ideals differ for DFP's, there is little difference in the structure of the organizations. Commodity organizations are designed to provide services to producers or processors of a specific commodity or agricultural product. The following sections will provide a history of the industry and the consistency and inconsistencies that exist within the organization.

IV.3.A.1.a. Corn and Wheat

The National Corn Growers Association (NCGA) is the principle representative of corn producers. Since it was founded in 1959, it has gone from being a largely symbolic organization educating corn farmers to a powerful lobby group. It currently maintains more than 29,800 members in 47 states and 24 state affiliated organizations.

In the beginning, many of its efforts were coupled with the U.S. Feed Grains Council in developing an overseas market for corn. By 1974, NCGA had developed a more active political voice on issues affecting corn. They led a strong opposition to Earl Butz's call to "farm fence-row-to-fence-row" claiming that this action would cause soil destruction and was detrimental to the farm economy. Then in 1976, the NCGA became active at the state level protesting an Iowa farm bill that would have authorized a corn referendum and a per bushel levy on growers' yields (Browne and Cigler, 1990).

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"Today the U.S. Feed Grains Council often works through the NCGA since they have a tax code status of 501(C)(3) which means that they are only allowed to educate people on an issue and not formally lobby."
In the 1970s, as today, the NCGA was mainly concerned with price and income support and market expansion. In the 1977 farm bill, they advocated corn loan rates at no less than 70 percent of parity\textsuperscript{12}, with loans for three years in order to give growers more control over when to market their grain. The following year they suggested increasing the corn loan to $2.50 per bushel, but did not support 100 percent parity pricing. During this time, the NCGA also supported payments for diverting land from production, increasing conservation payments, and a farmer-held grain reserve where farmers would receive payments after one year in storage (Browne and Cigler, 1990).

In the 1995 Farm Bill, the main priorities for the NCGA were to ensure that agricultural programs did not take a disproportionate share of federal budget restrictions and that full planting flexibility\textsuperscript{13} was implemented so that production decisions could be made to meet the needs of individual farms. This would provide farmers with an opportunity to respond to market signals, and agronomic, environmental and conservation considerations. NCGA also supported the creation of a farm program payment base that would combine all historic plantings and permit participants to plant any crop combination on the whole farm. Deficiency payments would be paid on historical bases and program yields rather than current acreage planted to the program crop (Corn News, March 3, 1995).

They also promoted replacing annual ARPs with targeted, flexible conservation efforts. This program would have addressed one or more of the following environmental challenges: soil erosion, wildlife habitat, or water quality. This program should be designed to meet the anticipated water quality requirements contained in the re-authorization of the Clean Water Act.

\textsuperscript{12}This would be equivalent to around $2.30 per bushel.

\textsuperscript{13}The "full flexibility" endorsed by the NCGA includes farm acreage planted to non-program crops, such as soybeans. This is not "two-way flexibility", however, because program crops cannot be planted on historical soybean acreages without losing subsidies.
On trade issues, the NCGA supported additional market-based farm programs that are designed to accelerate the competitiveness of U.S. producers in domestic and world markets. It would also provide for an orderly transition in farm program policy and place an increased emphasis on expansion of both domestic and foreign market development and utilization of U.S. bulk and value added agricultural products. NCGA also supported continued agricultural research in nutrition, production, and utilization (Corn News, March 2, 1995).

The NCGA is also a strong supporter of the sugar program as it serves as an indirect support to the corn sweetener industry. They believe it should continue, unchanged, since it poses no cost to the federal government and meets all of the GATT requirements (Heard interview, July 28, 1995).

Ethanol is another important issue to the NCGA. Although this is not directly included in the farm bill legislation, the NCGA urged Congress to direct the petroleum industry to label all gasoline pumps containing the petroleum derivative MTBE, so that consumers may make educated choices (Corn News, March 16, 1995).

The National Association of Wheat Growers (NAWG) was founded in 1950 in an effort to bring together separate state and wheat organizations. In 1960, the headquarters of NAWG was moved from Dodge City, Kansas to Washington, D.C. and NAWG's first newsletter to producers was issued (Browne and Cigler, 1990). This increased lobbying activity coupled with closer ties to the producer caused NAWG's membership to grow along with its influence in agricultural policy-making. Today, NAWG's membership has grown to encompass 50,000 members which produce 85 percent of the wheat grown across 22 states (NAWG, 1995).

NAWG maintains close political ties with both political parties and often pursues a pro-wheat agenda rather than an active political agenda. They are considered a more effective lobby group than the NCGA, but the two groups have often worked together and have a long-standing sense of cooperation (Browne and Cigler, 1990).
The general concerns for NAWG include the price support system for wheat and wheat export programs. Despite the alliance that exists with NCGA, NAWG has previously sponsored higher support rates. Since many of the wheat producing areas are susceptible to drought, disaster protection has also been a primary concern. In recent years, their focus has switched to be more oriented towards trade policy as more wheat is being exported (Guither, 1980).

NAWG has an expanded set policy issues regarding the 1995 farm bill, particularly for a commodity organization. They addressed budget, trade, environment, price support, research, and a broad range of other issues. One area that the members of NAWG could not reach agreement on was the issue of flexibility. This issues proved to be divisive because some wheat farmers were in regions that did not support the growth of other commodities, while others were able to grow a variety of crops that could potentially be more profitable. Those that are restricted in their planting, felt increased planting flexibility would be an incentive for others to grow wheat and therefore cause wheat prices to fall. Since this debate continued internally, NAWG sought the middle ground and did not support a whole farm base approach. Instead, they endorsed a normal crop acreage\(^\text{14}\) system to provide more flexibility (SCI Policy Report, January 30, 1995).

On trade programs, NAWG supported the continuation of MPP, EEP, export guarantee programs, and increased spending on overseas market development programs. They opposed any protectionist trade legislation and set-asides, unless all grain exporting countries enforce equivalent acreage reduction controls (Wheat Grower, April 1995).

NAWG opposed the use of ARPs as a budget reduction tool although they supported ARP’s which ensured a stable U.S. stock of wheat and other commodities. They also felt set-asides should remain as a last resort for achieving desired ending stocks. NAWG was also

\(^{14}\)“Normal Crop Acreage” would allow a farmer to make planting decisions without being restricted by historical bases. For example, a wheat farmer could decide to plant corn and immediately be eligible for corn subsidy payments. Critics assert that farmers would plant crops with the highest subsidy payments.
opposed to means testing or targeting program benefits according to the size, income, or organization of a farm owner or operator. NAWG called for the extension of the marketing loan and target price concept and the CRP at the current funding levels. Finally, NAWG opposed disproportional budget cuts to wheat farmers and cuts that would reduce the level of income support (Wheat Grower, April 1995).

NAWG issued a new proposal, the "Farm and Ranch Risk Management Plan" which would allow producers to set aside up to 10 percent of any year's gross income, tax deferred, for use as income during years of reduced farm revenue. They also support the concept of private property rights and believes that legislation addressing food safety and environmental concerns should be based upon scientific risk benefit analysis. Finally, NAWG supports increased funding for research, development, and marketing of new uses (Wheat Grower, April 1995).

Over the years, as NCGA and NAWG have become stronger lobbying forces, they have expanded their platform of positions. Although most of the issues they strongly support are still directly related to corn or wheat farmers, they also have positions on environmental issues, farm credit, and nutrition.

IV.3.A.1.b. Soybeans and Oilseeds

The American Soybean Association (ASA) was founded in 1920 as a conservative, export-oriented, producer group that advocated minimal government intervention. Many of the efforts of ASA have been in support of domestic and foreign market development programs and in strong opposition to government interferences in export markets. They have also been active in promoting soybean meat extenders in the school lunch program (Knutson, et al., 1990).

Since 1985, ASA has modified their position and now supports price intervention and a non-recourse marketing loan program for soybeans. In 1985, ASA lobbied for direct government payments to soybean farmers of $50 per acre, while in 1987 they sought a
marketing loan program similar to that for rice and cotton, which would have provided direct income support to its members. Yet in the 1985 farm bill debate, they opposed direct price supports as merchantilist policy. It seems that their free-market stance is often broken in pursuit of short-term rewards for soybean producers (Browne, 1988).

Today ASA is comprised of over 29,000 members across 29 states primarily concentrated in the Midwest. ASA maintains close relations with NCGA and NAWG, however, ASA pursues its marketing efforts more vigorously than its lobbying efforts (Browne and Cigler, 1990).

In the 1995 farm bill, ASA supported two-way flexibility between program and non-program crops. They would also like to see more planting flexibility and a higher soybean loan level that would be more equitable with income supports of program crops. ASA feels that more of an emphasis should be placed on export assistance, agricultural research, and commercialization programs in the upcoming legislation. On trade policy, they are opposed to any funding cuts to MPP, EEP, FMDP, or P.L. 480.

ASA feels that the CRP should be re-authorized, but a greater importance should be placed on water quality. ASA also supported the continuation of the WRP using mid-term or long-term contracts rather than permanent easements. In addition, the definition of wetlands should be improved while the criteria for delineating wetlands in the Clean Water Act and the Swampbuster provisions are tightened.

**IV.3.A.1.c. Dairy**

The International Dairy Foods Association (IDFA) includes organizations that process, manufacture, distribute, and market approximately 85 percent of all U.S. dairy foods. Members include companies ranging in size from single plant operations to large plant operations with national processing and distribution systems. The three constituent organizations of IDFA are the Milk Industry Foundation, National Cheese Institute, and International Ice Cream Association (IDFA, 1995).
IDFA endorses a federal dairy program that allows for a market driven price of milk. Their proposals for the 1995 farm bill included a phase down of the purchase price for surplus production paid under the current federal dairy price support program. An initial reduction of $1.00 would be enough to offset current monies collected through assessments on dairy farmers while also accomplishing budget savings. In addition, they opposed setting a minimum level of dairy products that the federal government must purchase.

In order to develop export markets, IDFA supported the implementation of a dairy re-export program. They also suggested using any savings beyond budget requirements to fund market promotion activities allowed under GATT. In relation to Federal Milk Marketing Orders, IDFA would like to set a single nation-wide minimum price for milk used in manufactured products at a level reflective of butter-powder markets. This would eliminate provisions such as Class III-A pricing and section 102, and the M-W price series as the basis for pricing milk.

As mentioned before, the NMPF proposal brought forth a flurry of controversy, both from other interest groups and Congressmen. In particular, IDFA was vehemently opposed to the NMPF proposal. They asserted that the NMPF was attempting to establish a two-tier pricing structure that would not be consistent with GATT laws. Producers would be protected by the pooling arrangements when they export surpluses (IDFA, 1995, 4). This would raise the prices for U.S. processors that make value-added goods and therefore place them at a competitive disadvantage internationally. The price of milk for domestic consumers would also increase (IDFA, 1995).

IDFA also made it clear that they would only support the establishment of an industry Board if it was advisory and had no authority to intervene in the industry or buy or sell products. Also, the Board would consist of an equal amount of dairy farmer and dairy processor representatives.

Another priority for IDFA in the 1995 farm bill was the elimination of the U.S. sugar price support program. They are supportive to bills in the House and Senate which would
eliminate the price support system, subsidized loans, and marketing allotments for sugar while keeping import quotas in place (IDFA, 1995).

IV.3.A.1.d. Pork

The National Pork Producers Council (NPPC) is one of the largest commodity groups in the U.S. with over 85,000 members in 45 affiliated state associations. It has maintained a presence in Washington since the mid-1950s, but it is not one of the most active lobby groups. The primary focus of NPPC is to improve the profitability of pork production. Many of NPPC members are also part of NCGA and the two organizations maintain close ties (Browne and Cigler, 1990).

The NPPC lobbies on a number of issues that directly and indirectly affect pork producers. General farm policy issues are normally left to general farm organizations and state agencies. NPPC has maintained a position on issues such as maintaining adequate production controls, promoting research funding, education, and trade. In 1987, the NPPC worked with Congress in developing trade legislation that would counteract Canadian pork subsidies. The provision allows producers of raw pork to seek relief from unfairly traded imports. Perhaps their greatest political success was the passage of an amendment to the Packers and Stockyard Act which permitted a market deduction to finance promotion. This nickel check off system gained Congressional approval in the 1985 farm bill in an effort to maintain the industry's competitiveness with other protein-based commodities. (Browne and Cigler, 1990).

In the 1995 farm bill, the NPPC supported the GATT minimum for GATT "green box" programs, such as GSM 102 and P.L. 480. NPPC believes that the trade title of the farm bill should include measures that would ensure other countries live up to their GATT

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15 Although pork is often associated with livestock, the National Cattlemen's Association will be described in the section of Critics of Government Intervention, IV.5.A.1.a.
commitments, particularly with regard to market access. In general, trade policies should remain competitive with other countries and be refocused towards value-added products. In addition, NPPC would like to see provisions for long-term economic and foreign market development, investment in research and development, and a flexible trade policy that allows the industry and USDA to respond to changes in the global-market place (Legislative Report, May 26, 1995).

NPPC also supported an increase in planting flexibility but opposed any increase in loan rates or the use of ARPs for the purpose of raising market prices. They would like to see ARPs limited to environmental benefits and not as a tool to control market prices. Pork producers also support a strong research program, but oppose any form of means testing (Legislative Report, April 13, 1995).

NPPC feels that CRP and WRP acres should be reduced and the resulting savings should be directed towards supporting additional conservation cost-share and technical assistance for livestock priorities such as water quality research, surface water protection, nutrient utilization, and manure management measures. They felt the CRP should be reduced by 50 percent. This differed from the National Cattlemen’s Association position which was concerned that a large reduction in CRP would lead to a sharp expansion in cattle numbers. Finally, NPPC supported tax incentives to protect the environment through a voluntary incentive-based total farm resource management program (Leader Letter, April 7, 1995).

IV.3.A.2. Private Companies

Since private companies are also affected by policies implemented, it is important for them to make their positions clear. In 1995, more agribusiness firms were involved in the farm bill process than ever before under the auspices of the Coalitions for a Competitive Food and Agricultural System. This section will discuss the views of three private firms that have a history of participation in farm bill debates including Archer Daniels Midland, Cargill, and the Continental Grain Company.
Archer Daniels Midland (ADM), headed by Dwayne Andreas, openly supported government intervention, if it suits the needs of the firm. It has also been a source of active support for the sugar program in order to make the corn sweetener industry more economically competitive. Mr. Andreas also made a rare appearance and personally testified to the Senate Agriculture Committee to promote a five point trade strategy on behalf of 16 companies (SCI Washington Report, June 5, 1995).

The trade strategy promoted by ADM included ensuring other countries live up to their GATT obligations and providing funding for all direct export, export credit, market development, promotion, and food assistance programs. ADM also stressed the important of investment in research and development activities and long-term economic and market development (SCI Washington Report, June 5, 1995).

In the 1995 farm bill debate, Cargill had few positions that differed from the Coalition for a Competitive Food and Agricultural System and actually did the majority of their lobbying for the 1995 farm bill through this group. Cargill supports increasing production and maintaining export subsidies.

In the 1995 farm bill, the Continental Grain Company (CGC) was most concerned with land diversion programs including CRP and ARPs. CGC asserted that only 50 percent of the existing CRP land contracts which include the most highly erodible land should be renewed, while the remaining 15 million acres come back into production. They also felt that ARPs should be eliminated, except in extreme cases when it should be used as a tool to control stocks. In place of ARPs, CGC promotes the expansion of the Farmer Owned Reserve.

CGC also believed that farmers should have more flexibility either through the Normal Crop Acreages or Whole Farm Base Programs. As a budgetary measure, CGC would support decoupling direct farm subsidies from annual output to allow Congress to cap farm subsidy spending while still providing financial safety to farmers. They supported

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16The positions of the coalition will be outlined in detail in Section VI.3.
continued funding of export programs including GSM and MPP, but they would have liked to have seen the cargo preference removed from food assistance programs.

IV.3.B. Comparison of Positions of Export and Full Production Supporters

In general, Export and Full-Production Supporters would like to see the elimination or reduction of set-aside programs and an increase in planting flexibility. These organizations are often involved in trade and therefore strongly support the maintenance of funding or EEP, MPP, and P.L. 480. Many also supported continuing negotiations to ease trade restrictions. These producers realize the importance of trade for their industry and do not want to be hindered by farm policies that were imposed to assist them.

In relation to environmental policy, most groups agreed that CRP should be continued although some believe the acres should be reduced. Most organizations felt that CRP needs to be better targeted to achieve environmental goals. Many of these organizations also felt strongly about continuing agricultural research and extending existing funding.

There did not seem to be a difference in the issues supported by commodity groups or private companies. In fact, both are very well represented across all areas studied and seem to express similar positions with few exceptions. Commodity organizations and private companies many times only have the resources to conduct lobbying activities on issues that directly effect their industry. EFPS organizations, however, are often effected by trade and conservation programs as well as commodity programs. This has broadened the scope of issues that EFPS have addressed.

While most support the deregulation of markets either explicitly or implicitly, the National Corn Growers Association and ADM lobby intensively to maintain the sugar program. As mentioned before this is in order to preserve the indirect subsidy for corn sweeteners who would be priced out of business in a competitive market. Obviously, none of the other organizations had a stake in maintaining regulated markets, either directly or indirectly. In fact, most groups supported deregulation in order to benefit their industry.
Of all the commodity groups included in this section, IDFA not only seems to be the most consistent in their call for a more market-oriented setting for the dairy industry, but they are also the only group that only asserted positions on issues directly related to the dairy industry. Organizations such as ASA propose a market-oriented stance, but will support short-term diversions if soybean producers are benefitted. IDFA seems to be pursuing long-term goals of market orientation.

IV.4. Environmental Organizations

The broad generalization of environmental organizations actually encompasses three distinct types of groups that tend to be particular about their stature. Environmental organizations accounted for 13 of the 80 groups in the study. These organizations include conservation, environmental, and sustainable agriculture groups. Conservation groups are primarily historical and are only involved in the farm bill debate as it relates to conservation. Environmental groups generally have more diverse interests in the debate since they represent a broader membership. In many cases, the farm bill is a minor part of their objectives and they view it in conjunction with the Clean Water Act. Sustainable agriculture groups also often have an interest in diverse issues as well as environmental groups. While some are devote to sustainable agriculture as a concept, others take on a number of other issues (Smith interview, June 1995). Although these types of differences exist among the groups, this section will explore environmental organizations that are broken down into two groups: public policy and public interest organizations in order to be consistent with the structure of the thesis.

Public policy organizations are often focused on research and not education or lobbying. In this section three groups have been considered public policy groups, but one, the Council for Agricultural Science and Technology will serve as representative. These groups do not play a prominent role, in general, but their reports have added to the debate.

Public interest groups are formed to promote members' ideas of the structure of
Table 4.3 Interest Group Abbreviations for Environmental Groups

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<th>Public Policy Organizations</th>
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<td>CARD</td>
<td>Center for Agricultural and Rural Development</td>
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<td>CAST</td>
<td>Council for Agricultural Science and Technology</td>
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<td>NACD</td>
<td>National Association of Conservation Districts</td>
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<table>
<thead>
<tr>
<th>Public Interest Organizations</th>
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<tr>
<td>AFT</td>
<td>American Farmland Trust*</td>
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<td>CRA</td>
<td>Center for Rural Affairs</td>
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<td>DU</td>
<td>Ducks Unlimited, Inc.</td>
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<td>EWG</td>
<td>Environmental Working Group</td>
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<td>HAW</td>
<td>Henry A. Wallace Institute for Alternative Agriculture*</td>
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<td>NAS</td>
<td>National Audubon Society</td>
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<td>NWF</td>
<td>National Wildlife Federation</td>
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<td>WMI</td>
<td>Wildlife Management Institute</td>
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<td>WWF</td>
<td>World Wildlife Fund</td>
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* Indicates interest group that has been interviewed

agriculture by promoting policy reform. These groups are concerned with the effects of agriculture on the environment and conservation issues. Nine groups are included in this sub-category, but three will serve as representatives. American Farmland Trust, Environmental Working Group, and the Henry A. Wallace Institute for Alternative Agriculture are examples of a conservation, environmental, and sustainable agriculture group, respectively. Finally, the category is completed with one coalition, the Campaign for Sustainable Agriculture.
IV.4.A. Consistency within Groups

The following section will provide a background and analysis of the issues facing environmental groups. There will be a brief outline of the structure and composition of the groups and the consistency of the policies they endorse.

IV.4.A.1. Public Policy Organizations

This section will discuss the role of CAST in the farm bill debate. CAST did not advocate particular policies, but instead provided a forum for debate. They were one of the many public policy organizations that held panel discussions, but did not advocate specific policy reform.

Council for Agricultural Science and Technology (CAST) is a research organization that organized a conference "Sustainable Agriculture and the 1995 Farm Bill" to provide a forum for debate. Although CAST did not issue their own policy statements, they presented summaries of the discussions at the conference. Some of the conclusions they reached include focusing the farm bill on broad goals and principles and establishing programs that provide flexibility and incentives for farmers to adopt agricultural practices that protect the environment and increase profitability. CAST participants also felt that research should be targeted toward the development of environmentally sound management and instructing farmers in whole farm systems and ecosystem management. Finally, the discussion identified the importance of rural development.

IV.4.A.2. Public Interest Organizations

The public interest organizations have played a significant role in representing the environment in the 1995 farm bill debate. Although many of the ideas put forth were incorporated in proposed legislation, many of the groups feel that the Republican control of Congress may have hindered some of their efforts in moving farm programs towards protecting the environment.
American Farmland Trust (AFT) is a conservation organization that claims farmers as one-third of their members, although the majority of their members live in rural districts. AFT often works with environmental groups although they do not consider themselves one. Founded in 1980, their main priority focuses on the preservation of farm land. They emphasize that farmers should refrain from utilizing poor land for crop use and attempt to assist farmers in adopting land management practices (Browne and Cigler, 1990).

AFT maintained that conservation practices should be done on a voluntary, incentive based system. Some incentives that AFT supported include green payments, tax relief, liability protection, and farmer IRAs. The reforms they proposed for the 1995 farm bill include capping annual spending on price and income support programs. They felt that deficiency payments and price supports should be within budget caps. The farm program system should also be simplified with a Whole Farm Base implemented to increase flexibility. AFT supported the elimination of set-asides and a more targeted CRP. They would also like to see WRP consolidated into the CRP. Conservation compliance should be maintained. AFT supported testing revenue assurance and green payments in a pilot program setting. They would also like to establish a Resource Conservation Fund to provide matching grants to state partners. Finally, they believed that research and education spending should be increased.

The Environmental Working Group (EWG) was founded by Ken Cook who was previously an environmental consultant. The EWG has made a concentrated attack on farm programs by targeting a series of reports and studies towards the media. These reports have attempted to uncover problems within farm programs and raise questions about the viability of farm program spending. EWG would like to see the current structure of farm programs dismantled and more of an emphasis on environmental issues.

The Henry A. Wallace Institute for Alternative Agriculture (HAW) is a sustainable agriculture organization founded in 1983 as a research and education organization. HAW encourages the adoption of low-cost, resource conserving, and environmentally sound
farming practices. They work to promote a sustainable agriculture system and analyze critical policy issues (Lynch and Smith, 1995).

HAW has promoted the establishment of Green Support Programs (GSPs). This would be a voluntary program that would shift the principle basis for farm income support to environmental protection. GSPs would be a voluntary program that provide direct payments in return for the provisions for environmental benefits. HAW asserts that this program would not cause market distortions like current programs and could be funded from existing budgets and possibly result in net savings. They provide for state and local government involvement in the design and implementation of the program in the hopes that performance would be strengthened and an incentive would be created for additional state and local funding (Lynch and Smith, 1995).

IV.4.B. Comparison of Positions of Environmental Organizations

As a group, Environmental Organizations did not take positions on a wide array of issues. Instead, most groups offered extended views on environmental policy, but only mentioned other titles of the farm bill. In general, however, there was consensus among the groups that environmental programs should be voluntary and done on an incentive based system rather than penalizing the farmer for a lack of compliance.

On environmental policy, most groups expressed the need for a more targeted CRP and the continuation of the WRP in some form. Many of these groups would also have liked to see a shift in the focus of farm programs away from income and price support and directed towards environmental preservation. Thus, many environmental groups supported shifting the spending base away from traditional commodity programs towards conservation incentives. The Wallace Institute put forth a detailed proposal to further engage farmer participation in conservation practices while still receiving government payments. This proposal was not given much credence and these groups feel it is because of the Republican controlled Congress.
Green payments are another proposal that received a significantly reduced amount of attention after the election. Although green payments seemed like a feasible pilot program in the early fall of 1994, this program was never discussed in Congress or proposed in the form of legislation, despite the support of environmental interest groups.

The calls to reform the current commodity programs were often based on the negative effect these programs have on the land. For instance, groups supported increasing planting flexibility for farmers in order to allow for increased crop rotations and an opportunity to allow soil nutrients to replenish. Environmental organizations also supported deregulating markets, in particular the sugar program, to limit the harm to national preserves, such as the Florida Everglades. The sugar program encourages additional producers to grow sugar than would exist without the program. These additional producers create run-off from their sugar crop which destroys the Everglades.

Environmental groups did not express any opinions on trade issues. None of the statements studied addressed export subsidies or trade policy. Environmental groups were equally quiet on nutrition issues. A limited number of groups expressed support for continuing research and focusing on rural development, but they felt that research expenditures should be on developing better sustainable agriculture practices.

In general, environmental organizations represented examples of commodity groups focused on preserving the land. Most groups did not address other issues, but instead kept the debate focused. As expected, private interest groups were much more vocal than public policy organizations. Public policy groups were hesitant to commit to an opinion unless it represented the entire panel. This made any policy issues general and not specific enough to provide any guidance or stir any debate.

IV.5. Critics of Government Intervention

Critics of Government intervention (CGI's) accounted for 21 of the 80 groups
interested in agriculture included in this study. In general, these organizations shared the
goal of reducing the amount of government intervention in agricultural markets. Many felt
that spending on agricultural programs should be reduced or capped for budgetary purposes.
They also agreed that the sugar, peanut, and dairy programs should be eliminated and move
toward a more market-orientated structure. In general, none of these organizations supported
maintaining the status quo for the farm bill.

CGI's have been sub-divided into four groups that will allow for additional depth in
analysis. These sub-categories include commodity organizations, public policy groups,
public interest groups, and coalitions\(^{17}\).

Two groups comprise the sub-category for commodity organizations: the National
Cattlemen’s Association and the Sweetener Users Association. Both of these organizations
will be discussed in detail because they each represent two different aspects of a commodity
organization and address different issues and industries.

Public Policy Groups are comprised of non-profit, research organizations that receive
donations to continue their studies. These organizations are not structured to lobby formally,
however, they often outline policy reforms in their publications and have had some effect on
the policy institutions. Seven groups have been placed in this category. The Cato institute
and the Heritage Foundation will serve as the representatives for this sub-category.

Public Interest Groups are private interests that each have a vision of how agriculture
programs should be structured and focused. Many of these groups are leaders in specialized
areas related to agriculture. These groups are similar to public policy groups in that many
are non-profit organizations, however, research without an intent to lobby is often the
difference. Eight groups have been placed in this sub-category including, but two will serve
as representatives for the group: Citizens Against Government Waste and Public Voice for

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\(^{17}\)The groups are listed in Appendix C in the following order of sub-
categorizations: Coalitions, Commodity Organizations, Public Policy Organizations, and
Public Interest Groups.
Food and Health Policy. Citizens Against Government Waste are focused on reducing government spending while Public Voice is focused on food safety and pricing (Browne, 1988).

Finally, the category of Critics of Government Intervention is completed with four coalitions: American Peanut Coalition, Coalition to End Welfare to Big Sugar, Green Scissors' Coalition, and Taxpayers Against Promotional Subsidies. As indicated by their names, these coalitions were originated to address one issue. These are not multifaceted coalitions like some of the others introduced previously, but they will discussed in detail in Chapter VI-Coalitions: Organization, Formation, and Strategy.

IV.5.A. Consistency Within Groups

This section will provide a historical background of the Critics of Government Intervention and the policy issues concerning them. Their will be an analysis of the internal consistency of the policies presented and position changes that have taken place over the years. This section will also provide a description of the role each group plays in the policy debate.

IV.5.A.1. Commodity Organizations

The different roles of commodity groups have been described previously while these two representative groups exemplify the different strategies. The Sweetener Users Association follows a typical structure of a commodity group. It is concerned primarily with representing the views of sugar processors and took strong positions on very few issues, all dealing with dismantling the sugar program. The National Cattlemens' Association, on the other hand, takes on a broader range of topics and issues, similar to many of the Export and Full Production Supporters. This section will describe the roles and positions of the National Cattlemens' Association and the Sweetener Users Association.
Table 4.4 Interest Group Abbreviations for Critics of Government Intervention

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<th>Commodity Organizations</th>
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* Indicates interest groups that have been interviewed
IV.5.A.1.a. Livestock

The National Cattlemen's Association (NCA) was founded in the 1890's as a conservative organization that promoted less government intervention in agriculture and the cattle industry. It is currently the largest agricultural commodity group that represents over 230,000 members in 46 affiliated state cattle associations and 29 national breed associations. NCA is a nonprofit, grass-roots organization that generally promotes free trade and non-market distorting practices (Browne and Cigler, 1990).

In the 1995 farm bill, the NCA supported policy that would signal the end of reliance on the price support system and supply management programs with an expanded role for research. However, NCA supported the current loan rate formula for feed grains for the 1995 farm bill. They also supported extending CRP although they believed it should be targeted towards more environmentally sensitive lands. However, NCA strongly opposed any haying and grazing allowed on CRP land (NCA testimony, June 15, 1995).

Another important issue to the NCA is supporting private property rights. NCA endorsed increased crop flexibility for non-program crops on acreage that does not receive a program payment. However, they opposed non-program crop planting if there is a program payment. They discouraged the implementation of any income test as a basis for farm program participation and supported a higher deductibility rate in estate taxes (NCA testimony, June 15, 1995).

IV.5.A.1.b. Sugar

The Sweetener Users Association (SUA) represents the U.S. food and beverage manufacturers, that are the major users of sugar and other sweeteners, and the trade associations serving such companies. Their main objective has been to ensure a reliable and adequate supply of domestic sugar and work for more market-oriented sweetener policies. SUA has been a proponent of reform to the sugar program for many years and continued their objective in the 1995 farm bill.
SUA would like to establish a more equitable and market-oriented program for sugar, but believe that the current program is beyond repair and needs to be structurally overhauled in the context of the farm bill. They feel the manner in which it is structured does not allow the U.S. to take advantage of the recent free trade agreements, nor is it consistent with the spirit in which these agreements were formulated. The sugar program should be market-oriented and allow for competition (SUA testimony response, September 30, 1994).

IV.5.A.2. Public Policy Organizations

This section will analyze the roles of the Cato Institute and the Heritage Foundation on the 1995 farm bill. Both of these groups experienced an enhanced role due to the Republican Congress that took control in 1994. This political climate change lent more credence to their respective policies of a more limited role for government in agriculture.

The Cato Institute (CATO) is a public policy organization with conservative leanings. In 1995, CATO published a book entitled The CATO Handbook for Congress which recommended policy changes on a vast array of issues. In particular, CATO suggested that Congress take steps to balance the budget and reform agricultural policy. They asserted that all controls on and subsidies for prices and production of agricultural products should immediately be removed. They also felt that farmers should be able to produce any crop they wish, in any quantity they want, on the land that they own. In general, CATO felt that producers should sell their products at market driven prices. They also believed that regulations that do not directly protect public health and safety should be reviewed and repealed. Finally, some of the savings that take place from the implemented reforms should be targeted towards direct transition assistance for individual farmers and their families. CATO also supported repealing P.L. 480 (CATO, 1995).

The Heritage Foundation is a research and educational institute founded in 1973. The mission of Heritage is to formulate and promote conservative public policies based on principles of limited government and free enterprise. Heritage is a non-partisan, tax exempt
institute that relies on private financial support of the public and accepts no government funds. Heritage has become one of the largest public policy research organizations with over 200,000 contributors.

The Heritage Foundation issued a report *Freeing America's Farmers: The Heritage Plan for Rural Prosperity* that included some policy recommendations for the 1995 Farm Bill. They proposed to eliminate acreage reduction and set-aside programs, including 0/85/92 and 50/85/92. They would also encourage farmers to purchase private crop insurance and stop planting high risk crops by eliminating the authority to issue disaster payments. The Heritage plan also eliminates marketing loans for rice and cotton, and the sugar and peanut programs. Deficiency payments for wheat, feed grains, rice and cotton would be phased out over five years along with the dairy program. Funding for FFP, CRP, commodity loan programs, and the federal crop insurance programs would also be eliminated (Frydenlund, 1995).

IV.5.A.3. Public Interest Organizations

Public interest organizations are institutions designed to educate and lobby policy changes that are supported by their members. Citizens Against Government Waste and Public Voice are both fairly specific in their requests. Neither group tackles a broad range of issues, but instead they target their area of expertise. This section will describe the policy changes suggested by each of the groups.

Citizens Against Government Waste (CAGW) is a 600,000 member, private, non-profit, non-partisan organization. CAGW was founded in 1984 after the late Peter Grace presented then President Ronald Reagan with the recommendations of the Grace Commission. These findings provided a blue-print for a more efficient, effective, less wasteful, smaller government. CAGW is now focused on educating the public about waste, mismanagement, and inefficiency in the federal government (English interview, 1995).

The main priorities of the CAGW in the 1995 farm bill were to foster the elimination
of the sugar and peanut programs. As of July 1995, they were confident that this could be accomplished if the bills came to a floor vote. CAGW put forth a policy proposal that would save the government $190.4 billion in one year addressing all divisions of government. In relation to agriculture, CAGW recommended that EEP and MPP funding be eliminated along with the below cost loans issued by the Farmers Home Administration. CAGW also issued a separate report that outlined reasons to eliminate maritime subsidies (CAGW, 1995).

Public Voice for Food Health Policy (PV) is a food safety and consumer advocacy group that promotes citizen awareness of food, agriculture, and health issues. It focuses on a wide array of food system policy issues, including the manner in which food is grown, how it is processed, marketed, and the adequacy of the food delivery system. PV was founded in November 1982 when five consumer advocates left the Community of Nutrition Institute to focus more closely on public education. The organization was founded partly as a response to policies promoted by the Reagan Administration, citing the administration as unresponsive and the public access to policy making venues restricted (Browne and Cigler, 1990).

PV is a nonprofit membership organization that is focused on the elimination of the sugar, peanut, and dairy programs. To PV, the federal peanut subsidy is an example of "corporate welfare at its worst". They feel that dairy products are currently "dumped" in the school lunch program and this practice should stop. PV would also like to maintain the current funding structure for nutrition programs and avoid lock grants to states.

In order to bring awareness to their cause PV has issued a number of press releases and reports. Harvesting Handouts I: The Federal Farm Price Support Scandal was the first in a series of publications that outlines the problems brought about by price support programs. The main argument asserted by PV is that agricultural programs cost taxpayers an enormous amount of money each year and can contribute to environmental damage. They also felt that there is a negative effect on U.S. jobs and the economy in general as higher food prices constrict economic activity by reducing the demand for food products and raising industry costs of production.
IV.5.B. Comparison of Positions of Critics of Government Intervention

In general, CGI's maintained that government agricultural policies are inefficient and should be revised or eliminated. These groups were consistent in promoting a more efficient, market-oriented agricultural policy. The most overwhelming support from this group was directed towards two issues: deregulating markets and eliminating export subsidies such as MPP. CGIs asserted that these programs are not only inefficient, but costly to the consumer and the taxpayer.

Public policy groups called for increased production and an end to set-aside programs. Despite the rhetoric that surrounds these programs, no public interest group lobbied to end payments to farmers for idle land. Instead, interest groups felt that overall spending on agriculture should be reduced, or at least capped.

The most inefficient expenditures noted by both public policy organizations and public interest groups are those for export subsidies, such as MPP and EEP. Many groups feel that companies already have a budget for overseas market promotion and MPP does not assist them in a cost effective manner. Many of these groups also believe that EEP should not be funded up to the GATT limit. Instead, they proposed that if the U.S. takes the initiative to reduce funding abroad, competitors will follow. Both of these issues were supported by both public policy groups, from a theoretical approach, and public interest groups in an attempt to reduce taxpayers cost.

Environmental policy was only addressed by a select number of organizations. The Cattleman's Association exhibited support for maintain the existing CRP with improved targeting. The CRP is an important issue to the NCA because many ranchers are concerned that haying and grazing will be allowed on CRP land which could be detrimental to them. Also, NCA feels that if as land comes into production, there will be more cattle farmers which could drive down the price of their commodity. Public policy organizations such as the Heritage Foundation, Hudson Institute, and the Progressive Policy Institute, generally favored reducing the amount of land enrolled in CRP because many of the acres enrolled are
not highly erodible.

Public Voice was the only organization in this category to express a position on nutrition issues. In general, PV expressed concern over block granting funds to states, but felt that funding to nutrition programs should be increased.

Funding for research was the most contentious issue for these category members. While NCA was the only group to support funding for research, Cato, Citizens Against Government Waste, the Concord Coalition, and the World Resources Institute thought funding should be reduced. In fact, this was the only issue that exemplified a discrepancy among group members.

IV.6. Conclusions

This chapter analyzed the positions of many of the most influential agricultural lobby groups. By dividing the groups into four main categories and corresponding sub-categories, comparison of the organizations was possible. In general, the established farm groups that are active in Washington and grassroots lobbying were organizations that showed the most internal inconsistencies. Newer groups that are focused on a single issue or set of issues had more consistent and theoretically defendable positions.

Defenders of Farm Programs was the most interesting group in the study, because of the competing agendas of many of the groups included in this section. Organizations in this category felt that the current structure of farm programs should be continued although there was disagreement on many of the details. Groups were divided on the issues of means testing, increasing planting flexibility, and easing trade restrictions. While a general agreement on trade existed, several groups were notably absent from lending their support.

Among Defenders of Farm Programs, general farm organizations were represented on a broader range of issues as compared to commodity groups. Most commodity groups in this category only expressed opinions on issues that directly effected their industry. These groups also showed the strongest support for maintaining the sugar, peanut, and dairy
programs.

Export and Full Production Supporters were primarily concerned with trade policy although they stated opinions on almost every issue. In general, these groups supported export subsidies and increasing planting flexibility and production. Groups were divided on the need to deregulate markets, but supported funding for agricultural research.

There was a strong representation of both commodity organizations and private companies in this category. These groups tended to express views on more issues than would be expected of a commodity organization, but this could be because exporters are effected by commodity programs, trade policy, environmental policy, and agricultural research.

There was a surprising consistency among the positions of group members, although some organizations would support short-term benefits over long-term goals. This was the case with the National Corn Growers Association and ADM who would like to maintain the sugar program although they profess a free trade philosophy. ASA also supported loan rates to soybean farmers even though they prefer to have minimal government intervention.

Environmental organizations primarily stayed focused on conservation issues. Very few organizations held positions on issues other than environmental policy, but those that did were still indirectly related to the environment. Environmental groups were united in their requests to target farm programs towards conservation practices and agreed that conservation activities should be promoted in a voluntary manner.

Most groups expressed the need for a better targeted CRP in order to achieve more environmental benefits. Many of these groups also put forth proposals to shift the basis of farm programs away from price and income support to environmental preservation. Public interest groups in this category played a much larger role than public policy organizations, but both feel that the 1994 election that put Republicans in control of Congress damaged their efforts.

Critics of Government Intervention generally agreed that farm programs should be
market oriented and cost efficient. These groups felt that the sugar, peanut, and dairy programs should be eliminated along with export subsidies. There was a general consensus on all issues within this group, except the National Cattlemen's Association who felt that funding for research should be extended while other groups that expressed an opinion felt it should be cut.

Public policy organizations in this category were surprisingly active in the 1995 farm bill debate. Reports and studies issued received attention and spurred debate. Many did not expect to have the influence that they did and attribute it to the Republican control of Congress. Public interest groups were also active in promoting reform, however, neither sub-category was fully successful in achieving their objectives.

In conclusion, this chapter has demonstrated that defenders of farm programs and some export and full production supporters are embedded into the Washington lobby institution. This provides an intrinsic advantage to maintain the status quo and build on existing farm policy. Although this may not be the best course of action for these groups to promote, they are familiar with the operation of current farm programs and hesitant to accept an alternative.
CHAPTER V
STRATEGIES AND METHODS OF INFLUENCE EMPLOYED BY INTEREST GROUPS

V.1. Introduction

Organizations present their proposals and ideas to Congress in a variety of ways. Substantial amounts of money are spent on writing letters, placing phone calls, visiting Congressional offices, formulating testimony, writing newsletters and publications, presenting campaign contributions, and initiating coalition activities. Agricultural interest groups use these strategies and methods of influence, in varying combinations, in order to achieve their legislative agendas. Some groups even changed their strategies after the 1994 Congressional elections. These strategies and changes will be addressed in this Chapter.

This chapter will address the manner in which groups utilize these strategies and the benefits received, according to personal interviews conducted. In some cases, the style of lobbying changed due to the 1994 election. This section will also address the presumed effectiveness of the strategies implemented and the extent to which lobbyists used them to advance their objectives.

The chapter will be structured according to the categories established in Chapter IV. This is to assist in identifying persistent lobbying strategies among different types of organizations. Section V.2. will present an overview of the most popular methods of influence. Section V.3. will then discuss the strategies implemented by Defenders of Farm Programs. Export and Full Production Supporters will be discussed in Section V.4., while the strategies Environmental Organizations and Critics of Government Intervention are addressed in Sections V.5. and V.6. respectively.

\[1\]Coalition formation and their activities will be discussed in depth in the next chapter.
V.2. Overview of Lobbying Techniques

There are many ways that interest groups are able to advance their ideas and proposals. However, it is up to the successful lobbyist to know what methods of influence are the most effective. This section will outline the different methods of influence as addressed by those interviewed. Appendix D provides a summary of the information collected on each organization and supplies a sense of the strategies lobbyists utilized.

V.2.A. Testimony

Many groups use testimony as part of their initial strategy. The statements that witnesses present must be concise and credible in order to gain the committee's respect. A witness does not have to be part of a large organization, but he must be factual and present an analysis of the issues and the potential impacts of the proposed legislation. Over time, groups gain a reputation with Congressmen and if the truth has been stretched before their credibility will be effected.

The most effective testimony is presented by groups that are reasonable in their requests and understand the difference between what they would like and what is necessary. Although these groups often achieve less than they requested, many make sure to state their minimum requirements and often receive some satisfaction.

Testimony should be written to persuade members of Congress to agree with the proposal presented or, at a minimum, give it some consideration. However, many statements are written for the benefit of the organization's members instead of their direct audience, the committee members. Effective testimony also includes proposals to fix legislation that has not been effective, instead of simply pointing out the faults.

V.2.B. Grass Roots Support

General grass roots support, including letters and phone calls from the home state or
district, are an important lobbying tool that many interest groups utilize. In many cases, local opinion is the primary basis for decisions by House members and many interest groups feel that they would be remiss if they did not organize their members effectively.

Organization members are cautioned to write concise letters that clearly state their positions providing brief facts to support their assertions. Many also include longer, more detailed pieces of information. However, members are cautioned to keep letters limited to two pages in consideration of the representative's time. Also, organizations are afraid that anything over this length may get neglected.

State and local representatives of organizations are also encouraged to personally visit Congressional offices to discuss the issues. Organizations with a Washington staff also serve an important function by keeping in touch with Congressional offices on a regular basis, sending newsletters and publications, and keeping members across the country informed about legislative developments.

**V.2.C. Office Visits**

Personal office visits to members of Congress and their staff prove to be more effective if the lobbyist is well prepared. It is important for the lobbyist to research the member in order to find out about his committee assignments and philosophy on the issues. This allows the lobbyist to formulate a strategy for the office visit. Some groups only lobby through staff aides, but this may place them at a disadvantage since aides often do not know how the committee member is going to vote.

Most groups feel that it is important to meet with representatives even if they are known to oppose a group's proposal. This meeting will allow the group to explain their point of view and also give them an opportunity to document their assertions.

Education is another important part of an office visit. Both the member and his staff need documented information on the issues. Therefore, such information should be presented in a clear and rational manner using facts, figures, balance sheets, and other evidence.
V.2.D. Political Action Committees

Finally, political action committees (PACs), which donate money to political campaigns are another method of lobbying, and the most controversial. PAC contributions have come under attack from a number of venues and some freshman Congressmen refuse to accept any funds in order to be relieved of the pressure exerted by special interest groups.

In general, PAC contributions to Senators tend to be larger than those to House members. This may be explained by the fact that Senators enjoy a six year term in office, while those in the House must campaign for an election every two years. There are limitations to the amount that can be contributed, however.

At the federal level, there is a limit of $1,000 for an individual donation and $5,000 for a PAC contribution, although some states set higher contribution limits. Many contributors get around these restrictions by enlisting each member of their family as a donor or contributing "soft money".

The loophole in the campaign spending laws came to be known as "soft money". This encompasses any contributions not regulated by federal election laws. Technically, the funds are only supposed to be used for state and local political activities, such as voter registration and get-out-the-vote drives. However, funds are often used to purchase office space or costly computer equipment. This allows other contributions to go directly to support the candidates.

The following sections will describe, in detail, the activities and strategies employed by interest groups. Appendix E provides an outline of the resources of each organization, their membership and membership dispersion, their activities and strategies, the manner in which they support political candidates, and their utilization of coalitions.

V.3. Defenders of Farm Programs

Defenders of Farm Programs, as a group, are often viewed as a diverse set of
organizations that are ingrained in the lobbying structure of Washington agricultural policy. These groups are often endowed with strong membership support, a Washington office, and a strong network through local organizations. Congressmen respond to this organization structure because these groups are able to utilize their state organizations to provide grass roots support, while the Washington office allows for direct contact and interaction with representatives and staffers.

The following sections will address the strategies employed by the same organizations addressed in Chapter IV. Defenders of Farm Programs will be comprised of two sub-categories: general farm organizations and commodity groups. Many of the groups discussed were also addressed in Chapter IV. The majority of the information included in this chapter was gathered from personal interviews for each of the groups addressed. For this reason, each of the organizations discussed may not include the same information.

V.3.A. General Farm Organizations

The American Farm Bureau Federation, the National Grange, and the National Farmers Union have been players in the outcome of agricultural policy since the inception of farm programs. Therefore, these groups have had experience in developing the most efficient lobbying techniques for their organization. This section will address the activities that general farm organizations participate in and the strategies they employ in addressing specific Congressional committees.

The American Farm Bureau Federation was once regarded as one of the most powerful agricultural lobbying institutions. Since then, some feel that the AFBF has lost some of its influencing power. Still, AFBF pursues many different pieces of legislation before Congress in a forceful manner. AFBF testified before various committees on the farm bill debate, conducted studies, and met with congressmen and staffers to promote their ideas.

The AFBF is a federation of 2500 county farm bureaus with an operating budget of $15 million a year. AFBF expected to spend about 10 percent, or $1.5 million on the farm
bill debate. In the Washington office, there are 11 lobbyists, plus the support staff. The Park Ridge, Illinois office is comprised mainly of policy analysts and information groups. Approximately 50 percent of total staff time was expected to be allotted to the farm bill (Keeling interview, June, 1995).

The Farm Bureau is not a source of PAC funds although 20 state federations make PAC contributions and support explicit candidates. Although AFBF is non-partisan, they attempt to assist candidates by locating like-minded members who are willing to work with them on their campaign. AFBF has strong grass-roots support and has members in every district that are willing to call their Congressman and express their opinions and concerns. AFBF also feels that coalition participation is important and is a member of the Alliance for a Sound Food and Agricultural Policy and many other coalitions (Keeling, June 1995).

The National Farmers Union, which presented a program to increase the loan rate, took advantage of many lobbying strategies in attempting to influence Congress. They conducted a number of studies on various proposals of the Farm Bull and hired the University of Tennessee to do a formal analysis of their program. This report was designed to identify the effects on family farm income, cost, and how money is distributed. The consequences for different sectors of agriculture and the overall budget savings were also addressed (Swenson interview, July 1995).

The NFU also focused some of their efforts towards the Administration. They felt it was important to meet with the Secretary of Agriculture and their economists in order to receive feed-back on their proposals. They also felt it was important to make Congressmen and staffers aware of their proposals in order to get a sense of how politically feasible they were and how they should be modified. NFU also sends letters to congressmen and promotes grass roots support for proposals as well as testifying before various committees (Swenson interview, July 1995).

NFU faced a challenge during the 1995 farm bill debate in educating the new members and their staff on agricultural policy. Therefore, they conducted "fly-ins" where
their members come in from their farms and visit every Congressional office on the Hill to meet with either a member or a key staffer. NFU also conducted briefing sessions for staff members of the Agricultural Committees. This was a way for NFU to inform staffers on their positions and also gain credibility (Swenson interview, June 1995).

NFU contributes to the NAT Farm PAC and sets up "meet" sessions to assist potential candidates in meeting other farm group representatives. NFU representatives feel that soft money contributed to the party often has more influence than PAC contributions. For this reason, NFU feels that agribusiness firms, such as Cargill and ADM, have more influence than they do (Swenson interview, July 1995).

The NFU has an annual operating budget of $2.3 million and expected to spend $750,000 on the farm bill. NFU employs a staff of seven people in the Washington office and they expect to spend 75 percent of their time on the farm bill (Swenson interview, June 1995).

While the NFU is involved in some coalitions, they choose their affiliations very carefully. The only coalition that they devote a lot of time to is the Campaign for Sustainable Agriculture. In general, they prefer to work on task forces or through informal alliances, which they do on most issues (Swenson interview, July 1995).

The American Agricultural Movement, which promoted a increase in the loan rate, has found USDA "impenetrable" to their ideas under the current administration. Surprisingly, however, Republican freshmen congressmen, particularly those from urban districts, were receptive to the proposals set forth by AAM. AAM attempted to rally grass roots support in the Summer of 1995, but were disappointed with the response. In order to influence public opinion, AAM was trying to get members to write letter and call their Congressmen, but after the 1994 election their members seem to be less active. They felt there was a overall sense of apathy and lack of cohesiveness which prevented their proposal from being considered (Asbridge interview, July 1995).

AAM also relied on studies conducted by FAPRI, University of Tennessee, and Texas
A&M to point out the negative impacts of current farm programs on rural development. They do not have the resources to conduct their own studies which is why it is important for them to use the work of others. There was a time when AAM had a PAC, but it caused internal battles and it was abolished. However, they encourage members to support individual candidates and sponsor some fund-raising events (Asbridge interview, July 1995).

AAM has members in 34 states, but their membership has never been disclosed. Their financial resources are also secret as they are primarily drawn from their membership dues. However, AAM expected to spend 25 percent of their annual budget on the farm bill and 66 percent of the time of their four employees (Asbridge interview, July 1995).

The American Agricultural Movement was the only group that did not see the benefits to participating in coalitions. They feel that the farm bill covers too many topics to encourage a successful coalition, although other groups have combated this potential problem by only addressing specific titles of the farm bill. They also feel that the necessary compromises are too high in joining an alliance. AAM believes that they have often given up more than they received in return (Asbridge interview, July 1995).

AAM has not always held such negative feelings towards coalitions, however. In the 1970's and 1980's AAM was involved in numerous alliances, like many of the groups today. It is not that the structure of coalitions has changed, instead, what has changed is mainstream agricultural policy and AAM is being asked to make more policy compromises. Today, AAM represents the fringes of agricultural policy, as mentioned before, and has very little influence on Capitol Hill in comparison to other groups (Asbridge interview, July 1995).

V.3.B. Commodity Organizations

This section will describe the lobbying activities of commodity groups included in the category of Defenders of Farm Programs. Cotton and rice, dairy, peanuts, and sugar will be addressed.
V.3.B.1. Cotton and Rice

The National Cotton Council conducted a series of studies on payment limitations and planting flexibility issues. Throughout 1995 they also issued a series of press inquiries and responses, publications, and position papers.

On the Hill, the Cotton Council works closely with five Senators, two Democrats and three Republicans, including Howell Heflin (D-Ala.), Thad Cochran (R-Miss), and David Pryor (D-Ark). During the 1995 farm bill debate, NCC found more of its time allocated to the budget committee than usual because the budget was high priority. However, they have always been involved with the appropriation committees since research and export programs are addressed there (Perry interview, July 1995).

There are 70 employees of NCC, but only three were involved with farm bill issues. These three people spent approximately 50 percent of their time working with the farm bill. The financial resources of the organization amount to $8.2 million annually, but the amount spent on the farm bill is unknown. NCC has a PAC entitled the Committee for the Advancement of Cotton that represents the entire cotton industry. This PAC amounted to $206,822 for the 1993-1994 PAC cycle. NCC also hosted some fund-raisers for their candidates (Perry interview, July 1995).

NCC is involved in a working group or coalition for almost every legislative issue. In fact, most of their work on the farm bill is done through a coalition called USA Farm², although they are also a member of a working group to maintain spending on agricultural programs and reforming crop insurance.

USA Rice was involved in many of the same activities including presenting testimony, distributing studies that supported their views, and conducting personal meetings with representatives. Rice producers also have a PAC that contributed $48,024 in the 1993-94 election cycle (Watzman and Krumholz, 1995).

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²USA Farm will be discussed in greater detail in section VI.3.
V.3.B.2. Dairy

The main target for the National Milk Producers Federation was the subcommittees of the Agriculture Committees, because this is where the legislation is introduced. They work closely with Representative Steve Gunderson (R-Wis), whose district includes many dairy farmers. Gunderson was in favor of changing the Federal Marketing Orders to benefit producers in the Mid-west region.

The National Milk Producers Federation is a 35 member cooperative with total resources of about $2 million. They expected to spend 20 percent, or $400,000, and about 30 percent of the time of their 18 member staff on the farm bill (Vitaliano interview, June 1995).

Although NMPF is not a contributor of PAC funds, many of their members have PACs. The Association of Milk Producers contributes $1 million a year, which is the largest contributor in agriculture, but NMPF has no input in how the funds are distributed. The total dairy cooperative PAC contribution in the 1993-94 election cycle amounted to $1,562,905 (Watzman and Krumholz, 1995).

NMPF is mainly concerned with providing informational support. They write letters to every member of Congress, provide information packets, and make personal visits. They also work with the leadership and subcommittee members in explaining policies and bringing in members from their districts.

V.3.B.3. Peanuts

The Southwest Peanut Growers Group hired Myers & Associates to be their representative counsel. They have conducted a series of studies and met regularly with the Administration, Congressmen, and their staffs. SPGG felt that the Clinton Administration was more approachable than either the Bush or Reagan Administrations. SPGG always worked with the budget and appropriation committees, but their strategy changed for the 1995 debate. They found it was necessary to work with these committees every year instead
of only when the farm bill is brought to the table. Unlike some other groups that focused on major public relations campaigns, most of their effort was directed towards Congress (Meyers interview, July 1995).

SPGG is the largest PAC contributor of the peanut industry, donated $129,911 to Congressional candidates in 1993-1994. Meyers & Associates also hosts fund-raisers, but this is not directly related to the peanut industry. In total, the peanut industry contributed $261,920 in PAC funds to candidates (Watzman and Krumholz, 1995).

V.3.B.4. Sugar

The U.S. Beet Sugar Association was pleased with the reception they received from the Clinton Administration. They felt that the Administration was producer friendly and the policy makers were open and receptive to new ideas.

The sugar industry did not change their strategy due to the change in leadership. They did, however, allot more time to educational efforts since half of the House was elected since the 1990 Farm Bill and, thus, void of an institutional memory. During the summer of 1995, USBSA concentrated on educating members on the importance they saw to the sugar program. The sugar industry asserted that jobs would be lost, they needed protection from subsidized foreign sugar, and the sugar program operates at no-net cost to the federal government (Johnson interview, June 1995).

At this time, USBSA also found it important to answer the criticism brought against them by groups who wanted to eliminate the sugar program. They made the same arguments public and tried to assert that the sugar program was not a consumer issue, except in the sense that it provides stability and reasonable prices for sugar (Johnson interview, June 1995).

The majority of the media efforts for the sugar industry are handled by the American Sugar Alliance (ASA). ASA printed advertising in many newspapers and magazines including The Hill, Roll Call, the Washington Times, and the Washington Post. They
responded to editorials and assisted Congressmen in writing editorial pieces in support of the sugar program. The sugar industry also conducted four day Media Tours throughout the Midwest to educate people on the sugar program and gain their support (Johnson interview, June 1995).

The annual financial resources of USBSA amounts to $800,000, about half was spent on the farm bill. They also contributed money to the American Sugar Alliance which spent about $1.2 million on the farm bill. USBSA employs four people and each spent up to 75 percent of his time on farm bill related issues (Johnson interview, June 1995).

USBSA has a PAC, but several of their companies have PACs that are more substantial. The sugar industry contributes $1,832,443 in PAC funds to Congressional candidates. They also attend a number of fund-raising activities, often because one of their members makes donation, but is unable to fly out to attend. Occasionally, USBSA will host fund-raiser in cooperation with other sugar representatives in Washington, however, they sponsor breakfasts for Senators more often (Johnson interview, June 1995).

The sugar industry often finds itself in the same company of other commodity groups, including the peanut industry. Similar to the sugar industry, the peanut industry finds that it does not represented in enough Congressional districts, and therefore alignments are necessary to expand their base of support.

V.3.C. Comparison of Defenders of Farm Programs’ Financial Contributions

Defenders of farm Programs are often considered to be one of the most influential set of lobbying organizations. Table 5.1 illustrates a comparison of the financial resources representative organizations allotted to the farm bill debate, including their expected operating budget for the farm bill, the total resources available to their organization, and their PAC contributions for the 1993-94 election cycle. Groups included in the table were those personally interviewed. Although this table does not represent all of the Defenders of Farm Programs active in the farm bill debate, it gives a sense of the importance of the farm bill and
Table 5.1 Financial Resources of the Defenders of Farm Programs Interviewed

<table>
<thead>
<tr>
<th>Defenders of Farm Programs Interviewed</th>
<th>Operating Budget for Farm Bill</th>
<th>Total Operating Budget</th>
<th>PAC Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Agricultural Movement</td>
<td>N/A</td>
<td>N/A based on secret membership</td>
<td>None</td>
</tr>
<tr>
<td>American Farm Bureau Federation</td>
<td>$1.5 million</td>
<td>$15 million</td>
<td>Through State Chapters ($386,596)</td>
</tr>
<tr>
<td>Farm Credit Council</td>
<td>$3-4 million</td>
<td>N/A</td>
<td>Amount Unknown</td>
</tr>
<tr>
<td>National Council of Farmers Cooperatives</td>
<td>$350,000</td>
<td>$3.5 million</td>
<td>Amount Unknown</td>
</tr>
<tr>
<td>National Farmers Union</td>
<td>$1.25 million</td>
<td>$2.3 million</td>
<td>Amount Unknown</td>
</tr>
<tr>
<td>National Cotton Council</td>
<td>N/A</td>
<td>$8.2 million</td>
<td>$206,822</td>
</tr>
<tr>
<td>National Milk Producers Federation</td>
<td>$400,000</td>
<td>$2 million</td>
<td>Through Members ($1,562,905)</td>
</tr>
<tr>
<td>National Peanut Growers Group</td>
<td>Counsel Representation</td>
<td>Counsel Representation</td>
<td>$129,911</td>
</tr>
<tr>
<td>U.S. Beet Sugar Association</td>
<td>$406,000</td>
<td>$800,000</td>
<td>=$52,000</td>
</tr>
<tr>
<td><strong>Total of Representative Groups</strong></td>
<td>=$7.4 million</td>
<td>=$31.8 million</td>
<td>=$388,733*</td>
</tr>
</tbody>
</table>

*This number only includes direct sources of contribution. Donations by American Farm Bureau Federation state chapters or National Milk Producers Federation members were not included. The Farm Credit Council, National Council of Farmers Cooperatives, and the National Farmers Union also made PAC contributions, but the amounts were unknown and therefore not included in the total.
the resources allocated to achieving the various objectives each organization set forth.

As Table 5.1 shows, between the nine groups interviewed, there is over $31.8 million available in total operating budgets. Of this amount, over $7.4 million was expected to be allocated solely towards the farm bill. This is in addition to the PAC contributions made (either directly or indirectly) by each organization, except the American Agricultural Movement. If the indirect contributions are counted, the table shows that over $2.3 million is donated to election committees without including data from three of the nine organizations. The Farm Credit Council, the National Council of Farmers Cooperatives, and the National Farmers Union all make PAC contributions, but data on the total amount of each was unavailable.

V.4. Export and Full Production Supporters

Export and Full Production Supporters are organizations primarily concerned with reducing production limitations and developing foreign markets. Many of these organizations have also become ingrained in the lobbying structure of Washington agricultural policy. Many of these organizations have offices in Washington and are able to establish regular contacts with Congressional members. The work of many of these groups is viewed as well documented and they are often respected for their analysis.

V.4.A. Commodity Organizations

This section will describe the lobbying activities of commodity groups included in the category of Export and Full Production Supporters. Corn and wheat, soybeans and oilseeds, and dairy will be addressed.


The National Corn Growers Association was another prominent player in the farm
bill debate. They testified before Congress and conducted a study that was distributed to all Congressional members. They also use coalition membership to advance their agenda.

NCGA pointed out the importance of changing tactics when addressing Congressional members. They felt that it was no longer acceptable to discuss how well the farm programs worked in the past. Instead, they focused on the future and how well they are going to work in the future. The House has 30 Freshman from very strong agricultural districts, therefore, the lobbying efforts for NCGA were the same, except that they spent more time on educational efforts (Heard interview, July 1995).

The financial budget of NCGA is $5 million annually, of which they expected to spend 10 percent on farm bill issues. There is a staff of six employees in the Washington office, each spent 50 percent of their time working on the farm bill. There is also a staff of 25 in Missouri that was not concentrated on the farm bill (Heard interview, July 1995).

NCGA does not provide any financial support through PAC contributions nor do they host any Meet and Greet functions. Still, they are a powerful force on the Hill and can easily get access with Congressmen.

The National Association of Wheat Growers has often been cited as one of the most influential commodity groups with an aggressive strategy. NAWG has met with all the players including the Administration and Congress. They discuss different proposals and their implication with congressmen and staffers.

NAWG felt it was easy for the Administration to be receptive to everyone because their budget cuts were so low. NAWG has a close relationship with Secretary of Agriculture Dan Glickman since he headed the subcommittee on wheat and feed grains when he was a Representative (Miller interview, July 1995).

NAWG felt that the budget committee became more important in 1995 and consequently, they spent more time there. They also asserted that the Senate Finance Committee was gaining in importance because every year agriculture, wheat in particular, has become more dependant on trade. NAWG has always been interested in the
Appropriations Committee because it has jurisdiction over research and market development funds (Miller interview, July 1995).

The financial resources of NAWG total $1.3 million, but they would not disclose the amount they were willing to spend on the farm bill. There are 7 people on staff, but again there was no comment as to how much time is spent on the farm bill (Miller interview, July 1995).

They have a Wheat-PAC were most of their activities take place. In 1993-94, NAWG contributed $40,550. While they do not endorse specific candidates, state wheat associations do and they also sponsor other programs.

NAWG has attempted to form coalitions whenever possible. Among the commodity groups they are in USA Farm, which Miller felt was an effective PR coalition. Their mission was to present agriculture's side of the story and give a basic education to Congress as to what agriculture does. They also worked with environmental groups to get more responsible environmental policies, bankers for farm credit issues, and merchandisers on other specific issues (Miller interview, July 1995).

V.4.A.2. Soybeans and Oilseeds

The American Soybean Association used many venues to promote their two-way flexibility proposal. ASA contracted a study from the Agriculture and Food Policy Center at Texas A&M, which often works closely with FAPRI. While FAPRI often looks at the effects on the broad scale, the model at Texas A&M was a micro-model that analyzed the effects of different policies on representative farms. For the ASA, they analyzed the effects of policy options on 33 farms and found that several options would be better than current law. For example, increased flexibility and marketing loan programs would be better than current laws. The results were somewhat surprising because they showed that the Southeast would fare better than the Midwest if flex acres were increased since the Southeast has more planting options. The Southeast farmers had previously thought that
they did not want more flex, while the Midwest was stating their case for it (Gordley interview, July 1995).

ASA focused their attention where they knew they would be accepted and well received. They did not try to talk to Richard Lugar (R-Ind) about farm programs, because he stated his case very clearly and they did not want to waste anyone's time. They did talk to him, however, about the trade and conservation titles. ASA felt it was good timing for Pat Roberts (R-Kan) to take control in the House before the farm bill debate got underway, because he was able to communicate many of agriculture's concerns to people not related to agriculture. ASA looked to him and Bill Emerson (R-MO) for support. ASA did feel that Roberts' staff may have made a mistake by not speaking to commodity groups about the Freedom to Farm Act. They felt Freedom to Farm would have received more support if organizations were included in the formation of the legislation (Gordley interview, July 1995).

ASA has about 28,000 members in 29 states primarily in the Midwest and southeast. Although the financial resources of the organization are unknown, ASA estimates $100,000 was spent on the farm bill. ASA was a source of PAC funds until two years ago when they closed it. They closed it because they did not have enough money to make the people they gave it to happy enough to offset the people they upset by not funding. Soybean industries contributed $14,602 to Congressional candidates in the 1993-94 PAC cycle, however. Although ASA does not attend or initiate any Meet & Greet activities, Gordley & Associates, who is ASA's Washington representative, attends and consequently ASA is represented (Gordley interview, July 1995).

ASA is a member of several coalitions on various titles of the farm bill including the trade title. However, their efforts at establishing the American Oilseed Coalition failed and ASA resorted to writing letters to outline their arguments and they also testified before Congress (Gordley interview, July 1995).
V.4.A.3. Dairy

The International Dairy Foods Association was active in the debate to deregulate commodity programs. They conducted studies, compiled position papers, and issued press releases promoting reform. IDFA also focused on public opinion in five states, including Florida, Texas, Georgia, Alabama, and Mississippi. These five states were chosen because of the relatively large population on welfare, so IDFA attempted to demonstrate the effects from the consumer aspect. They felt it was important to show how an increase in the price of milk could have a detrimental effect on those on welfare. IDFA was also involved with a number of coalitions and task forces on various issues (Burke interview, August 1995).

IDFA met with Congress and the Administration on several occasions. The Clinton Administration invited all the dairy people into one room, early in the farm bill debate, to see if there was any policy they could agree on. The only restriction the Administration placed on any potential policy was that it had to be GATT-legal. Although no agreement was reached, IDFA felt it was a positive sign that the Administration wanted to uphold the intent of the GATT (Burke interview, August 1995).

The main focus of IDFA, however, was on the Agricultural Committees. Representative Steve Gunderson (R-Wis.) posed 37 questions to dairy industry members and IDFA responded. They answered the questions and included their own proposals to phase out support. They also wrote articles explaining why they did not like Gunderson's proposal. IDFA does support Roberts' Freedom to Farm Act and is trying to work with him on it. They did not deal with the Appropriations Committee at all (Burke interview, August 1995).

IDFA staffs 40 people including 5 lobbyists, about 80 percent of staff time is spent on the farm bill. IDFA did not know how much of their budget was allotted to the farm bill. IDFA contributed $144,209 in PAC funds to Congressional candidates in 1993-1994. The PAC is entitled the Milk Industry Foundation and includes the National Cheese Institute and the International Ice Cream Association. IDFA also hosted fund-raisers and gave money to the national committee, but most of their efforts are concentrated through the PAC (Watzman
and Krumholz, 1995).

V.4.B. Private Companies

Since private companies are also effected by policies implemented, it is important for them to make their positions clear. However, not all firms carry out their lobbying efforts in the same manner. Three companies will be described that utilize different strategies.

The Archer Daniels Midland Company (ADM) represents one of the most aggressive lobbying firms. The CEO, Dwayne Andreas, uses retained Washington representatives, a trusted lobbyist consultant, and other firm officials to promote policy goals in a "hard sell" manner. ADM lobbies individual policy makers, builds alliances with organized interests that would serve the firm's goals, and creates direct ties to the White House. It has also been able to have close ties to the Senate leadership in part because Bob Dole hails from Kansas, a state that contains ADM's corporate offices.

ADM utilized coalition efforts, but was also greatly concerned with public relations and withdrew from the Coalition for a Competitive Food and Agricultural System when they became perceived as anti-farmer. ADM, ADM subsidiaries, and the Andreas family have instead focused on financial support, contributing over $1.3 million in PAC funds to Congressional incumbents (Washington Times, Sept. 5, 1995).

Another strong force on Capitol Hill for agribusiness interests is Cargill. Cargill is well represented on Capitol Hill, similar to ADM, but many lobbyists consider Cargill the most influential agribusiness in Washington. Cargill officials, however, do not follow the same "hard sell" approach as ADM. Instead, Cargill lobbyists are known for explaining well-defined corporate positions and employing a "soft sell" tactic. Cargill is most concerned with maintaining their image as an honest trader and appearing conciliatory.

Finally, firms like the Continental Grain Company (CGC) prefer to do the majority of their lobbying and public relation activities through the trade organizations to which they belong. The representatives of these firms are primarily "watch dogs" that study the policy
positions of Congress, the administration and other private interests. CGC lobbyists exercise considerable influence within trade organizations, but often prefer not to work outside the associations.

V.4.C. Comparison of Export and Full Production Supporters’ Financial Contributions

Export and Full Production Supporters are often viewed by other groups as having the resources to launch an extensive lobbying campaign. Although these groups may have sizable operating budgets, Table 5.2 shows that a representative sample of this category, comprised of organizations interviewed, does not necessarily allocate their budgets to the farm bill. For example, the total operating budgets for three of the seven organizations amounts to over $24 million, while less than $1 million was expected to be spent on the farm bill between all of the organizations. Four of the seven groups interviewed make PAC contributions that amount to over $3.4 million. This number may be artificially inflated, however, since it includes PAC contributions for all of the organizations included in the Coalition for a Sound Food and Agricultural System, even though they may not have been included in this study.

V.5. Environmental Organizations

Environmental groups often enjoy strong grass-roots support, but may lack unity among themselves. When environmental groups met to discuss legislation it was often difficult to reach a consensus on details although there was large support for general principles. This lack of agreement leads to vague proposals that legislators found difficult to interpret.

V.5.A. Public Policy Organizations

The Council on Agricultural Science and Technology (CAST) did not play a large
Table 5.2 Financial Resources of the Export and Full Production Supporters Interviewed

<table>
<thead>
<tr>
<th>Expert and Full Production Supporters Interviewed</th>
<th>Operating Budget for Farm Bill</th>
<th>Total Operating Budget</th>
<th>PAC Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coalition for a Competitive Food and Agricultural System</td>
<td>$100,000</td>
<td>Coalition</td>
<td>$3.4 million</td>
</tr>
<tr>
<td>American Soybean Association</td>
<td>$100,000</td>
<td>Counsel Representation</td>
<td>$14,602</td>
</tr>
<tr>
<td>International Dairy Foods Association</td>
<td>N/A</td>
<td>N/A</td>
<td>$144,209</td>
</tr>
<tr>
<td>National Association of Wheat Growers</td>
<td>N/A</td>
<td>$1.3 million</td>
<td>$40,550</td>
</tr>
<tr>
<td>National Corn Growers Association</td>
<td>$500,000</td>
<td>$5 million</td>
<td>None</td>
</tr>
<tr>
<td>National Oilseed Processors Association</td>
<td>20 percent of total operating budget</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Feed Grains Council</td>
<td>$75,000</td>
<td>$18 million</td>
<td>None</td>
</tr>
<tr>
<td>Total of Representative Groups</td>
<td>$775,000</td>
<td>$24.3 million</td>
<td>$3.44 million*</td>
</tr>
</tbody>
</table>

*This total does not include contributions made by the American Soybean Association or International Dairy Foods Association as they are members of the Coalition for a Competitive Food and Agricultural System and this would result in double counting.
role in promoting policy options for the farm bill. CAST held a conference where different
groups were able to debate the ideal conservation programs. After its conclusion, the results
were published and distributed to interested members.

V.5.B. Public Interest Organizations

American Farmland Trust (AFT) conducted studies and polls which were distributed
to members, staff and interest groups. They also issued press releases, conducted briefings
and held press conferences. Their research was utilized to construct a broad consensus and
expand their coalition. AFT also held meetings with organizations such as ADM and Cargill
about general farm policy. They felt that a broader base of support would increase the
chances of achieving their objectives (Warman interview, July 1995).

They have a close personal relationship with the Administration and Deputy Secretary
of Agriculture Rominger in particular, which they feel is very positive. Rominger used to
be the Chairman of Policy Issues for AFT. They are pleased with Secretary Glickman and
his policy oriented approach. They also have a good rapport with NRCS (Warman interview,
July 1995).

AFT has been active in both the 1985 and 1990 farm bill debates and feel they were
particularly successful in the 1985 debate since they played an active role in developing the
first conservation efforts implemented. At that time they commissioned a study to show the
potential benefits of CRP and how to preserve highly erodible lands that influenced many
people's thinking (Warman interview, July 1995).

Since the election, Leahy is no longer Chairman and AFT tried to initiate a
relationship with Richard Lugar (R-Ind). Although the Senate was receptive, AFT realized
the need to find a proponent on the House side. In their efforts to get a bill on the House
side, they identified Representatives Sam Farr (D-CA) and Wayne Gilchrest (R-MD), both
of whom have districts suffering from urbanization and the lose of farm land. They wrote
a Dear College letter and a letter to Roberts trying to get the bill passed. Their focus, as in
the past, has remained on the agriculture committee. They also worked with NSCR to further develop pilot programs, revise easement process and the Wetland Reserve Program (Warman interview, July 1995).

AFT is pleased with the Conservation Title proposal put forth by Lugar and Leahy and looked forward to supporting it. On the commodity title, they conducted a survey that shows farmers are willing to make changes. That is backed up by Schnittker's report that shows it is economically good for farmers to make changes. AFT issued a special report on the farm bill to their members, people on the Hill, and others who are interested (Warman interview, July 1995).

The annual operating budget of AFT is $3 million, of which 10 percent was allocated for the farm bill. The staff resources amount to 20 people in Washington and 30 people total. The equivalent of five people were allocated to the farm bill. AFT has a tax status of 501(C)(3) and does not provide any financial assistance or any other support to Congressmen. They did work closely with several coalitions, however, including the Campaign for Sustainable Agriculture (Warman interview, July 1995).

The Environmental Working Group probably launched the most unique strategy in the farm bill debate. EWG tried to engage a grass roots campaign by issuing a series of reports that attempted to dismantle the viability of the farm programs. These reports were often made public and presented on nightly news programs. This media attention combined with "sound bite" titles often got the attention of public, but eventually the credibility of EWG was called into question, as none of their scientific reports ever gained the support of their peers. In fact, many food industry groups labeled EWG's reports as "scare tactics [that are] irresponsible, inaccurate, and scientifically misrepresent the data" (SCI Policy Report, July 27, 1995).

The Henry A. Wallace Institute for Alternative Agriculture is an advocacy wing that works on the Hill to educateCongressmen about alternative programs. During the course of the farm bill debate, HAW conducted a number of studies evaluating different policy
options discussed by the Administration. They did not have the resources to present analysis on all of the Congressional bills, however, because there were too many. Wallace also spoke at many conferences to present their proposals (Smith interview, June 1995).

The 1994 election changed the strategy of the Wallace Institute. They felt that the majority of their contacts in Washington were aligned with the Democratic party and the shift in ideology has not been sympathetic to their cause. They also found it difficult to get access to Republican Congressmen. This led to a change in HAW’s marketing strategy. Wallace placed a greater reliance on grass roots efforts and less on Congress (Smith interview, June 1995).

Wallace felt that the roots of power also changed. Previously, they focused on the authorizing and appropriation committees, but never the budget committees. In the 1995 debate, reconciliation was based on the budget which made that committee unapproachable because they were focused on cutting costs. Therefore, Wallace shifted their efforts towards the Administration in the hopes that they would impose rules and regulation that would outlive their term in office (Smith interview, 1995).

The Wallace Institute has an operating budget of $1,000,000 and a staff of eight people. Three-fourths of their staff time was devoted to the farm bill, while the rest was allocated to fund-raising, policy analysis, and studies of non-farm bill policies. About the same proportion of the budget was allocated to the farm bill (Smith interview, June 1995).

The Wallace Institute is not a contributor of PAC funds or any other financial support due to its tax structure of 501(C)(3), which prohibits them from lobbying. They are allowed to spend up to 15 percent of their time distributing education, however.

The Wallace Institute participates in coalition activities, although they do not agree with every platform. Wallace feels that presenting testimony and fly-ins are useful strategies they would not be able to support without a coalition effort (Smith interview, June 1995).

V.5.C. Comparison of Environmental Groups' Financial Contributions

The allocation of financial resources of Environmental Groups are interesting. These
representative groups effectively had smaller total operating budgets than any other category, but proportionally allocated more to the farm bill. The total operating budget of the three groups amount to $4.25 million, with $787,500 allocated to the farm bill, an average of 18.5 percent. Although a coalition was also included among these representative groups, the total amount of PAC contributions was still zero.

V.6. Critics of Government Intervention

Critics of Government Intervention are generally recognized for their extensive research and being well organized, but they often lack the grass-roots support enjoyed by other sectors. Although these organizations may have large mailing lists, Congress does not view that as being representative of support. At times, their arguments are viewed as too basic and some seem unwilling to compromise.
V.6.A. Commodity Organizations

This section will describe the lobbying activities of commodity groups included in the category of Critics of Government Intervention. Livestock and sugar will be the commodities addressed.

V.6.A.1. Livestock

The National Cattlemen's Association provided testimony and written letters to Congress as input into the Farm Bill. NCA is more comfortable dealing with Republican Congressmen and therefore place the focus of their efforts with them. They felt that the 1994 elections and the budget debate shifted the climate to make their positions more in tune with Congressmen. NCA felt they were in a unique position because they were not defending a particular farm program and this allowed them to cast a broader net (Cook interview, July 1995).

The financial resources of NCA reach $10 million comprised of member dues, non-dues revenue, and contracting. Approximately $1 million is assigned to the government affairs office and only a small portion of that was allocated to the farm bill. Instead, most of their effort is placed on estate taxes. Less than 10 percent of their 75 person staff were devoted to the farm bill (Cook interview, July 1995).

The NCA has a PAC and makes contributions to supporting members. They also give political education funds to candidates. Once a year the NCA hosts a Beef Caucus BBQ, where 500-600 Senate members and staffers are invited to attend. Every October, they also host a CCC party, which stands for Cattle, Com, and Cotton, in the country for House staffers and their families (Cook interview, July 1995).

The National Cattlemen's Association is one of the largest lobbying organizations and involved in many coalitions for various farm bill titles. However, NCA avoids joining coalitions that have paid staff members. NCA feels that these alliances are less efficient and effective. However, NCA realizes that they have weak representation in Northeastern states,
and reach out to align with groups that will expand their Congressional base. NCA feels that coalitions have played a larger role in the farm bill debates since 1985 (Cook interview, 1995).

V.6.A.2. Sugar

The Sweeteners Users Association spent a lot of time preparing for the farm bill debate in order to ensure that the sugar program would be eliminated. Mr. Hammer, founder of the Coalition to End Welfare to Big Sugar, spent over a year before the summer of 1995, developing six potential bills to change the sugar program. However, he found that there was no simple solution without re-structuring the program (Hammer interview, June 1995).

The majority of their work to eliminate the sugar program was done through the Coalition to End Welfare to Big Sugar and other alliances. SUA found themselves with the support of the Republican leadership early in the debate, and also many freshmen Congressmen. SUA also spoke regularly to the Secretary of Agriculture (Hammer interview, June 1995).

They felt that coalition efforts were a very important part of their argument in that it showed that the debate included environmental issues and was not simply processors pushing for lower prices. The media was also an important part of their overall strategy. SUA attempted to engage public support for the elimination of the program and held a number of press conferences. Many of the arguments presented focused on the destruction of the Florida Everglades caused by intensive sugar production (Hammer interview, June 1995).

V.6.B. Public Policy Organizations

The Heritage Foundation found their ideas were well-received early in the debate and therefore, they became more involved in the farm bill debate than they had originally anticipated. Although they did not find the Administration receptive to their ideas, many Republican leaders offered their support. Although Heritage presented the same proposals
they did in past farm bill debates, they feel their suggestions are being considered in the 1995 debate because of the "Republican Revolution" that took place in the 1994 election (Frydenlund interview, August 1995).

Heritage conducted a study on the effects of farm programs and testified before Congress on why many of the programs should be phased-out. Mr. Frydenlund sent reports to every Congressman, selected staff members, and a press list. He also met regularly with Congressmen who sought reform, such as Senator Richard Lugar (R-Ind), and Representatives Charles Shumer (D-NY), Richard Zimmer (R-NJ), and Daniel Miller (R-Fla) (Frydenlund interview, August 1995).

The amount of time that Heritage spent with the budget and appropriation committees has been increasing over the past few years. The budget reconciliation process has become more important as everything has become increasingly budget driven. Mr. Frydenlund cautions that this may not be a good policy, however, as the long-term effects are ignored in favor of cost savings.

The Heritage Foundation was not able to formally join an alliance due to their tax status. However, Heritage does offer support to like-minded groups by sharing information in the form of reports and studies that they have conducted (Frydenlund interview, 1995). Although Heritage does not formally join coalitions, they have alliances with groups, such as Taxpayers Against Promotional Subsidies, in order to share information. This allows Heritage to advance their views without formally lobbying and lend more credence to the objective of the coalition.

Heritage has an annual budget of about $20 million of which they planned to spend $200,000 on the farm bill. Heritage has a staff of 156 people, but only six were assigned to work on the farm bill. On average, those six people spent about 30 percent of their time on issues relate to the farm bill debate (Frydenlund interview, August 1995).

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3 The Heritage Foundation is a 501(C) (3) organizations which is forbidden to do any lobbying which includes joining coalitions.
V.6.C. Public Interest Organizations

Citizens Against Government Waste launched an attack on farm programs during the 1995 farm bill debate. They wrote one-page letters on individual programs and distributed them to the members of Congress. They also placed follow-up phone calls to explain how programs work in more detail. They conducted studies and wrote material to outline the wastes in government spending. When CAGW personally met with Congressmen, they felt it was important to find an angle, such as emphasizing cost reductions to Republicans and environmental issues to urban Democrats (English interview, August 1995).

CAGW spent a lot of time working with the appropriations and agriculture committees. The November election results were favorable to CAGW and made their proposals more acceptable than ever before. Although they expected some spending cuts to take place, they were surprised with the amount. This assisted their agenda, however, since they were able to find bi-partisan support for any of the cuts they seek (English interview, August 1995).

In order to influence public opinion, CAGW sent a newsletter and other information to all of their members. Their newsletter contained postcards pre-addressed to Congressmen relating how they felt about certain issues and programs before Congress. They were pleased with the number of postcards sent to Congress, but it is difficult to assess their impact (English interview, August 1995).

CAGW is a 501(C)(3) firm that has a 501(C)(4) division that allows them to participate in lobbying activities. Together, the organizations have an annual budget of $9 million, but only $15,000 was allocated to be spent on the farm bill. The organization employs 20 people that spend about 10 percent of their time on farm bill issues (English interview, August 1995).

CAGW feel that PACs and other means of financial support play a bad role in the formation of policy and, therefore, they do not contribute to any candidates. They did work
in a number of Congressional working groups, however, trying to provide information. They also participated in coalitions to promote their agenda. They were disappointed with the effectiveness of the of the alliance and how it was ran. Now, although they will work closely with groups to exchange information and intelligence, they will be more selective with who they coalesce. They feel that the message presented needs to be coherent and address the full legislation, not simply parts or amendments (English interview, 1995).

Public Voice conducted four studies that focused on why farm programs should be changed. The first reports were targeted towards the peanut, sugar, and dairy programs, while the consequent studies reported on wheat, cotton, and rice. These reports pointed out many of the faults of farm programs including the disproportionate share of payments that are received by large farms. PV also presented testimony and issued press releases to forward public awareness on how commodity programs work (Hammel interview, July 1995).

Public Voice found that the new Congress was not receptive to many of their ideas on environmental policy. Therefore, they shifted their focus towards to the urban Democrats that serve on the budget and appropriation committees (Hammel interview, July 1995).

The yearly operating budget of Public Voice is about $1,000,000, of which $400,000 was allocated to the farm bill. Public Voice employs 16 people who spent about 25 percent of their time working on the farm bill (Hammel interview, July 1995).

V.6.D. Comparison of Critics of Government Intervention's Financial Contributions

It is arguable that Critics of Government Intervention were more active in the 1995 farm bill than ever before. Although the Coalition to End Welfare to Big Sugar kept their resources secret, the total resources of the five groups was $40 million, of which only $1.5 million was allocated to the farm bill. The Coalition to End Welfare to Big Sugar made $1.7 million in PAC contributions for the 1993-94 election cycle, but it is important to note that many of the same members of this alliance also belong to the Coalition for a Competitive
Table 5.4 Financial Resources of the Critics of Government Intervention Interviewed

<table>
<thead>
<tr>
<th>Critics of Government Intervention Interviewed</th>
<th>Operating Budget for the Farm Bill</th>
<th>Total Operating Budget</th>
<th>PAC Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coalition to End Welfare to Big Sugar</td>
<td>Secret</td>
<td>Coalition</td>
<td>$1.7 million</td>
</tr>
<tr>
<td>National Cattlemens' Association</td>
<td>&lt;$1 million</td>
<td>$10 million</td>
<td>Amount Unknown</td>
</tr>
<tr>
<td>Heritage Foundation</td>
<td>$200,000</td>
<td>$20 million</td>
<td>None</td>
</tr>
<tr>
<td>Citizens Against Government Waste</td>
<td>$15,000</td>
<td>$9 million</td>
<td>None</td>
</tr>
<tr>
<td>Public Voice for Food and Health Policy</td>
<td>$300,000</td>
<td>$1 million</td>
<td>None</td>
</tr>
<tr>
<td>Total of Representative Groups</td>
<td>=$1.515 million</td>
<td>$40 million</td>
<td>$1.7 million</td>
</tr>
</tbody>
</table>

*The National Cattlemens' Association also made PAC contributions, but the amount is unknown and therefore not included in the total.

Food and Agricultural System. The National Cattlemen's Association also made PAC donations, but the total amount was not available.

V.7. Conclusions

This chapter discussed many of the ways interest groups attempt to influence the outcome of legislation. Popular methods of lobbying are assembling grass roots support, testifying before Congressional committees, meeting personally with Congressmen and
staffers, and making financial contributions.

Defenders of Farm Programs generally believe that grass roots support is the most important method of influence, since Congressmen listen to their constituents. Most of these groups, however, also make significant financial contributions and launch effective public relations and educational campaigns.

Export and Full Production Supporters generally promoted a factual argument that was often well presented and documented. These groups often presented the same strategies as Defenders of Farm Programs. Defenders of Farm programs felt that these groups often had an advantage, however, because they contributed more in financial support. These groups were often bi-partisan and attempted to solicit support from the Administration, Congress, and the public.

Environmental Organizations felt that they had to change their strategy to adapt to the new conditions more than any other groups. Although environmental policy was well received in the 1985 and 1990 farm bill debates, many found their strategies altered to receive attention in the 1995 debate. American Farmland Trust attempted to cultivate new friendships in order to gain support, while the Wallace Institute directed their attention towards the Administration. The Environmental Working Group launched a targeted media campaign that attempted to point out the problems and discrepancies of the farm programs.

Finally, Critics of Government Intervention found support in the newly elected Congressional Republican majority and had to alter their strategies in order to take advantage of their newly gained support. These groups mainly focused on receiving the support of Congressional leaders and did not focus much attention to the Administration. Although these groups lacked in grass roots support, many conducted studies and presented well documented reports on the problems associated with current farm programs.

Overall, each organization chooses its strategy based on its resources, structure, and objectives. No two groups are exactly alike in their strategy and many organizations take advantage of opportunities as they arise. While many of those interviewed placed an
emphasis on grass roots support, the role of PAC contribution and financial support was
down played. For an interest group to be successful, it is necessary for them to use a
combination of strategies that compliments the make-up of their organization.
CHAPTER VI
COALITIONS: ORGANIZATION, FORMATION, AND STRATEGY

VI.1. Introduction

Although each interest group has its own set of unique policy agendas and objectives, it is impossible to thoroughly discuss the role of interest groups without studying coalitions. Coalitions are primarily working relationships between groups that share a common interest in an effort to resolve a problem. Among the groups included in this study, every organization that was able to enter into a formal alliance joined at least one coalition.

This chapter will review the organization structure, formation and effect of coalitions as a strategy for interest groups. Section V.2. will provide an overview of the organizational structure of coalitions. Section V.3. explores the formation of coalitions and some of the benefits provided to members. Section V.4. recognizes the importance of coalitions and the strategies they impose to achieve their objectives. It will outline the active coalitions in the 1995 farm bill debate and their structure and activities. Finally, Section V.5. provides a summary and conclusion for this chapter.

VI.2. Organizational Structure of Coalitions

Coalitions of agricultural interest groups are organized in a variety of ways to achieve different purposes, depending on how the members view their policy needs. In general, three coalition models have been developed to differentiate between organizational structures. The formal policy coalition model, the informal information coalition model and the informal policy coalition model will be discussed in the following sections.

VI.2.A. Formal Policy Coalition Model

The first coalition structure to be discussed is the formal policy coalition model. Formal policy coalitions are the most recent development of the three models. The first
example of this type of coalition, is the 27 farm groups that joined together in 1957 to create the National Conference of Commodity Organizations (NCCO). Secretary of Agriculture, Ezra Taft Benson, along with active support from many agribusiness interests, threatened many of the New Deal farm income maintenance programs after a divided Congress replaced fixed price support with flexible payments that were intended to drop as commodity supplies increased. This legislation did not stop the growth of commodity surpluses, however, and the Soil Bank was introduced. Since production controls effected input prices, agribusinesses became increasingly hostile and mutually cooperative in their opposition. Agribusinesses seemed to have the sympathy of the White House and many conservatives felt that the timing was right to eliminate both price support programs and set-asides. It was to defend the status quo that NCCO was formed (Browne, 1988).

NCCO organized a lobbying strategy, mobilized farmers and other regionally organized farm groups. Congress praised their cooperative tactics and they were instrumental in passing more lucrative support programs. However, just as policy makers commended the coalition on representing the views of the farmer, internal fighting was beginning to occur as groups vied for power. Many feared that an association representing most farmers’ commodity-specific policy concerns would form and dominate agricultural policy rather than ideological or fraternal farm groups (Browne, 1988).

Although attempts have been made to establish and continue a long-term alliance, coalition partners feel the risk of collective action and compromise to maintain semblance of the group are often high prices to pay. Multi-coalition groups often disappoint their strongest policy proponents as only selected priorities can be targeted. Groups often feel that it is difficult to maintain the unity, commitment to policy goals and collective discipline that is necessary to maintain the existence of a coalition (Browne, 1988).

VI.2.B. Informal Informational Coalition Model

Since many groups are reluctant to compromise on issues that they believe are
major policy goals, informal coalitions arise where participants interact on a regular basis, but avoid sanctioned cooperation. This type of coalition activity is attractive as a low-cost alliance that requires minimal maintenance, or can be called together on an ad hoc basis. They are considered to be beneficial to lobbyists interested in meeting people, discussing various viewpoints, and finding out what policy events are forthcoming. Very often, issues are discussed in enough detail to inform participants on what issues can be effectively lobbied, what proposals should be handled by other groups, and what activities should be postponed (Browne, 1988).

VI.2.C. Informal Policy Coalition Model

Although informal information coalitions are important for communication between groups and may have some subtle impact on policy-making, many lobbyists enjoy a organizational format that lies between the two earlier models. In this model, member organizations feel that coalitions are designed to serve two purposes. First, groups meet to negotiate a common position on a given proposal that all of the member groups can support and work to achieve through the policy process. Second, member groups attempt to develop a strategy to accomplish their objectives.

This coalition forms in the hopes of presenting a united front to Congress and proving to officials that there are effected interests. In order to create the impression of unity, informal policy coalitions may come together when organized momentum is considered to be most effective. These alliances usually focus on selected stages of the decision-making process including the development of a proposal, legislative and White House deliberations, and program implementation (Browne, 1988).

This type of coalition is considered to be both proactive and reactive. In other words, they develop policy positions both because of member’s belief that new policies need to be implemented and, more often, as an alternative to proposals already in the debate. Some members join these coalitions in order to keep abreast with the rapidly
changing events or to learn the strategies of other members and plan their activities accordingly. This leads to many passive members in the make-up of the coalition. If an organization is passive in one coalition, it is infrequent that they will exert their leadership over groups in another alliance (Browne, 1988).

VI.2.D. Comparison of Coalition Models

In general, the informal coalition gains favor over the formal alliance because the demands of maintaining an informal collective action are much lower. Except for trust and honesty, members do not have high expectations under informal conditions. These coalitions can also be organized quicker and commitments to maintaining the alliance are minimal. Members may enter and leave as they choose and leadership is normally determined by the organization that initiated the coalition. Resources are often contributed on a voluntary basis and lobbying assignments are divided among the participants. The only deterrents to cooperation are the negotiated trade-offs on proposed provisions and peer disapproval (Browne, 1988).

Although this organizational structure may appear to be weak, it is the more popular form of alliance building and may even have more successes than formal coalitions. In some ways, formality has been less effective because potential members were intimidated and more self-conscientious about their own views. Although formal coalitions provide an umbrella for like-minded organizations, it is only a short time before partners retire, leadership weakens, and participation levels fall. Informal coalitions, however, tend to reappear, often as the same issue is brought up in another political form (Browne, 1988).

VI.3. Coalition Strategies

This section will provide an outline of the major coalitions that participated in the farm bill debate. It will discuss the composition of each alliance and the objectives that
they attempted to achieve. This section will also address those that participated in the coalition and the strategies these alliances employed to achieve their goals. Table 6.1 outlines the coalitions included in this study and their common abbreviations.

Two broad-based coalitions characterized the early stages of the debate: the Coalition for a Competitive Food and Agricultural System and the Alliance for a Sound Food and Agricultural Policy. The Coalition for a Competitive Food and Agricultural System (CCFAS)\(^1\) was formed in the summer of 1994 when it was thought that the farm bill debate would be relatively quiet. CCFAS claims over 120 members, most of which would be considered Export and Full Production Supporters, and some Critics of Government Intervention. No Defenders of Farm Programs are represented in this alliance (CCFAS, 1995).

The coalition believed U.S. agricultural policies must change in order to take advantage of new markets and increasing global demand for agricultural products. CCFAS asserted that ARPs should be eliminated and not a requirement for producers to receive an income safety net. They also asserted that CRP acres should be better targeted toward highly erodible land, although all of the current acres should be re-bid (CCFAS, 1995).

CCFAS felt that many of the commodity programs needed to be changed. The alliance asserted that the sugar program should be reformed by eliminating supply and marketing controls and reducing the domestic loan level. They believed that if the tariff rate quota is maintained it will provide an adequate income safety net for sugar producers. This coalition also believed that the price supports for quota peanuts should be phased down to reflect the world price. By the end of the transition period, the quota program would be terminated. CCFAS supported a modified price support program for dairy producers that would serve as a transitional safety net and allow for the elimination of the

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\(^1\)Members of CCFAS that were addressed in this study include the International Dairy Foods Association, National Grain Trade Council, National Oilseed Processors Association, Cargill, Inc., and ConAgra, Inc.
dairy assessment (CCFAS, 1995).

CCFAS had a strong commitment to continue federal funding of agricultural research. They felt it was important in retaining and enhancing agriculture's global competitiveness. They also believed agricultural trade liberalization must continue along with funding for MPP and FMDP. In general, the philosophy of CCFAS members was that market forces are more efficient than government in allocating resources, encouraging productivity, managing risks, and rewarding efficiency (CCFAS, 1995).

After joining this broad and active coalition, some organizations, particularly agribusinesses such as Central Soya and Cargill, found that they were more active in the farm bill debate than in previous years. These companies are often not willing to allocate the resources necessary to launch an extensive lobbying effort and therefore, forego lobbying tactics and let trade associations represent their interests. Central Soya found that participation in the Coalition for a Competitive Food and Agricultural System allowed their views to receive more credibility than otherwise (Tutweiler interview, July 1995). However, during the course of the farm bill debate, some began to view this coalition as "anti-farmer". Faced with this negative press ADM decided to withdraw their membership from the alliance (SCI Policy Report, March 24, 1995).

This alliance presented testimony, issued press releases, held press conferences, and initiated a media campaign. The coalition received negative press early in the debate and they had to modify their strategy so as not to appear anti-farmer. CCFAS also had a strong presence on Capitol Hill and met with many Congressmen. The combined PAC contributions of this alliance amount to over $3.4 million, based on members of May 5, 1995.

In March 1995, the counterpart to CCFAS formed. The Alliance for a Sound Food and Agricultural Policy (ASFAP)\(^2\) was a group of cooperatives and commodity

\(^2\)Members of ASFAP addressed in this study include the American Farm Bureau Federation, American Soybean Association, National Association of Wheat Growers,
organizations that joined together to represent producer interests. This group was comprised mainly of Defenders of Farm Programs and some Export and Full Production Supporters, however, all groups believe in maintaining the current structure of farm programs and not allowing agriculture to receive a disproportionate share of federal spending cuts (ASFAP testimony, March 9, 1995).

Similar to CCFAS, ASFAP believed that available resources should be allocated to GATT-allowable programs to maintain and expand market share. Unlike CCFAS, however, this coalition believed that programs should differ by commodity and they defended current commodity programs. They would not support the deregulation of any of the commodity programs nor a change in the general structure of farm programs (ASFAP testimony, 1995).

ASFAP utilized a grass-roots strategy to promote their agenda. The Alliance testified before Congress, conducted studies, and met with Congressional members. Many of the members also made PAC contributions and offered other forms of support to incumbents.

Protected commodity industries, such as sugar and peanut lobbies, also had a vested interest in banding together in order to maintain the structure of their programs. During the farm bill debate, great, consolidated, efforts were made to eliminate these programs. Therefore, these commodity groups formed an informal coalition in order to "educate" Congressmen on the viability of their programs. This informal alliance expanded the otherwise narrow interests of separated sugar and peanut producers in order to gain additional support in Congress and have a bigger impact on the Hill. Without the alliance, there would not have been enough Congressional districts that produced sugar or peanuts to maintain the status quo (Johnson interview, June 1995).

Both the U.S. Beet Sugar Association and the Southwest Peanut Growers Group

National Corn Growers Association, National Cotton Council, National Milk Producers Federation, USA Rice, and the sugar industry.
Table 6.1 Coalitions and abbreviations included in this study according to category.

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* Indicates coalitions that have been interviewed.
agree that it was necessary for them to work together for the advantage of additional votes. These organizations also noted the importance of an effective information flow and increased man-power (Meyers interview, July 1995). Neither group cites any disadvantages to working together (Johnson interview, June 1995).

Other groups that believed eliminating the sugar program was a priority initiated the Coalition to End Welfare to Big Sugar (CEWBS). When this formal coalition formed, it represented one of the most diverse coalitions in existence. CEWBS drew support from sugar processors, environmentalists, consumer, and taxpayer groups. This coalition was very focused in its objective, members worked to promote bills submitted by Representatives Dan Miller (R-FL) and Charles Shumer (D-NY) and Senators Judd Gregg (R-NH) and Harry Reid (D-NV) designed to eliminate the federal sugar program.

Members of the CEWBS were initially surprised by their mutual interests, but realized that although environmental groups wanted to protect the Everglades and sugar processors and consumers wanted lower sugar prices, they shared the same overall objective. They felt that the diversity of the group gave legitimacy to the fight to deregulate the sugar program and dis-spelled the notion of processors against producers. Members also believe that more Congressmen can be convinced of the merit of the legislation due to the fact that the influence of each organization falls on different Congressional representatives (Hammer interview, June 1995).

The strategies implemented by this coalition were diverse. They held press conferences, testified, ran negative newspaper advertisements, and compiled and distributed news articles across the country that demonstrated the negative effects of the sugar program. The members of this coalition also totaled $1.7 million in PAC contributions for the 1993-94 cycle. CEWBS was deemed to be one of the most organized coalitions ever formed in an effort to deregulate commodity programs. In fact, this coalition was expected to be much more successful than its counterpart formed to deregulate the peanut program, the American Peanut Coalition (Hammel interview, July
The American Peanut Coalition (APC) was a coalition comprised of peanut processors and consumer groups that sought to eliminate the peanut program. Despite the successes of the CEWBS in bringing the sugar program to the forefront of the debate, APC was not as organized or effective. Although the peanut program was modified to a no-net cost program for the federal government, this was done for budgetary reasons, with the support of peanut producers and no-one seems to give credit to the work of the coalition.

There are also some groups that had a natural alliance, but failed to agree on specific issues to reach a consensus. This occurred with the American Oilseed Coalition. Members of this coalition that failed to form were the American Soybean Association and the National Oilseed Processors Association (NOPA), among others. Although the groups shared the same ideology on tax and trade issues, agreement could not be reached on the level of planting flexibility to promote. In early February 1995, the coalition was considering a "normal crop acreage" concept to allow total planting flexibility among program and oilseed crops. This proposal would include a farm's wheat, corn, cotton, and rice bases, in addition to historical plantings of oilseeds. Deficiency payments would be made on the bases, but there would not be a requirement to plant program crops on the bases as long as the farmer complied with other program requirements (SCI Policy Report, Feb 10, 1995).

Soybean producers were fearful that corn farmers in the Midwest would convert more of their corn program acres into soybeans if their base acreage was protected and they were still able to earn payments on their corn. Also, soybean producers in southern states do not plant program crops and, thus, do not have program bases on which to earn payments. Therefore, the coalition originally attempted to convince Congress to increase the soybean loan rate 5 percent for those farmers without bases, but Congressmen and staffers made it clear that any proposal increasing federal spending on agriculture will not

Since the proposal to increase the loan rate was not accepted by Congress, the coalition had problems reaching an agreement on an alternative proposal. NOPA and other oilseed processors encouraged full planting flexibility, but ASA was adamant that the flexibility should not be increased over 50 percent. Although this coalition met many times to attempt a compromise they could not agree to disagree on this issue in the same manner as USA Farm.

USA Farm was formed by the National Association of Wheat Growers, the National Cotton Council of America, and the National Corn Growers Association in order to provide Congressmen with information on the benefits of farm programs and the possible effects of disproportionate cuts in agricultural spending. These three groups did not agree on the issue of planting flexibility, although it was an important issue to each of them. However, each organization made their concerns clear so that there was an understanding between the groups, even if they disagreed (Miller interview, August 1995).

USA Farm was basically a public relations coalition that attempted to present agriculture’s side of the farm bill debate. This coalition distributed 800 books to congressional members and staffers and the media. The books were comprised of a series of fliers describing various issues such as the benefits to agricultural spending, export subsidies, and the disadvantages of means testing. The coalition specifically avoided addressing issues that may be contentious between the groups. These fliers were also designed to avoid technical issues, and were usually concise with a brief overview of the issue and memorable phrases. This alliance also distributed a study on the agricultural impacts to each state.

This coalition allowed each of the groups increased access to Congressmen that they may otherwise not have enjoyed. For example, NAWG points out that their requests to see Senator Cochran went unanswered until the alliance was made with the Cotton Council where Senator Cochran has a large amount of political support at stake (Miller interview,
August 1995).

A coalition of over 80 organizations, spearheaded by the National Council of Farmers Cooperatives, formed to address trade policy. The Coalition to Promote U.S. Exports (CPUSE) asserted that it is essential for the U.S. to maintain programs like MPP, FMDP and related efforts. Coalition members believe it is not enough to be economically competitive, but programs must also be "equally competitive". That is to say, that if export assistance programs are not funded up to the GATT allowable level, the EU would be able to "more than maintain its historical advantage" over the U.S. (SCI Policy Report, Mar 27, 1995). The majority of the groups that were also included in this study were considered Export and Full Production Supporters, although some Defenders of Farm Programs supported this alliance as well.

In response to CPUSE, a coalition formed to promote the elimination of export subsidies. Taxpayers Against Promotional Subsidies (TAPS) felt that MPP supports large corporations that often have large advertising budgets and is a source of corporate welfare. This coalition formed primarily to lend support to pending legislation submitted by Representatives Charles Schumer (D-NY) and Richard Zimmer (R-NJ) designed to eliminate funding for MPP. It was comprised solely of organizations categorized as Critics of Government Intervention (TAPS Press Release, June 30, 1995).

The National Family Farm Coalition (NFFC) is an organization comprised of 39 rural advocacy groups. In the farm bill debate this alliance focused on promoting rural credit and promoting farmer-based rural development. They are focused on protecting the family farmer and feel that credit policy, crop insurance and farm programs are essential to their survival (NFFC testimony, 1995). Although this coalition claimed success in the 1985 farm bill, its activities were limited in the 1995 debate.

Environmental groups also see the positive effects of coalition formation. During the 1995 farm bill debate some uncommon alliances formed when American Farmlands Trust found that they had support from the Heritage Foundation for their proposals on
commodity programs. AFT felt this was beneficial since both groups are respected in their various arenas (Warman interview, July 1995).

The largest and most comprehensive environmental coalition, however, was the Campaign for Sustainable Agriculture (CSA). CSA is comprised of over 500 grass roots and national organizations that represent family farmers, consumers, environmentalists, rural communities and other concerned citizens.

CSA addressed four titles of the farm bill: conservation, credit, research, and commodity programs. Most of their ideas on conservation were encompassed in the proposed Lugar/Leahy conservation title. Their credit efforts are targeted to entice the young, beginning farmer into agriculture, while maintaining the status quo on research expenditure. In relation to commodity programs, CSA defended Sodbuster and promoting the consolidation of the cost-share program.

CSA is an interesting coalition because some of the groups they represent are in the farm/rural coalition while other are in the environmental/conservation coalition. Although this poses advantages of a broad-based grass roots effort, it also makes CSA suspect to both groups. Thus far, however, they have been successful in working with both groups (Hoefner interview, July 1995).

The Brown Bag Coalition was an alliance of environmental, conservation and sustainable agriculture groups that formed in the late fall of 1993 as a formal policy coalition. However, disagreements arose on the priority of the alliance. By early 1994, the group disbanded as the organizations could not reach an agreement on the focus of CRP when they attempted to construct a position paper. Some groups felt that water quality should be targeted, while others felt that a greater emphasis should be placed on wildlife protection. Also, some groups advocated returning less erodible land into production, while others felt that all of the current acres should be renewed (Warman interview, July 1995). This created tensions that made groups less willing to work together to reach a compromise. However, since the alliance never reached an activist stage, most members
do not think that anything was lost, except possibly meeting time (Smith interview, May 1995).

VI.4. The Purpose of Coalitions

Coalitions serve a variety of purposes and provide many benefits to participants, but it is important to address how and why coalitions form. Many believe that incentive theory is important in coalition formation. Coalitions offer lobbying assistance that eases the workload of organization representatives. Information is gathered in a quicker and more thorough manner and additional contacts are made for them. There are also several other benefits that group members cite as advantages to forming a coalition.

"When things get done it is usually through a coalition effort" was a general comment offered by many of the representatives interviewed. Many groups see forming a coalition as the best way to achieve objectives. Although some disadvantages exist, most lobbyists agreed that coalitions were a necessary and efficient lobbying strategy.

Meetings of coalition members are a source of information. It provides a forum to separate rumors from fact and enables members to focus on comprehensive policy analysis. In several instances this was a benefit to smaller organizations that were unable to expend resources for analysis of their own (Browne, 1988).

Coalitions often provide the most efficient method to gather information and intelligence about different aspects of a particular topic or bill. For example, the Coalition to End Welfare to Big Sugar (CEWBS) was comprised of sugar processors, environmental groups, and taxpayer organizations all focused on dismantling the sugar program for different reasons. This diverse group of organizations drew media attention and support from candidates that otherwise would not have taken an interest in the debate.

A diverse coalition also has the luxury of dividing up efforts in an efficient and effective manner that prevents duplication. CEWBS structured their efforts so that
environmental organizations focused on presenting their arguments to those Congressmen sympathetic to their cause, while taxpayer organizations focused on fiscally conservative representatives (Frydenlund interview, July 1995).

Coalition members also benefit from the mutual support that is provided by working together. When a large group of organizations is able to lend support (or opposition) to a proposal it places more pressure on Congressmen to listen to their arguments. Some groups feel that this is an effective way to make representatives aware that people are effected (Perry interview, August 1995).

Working in a diverse coalition also provides better access to previously unapproachable Congressmen and it allows groups to present their ideas and concerns in different policy making centers. Members of the CEWBS and USA Farm both cite these as important side effects of working in a broad coalition. If the coalition represents diverse interests, the appeal is broadened and interest groups do not seem as self-serving. This proved to be particularly true when commodity groups were able to work with environmental or other groups (Miller interview, August 1995).

Organizations not normally interested in specific lobbying techniques also saw the benefits of coalition formation. Many agribusiness companies, in particular, feel that CCFAS provided a venue by which they could be involved and make the most of their limited resources. This was the first time in history that over 120 agribusinesses were able to organize and be part of the policy process even if they do not normally follow an aggressive lobbying model. A coalition also provides a cover for those companies that want change, but are afraid to do anything for fear of losing public support (anon interview, 1995). Others join coalitions to maintain anonymity from members and policy makers who would be offended by open support and new and untested proposals can be made to seem part of mainstream politics. In this case, many companies found safety in numbers, only ADM felt that the coalition was gaining an anti-farmer persona and withdrew from the group.

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Wayne Boutwell, of the National Council of Farmers Cooperatives, believes that once the coalition has reached a consensus on the agenda, grass roots efforts place additional pressure on the system until the objective is attained. The only problem that he notes is groups within the coalition must compromise before their requests are entertained by Congressmen and then more compromise takes place among representatives. This could lead to results that differ significantly from the original objectives (Boutwell interview, June 1995). Although compromises were present in many general coalitions, more specific alliances did not face this dilemma.

Overall, the biggest concern for organizations that formed a coalition across the categories outlined in Chapter IV, was the issue of trust. Few groups felt that they forfeited their sovereignty, but everyone felt that trust was necessary to get their objectives accomplished. Another important ingredient for a successful organization is that the members must agree to disagree, particularly if the coalition was formed to address a particular issue. USA Farm is a prime example three groups that were able to accept each others differences and still work together.

Although the general consensus of those interviewed is that coalitions present increasing returns to scale in the amount of resources and effort required, there are some problems that groups must address for the coalition to be successful. The amount of time required for the creation and maintenance of a coalition was the most noted disadvantage to coalitions. Meetings were often scheduled for before and after normal working hours and posed constraints on many of the alliance members. However, most believed that although time was needed to structure the alliance outside of work, more time was saved during regular working hours. Also, financial and human resources are expanded and allocated more efficiently (Burke interview, August 1995).

There are, however, disadvantages to forming coalitions. Many times coalitions are fragile and infighting may result. If this occurs and the coalition dissolves, the termination may be more detrimental to the objective than the coalition was beneficial.
When a coalition ceases to exist it shows disunity among the groups and often sends the message to Congress that these groups can not agree on what is best for them, and therefore, the decisions are left up to the Agriculture Committees (Van Amberg interview, June 1995).

There also may be repercussions long after a coalition dies. For instance, many of the members of Congress still associate former coalition members with the organization that lead the alliance when the previous spokesman makes a statement. This is may be a negative side-effect of coalitions because groups often coalesce on a limited range of issues, but if the coalition was successful and well known on Capitol Hill, than the association inherently exists for other policy issues as well (Swenson interview, July 1995).

In general, the responses of interest group leaders collaborated with the theoretical benefits asserted. Many organizations agreed that coalitions provided a source of information, more power in numbers, and a way to consolidate activities so groups did not overlap in their efforts. The following section will describe the strategies coalitions utilize to achieve their objectives.

VI.5. Conclusions

Coalitions play a vital role in the strategies of interest groups. Different types of coalition structures exist just as organizations have different reasons for joining an alliance. However, the most predominant coalitions in the 1995 debate were informal policy coalitions that exist on a short term basis to address a particular issue or set of issues.

In many instances coalitions seem to emerge in pairs. That is to say, once a coalition began to receive attention for attempting to dismantle the sugar program, an alliance was made to maintain the structure of commodity programs. This juxtaposition of alliances was also apparent in the fight over MPP funding and between the two broad based coalitions that discussed the general structure of farm programs which can simply
be described as processor versus producer.

The phenomena of this “duality” can be explained simply. No set of organizations is willing to lose a program that is beneficial to them, or have a program imposed that is detrimental to them, by tactic consent. If the effects are significant, groups find it necessary to state their views in a united effort, particularly if the opposing viewpoint is articulatedly stated with member support.

This “duality” of coalitions, however, is only apparent in informal coalitions. The National Family Farm Coalition and the Campaign for Sustainable Agriculture are the only examples of formal coalitions included in this study and there is no alliance that is juxtaposed to their positions.

Overall, coalitions were useful in providing information, not only to their members, but also to the public and Congressmen. Coalitions managed their resources more efficiently so that more reliable information could be compiled and distributed than a single organization could do. Although some of the policy statements may have been more general than a single organization would issue, additional areas of debate were often addressed.
CHAPTER VII
CONCLUSIONS OF THE FARM BILL DEBATE

VII.1. Introduction

By the early summer of 1995, the Farm Bill debate was thought to be well under way. Senator Lugar’s hearings on commodity programs had already taken place, the Administration released their recommendations for farm programs, research organizations issued reports and studies, and many lobby organizations already launched full fledged lobbying efforts. Some groups interested in agricultural policy, however, recognized that the real debate would not take place until the fall and postponed their activities.

In the early phases of the farm bill debate, budget issues dominated. Groups refrained from proposing or endorsing programs until the amount of reduction to the agricultural budget was known for certain. After the budget number was relatively secure most groups still felt that only modest reforms within the current structure of farm programs were needed.

After fighting to maintain the funding for farm programs and take only proportional cuts, Defenders of Farm Programs generally agreed to accept only slight modifications. None of the main-stream organizations proposed a revamped structure, at this early stage, and many withheld the crux of their lobbying until later. Export and Full Production Supporters felt much of the budget savings could be achieved by increasing planting flexibility. In fact, the initial budget restrictions complemented their objectives for increasing flexibility and production. Therefore, they presented these proposals early and consistently throughout the debate. Many of the efforts of Environmental Organizations were not effected by budget restrictions, except that they feared less money would be available for conservation and environmental programs. Thus, they fought to maintain funding on current programs. Critics of Government Intervention, however, attempted to utilize budget restrictions present early in the debate by focusing on the inefficiency of many
programs. They were most active early in the debate and fought to prevent future funding of many export subsidies and regulated commodities.

It was not until much later in the debate that the Freedom to Farm Act (FFA) received attention from interest groups. Although the bill was proposed in June, it was not sponsored until August of 1995. It was not until the fall that many interest groups took it seriously and began to devote resources towards its passage or failure. Many interest groups could not afford to take action on every proposed bill, so their activities were generally directed to their overall objectives and not specific legislation.

Many "deficit hawks" initially complained that the outlays for the FFA would be higher than from extending current law. However, that is arguably the main reason the FFA eventually received strong bi-partisan support. In the current situation characterized by high commodity prices, deficiency payments to farmers would be relatively low and they would benefit more from FFA. Therefore, Freshman Congressmen, who promoted reform, could "sell" FFA to their constituents without losing the support of agricultural interests. It also allowed critics of farm programs to lend their support early on, since the structure of farm programs was eliminated. It was discouraging to reformers in the Senate, however, when the concession to maintain permanent law as a safety net was passed in order to receive the necessary support.

**VII.2. Outcomes of the Legislation**

It was not until April 4, 1996 that President Clinton signed the Federal Agricultural Improvement and Reform Act, otherwise known as the 1996 Farm Bill, into law. This final farm bill included all of the titles previously addressed and did not separate the titles into two separate pieces of legislation as Rep. Roberts initially proposed.

In many ways the FFA did not change drastically from when it was first introduced, although more specifics were provided. Several amendments were also added that made the
bill more palatable and retained bi-partisan support.

Title I addresses the production flexibility contracts citing that eligible producers are those that participated or had certified acreage in the wheat, feed grains, cotton, or rice programs in any one of the past five years. Any commodity may be grown on contract land except fruits and vegetables. Restrictions that were in place on haying and grazing of contract acreage were dropped in the conference agreement. This implies that alfalfa and other forage crops may be grown on this acreage without experiencing a loss of payments.

The conference committee established maximum loan rates for the major commodities\(^1\) and allowed the Secretary of Agriculture to retain the authority to make downward adjustments to wheat, feed grains, and oilseed loan rates based on specific stocks-to-use criteria. The conference agreement also includes legislation to reduce the current payment limitation from $50,000 to $40,000 while extending provisions of current law that limit marketing loan gains and loan deficiency payments to $75,000 per person per year. The 1949 Agricultural Act was also retained as permanent law.

The final legislation included provisions for the sugar, peanut and dairy programs. The sugar program was modified slightly in order to make it more market-oriented. A recourse loan system will be implemented until imports reach 1.5 million short tons for FY 1997-2002. Marketing allotments are terminated and a one cent penalty is placed on forfeited sugar. The assessment on sugar processors will be raised to achieve $52 million over seven years toward deficit reduction. The provisions of current law that were retained include the levels of loan rates for raw cane sugar and refined beet sugar and maintaining that the sugar program operates at no-net cost to the federal government.

The peanut program was modified to make it a no-net-cost to the government. The quota support rate is lowered from $678/ton to $610/ton through 2002. The legislation also

\(^1\)The maximum loan rates were established as follows: Rice - $6.50/cwt, Upland Cotton - $0.5192/lb, Wheat - $2.58/bu, Corn - $1.89/bu, Soybeans - $5.26/bu, and ELS Cotton - $0.7965. A minimum loan rate was also established for Rice - $6.50/cwt, Cotton - $0.50/lb, and Soybeans - $4.92/bu.
eliminates the national poundage quota floor and undemarketing provisions. This law allows for limited sale, lease, and transfer of quota across county lines.

The dairy program was also modified to increase its market-orientation. The budget assessment on dairy producers was eliminated and the price supports on butter, powder, and cheese will be reduced from $10.35/cwt to $9.50/cwt over four years. Milk marketing orders will also be reduced from 33 to no more than 14 and no less than 10 in three years. the conference agreement also directed the Secretary of Agriculture to utilize the DEIP at the maximum volume and funding levels permitted under the GATT. Finally, provisions were included that would allow the Secretary to grant New England producers the authority to enter into a Dairy Compact, if there is "compelling public interest" in the region.

In regards to trade, Title II of the 1995 Farm Bill, reauthorized P.L. 480 and allowed private sector participation for the first time. The Market Promotion Program (MPP) was renamed the Market Access Program. Expenditures were capped at $90 million per year and reforms were imposed that restricted participation to small businesses, farmer-owned cooperatives, and agricultural groups. Export Enhancement Program (EEP) expenditures were capped at the maximum GATT allowable limits. The Secretary may also authorize subsidies to export intermediate value-added products.

Environmental policy was addressed in Title III. The Conservation Reserve Program (CRP) was maintained at 36.4 million acres. The Secretary of Agriculture may offer new contracts or extend expiring contracts up to the limit. Participants may terminate CRP contracts provided that their land is not deemed to be of high environmental value. The Wetlands Reserve Program was retained with modifications that encourage the use of cost-share restorations and temporary easements.

A new program was initiated entitled the Environmental Quality Incentive Program (EQUIP). This program targets $1.2 billion over seven years to aid crop and livestock producers in implementing and maintaining environmental and conservation improvements on the farm. Funding may be used for animal waste management facilities, terrace
waterways, filter strips, or other structural and management practices that protect water, soil, and related resources. Individual operation are able to receive up to $10,000 per year for a maximum of five years. Another conservation act that was introduced is the Farms for the Future Program which provides $35 million to preserve farmland from commercial development.

The federal food stamp program was reauthorized for two years while Congress continues to work on welfare reform. Other programs introduced include the Everglade Agricultural Area and the Fund for Rural America. The Everglades Agricultural Area agreement provides $200 million for land acquisition in the Florida Everglades for environmental restoration. The Fund for Rural America provides $300 million over three years to be spent through existing research and rural development programs. The Secretary is required to spend at least one-third of the funds on research and one-third on rural development.

Overall, the FFA was not opposed by any main-stream organization, but there were various reasons surrounding its support. Defenders of Farm Programs were initially skeptical of these "welfare" payments, but the reality is the windfall payments would assist farmers in making any adjustments necessary over the next seven years. High commodity prices were another strong incentive to support this new program. If the current deficiency payment system remained in tact, many farmers would have to repay their advance payments, and deficiency payments in the next two years would be low. Export and Full Production Supporters lent their endorsements as production and planting flexibility would be increased. Also, they realized that decoupled payments would allow trade restrictions to be reduced with greater ease. Therefore, their key objectives were addressed in this legislation. Environmental Organizations were satisfied because conservation compliance programs would still be enforced and the EQUIP program was initiated. There would also be more money directed towards rural development which would mean that more funds would be directed towards environmental programs, instead of reduced. Finally, Critics of
Government Intervention were pleased because the structure of farm programs was eliminated. The decoupled payments also provide them with the hope that in the future they will be able to completely phase out support. They were disappointed that the sugar and peanut programs remained in tact, but many feel that deregulation is not far off since other commodities have undergone reform.

The remainder of this chapter will focus on more specific debates that took place within the realm of the farm bill. Section VII.3. will analyze the grain industry. The dairy industry is also an interesting case study that will be discussed in Section VII.4. Section VII.5. will analyze the dueling forces that fought over the sugar program. Environmental and conservation programs will be discussed in Section VII.6. The majority of the information included in Section VII.3. through Section VII.6. will be based upon the follow-up interviews conducted at the conclusion of the Farm Bill debate (See Appendix F). Finally, Section VII.7. will summarize the implications of the farm bill outcomes and what it implies for the effectiveness of interest groups.

VII.4. The Grain Industry

The grain industry is primarily comprised of organizations considered to be Export and Full Production Supporters in this study. This industry represents one of the most congruous and unified sectors of agriculture in this debate. That is not to imply that groups agreed on every issue, but instead, once the Freedom to Farm Act came to the fore-front of the debate there was little regional or producer/processor infighting apparent.

Many of these groups were members of the Coalition for a Competitive Food and Agricultural System and promoted increased production and planting flexibility. They believed that these measures would assist the U.S. in being competitive in export markets. Therefore, when the FFA was introduced, they had no reason to demonstrate opposition as it addressed many of their concerns.
There was no real conflict among the processors or other members of the Coalition, however, the Coalition did not represent many of the producer interests. Members of the National Association of Wheat Growers (NAWG) were regionally divided on the issue of planting flexibility from the outset of the debate. Therefore, when the Freedom to Farm came to the fore-front of the debate, they were hesitant to take a position for fear of alienating a portion of their members. Instead, they focused their efforts on offering support to the environmental provisions included in the legislation.

Although many commodity organizations feel that the 1995 debate was longer and more drawn out than past debates, the Coalition for a Competitive Food and Agricultural System was surprised by the ease of the debate. As the farm bill became more apart of the budget process they were less involved and since Rep. Robert's bill encompassed their objectives they did not find it necessary to expend resources lobbying against bills. Still the Coalition made an effort to have Washington lobbyists visit every Congressional office at least twice and encourage a grass roots letter writing campaign.

VII.4. The Dairy Industry

Most dairy producers can agree that the industry is in need of reform. However, the question remains on the type of reform that should take place. These producers are characterized by their regional differences and the lack of cohesiveness they demonstrate as an industry. Yet, they are still a powerful force on Capitol Hill.

Early in the farm bill debate, the National Milk Producers Federation (NMPF) proposed a reformed program that they claimed would bridge the regional differences between producers. The suggestion would have continued support cheese prices through CCC purchases, but purchases of butter and nonfat dry milk would be discontinued. The amount by which the milk support price exceeds the class price would be nationally pooled

2 This proposal is discussed in greater detail in Section IV.2.A.2.b.
for all the milk marketed. Although this proposal was accepted by most of the dairy producers, dairy processors vehemently opposed it. They asserted that this was a two-tier pricing system that would prove to be inconsistent with GATT laws and regulations.

Representative Steve Gunderson (R-WI) proposed the Freedom to Milk Act which would deregulate the dairy program by eliminating milk price support and market order programs. Although Minnesota-Wisconsin producers supported this measure, NMPF was strongly opposed to this bill as they wanted to retain the $10.10 per cwt as a safety net for dairy producers.

Although the changes made to the dairy program remained in question for some time, some reform took place. The budget assessment on dairy producers was eliminated and support prices on butter, powder, and cheese were phased down over four years from $10.35/cwt in 1996 to $9.50 in 1999. At the end of 1999, price support authority is eliminated and a recourse loan is implemented at the 1999 support level. Milk marketing orders will also be altered as the Secretary of Agriculture is required to consolidate the 33 milk marketing orders into no more than 14 and no less than 10 in three years.

This compromise pleased both the National Milk Producers Federation (NMPF) and the International Dairy Foods Association (IDFA). NMPF was pleased because the assessment on producers was eliminated and the milk marketing orders were reformed. They were disappointed, however, that the dairy price supports were only phased down and not eliminated (Vitaliano interview, April 1996). IDFA felt that the overall program was a gradual move towards deregulation of the industry and therefore accepted the changes that were made (Burke interview, April 1996).

A form of the Northeast Dairy Compact was also included in the final legislation. This provision allows the Secretary of Agriculture to grant the New England region the authority to enter into a dairy compact, if there was compelling public interest in the area. Although this provision is not consistent with the other reforms made, the International Dairy Foods Association does not consider its inclusion a defeat. In fact, they are secure that the
provision will never be invoked into practice as too many conditions must be met and it is only valid for three years (Burke interview, April 1996).

The dairy industry was also able to maintain maximum funding, allowable under the GATT provisions, for export promotion programs. The Secretary of Agriculture is also required to conduct a study that will assess the potential impact of new cheese imports allowable under the Uruguay Round on domestic milk prices, dairy producer income, and the cost of Federal dairy programs.

In some ways, it seems as though the disunity of the industry is exactly what kept the programs in place. Since a majority of producers are unable to agree on the changes that should be made, Congress was hesitant to commit to a policy that would on average only satisfy a fraction of dairy producers. In this case, the status quo prevails because any GATT-legal solution would alienate more constituents than it would help.

VII.5. The Sugar Conflict

Throughout this thesis, the forces battling over the sugar program have been discussed. Processors consistently attacked the sugar program for artificially raising prices, while environmental organizations expressed their concerns for maintaining the Everglades. Meanwhile, consumer organizations fought for lower retail prices. However, until now, there has not been a direct comparison of the methods and strategies implemented and the chronology these strategies followed.

Early in the summer of 1995, the Coalition to End Welfare to Big Sugar (CEWBS) began making public attacks on the sugar programs. They held press conferences, ran newspaper advertisements, and wrote editorials pointing out the inefficiencies of the sugar program. The Coalition, which had made previous attempts to dismantle the program under other names, began preparing for the debate well over a year in advance. They formulated a strategy and began the fight earlier than most other commodity programs were being
discussed. In the beginning, many thought this debate would prove to be successful for the CEWBS. They had everything that was theoretically needed to win. They had bi-partisan Congressional support and a bill on which to focus their agenda, they were well funded, members of the Coalition donated large sums to PAC contributions, diverse interests were represented, including processors, environmentalists, and consumer organizations, and they had the "intrinsic advantage" of success that Becker described. In fact, many feel that if the sugar program was brought to a floor vote around this time, major changes in the structure of the program would have taken place (English interview, August, 1995).

The early onslaught of negative material against the sugar program spurred sugar producer groups into action earlier than they had anticipated. Although their initial strategy consisted of focusing on "educating" Freshman Congressmen, producers found it necessary to also respond to the negative press they were receiving from the efforts of the Coalition. Both supporters and opponents allocated a substantial amount of time, energy, and money to support their respective objective.

However, despite the best effort of CEWBS, the sugar program continued virtually unscathed. As a result, many feel that the sugar program is probably one of the most difficult programs to reform. Sugar lobbyists are effective in presenting a united front, they are well organized, have effective lobbying techniques, and are well funded. Also, the disadvantage they face of being represented in only a limited amount of Congressional districts, actually serves their purpose. This allows lobbyists for the sugar program to argue that the states where sugar is grown are actually dependant on sugar production, and the effects of removing the program can cause concentrated job losses that would negatively effect the state economy. In addition, the sugar program runs at no-net-cost to the government and the assessment that sugar producers pay goes directly to the Treasury. This means that in a time when balancing the budget is at the fore-front of every policy debate, dismantling the sugar

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3Becker described the intrinsic advantage of success to be promoting a policy that increases efficiency. See Section II.3. for a more complete explanation.
program would cost the federal government money.

In essence, the outcome of the farm bill addressed the environmental concerns associated with the sugar program, but not the processor and consumer aspects. Both the Senate and House versions of the bill allocated government funds to protect the Everglades by purchasing land currently used to produce sugar, but neither made any attempts to deregulate the program. This is an interesting outcome that deserves further analysis.

This coalition also lacked a lobbying strategy that most other groups relied heavily upon, grass roots support. This coalition did not take advantage of their members in the states and launch letter writing and phone campaigns. Many who were involved with this coalition feel that this is where they failed. They do feel, however, that they were successful in promoting the message of the inefficiencies of the sugar program (Frydenlund interview, April, 1996).

The Environmental Groups that offered their support to deregulate the sugar industry do not make any PAC contributions, nor do they encompass a powerful source of influence on the Hill, yet, they were the most successful members of the coalition. They did, however, utilize their grass roots effort in order to achieve their agenda. Phone calls, letter writing campaigns, and visits to Congressmen in their hometown, are examples of the strategies environmental groups employed, that other Critics of Government intervention did not, in order to achieve their success.

### VII.6. Environmental Groups

Environmental groups are another fascinating aspect to the farm bill debate. Overall, they did not spend as much resources, lobby as intensively, or contribute any financial support to candidates, yet they were effective in maintaining current policies and passing the changes they promoted. Ironically, this group that thought they would be the least influential due to the "Republican Revolution" was in some ways the most effective.
Although FFA was enacted, which decoupled payments from production, conservation compliance regulations were maintained in order to preserve the advancements made on preserving farmland. In addition, although the Coalition aligned to eliminate the sugar program was not successful, environmental groups were able to get the government to commit at least $200 million to buy land currently used to grow sugar in order to protect the Florida Everglades. Congress also agreed to maintain the Conservation Reserve Program at 36.4 million acres.

The 1996 Farm Bill also approves a new program entitled the Environmental Quality Incentives Program (EQUIP). This program is designed to combine four environmental programs into one central authority. Both the Campaign for Sustainable Agriculture and American Farmland Trust proposed similar programs under different names. The Campaign for Sustainable Agriculture promoted the Agricultural Conservation Reserve and Environmental Stewardship (ACRES) Program. ACRES would essentially be an umbrella organization that existing conservation programs would be merged into. Resources would be pooled and hopefully the goal of the program, to increase cost effectiveness, would be achieved. American Farmland Trust endorsed a very similar program called the Environmental Reserve-Rural Land Trust Program.

Many Environmental Groups are also concerned with rural development. The Fund for Rural America allot $300 million over three years for rural development projects. While this program benefits groups concerned with the environment, it was included primarily to receive the Administration's support for the farm bill.

Despite their successes on conservation, environmental, and rural development issues, members of the Sustainable Agriculture Coalition were disappointed in the outcome of commodity programs. They felt that it was unfortunate for farmers to lose their safety net in times of low prices. This coalition also would have preferred federal payments to be targeted towards smaller operations (Hoefner interview, April 1996).

Although Environmental Groups may have requested more programs and possibly
a conservation basis to all farm programs if Democrats controlled Congress, they were successful in maintaining the advancements they have made over the past ten years and making those programs more efficient. If their success was to be attributed to one strategy or methods of influence it would be grass roots support. Overall, these groups allotted less time and money to lobbying efforts than other organizations, but had stronger membership support.

VII.7. Conclusions

The 1996 Farm Bill was an interesting process. In the beginning of the debate many thought real reform would take place, by the end, the reform that took place is questionable. It is arguable that everyone is satisfied, but no-one is satiated. That is to say, most groups accomplished at least part of the objectives they sought, but no-one achieved exacted what they wanted.

Ideal conditions were present for this reform to take place and it is debatable if it would have occurred if any of these conditions was not present. First, the Republicans had control of both Houses of Congress. Since farmers historically support Republican elected officials, these leaders felt it was important to protect their constituency. Of course, they had to do this amidst the philosophy of budget restrictions and limited government. Therefore, it was up to them to issue a reform plan. It was a coincidence, however, that market prices were rising to historic levels making current programs ineffective. Thus, market conditions aided in the process of reform. The proposal that Rep. Roberts put forth met everyone's criteria. Farmers received payments in this time of high prices, government intervention was limited, and budget requirements were met.

Overall, rent seeking is apparent as groups sought to achieve objectives that were in their best interest. Defenders of Farm Programs, composed of primarily producer groups, originally wanted to maintain the current structure of farm programs. Instead, they will
receive windfall government payments due to high commodity prices and still retain permanent law as a safety net. Export and Full Production Supporters wanted to focus on export markets and increase production and flexibility. FFA accomplished this by eliminating set-aside programs and maintaining funding for export subsidies to the GATT-legal limits. Environmental Groups maintained the current level of spending for environmental programs and were able to influence reforms that will make them more efficient. Finally, Critics of Government Intervention were also appeased by the FFA. By dismantling the current structure of farm programs, they feel that they can phase-out support in the future and these windfall payments will allow farmers to make any changes necessary to become more efficient.

The sugar and dairy industries, as discussed in this chapter, provided insight as to the influences and pressures that effect farm policy. In both of these cases, the status quo was maintained, but for vastly different reasons. Many of the successes enjoyed by sugar industry are attributed to a cohesive industry. The dairy industry, however, is probably one of the most dis-unified sectors. Thus, each sector has utilized lobbying methods that work with the inherent structure of their industry.

Environmental Organizations also achieved surprising successes, at a time when they were expected to play a very limited role. Their proposals were reasonable and cost efficient, and therefore enjoyed victory. However, it is important to note that their strategies often changed and demands were fewer, after the 1994 Congressional elections.

In general, it can be argued that reform to agricultural policy has been hindered by the rent seeking activities of interest groups that focus on the short run gains instead of the long run effects. However, although the 1995 Farm Bill is no exception and most groups accomplished at least part of their goals, reform took place that will alter farm policy. Assuming that these changes are maintained throughout the seven year duration of the legislation producers will receive their short run wind fall of payments, but agriculture could be made better off in the long run as well.

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REFERENCE LIST


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APPENDIX A

THE INITIAL FARM BILL QUESTIONNAIRE
APPENDIX A.

FARM BILL QUESTIONNAIRE

Introduction

This interview was conducted in order to gather primary research on the role of interest groups in the 1995 Farm Bill. I was particularly interested in how the budget issues, trade policy, environmental policy, and nutrition programs affected the farm bill policy decisions. The debate also revolves around the role of interest groups and their activities. This interview will attempt to address the strategies and resources used to influence legislation.

To understand how these various forces eventually determine the policy outcome, we would like to ask some questions about your organization and its activities. My interests are in:

1. the positions of your organization on key aspects of policy
2. the efforts your group has made on its own or in conjunction with others to influence the policy decisions
3. your expectations about the provisions that will be included in the final bill and how these policies will position the United States in future trade negotiations

In preparation for this interview we have reviewed a wide variety of materials on farm bill issues, examined the recommendations of respondents to the September 1994 request for input from Senators Lugar and Leahy, and attended various conferences and recent congressional hearings.

Basic Issues

Several key areas of debate are emerging for the 1995 farm bill. Among these areas are:

1. The Overall Budget Constraint
2. The Structure of Farm Price Support Programs
3. Trade Policy
4. Environmental Policy
5. Research, Rural Development and Nutrition
1. At the risk of oversimplification, we understand the basic positions of your organization to be: (summarize briefly)

2. Would you add anything to my summary of the combination of these (and other basic positions) that your organization supports?

3. To what extent does your organization emphasize each of these objectives? (numerical order of priorities if possible)

Activities and Strategy

1. What kinds of information (studies, personal experiences, etc.) does your organization use/provide as input into the farm bill debate? (sources/types of information used, not where it is provided)

2. Briefly describe your efforts to affect the farm bill debate through the following channels. We are particularly interested in how the changed party affiliations (Democratic president and Republican Congress--just the opposite of the 1985 and 1990 bills) affects your objectives, activities and strategies:
   a. The Clinton administration
   b. The Budget Committees and floor budget votes of the House of Representatives and Senate
   c. The Appropriation Committees of the House and Senate
   d. The Agricultural Committees of the House and Senate
   e. Other committees of the House and Senate
   f. Public Opinion
   g. Other

3. How are your farm bill efforts related to efforts on other legislation before Congress? in particular, how are your farm bill objectives, activities and strategies affected by your involvement with other legislation?

Resources

1. Can you provide us with some basic information about:
   a. Number of members in your organization/Geographic concentration of membership
   b. Financial resources of the organization

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c. Staff resources of the organization
d. Staff time devoted to the farm bill (may be by subject area)
e. Operating budget for the farm bill

Support of Candidate

1. According to two recent studies of farm groups, your group was/was not a source of PAC funds.

2. Is your organization currently a source of PAC funds?

3. What other channels are available to you to provide financial support to candidates and/or elected officials?

4. What other support can your organization provide to candidates and/or elected officials?

5. How important are financial contributions/other forms of support to your ability to obtain the farm bill legislation you seek?

Coalitions

1. At the risk of oversimplification, we characterize organizations expressing positions on the farm bill in seven categories:
   a. Defense of Farm Programs
   b. Export Promoters
   c. Environmental Regulators
   d. Environmental Compensators
   e. Supporters of Full Production
   f. Critics of Government Intervention
   g. Other Special Interests

2. Given your perceptions of other groups interested in the farm bill outcome, what coalitions do you think your organization might form within your category to promote specific outcomes?

3. What coalitions do you think your organization might form across categories to promote specific outcomes?
4. What do you see as the advantages and disadvantages of working in coalitions versus having your organization work on its own?

**Anticipated Outcomes**

1. At this point, what outcomes do you think will characterize the final 1995 farm bill?

2. What are the key factors/changes in the economy or political environment that you would identify as affecting why the policies in the farm bill will or will not be changed substantially compared to 1985 or 1990?

3. How will these outcomes position the United States for new international negotiations for reductions of trade barriers?
APPENDIX B

INDEX OF ALL
INTEREST GROUP ABBREVIATIONS
Appendix B. Index of All Interest Group Abbreviations

### DEFENDERS OF FARM PROGRAMS

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<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Coalitions</strong></td>
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</tr>
<tr>
<td>ASFAP</td>
<td>Alliance for Sound Food and Agricultural Policy</td>
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<tr>
<td>NFFC</td>
<td>National Family Farm Coalition</td>
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<tr>
<td>USA-F</td>
<td>USA Farm</td>
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<tr>
<td><strong>General Farm Organizations</strong></td>
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<tr>
<td>AAM</td>
<td>American Agricultural Movement</td>
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<tr>
<td>AFBF</td>
<td>American Farm Bureau Federation</td>
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<tr>
<td>FCC</td>
<td>FCC Farm Credit Council</td>
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<tr>
<td>NASDA</td>
<td>National Association of State Departments of Agriculture</td>
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<tr>
<td>NCFC</td>
<td>National Council of Farmers Cooperatives</td>
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<td>NFO</td>
<td>National Farmers' Organization</td>
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<td>NFU</td>
<td>National Farmers Union</td>
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<td>NG</td>
<td>NG National Grange</td>
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<tr>
<td>NGA</td>
<td>National Governors' Association</td>
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<tr>
<td><strong>Commodity Organizations</strong></td>
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<tr>
<td>ACGA</td>
<td>American Corn Growers Association</td>
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<tr>
<td>ASGA</td>
<td>American Sugarbeet Growers Association</td>
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<td>NCC</td>
<td>National Cotton Council of America</td>
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<td>NMPF</td>
<td>National Milk Producers Federation</td>
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<td>NPGG</td>
<td>National Peanut Growers' Group</td>
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<td>NUC</td>
<td>New Uses Council</td>
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<tr>
<td>RI</td>
<td>Riceland/Stuttgart Foods, Inc.</td>
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<tr>
<td>UFFVA</td>
<td>United Fresh Fruit and Vegetable Association</td>
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<tr>
<td>USA-R</td>
<td>USA Rice Federation</td>
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<tr>
<td>USBSA</td>
<td>U.S. Beet Sugar Association/American Sugar Alliance</td>
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<table>
<thead>
<tr>
<th>Coalitions</th>
<th>Commodity Organizations</th>
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<tbody>
<tr>
<td>AOC: American Oilseed Coalition</td>
<td>AOA: American Oat Association</td>
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<tr>
<td>CCFAS: Coalition for a Competitive Food and Agricultural System</td>
<td>ASA: American Soybean Association</td>
</tr>
<tr>
<td>CPUSE: Coalition to Promote U.S. Exports</td>
<td>IDFA: International Dairy Foods Association</td>
</tr>
<tr>
<td>DC: DEIP Coalition</td>
<td>ISEO: Institute of Shortening and Edible Oils</td>
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<tr>
<td>IFBST: Iowa Farm Bill Study Team</td>
<td>NAEGA: North American Export Grain Association</td>
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<td>START: Security for Tomorrow from Agricultural Resources and Technology</td>
<td>NAWG: National Association of Wheat Growers</td>
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<td></td>
<td>NAWGA: National American Wholesale Grocers’ Association</td>
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<td></td>
<td>NCGA: National Corn Growers’ Association</td>
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<td></td>
<td>NGTC: National Grain Trade Council</td>
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<td>NOPA: National Oilseed Processors Association</td>
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<td>NPPC: National Pork Producers Council</td>
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<td>NSA: National Sunflower Association</td>
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<td>USFGC: U.S. Feed Grains Council</td>
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<tr>
<td>Private Companies</td>
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<tr>
<td>ADM: Archer Daniels Midland, Inc.</td>
<td>CONA: ConAgra, Inc.</td>
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<tr>
<td>CONA: ConAgra, Inc.</td>
<td>CGC: Continental Grain Company</td>
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<tr>
<td>CGC: Continental Grain Company</td>
<td>FI: Farmland Industries, Inc.</td>
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Appendix B. (Con’t) Index of All Interest Group Abbreviations

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<th>ENVIRONMENTAL ORGANIZATIONS</th>
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<td>CAST</td>
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<td>WMI</td>
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Appendix B. (Con’t) Index of All Interest Group Abbreviations

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<th>CRITICS OF GOVERNMENT INTERVENTION</th>
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<td>Coalitions</td>
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APPENDIX C

MATRIX OF
FARM BILL INTEREST GROUPS’
POSITIONS AND ISSUES
## Appendix C. Matrix of Farm Bill Interest Groups’ Positions and Issues

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<th>Interest Group Alignments</th>
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<th>Support Programs</th>
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<td>Flexibility</td>
<td>Increased Production</td>
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<td><strong>Defenders of Farm Programs</strong></td>
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<td>1. AFBF</td>
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<td>1. ASFAP</td>
<td>2. AFBF</td>
<td>2. NASDA</td>
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**Export and Full Production Supporters**

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**Critic of Government Intervention**

1. PPI

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| 2. CATO | 2. CATO | 2. CATO | 2. CC | 2. CATO |
| 3. PPI | 3. HER | 3. HER | 3. HER | 3. HER |
| 4. WRI | 4. HUD | 4. HUD | 4. HUD | 4. HUD |
|        | 5. PF | 5. PF | 5. PF | 5. PF |
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### Appendix C. (Con’t) Matrix of Farm Bill Interest Groups’ Positions and Issues

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Bold and Italic lettering indicates the organization's opposition to that policy or reform.

Note: Groups represented on this chart are arranged alphabetically within each box in the following manner: Coalitions, General Farm Organizations, Commodity Organizations, Public Policy Organizations, Public Interest Organizations, and Private Companies. Please see Appendix B for Interest Group Abbreviations.
APPENDIX D

INFORMATION GATHERED ON EACH INTEREST GROUP INCLUDED IN THE STUDY
Appendix D. Information Gathered on Each Group Included in the Study

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APPENDIX E

RESOURCES, MEMBERSHIP
ACTIVITIES, STRATEGIES,
SUPPORT OF CANDIDATES,
AND COALITION UTILIZATION
OF INTEREST GROUPS
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### Membership and Geographic Concentration of Interest Groups

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### Appendix E (con't) Activities and Strategies of Interest Groups

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APPENDIX F

THE FOLLOW-UP
FARM BILL QUESTIONNAIRE
APPENDIX F.

FARM BILL QUESTIONNAIRE FOLLOW-UP

Introduction

These follow-up interviews were conducted in order to gather a snap-shot of the interest groups at the conclusion of the farm bill debate. They were designed to complement the first interview and take a reading of how strategies changed during the course of debate. It will also attempt to gather a sense of the effectiveness of the lobby groups and how they perceived their role.

In preparation for this interview I have reviewed the legislation for the farm bill that passed the House and the Senate separately, before it went to the joint committee. Although many groups were hesitant to respond to their effectiveness since the debate is not over, a general sense was gathered.

Basic Issues

1. At the risk of oversimplification, do you feel that your organization achieved their objectives?

2. When did you publicly support Robert's Freedom to Farm Act? Why?

3. What do you feel was the greatest accomplishment/defeat for your organization?

4. Overall, do you feel that your organization was effective in achieving its objectives? If so why? If not why? In other words, how did you accomplish your objectives?

Activities and Strategy

1. What were the 5 biggest events that your organization sponsored? i.e. fly-ins, newspaper ads, etc.

2. How did your strategy change over the course of the debate?

3. How many fly-ins did you sponsor and when?
4. What was the role of your state membership?

5. How many newspaper ads did you run and in what newspapers and magazines and when?

6. Given your expectations on the resources devoted to the farm bill, how much was actually allocated?

7. What was the role of the coalitions you were involved in? i.e. Was this a large part of your strategy? Was it successful?

**Anticipated Outcomes**

1. Did the overall farm bill process differ greatly from previous years in your experience?

2. If there was any issue that you feel you lost on, when do you think you will be able to achieve it?

3. What was the key factor that drove the outcome of this debate?

4. To what extent does the Farm Bill move policy towards greater market orientation?
VITA

Nicole Dorothy Fatseas was born April 18, 1973 in Rahway, New Jersey. She received a B.A. degree in Economics from the University of North Carolina at Chapel Hill in May 1994. Nicole went on to continue her education and completed a M.S. degree in Agricultural and Applied Economics from Virginia Polytechnic Institute and State University in April 1996. She is currently pursuing a career at Andersen Consulting in Washington, D.C. and plans to marry Daniel M. Peters on September 1, 1996.