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CORNHUSKER ECONOMICS

UNIVERSITY OF
Nebraska
Lincoln

September 20, 2006

University of Nebraska–Lincoln Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
<http://agecon.unl.edu/pub/cornhusker.htm>

Report Discusses Farm Policy Preferences

Market Report	Yr Ago	4 Wks Ago	9/15/06
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	\$86.90	\$86.40	\$88.45
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb	135.09	129.09	134.44
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb	121.16	119.34	122.84
Choice Boxed Beef, 600-750 lb. Carcass	139.07	150.87	147.26
Western Corn Belt Base Hog Price Carcass, Negotiated	65.45	75.58	67.55
Feeder Pigs, National Direct 45 lbs, FOB	48.67	50.12	53.65
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	71.20	75.89	73.36
Slaughter Lambs, Ch. & Pr., 90-160 lbs., Shorn, Midwest	93.25	92.00	98.00
National Carcass Lamb Cutout, FOB	245.12	224.49	240.58
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu	*	4.01	4.12
Corn, No. 2, Yellow Omaha, bu	1.53	1.95	1.98
Soybeans, No. 1, Yellow Omaha, bu	5.26	5.01	5.13
Grain Sorghum, No. 2, Yellow Columbus, cwt	2.45	2.86	3.30
Oats, No. 2, Heavy Minneapolis, MN, bu	1.79	2.02	2.19
<u>Hay</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton	117.50	135.00	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton	37.50	87.50	87.50
Grass Hay, Large Rounds, Good Northeast Nebraska, ton	52.50	82.50	82.50
* No market.			

The development of the next farm bill is a complex, comprehensive process that involves numerous issues. The process will, in part, be driven by the economic climate, the budget situation, the trade arena and the political setting at the time of the debate. The economic setting and the political setting invite a significant debate on the shape of the farm bill and the potential for new directions or alternatives. The budget setting and the trade setting both present challenges for this farm bill debate in terms of program priorities and potential program trade-offs.

This background provided the impetus for a survey of agricultural producers to determine policy preferences for the next farm bill. A nationwide survey effort to study these preferences was coordinated in the Department of Agricultural Economics at the University of Nebraska-Lincoln. The survey project included more than 80 collaborators at land grant universities and state statistics offices in 27 states, each committing the resources necessary to implement the survey in their state. The survey project was also partially supported by the Farm Foundation, a non-profit, non-advocacy group focused on agricultural and rural policy issues.

The mail survey went to more than 63,000 producers in late 2005 and early 2006. There were more than 15,000 usable responses for analysis. The sample responses were representative of the general farm population in terms of age, gender, ethnicity, race, sales and tenure.

The survey focused on a number of key policy issues, including policy goals and budget priorities,



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commodity programs, conservation programs, trade issues, food system and regulatory policies and other related policy issues. The national report, titled “The 2007 Farm Bill: U.S. Producer Preferences for Agricultural, Food and Public Policy” was released on September 13, 2006 at a Farm Bill Forum in Washington, D.C. and is available on the website of the Farm Foundation at www.farmfoundation.org. The national report is also available on the UNL Department of Agricultural Economics website at www.agecon.unl.edu in the Publications section. In addition, a state report highlighting Nebraska level results will be available in early October on the same website.

A few highlights of the national report help to illustrate producer opinions on key policy issues. A fundamental element of the farm bill debate is the underlying purpose for farm policy. Producers were asked about the relevance of several listed goals for farm programs. While issues such as enhancing farm income, increasing U.S. agricultural competitiveness, protecting the nation’s resources and securing the nation’s food supply have been mentioned for decades, the top ranking goal with producers nationwide in 2006 was agriculture’s role in reducing the nation’s dependence on non-renewable energy. With the recent explosive growth in the bioenergy production sector, it is apparent that producers now place increased importance on the role of bioenergy in the farm bill policy arena. Closely behind in terms of producer preference were increasing opportunities for small and beginning farms and ranches, and the assurance of a safe, secure, abundant and affordable food supply. While all of the listed goals were identified as important, these three goals were ranked highest across all regions of the country.

Producers were also asked about existing farm programs and budget priorities, including the existing commodity program safety net, the conservation programs, farm credit programs, insurance programs and disaster assistance. Nationwide, producers across all size categories ranked disaster assistance as the top priority. That disaster assistance is the number one priority even though it is not part of the formal farm

bill or the farm spending baseline demonstrates the overall importance producers place on farm policy to provide a safety net. In fact, commercial-scale producers ranked all five parts of the farm income safety net (disaster assistance, insurance programs, marketing loans, counter-cyclical payments and direct payments) as a higher priority than any other program. On the other hand, small-scale producers have likely seen less benefits from safety net programs and instead ranked working land conservation programs higher than everything except disaster assistance programs.

The nationwide analysis also showed producers had strong opinions on issues such as commodity program payment limits, conservation programs, trade negotiations and food policy issues. A complete analysis of these issues and others is available in the national report and in the forthcoming Nebraska report. Look for them on the web to get a perspective of what agricultural producers want in the next farm bill.

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Correction: In last week’s *Cornhusker Economics* (September 13, 2006) there was a misprint on the first page. Paragraph four, second sentence should have read: “Clearly, from this pattern Regions 4, 5 and 8 are the state’s major agricultural contributors in both low and high earning years” instead of Regions 4, 5 and 7.