

11-6-1980

Farm Food and Agricultural Policy Issues and South Dakota's Economy

John E. Thompson
South Dakota State University

Follow this and additional works at: http://openprairie.sdstate.edu/econ_comm



Part of the [Agricultural and Resource Economics Commons](#), and the [Regional Economics Commons](#)

Recommended Citation

Thompson, John E., "Farm Food and Agricultural Policy Issues and South Dakota's Economy" (1980). *Economics Commentator*. Paper 148.
http://openprairie.sdstate.edu/econ_comm/148

This Newsletter is brought to you for free and open access by the Economics at Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. It has been accepted for inclusion in Economics Commentator by an authorized administrator of Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. For more information, please contact michael.biondo@sdstate.edu.



Economics Newsletter

Editor:
Donald C. Taylor

Economics Department

South Dakota State University

Brookings, S.D. 57007

(605) 688-4141

No. 150

November 6, 1980

Farm Food and Agricultural Policy Issues and South Dakota's Economy by Dr. John E. Thompson, Head, Economics Department

Farm food and agricultural policy affects the lives of virtually everyone. While the policy impacts may be rather limited on individuals living in some parts of the nation, the effects on South Dakota citizens are especially great because of the predominance of agriculture in this state. An indication of the relationship between agriculture and the total economy in South Dakota compared with the nation can be seen from the following tabulation:

	<u>U.S.</u>	<u>S.D.</u>
Farm population as percent of total population (1970)	4.8%	25.7%
Farm proprietors' income as percent of total personal income (1979)	2.2%	27.2%
Percent of jobs (farm proprietors and others receiving farm wages and salaries) of total employment (1979)	4.0%	16.2%

The above figures do not include the off-farm income or employment resulting from activities of those directly engaged in farm and ranch production.

With farm proprietors' income in South Dakota exceeding 25% of total personal income, compared with slightly over 2% for the nation, one can observe the relatively heavy stake that the citizens in this state have in agricultural policies that affect farm income. Also, these data suggest the importance of the state's citizens taking an active interest in the formation of the nation's agricultural policies. This is especially important at this time as the Food and Agricultural Act of 1977 will expire December 31, 1981.

The impacts of agricultural policy on South Dakota's economy can be indicated when considering the following facts.

1. Normally farmers in South Dakota produce more than 200 million bushels of grain per year. Often price support measures such as target prices, grain

storage incentives, and international trade negotiations affect the prices of grain. If, through the programs, prices could be increased by 10 cents per bushel on only one-half of the grain produced in the state (about 100 million bushels), the additional income to grain producers would be over \$10 million.

2. In this state approximately 750,000 cattle and 3 million hogs are slaughtered annually. These numbers vary considerably depending on weather conditions, feed costs and expected prices. To the extent that agricultural policies involving, e.g., international trade, agricultural credit, research and extension result in greater stability and efficiency in production and marketing, the livestock industry in this state can be strengthened. If, through such policies, an additional \$10 per head can be realized from the usual number of cattle slaughtered and \$2 per head for hogs slaughtered, the income from livestock marketings could be increased by more than \$13 million. Agricultural policies concerning dairy and wool also can increase farm income.

In addition direct payments, such as those for land diversion and cost-sharing for soil conservation and other types of land and water development activities, can be substantial. The multiplying income impacts of agricultural policies on nonfarm employment and income in the state are also important.

Since new agricultural policies can so directly affect agriculture and our economy, it is important that various alternatives be considered prior to the new legislation expected for 1982.

Any new policy will evolve out of the perceived performance of current and past agricultural policies, anticipated economic conditions and specific objectives desired by various interest groups. Such groups frequently do not agree on desired objectives for agricultural policies or procedures to achieve them, or if there ought to be an agricultural program at all. Consider, for example, the differing views on the merits of price supports, supply control, environmental control, grain storage, food assistance, and restrictions on international trade. In attempting to accommodate these differences, the political process frequently gives rise to policies that do not entirely serve agriculture's or any other one special group's interests. Thus, it is important that citizens in this state make known their desires so that the agricultural policy finally enacted will serve the people of South Dakota as fully as possible.

The 1977 Act covers price and income supports, grain reserves, food assistance, research, extension and teaching. Some features of price and income supports are price-support loans, target prices, deficiency payments, production controls, international trade provisions, farm storage, grain reserves, grazing and hay programs, and disaster payments. Food

assistance programs include the domestic Food Stamp Program and a foreign food aid program (P.L. 480).

Funds are also provided for agricultural research, extension and teaching that facilitate the development of new agricultural technology and the use of that technology to improve economic conditions for both producers and consumers.

Other items covered under the Act include indemnity provisions for dairy farmers, and provisions for the Farm and Home Administration, rural development, environmental enhancement, conservation, and grain inspection.

In summary, it is important for South Dakotans to be aware of the provisions of the existing Agricultural Act and to consider ways to improve it. Informed judgments and recommendations should be made to encourage a more adequate agricultural policy for this state and the nation. Individuals or special interest groups, acting through Congress, can influence the structure of agricultural policy.

To assist in achieving this objective, the next several issues of the Economics Newsletters will be devoted to specific food and agricultural policy issues.

2500 printed for educational purposes at an estimated cost of 2c each

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the USDA, Hollis D. Hall, Director of Cooperative Extension Service, SDSU, Brookings. Educational programs and materials offered without regard to age, race, color, religion, sex, handicap or national origin. An Equal Opportunity Employer.

Cooperative Extension Service
U. S. Department of Agriculture
South Dakota State University
Brookings, South Dakota 57007

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE \$300

Postage and Fees Paid
U. S. Department of
Agriculture
AGR 101



Third class mail
(Bulk Mail)

Economics Newsletter