Delaware specialist says

New directions needed in food, farm legislation

NEWARK, Del. — The nation's food and agricultural policy directly affects both food prices to the Delaware consumer and the future of the state's agricultural industry, says Delaware extension community and resource development coordinator Gerald F. Vaughn.

The key provisions of the Food and Agricultural Act of 1977 will expire in 1981, so it's time for farmers and consumers alike to start thinking about the legislation we'll need for the 1980's.

Between now and 1981 we will have national elections, but a change in the White House or in the majority party in Congress won't necessarily lead to changes in the food and agricultural policy. Over the years it has become harder to distinguish a Republican from a Democrat with respect to voting positions on commodity farm programs or food and nutrition programs

Regardless of which administration finds itself in office in 1981, the consumer's demand for reasonable food prices will have to be balanced with the farmer's demand for a reasonable income, he says.

A useful and informative look at U.S food and agricultural policy, Vaughn observes, has been prepared by Willard W. Cochrane, an agricultural economist at the University of Minnesota

According to Cochrane, it is unlikely that the Food and Agricultural Act of 1981 will attempt to deal with energy shortages in any comprehensive manner, but it might set forth some principles for the Department of Energy's guidance in making fuel allocations to the food and agricultural sector

The legislation may also include tax exemptions, loan programs, and/or technical assistance to farmers who want to go into production of fuel alcohol.

Whether or now Congress moves to strengthen the grain reserve program in 1981 may depend on the size of the world grain harvest in 1980 If the world harvest is poor for the second straight year and world grain prices soar, there may be political support for expansion of the existing grain reserve program

If world grain yields are high, however, Congress is likely to authorize a program with greater stock capacity to bolster domestic grain prices And if this year's world grain harvest is about average, Congress may decide to ignore the grain reserve issue

But whatever the size of the 1980 harvest, Cochrane points out, chances are great that the world will experience both surplusses and shortages of grain within the next decade, and we ought to prepare for both eventualities in our food and farm legislation

If we want to maintain a reasonable degree of grain and food price stability at home and to remain a dependable supplier of grain to our regular foreign customers, Cochrane says, we ought to double the size of our current grain reserve program.

This would give the program the capacity to stabilize world grain prices. The government should have greater control over stocks released from the reserve to insure that the released stocks will not be used for speculative purposes.

Legislation should define more clearly the range over which the U.S. seeks to stabilize world grain prices, he says

Such an ambitious program would involve substantially higher government costs, but Cochrane says it is the only way the U.S. can maintain an acceptable degree of price stability in the domestic market plus a completely open link to the world market

Because of the recent dramatic jumps in the price of farm inputs such as land, supplies and equipment, farmers are likely to push for a new formula to increase commodity loan rates and target prices more rapidly in the coming decade. To be effective, loan rates should increase with the increase in farm input prices

However, loan rates should not lead input prices, or the farm commodity programs will just contribute to the general price inflation Loan rates must stay close to the longrun world equilibrium prices for the export commodities, or the U.S. will have a hard time moving export commodities into foreign markets.

Congress and the Administration face the delicate task of setting loan rates high enough to provide a reasonable level of price support in a highly unstable industry, but not so high as

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