

Farm Programs and the Competitive Position of American Agriculture: Roll of Current Commodity Programs

**Provocateur Remarks
National Forum on U.S. Agricultural Policy
and the 2007 Farm Bill**

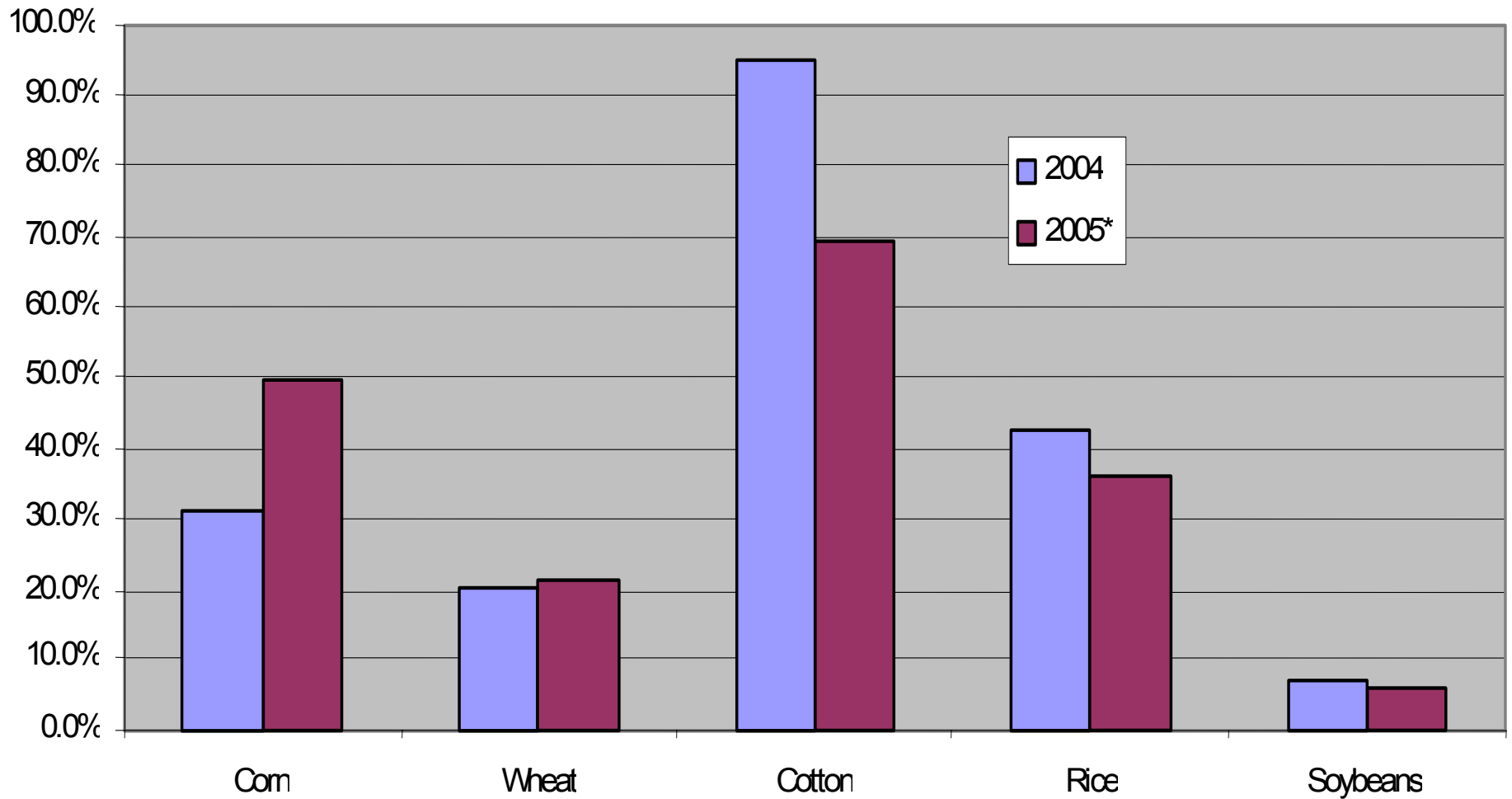
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A dozen rationales for farm commodity programs

- 1. Low Prices**
- 2. Price instability**
- 3. Farm and rural poverty**
- 4. Income instability**
- 5. Low rates of return**
- 6. Keep incomes and asset values in rural areas**
- 7. Rural development, maintain rural populations**
- 8. Environmental quality of rural landscape**
- 9. Balance power of commercial buyers**
- 10. Lower food prices for Americans**
- 11. Secure food supply for Americans**
- 12. Fairness to offset subsidies of competitors**
- 13. Fairness to offset regulations**
- 14. Because we have always had them and change is very hard**

Ratio of Subsidy to Value of Production



**Share of total subsidy from each program, 2005
(LDPs have largest production effects and CCP effects
are larger than DP effects)**

<i>Crop/program</i>	<i>Direct P.</i>	<i>CCP</i>	<i>LDP</i>	<i>Crop Ins.</i>
	(% of total subsidy for each crop)			
Corn	20	32	44	4
Soybeans	57	1	2	40
Wheat	74	0	1	25
Rice	66	8	25	1
Cotton	17	38	28	6

Budget for Commodity Subsidies

Commodity	Share of Outlays (Varies by Year)	Share of production value
Feed grains	50%	13%
Soybeans	10%	9%
Wheat	10%	4%
Cotton	12%	3%
Rice	7%	1%
Dairy	3%	10%
Other commodities	4%	60%
Disaster	2%	-
Other	2%	-

World Market Shares, 2005

<i>Crop</i>	<i>Production</i>	<i>Exports</i>
	(%)	
Corn	42	60
Soybeans	40	30
Wheat	12	31
Rice	2	11
Cotton	20	41

Producer Support Estimate in California, 2001-2003, by Commodity or Commodity Group

