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The Next Farm Bill: Is It Time for Conservation Payments?

Bruce A. Babcock
babcock@iastate.edu
515-294-6785

Over the last two years, Congress and farm groups have worked to find a policy formula that would be acceptable as a foundation for the next farm bill. Most ideas that have been floated—and that are finding some favor in the House of Representatives—largely continue the general thrust of current programs: some fixed payments, guaranteed minimum prices for farmers, and perhaps a new countercyclical program that would mostly duplicate the emergency market loss assistance payments available the past four years.

Critics point out that the only policy objective consistent with current programs is stabilization of national net farm income. Congress, it seems, wants to make sure that when income in the sector is low, payments compensate for the difference. This is truly a countercyclical policy. The problem is, only specific crop farmers (soybeans, wheat, cotton, rice, barley, grain sorghum, tobacco, peanuts, and sugar) and dairy farmers get payments. The rest of agriculture is shut out of the process. Furthermore, rural activists and taxpayer groups note that because there are no means tests for the government subsidies, the largest farms and the wealthiest farmers get the bulk of the aid. For example, the *New York Times* recently reported that the top three farm aid recipients in Hartley County, Texas, received \$2.3 million, \$1.9 million, and \$1.4 million from 1996 to 1999.

Supporters of current programs counter that if our objective is to

stabilize net farm income, then we need to support large farms (and sometimes wealthy farmers) because that is where most production occurs. Some supporters justify the status quo for aid distribution by reasoning that there are not enough funds to go around, and that independent farmers should resist the culture of dependency (on government aid) that farmers who produce subsidized crops have developed.

FINDING A FARM BILL OBJECTIVE

The heart of the disagreement over farm programs is a disagreement over what the programs are supposed to accomplish, beyond a political response to pressure groups. When asked what public policy objective is being met by current policy formulas, supporters answer “cheap food,” “help with risk management,” or “keeping people on the land.” But the food stamp program already provides access for most Americans to affordable food. And the federal crop insurance program has been greatly expanded in recent years, both in product offerings and in subsidies.

That leaves us with the objective of keeping people on the land. For what purpose? One reason is to maintain the vitality of rural communities. The other is to enhance environmental stewardship. Many argue that farm programs are a poor rural development tool because the economies of most rural communities are becoming less farm-dependent. The U.S. Department of Agriculture (USDA) states that only 45 rural counties can be classified as “farm dependent.” On the other hand, farm programs can be a good tool for delivering significant envi-



ronmental benefits. The Conservation Reserve Program, for example, helps protect water quality and enhance wildlife habitat.

If Congress chooses to reorient farm programs to focus on enhanced environmental quality, as advocated by Senator Tom Harkin, it will have to address a number of issues.

WHAT ENVIRONMENTAL GOODS CAN FARMERS PROVIDE?

Farmers can provide some environmental goods without changing their current management practices. Other goods require a change in cropping patterns or management practices. Farmers in certain locations enhance the environment simply by being farmers. For example, in areas where undeveloped land (open space) is increasingly valued, many appreciate the service farmers provide in keeping land in production. Farmers who actively manage grassland with livestock grazing maintain the viability of the few remaining tall grass prairie regions.

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Contact Betty Hempe for a free subscription, publication information, and address changes at: *Iowa Ag Review*, CARD Publications, Iowa State University, 578 Heady Hall, Ames, IA 50011-1070; Phone: 515-294-7519; Fax: 515-294-6336; E-mail: CARD@card.iastate.edu; Web site: www.card.iastate.edu

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Conservation policy can create other environmental goods by encouraging farmers to change their management practices. Farmers could improve water quality if they lowered soil erosion rates through adoption of conservation tillage. Livestock producers could reduce nutrient loads in streams and lakes if they exerted greater control over manure, and crop farmers could do the same if they changed the way they applied fertilizer. Farmers could reduce pesticide residues in surface and groundwater if they limited applications to nonsensitive areas. Strategic retirement of land from production could enhance water quality. Retiring land around lakes and streams could lead to lower sediment and nutrient loads. Removing land from production could also create wildlife habitat. Farmers could enhance and protect aquatic life by improving water quality and by using buffer strips. In the West, where competition for water is fierce, farmers could provide habitat by allocating some irrigation water for in-stream use.

WHAT IS THE VALUE OF ENVIRONMENTAL GOODS?

The strongest argument for transforming farm program payments into conservation payments is that such a move could increase economic efficiency. Because environmental goods typically do not have a market value like corn and hogs, they may be undersupplied. Increasing the supply of environmental goods if the value of the goods supplied is greater than the cost of supplying them would increase society's well-being. Therefore, a critical question for advocates of conservation payments is whether the public value of environmental goods supplied by farmers is greater than the cost of providing them. If it is, then this gives conservation payments a strong advantage over current program payments, which have no equivalent economic efficiency justification.

What do we know about the value of farmer-supplied environmental goods? Some local insight is provided by a recent study of the value of reducing nutrient runoff into Iowa's Clear Lake (see the article on page 4). CARD researchers found that residents' and visitors' willingness to pay for improved water quality in the lake seems to be higher than the value of all cropland in Clear Lake's watershed. This indicates that people greatly value clean water for recreational use.

The City of New York has embarked on an ambitious project to protect the quality of its drinking water by purchasing farmland easements in critical areas and by working with dairy farms to reduce nutrient runoff. This suggests that reductions in runoff from farms that degrade drinking water supplies also generate large benefits. More locally, Des Moines residents pay to reduce nitrate levels in their drinking water. The level of payments gives some indication of the monetary value that would be attached to having farmers in the watershed adopt practices that lead to cleaner water.

Many farmers in high-cost production regions are finding that conversion of cropland to hunting preserves is a profitable move. This indicates that the public's willingness to pay for habitat that benefits game is quite high relative to the value of land in agricultural production. This is a situation where game species have a revealed "market price": hunters' willingness to travel to the preserves and pay an access fee. Of course, nongame species usually do not have such a revealed market price, but the power of groups fighting for preservation of endangered species shows that nongame wildlife clearly generates value.

The public value of reducing sedimentation of waterways has been estimated at one to two dollars per ton. While it may be difficult to justify land retirement based solely on the value of erosion reduction,

subsidies to encourage conservation tillage may be justified, and perhaps combining the value of erosion reduction with the value of wildlife habitat and a reduction in nutrient runoff may be adequate to justify retiring some acreage.

What these examples illustrate is that provision of some environmental goods from agriculture likely can be justified on an economic efficiency basis. However, economic reality dictates that as the quantity of supplied environmental goods increases, the willingness to pay for additional environmental goods decreases, and the cost of providing them increases. Thus, there clearly is an upper limit on the quantity of environmental goods from agriculture that can be justified on an economic efficiency basis. An illustration of this declining value in Iowa is the attention (and value) paid to the first 100 bald eagles that returned to Iowa waters compared to the attention that will be paid to the next 100. An environmental good that is in high supply has relatively low marginal value.

NATIONAL PAYMENTS FOR LOCAL ENVIRONMENTAL GOODS?

With some exceptions, the beneficiaries of environmental goods supplied by agriculture typically live near the farmers supplying the goods. People living on the urban fringe benefit from farmers' provision of open space. Local drinking water supplies are enhanced by conservation efforts in the local watershed. Users of lakes benefit from upstream conservation efforts. Two policy questions arise from the primacy of local benefits. First, how can the USDA run an efficient environmental program using national criteria and standards? The short answer is that it cannot. Luckily, nearly everyone now recognizes that environmental goods that are valued highly in Louisiana may not be valued highly in North Dakota. Lo-

cal and state input into what environmental goods to purchase is critical for program success. The second question is, if environmental benefits are local, how can we justify taking federal tax dollars from people who live in Seattle, San Francisco, or Los Angeles and giving them to farmers who live in Iowa? To

“Local and state input into what environmental goods to purchase is critical for program success.”

satisfactorily answer this policy question, conservation payments would have to be distributed much more widely than are current farm program payments. Nearly every region in the country has farmers, and nearly every region's farmers can supply local environmental benefits. Thus, federal funding of state and local conservation efforts that generate state and local benefits is a program approach that could work.

RECONCILING INCOME SUPPORT AND CONSERVATION OBJECTIVES

Congress has repeatedly shown that it is willing to support the incomes of farmers who produce the eight program crops, as well as farmers who produce milk, sugar, peanuts, and tobacco. (These subsidized farmers produced 37 percent of the value of agricultural production and received 97 percent of federal subsidies in 1999.) Is it reasonable to expect Congress to reduce subsidies to these farmers and spread the federal support much more widely to all producers with conservation payments? It would be naïve to think so. These farmers have grown so dependent on easy federal support that suddenly cutting them off would

cause too much political pain. Given the annual emergency that Congress has declared each of the past four years to justify an additional \$25 billion in farm aid, it is simply not likely that Congress will abruptly switch gears. But it is just as clear that many in Congress have grown weary of continuing these annual emergency subsidies. Some are looking for a new approach. Perhaps a transition farm bill where conservation takes on more importance, but perhaps not prime importance, would allow Congress, farmers, and the tax-paying public to explore the possibility of a new focus for farm policy.

TIME FOR A NEW PARTNERSHIP?

A new partnership between taxpayers and farmers whereby taxpayers support farm income and farmers do much more to enhance environmental quality is an old idea, but one whose time may be closer at hand because of dissatisfaction with current farm programs. Many in Congress are uneasy about this new partnership, viewing government procurement of environmental quality as just another burden that farmers would have to bear. But the continued increase in public demand for clean air and water, open space, and recreational opportunities makes agricultural conservation programs more attractive.

Ultimately, the farm bill is legislation based on political calculations. The political calculus over the last few years has resulted in billions of dollars in federal farm aid with few strings attached. Whether the calculus has changed enough to alter the course in farm policy depends on whether the political influence of those rural and urban constituencies that will benefit from increased on-farm conservation has grown enough relative to the influence of those who favor status quo farm programs. ♦

Willingness to Pay for Clear Lake Cleanup

Christopher Azevedo
cazevedo@iastate.edu
515-294-6307

Joseph P. Herriges
jaherrig@iastate.edu
515-294-4964

Catherine L. Kling
ckling@iastate.edu
515-294-5767

The water quality in Iowa's lakes has been a hot topic lately. Concerns about the water quality in many of the state's lakes have brought increased attention to the value of the lakes as a recreational resource. One lake that has experienced recent water quality problems, as well as the accompanying publicity, is Clear Lake, located in Cerro Gordo County.

In 2000, the Iowa Department of Natural Resources and the Clear Lake Enhancement and Restoration (CLEAR) Project, composed of Clear Lake citizens and municipal officials, initiated a comprehensive study of water quality at Clear Lake. The purpose of the study was to determine the source and extent of the damage and present different restoration alternatives to improve the conditions at the lake. Iowa State University departments involved in the project included animal ecology, agronomy, economics, geology, and landscape architecture.

THE SURVEY

The authors were asked to do a valuation, or an investigation of the value that visitors and residents place on preservation and/or improvements in water quality. The monetary value of water quality improvements at Clear Lake can be measured using the economic concept of "maximum willingness to pay." The maximum amount people are willing to pay for a good measures the value of that good, in that it represents the value of other



goods and services that they are willing to forgo in order to acquire or preserve the good. Thus, estimates of the willingness to pay to improve water quality can be a powerful public policy tool and educational resource.

Data for the valuation portion of the study was gathered through the use of a survey conducted throughout the winter and spring of 2000/01. The survey was sent to approximately 1,000 people who had used the lake in the summer of 2000, as well as 900 residents of the town of Clear Lake.

Since valuing changes in water quality was the focus of the survey, it was necessary to describe the current water quality for the respondent. Current water quality was summarized in a table containing information about water clarity (objects distinguishable 6 inches to 1 foot under water), algae blooms (10 to 12 per year), water color (bright green to brown), water odor (mild odor, occasionally strong), bacteria presence (possible short-term swim advisories), and fish populations (low diversity, but good walleye population due to cool water and lack of competition).

Respondents were presented with various plans, each describing a different overall condition of the lake as defined by the previously described attributes, and were asked about their willingness to pay for each plan. Plan A described a decrease in water quality, while Plan B described an increase in water quality.

In addition to the valuation questions, the survey also contained questions pertaining to lake usage, the respondents' support for various projects for improving water quality, their opinions concerning various land use changes, and the water quality attributes most important to them.

SURVEY RESULTS

On average, visitors reported high usage of Clear Lake between November 1999 and October 2000. The average total number of trips taken was 6.6. Of those trips, an average of 2.67 were multiple-day visits (that is, the respondents spent at least one night in or around Clear Lake). Respondents said they expected to make an average of 6.63 trips to Clear Lake over the next year. Figure 1 shows the average percentage of time devoted to various activities reported by respondents.

In order to get an idea of the relative importance of various water quality characteristics, respondents were also asked to rank the importance of lake characteristics listed in Figure 2 (allocating 100 importance points among the characteristics). The average point allocation is shown for both visitors and residents. Safety from bacterial contamination is the most important characteristic for both visitors and local residents. As expected, those characteristics associated with water recreation are slightly more important to visitors, while water clarity and lack of water odor are slightly more important to local residents.

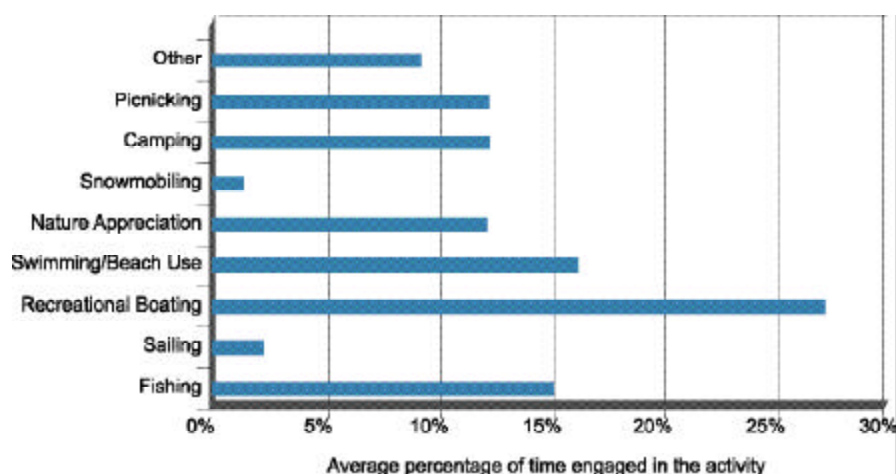


FIGURE 1. CLEAR LAKE ACTIVITIES

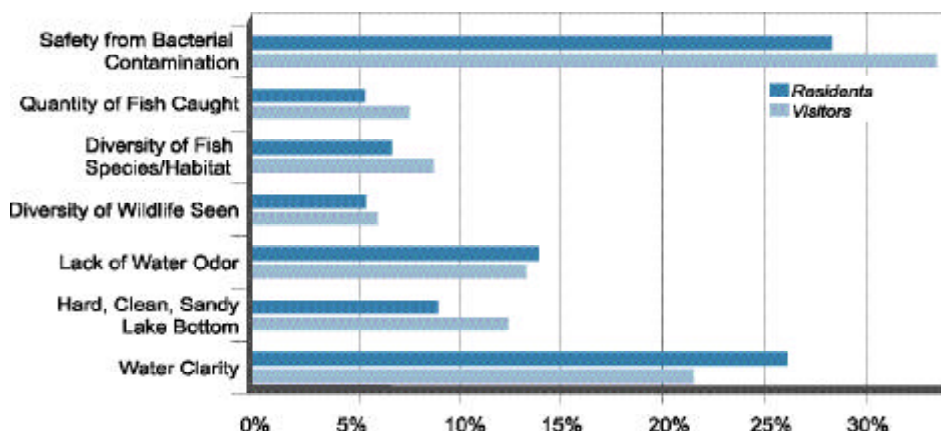


FIGURE 2. IMPORTANCE POINTS

Respondents were also asked about their opinions regarding various water quality projects and land use changes. In general, both visitors and local residents supported, or were indifferent to, projects and changes to improve water quality. The issue that generated the most opposition was the institution of non-motor boat days. Approximately 27 percent of visitors surveyed supported non-motor boat days, with 45 percent of visitors opposing them (the remaining 28 percent were indifferent). Among local residents, 45 percent supported non-motor boat days, with 32 percent opposing them.

While not surprising, this result highlights the conflicting uses of the

lake. Almost half of the visitors, who use the lake primarily as a recreational resource, opposed this restriction to the use of the lake. On the other hand, almost half of local residents, who live in close proximity to the lake and its attributes, supported the restriction.

As described earlier, the main goal of the survey was to estimate the value that both visitors and local residents place on the preservation and/or restoration of Clear Lake. The first valuation scenario was entitled Plan A. The description of the plan stated that if nothing is done to improve the water quality of the lake, it is likely to deteriorate over the next decade. Specifically, respondents were told to suppose that the condi-

tions at Clear Lake deteriorated to a water clarity of objects distinguishable one inch to five inches under water, constant algae blooms, fluorescent green water, constant strong water odor, frequent swim advisories and/or beach closings, and low fish diversity, with mostly rough fish.

Respondents were asked whether they were willing to pay \$B (B was varied across respondents) to avoid this deterioration in water quality. Based on the data gathered from this question, the average willingness to pay was estimated to be about \$104 per visitor and \$568 per local resident. The significantly higher value for local residents is not surprising, given their continuous exposure to the lake and its attributes.

While Plan A focused on the respondents' willingness to pay to avoid a deterioration in water quality, Plan B focused on willingness to pay to actively improve water quality. Two versions of Plan B were created. The first described a program that would result in a small improvement in water quality over the next five to ten years, while the second described a program that would result in a large improvement in water quality over the next 10 to 20 years.

The low quality improvement scenario included objects distinguishable two to four feet under water, six to eight algae blooms per year, green to brown water, occasional mild odor, occasional swim advisories, and low fish diversity with a good walleye population. Based on the data gathered from the low quality version of Plan B, visitors would, on average, be willing to pay approximately \$85 in support of the low quality improvement described, while local residents would, on average, be willing to pay approximately \$550 in support of the low quality improvement. The fact that these values are actually lower than the values estimated for willingness to pay to avoid the deteriorated water quality scenario described in Plan A,

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Iowa's Agricultural Situation

Chad Hart

chart@card.iastate.edu

515-294-9911

As we enter summer, attention has turned to two important topics for Iowa agriculture: current crop conditions and the future farm bill. The latest crop progress reports show that although wetter than normal conditions have held throughout most of the planting season, crop progress has not been severely hampered. Recent legislation before the U.S. Congress provided \$79 billion in additional funds for agriculture over the next decade; \$5.5 billion of this has been designated for emergency relief for the current crop year.

WET WEATHER DELAYS

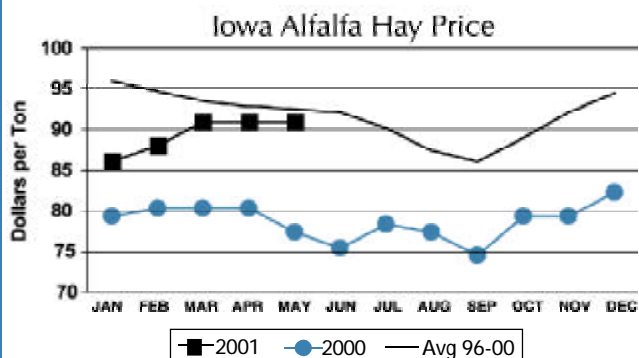
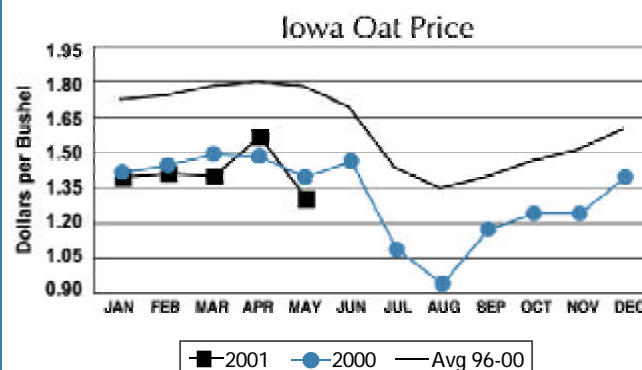
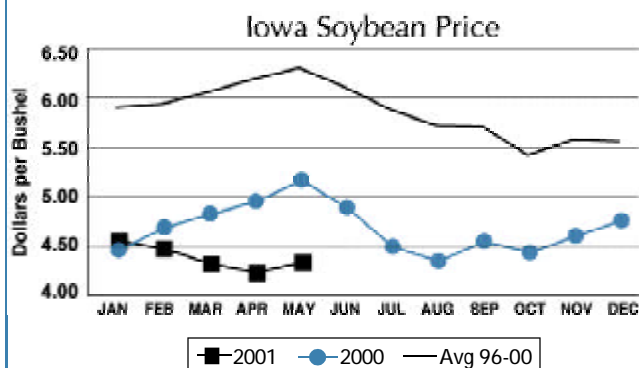
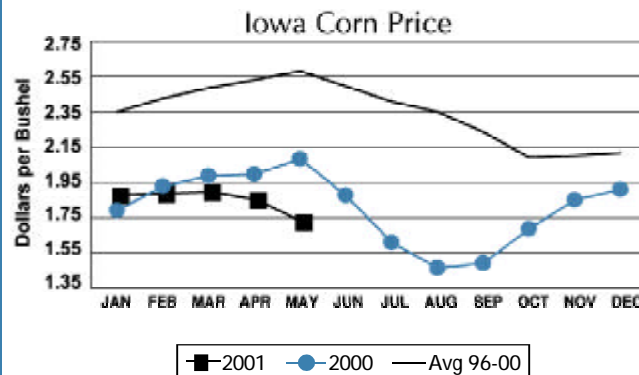
At the end of June, 99 percent of Iowa corn had emerged. Cultivation is behind schedule, as 31 percent of the corn had been cultivated for the first time. This compares to 69 percent at this time last year, and 51 percent on average. A majority of the corn is in good to excellent condition, while only 11 percent is rated poor to very poor.

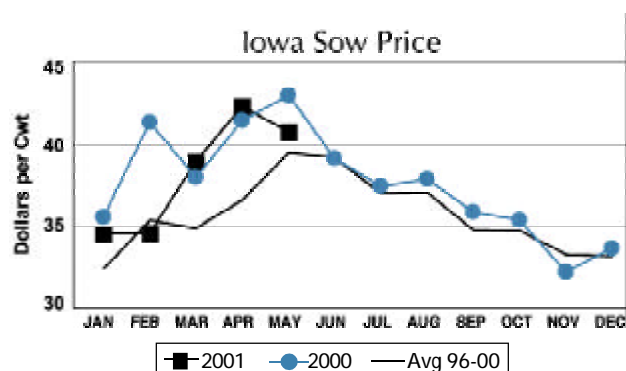
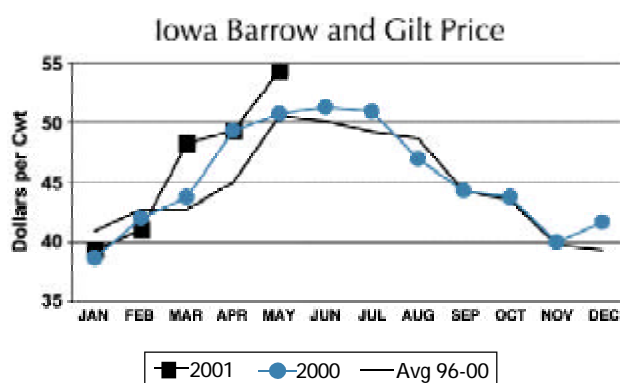
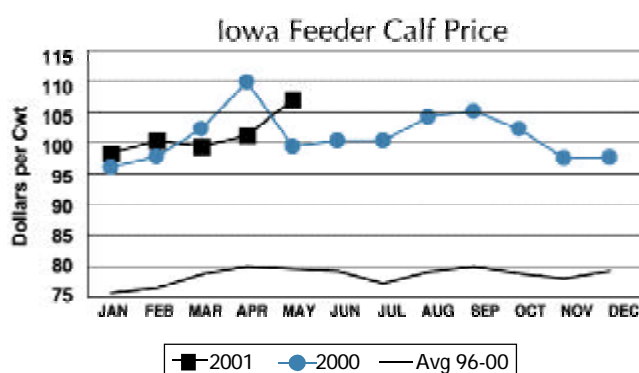
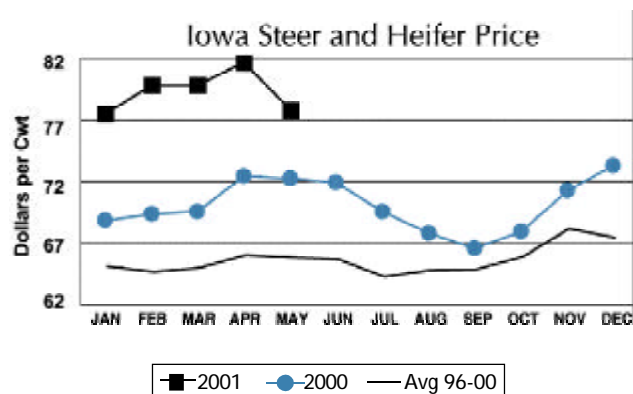
For soybeans, 95 percent of intended acreage had been planted. Wet conditions in the south central and southeastern sections of the state have delayed fieldwork. Only 82 percent of intended soybean acres in south central Iowa and 76 percent of intended acres in southeastern Iowa had been planted as of the end of June. Most of the soybean crop is rated good to excellent, but 13 percent of the soybeans are in the poor and very poor categories.

For the past two years, low soil moisture levels have been a major concern; now high soil moisture levels are plaguing some producers. The latest figures on statewide topsoil moisture show that 3 percent of the state's topsoil is short on moisture, 65 percent has adequate moisture, and 32 percent has a surplus. Most of the surplus is in the north central and southern sections of the state. In the south central and southeastern sections, over 50 percent of the topsoil has surplus moisture. Subsoil moisture levels are very similar. In comparison, last year, 37 percent of the topsoil and 62 percent of the subsoil were short to very short on moisture.

The U.S. Department of Agriculture (USDA) also updated its planted acreage estimates for the current crop year. Both national corn and soybean planted acreage fell from March intentions. The corn estimate was reduced by 600,000 acres. Most of the reduction was due to wet conditions in the western Corn Belt and Texas. Rains in

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Iowa Cash Receipts Jan. – March

	2001	2000	1999
(Million Dollars)			
Crops	1,482	1,474	1,409
Livestock	1,323	1,581	1,213
Total	2,805	3,055	2,622

World Stocks-to-Use Ratios

	Crop Year		
	2001/02	2000/01	1999/00
	(June Projection)	(Estimate)	(Actual)
(Percent)			
Corn	23.33	26.28	28.79
Soybeans	17.15	16.92	16.67
Wheat	22.28	26.58	28.17

Average Farm Prices Received by Iowa Farmers

	May* 2001	April 2001	May 2000
(\$/Bushel)			
Corn	1.70	1.83	2.07
Soybeans	4.30	4.19	5.17
Oats	1.30	1.57	1.40
(\$/Ton)			
Alfalfa	91.00	91.00	77.00
All Hay	91.00	90.00	76.00
(\$/Cwt.)			
Steers & Heifers	77.70	81.70	72.30
Feeder Calves	108.00	102.00	100.00
Cows	44.50	43.10	41.60
Barrows & Gilts	54.30	49.30	50.70
Sows	40.90	42.50	43.20
Sheep†		32.50	29.80
Lambs†		83.10	91.80
(\$/Dozen)			
Eggs	0.28	0.39	0.20
(\$/Cwt.)			
All Milk	14.90	13.90	11.50

*Mid-month

†Estimate

Willingness to Pay Continued from page 5

though not statistically different, indicates that both visitors and local residents are willing to pay little, if anything, for modest improvements.

The high quality improvement scenario included objects distinguishable 10 to 12 feet under water, 0 to 1 algae bloom per year, blue water, no odor, no swim advisories, and highly diverse fish populations. Based on the data gathered from the high quality version of Plan B, it is estimated that visitors would, on average, be willing to pay approximately \$425 in support of the high quality improvement. This is substantially more than visitors were willing to pay to avoid deterioration (\$104) and for the low quality improvement (\$85).

Respondents also indicated that different levels of water quality would impact the number of trips taken to the lake. Visitors said that they took an average of 6.60 trips between November 1999 and October 2000. The response to the decreased water quality described in

Plan A is dramatic. With the decrease in water quality, visitors would take an average of about two trips. Visitors also responded to the higher water quality scenarios by predicting that they would increase the number of trips they would take. With the low quality improvement, respondents would take an average of 7.03 trips, while with the high quality improvement respondents would take an average of 10.32 trips.

CHOICES BASED ON VALUES

Clear Lake is very important as a recreational resource, with visitors reporting high, persistent usage of the lake. Both visitors and residents indicated a high willingness to pay to avoid further deterioration of the lake. When asked about their willingness to pay for improvement, respondents indicated that they were willing to pay only moderate amounts for a low quality improvement to the lake, but they were willing to pay substantially more for a significant quality improvement to the conditions at the lake. This strong preference for the high qual-

ity improvement over the low quality improvement is also borne out by the number of trips visitors expect to take under each scenario.

The diagnostic portion of the Clear Lake project was concluded in spring of 2001. Results of this segment of the study were presented at a public meeting held in the town of Clear Lake. Results will be published in the *Clear Lake Diagnostic Report*. Suggestions for possible projects to improve water quality are currently being developed.

This project serves as an example of how survey methods can be used to generate willingness to pay estimates. These value estimates can be an important tool for decisionmakers in Iowa's communities as they confront their own environmental issues and questions. For more information on the Clear Lake project, contact the authors. The full report, "Valuing Preservation and Improvements of Water Quality in Clear Lake," (CARD Staff Report 01-SR 94) is available at www.card.iastate.edu, or by calling 515-294-7519. ♦

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China's Accession to the WTO: Effects on U.S. Pork and Poultry

John Beghin

beghin@iastate.edu

515-294-5811

Jacinto Fabiosa

jfabios@iastate.edu

515-294-6183

The Food and Agricultural Policy Research Institute (FAPRI) recently analyzed the impact of China's accession to the World Trade Organization (WTO) on major agricultural markets, relative to the 2001-2010 FAPRI baseline. Consistent with the intuitive consequences of productive land scarcity in China, the FAPRI analysis suggests that China does not have a comparative advantage in feed crops and, hence, in livestock production. The FAPRI analysis finds that the Chinese oilseed crushing, grain, and livestock sectors are negatively affected by WTO accession. The reduction in domestic feed prices initially stimulates Chinese meat and dairy production and actually decreases imports for a few years.

With full implementation of livestock tariff reductions, however, pork and poultry product imports increase and bring competitive discipline to the domestic industry, as shown in Figures 1 and 2. FAPRI projects that pork and poultry imports would increase by more than 800 and 600 thousand metric tons respectively, relative to their baseline levels, by 2010. Feed use in China declines in the latter half of the scenario despite the lower feed price because hog and poultry output decreases significantly. Changes in aggregate grain utilization are limited because it is more rational for China to import meat rather than feed. The increase in China's meat imports embodies 2.26 million metric tons of grains or is equivalent to such volume of grain imports.

Rising meat imports are consistent with the fact that it is currently 3.9 times more costly to ship grain in its raw form than to ship an equivalent quantity of grain in the form of animal

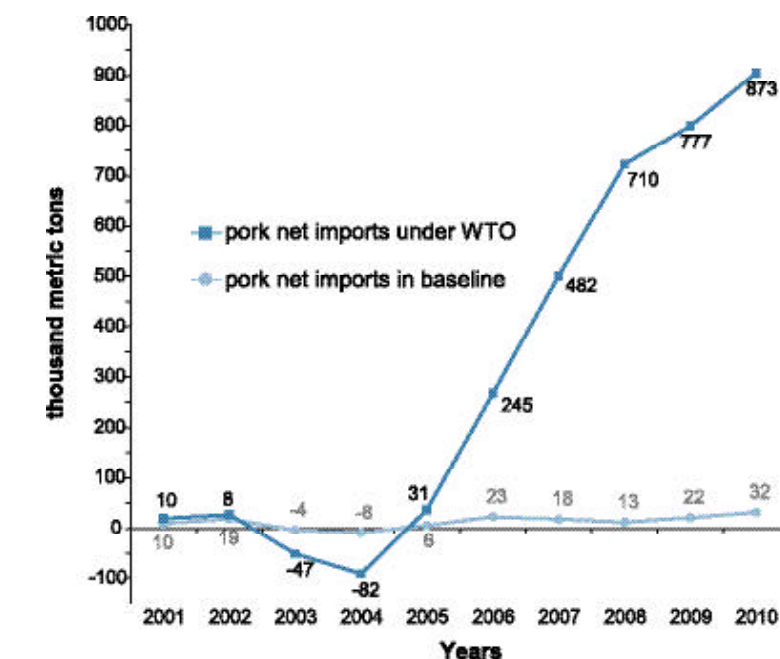


FIGURE 1. CHINESE NET PORK TRADE

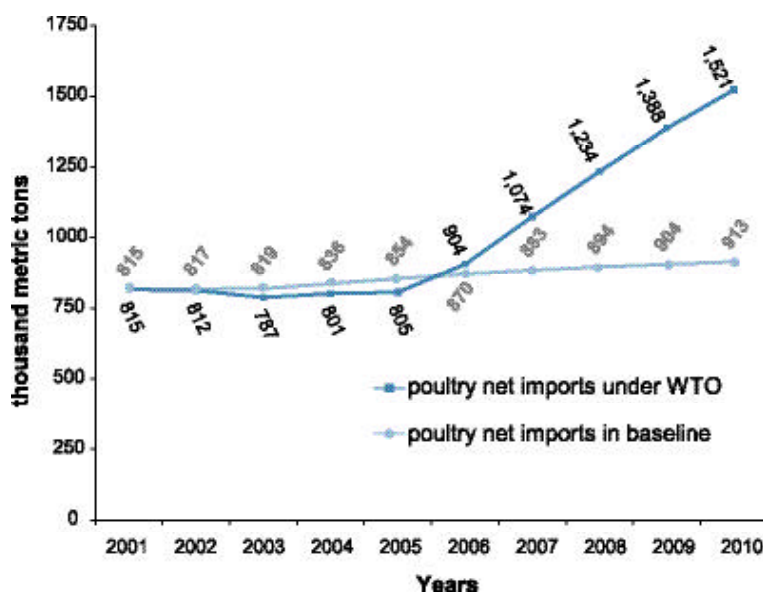


FIGURE 2. CHINESE NET POULTRY TRADE

protein. Although China has some niche export markets in labor-intensive meat products, such as deboned chicken cuts in Japan, its potential for meat exports is seriously constrained by prevailing phytosanitary conditions. China has recently reported outbreaks of foot-and-mouth disease, classical swine fever, Newcastle dis-

ease, and avian influenza, among other diseases. In 1998/99, the European Union banned poultry imports from China, and pesticide residue in meat is also a concern.

To learn more about FAPRI's analysis on China's accession to the WTO see CARD Working Paper 01-WP 276, available at www.card.iastate.edu. ♦

the upper Midwest and the switching of acreage from soybeans to cotton along the Mississippi were the main reasons given for the 1.3 million acre reduction in estimated soybean planted acres.

FARM BILL WISH LISTS

The farm bill debate has definitely picked up pace as the temperatures have risen. Most of the major commodity and farm interest groups have presented their wish lists for the future farm bill to the U.S. House of Representatives. There are several components that are common across many of the lists: the continuation of Agricultural Market Transition Assistance (AMTA) payments, the addition of oilseeds to the AMTA payment list, the continuation of the marketing loan program (with some adjustments to crop loan rates), and the addition of a countercyclical program to the mix of farm programs. At least two of the proposals include higher acreage limits for the Conservation Reserve Program.

Significant differences also exist among the proposals. The National Farmers Union is proposing an elimination of AMTA payments; the rees-

tablishment of the Farmer-Owned Reserve, set-asides, and other commodity reserves; and the adoption of a "flex-fallow" type program where producers agree to increase set-asides in exchange for higher marketing loan rates. The National Corn Growers Association is suggesting that the marketing loan program be replaced with a countercyclical program. Different groups favor different types of countercyclical programs. Some are crop-specific, while others are not. The program design may be countercyclical to price or to revenue.

Congress still has much work to do on the next farm bill, but the budget framework is in place. The legislators have set aside nearly \$80 billion in additional funds for agriculture over the period 2001 to 2011. For the current year, they have allocated \$5.5 billion for producer assistance. At the time of this writing, the House of Representatives has approved the producer assistance but the Senate has not yet taken it up. The Senate is expected to move on the assistance package in July. A detailed accounting of the House version of the producer assistance package shows that \$4.6 billion of the total would be paid out as Market Loss Assistance (MLA) payments (otherwise known as supplemental

AMTA payments), \$424 million would go to assist oilseed producers, \$54 million would go to peanut producers, and \$129 million would go to tobacco growers. Wool and mohair producers would get \$17 million, cottonseed producers and handlers would get \$85 million, and specialty crop assistance would amount to \$169 million of the budget. In addition, the bill increases payment limitations on the combined amounts from marketing loan gains and loan deficiency payments to \$150,000 per person for the 2001 crop year.

The MLA payments have been in the news lately due to the recent USDA announcement that such payments are considered trade distorting under World Trade Organization (WTO) guidelines. This means that these payments could count against our WTO domestic support limits. Under the most recent WTO agriculture agreement, the United States agreed to limit spending on policies that are considered trade distorting to \$19.1 billion per year. The MLA payments would account for nearly 25 percent of this total. If the WTO spending limits become a constraint on farm policy, this designation of the MLA payments could have a profound effect on the shape of the future farm bill. ♦

Recent CARD Publications

WORKING PAPERS

- Jean-Christophe Bureau and Luca Salvatici. "Agricultural Trade Restrictiveness in the European Union and the United States." CARD Working Paper 01-WP 277, June 2001.
- Frank Fuller, John Beghin, Stephane De Cara, Jacinto Fabiosa, Cheng Fang, and Holger Matthey. "China's Accession to the WTO: What Is at Stake for Agricultural Markets?" CARD Working Paper 01-WP 276, June 2001.
- Laurian J. Unnevehr and Helen H. Jensen. "Industry Compliance Costs: What Would They

Look Like in a Risk-Based Integrated Food System?" CARD Working Paper 01-WP 278, June 2001.

GianCarlo Moschini. "Patents and Other Intellectual Property Rights." CARD Working Paper 01-WP 275, May 2001.

BRIEFING PAPERS

Bruce A. Babcock, John Beghin, Michael Duffy, Hongli Feng, Brent Hueth, Catherine L. Kling, Lyubov Kurkalova, Uwe Schneider, Silvia Secchi, Quinn Weninger, and Jinhua Zhao.

"Conservation Payments: Challenges in Design and Implementation." CARD Briefing Paper 01-BP 34, June 2001.

FAPRI Staff. "Impact of a 10 Percent Decrease in Planted Acreage of All U.S. Program Crops." CARD Briefing Paper 01-BP 33, May 2001.

Chad E. Hart and Bruce A. Babcock. "Implications of the WTO on the Redesign of U.S. Farm Policy." CARD Briefing Paper 01-BP 32, May 2001.

Meet the Staff: Helen H. Jensen

Professor Helen Jensen joined the faculty at CARD and the Iowa State University Economics Department in 1985. At that time, the Food and Nutrition Policy section had just been established, with a goal of exploring the link between agricultural and trade policy and consumer demands in the marketplace, both at home and abroad. Helen took the lead in developing this area of inquiry, and she was named head of the division the following year.

Since that time, she has led a number of projects in the division as principal or co-principal investigator. Helen says that the important issues today are much the same as when she started at CARD. "I think, though, that there is increased recognition in the United States that consumer choice and preferences are important to ag markets and producers," she says.

The Food and Nutrition Policy Division has seen its funding level more than triple over the past few years. "This increase reflects recognition of the quality of the division's past work," says CARD Director Bruce Babcock. It also reflects, according to Bruce, the recognition by federal and state government that they need help in designing policies and successfully implementing reform, and that they look to Helen and her division for policy leadership.

Helen's latest research investigates how new food safety regulations will affect different agricultural sectors. The results of two separate studies suggest that new Hazard Analysis Critical Control Point regulations will likely add relatively small costs for large processors in the pork industry, but they will lead to considerable costs for small Iowa apple cider processors.

Another recent study involved a survey of Iowa households receiving food stamps in order to see how they were faring after dramatic changes in welfare and food assistance regulations. The study found that nearly 30 percent of Iowa's households that had been on food stamps reported experiencing some degree of hunger in the past year (based on USDA's food insecurity scale). "This seems like a relatively large percentage for a state like Iowa," says Helen, "and it is similar to other states that conducted similar studies."

In the classroom, Helen has taught several undergraduate- and graduate-level courses. Currently she teaches courses on the economics of consumption and food and agricultural marketing.

Helen says she has most enjoyed the cross-disciplinary nature of CARD, as well as the collaboration with graduate students, post-doctorate researchers, and other CARD staff.



Helen H. Jensen

The way that CARD challenges its faculty on many levels is a feature that Helen also appreciates.

"The demand for output that is of academic value and that has components with teaching or educational products makes the work in a research center like CARD unique," she says.

Helen grew up in Pennsylvania and attended graduate school at the University of Minnesota (master's) and the University of Wisconsin-Madison (doctorate). At home in Ames with her husband Rudy, who teaches at Grand View College, she gardens and participates in various sports. She says she also likes to spend time in northern Minnesota, canoeing, skiing, and snowshoeing. Helen and her husband have a son and daughter, both recent college graduates. ♦