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**AN ANALYSIS OF AN ALTERNATIVE FLEXIBILITY  
OPTION WITH SOYBEAN SUPPORT**

*FAPRI Staff Report #6-90*

June 1990

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## EXECUTIVE SUMMARY

Flexibility has become a focal point for debate for the 1990 farm bill since it would allow producers to meet their conservation compliance requirements, improve their crop rotations, and respond more directly to changing market conditions. This report analyzes the impacts of one flexibility proposal, which we will call Flex No-Pay, that would give producers planting flexibility on program acres but would require them to give up current deficiency payments. Flex No-Pay is analyzed with and without support for soybeans in the form of a \$5.50 marketing loan.

### Program Assumptions

- Allow producers to flex up to 100 percent of their base acreage to a nonprogram crop.
- Current deficiency payments must be forfeited on flexed acreage.
- Future program benefits, such as base acreage and deficiency payments, are retained.
- Soybean producers are provided a nine month recourse loan of \$5.50 per bushel that must be repaid at the lower of prevailing market prices or the \$5.50 loan rate.

### Estimated Results

- The Flex No-Pay option resulted in very small changes in planted acreage. Changes that did occur were to improve crop rotations. The \$5.50 soybean marketing loan resulted in a slight shift in acreage from corn to soybeans.
- Farm prices also change little, moving opposite to the changes in acreage.
- Net CCC outlays fall an average \$157 million per year under the Flex No-Pay option as producers electing to flex out of program crops forfeit their deficiency payment. Government spending increases \$65 million per year above baseline levels under the \$5.50 soybean marketing loan scenario due to the new program.

### Conclusions

The results indicate that the Flex No-Pay option had little effect on acreage, prices, net returns, and government cost. Producers will be unwilling to make major shifts in acreage if they must give up deficiency payments. The \$5.50 soybean marketing loan is also expected to have little effect. Soybean prices are expected to average \$5.80 per bushel per year under the FAPRI baseline, indicating that the marketing loan offers little income protection to soybean producers.

## INTRODUCTION

Several variations of measures to allow farmers greater planting flexibility are under consideration for the 1990 farm bill. Flexibility has become a focal point for debate since it would allow producers to meet their conservation compliance requirements, improve their crop rotations, and respond more directly to changing market conditions. Current law allows limited flexibility in the form of the 0-25 program for soybeans. Under this option, producers are allowed to plant up to 25 percent of their crop base to soybeans without reducing future program payments, provided the acreage shift does not substantially depress soybean prices.

The Bush administration has proposed a full-flexibility program that would provide farmers greater latitude in making planting decisions. The basis is a Normal Crop Acreage (NCA) program that allows planting of nonprogram crops on base acres without forfeiting program benefits. In addition, producers are permitted to plant their program crop on set-aside land (ACR) after giving up deficiency payments on an acre-for-acre basis. This type of program benefits producers who have a program base, but it affords no protection to those who do not. Regional issues also become a concern since this program in effect subsidizes the production of nonprogram crops on base acres. Regions with low soybean yields, such as the Southeast, might experience lower soybean prices yet have limited program acreage for flexibility opportunities.

An alternative proposal, which we will call Flex No-Pay, would give producers planting flexibility on program acres but would require them to give up current deficiency payments. Producers would not be free to plant the program crop on ACR acres. This Flex No-Pay proposal would enable shifts in acreage while protecting farmers' future payment base. Because they would have to give up current deficiency payments in the process, however, the amount of acreage that would actually shift among crops is likely to be limited.

The purpose of this paper is to compare the effects of three flexibility options relative to an extension of current law (FSA85) through 1995. This extension is reflected in the March 1990 baseline of the Food and Agricultural Policy Research Institute (FAPRI). The options considered:

1. The FAPRI baseline continues current agricultural policies, both in the United States and in other major trading countries. Target prices are frozen at 1990 levels, and current formulas determine dairy support prices. The 0-25 program is continued for oilseeds, but no new flexibility programs are introduced. This is the baseline published by FAPRI in March of 1990.
2. Flex No-Pay would have the effect of expanding the current 0-25 program for oilseeds to a 0-100 flexibility program for all crops. Producers would be allowed to plant nonprogram crops on up to 100 percent of their base acreage, but they would be required to give up current deficiency payments. Producers would not sacrifice future program benefits in the process.
3. A \$5.50 soybean marketing loan continues all provisions in Option 1 but includes a recourse soybean marketing loan of \$5.50 per bushel. Producers could redeem their loans at prevailing market prices but would not have the option of forfeiting their crop to the government.
4. Flex No-Pay with a \$5.50 soybean marketing loan. This option combines Options 2 and 3.

Options 2-4 are examined relative to the baseline in order to isolate the effects of legislative modifications on planting flexibility. The second option (Flex No-Pay) is the focal point for this report. The third and fourth options were included in order to analyze the combined effects of soybean support and greater planting flexibility. The effects of a \$5.50 soybean marketing loan were analyzed in an earlier report (FAPRI Staff Report # 5-90).

TABLE 1. PROGRAM ASSUMPTIONS OF ALTERNATIVE POLICY OPTIONS

Policy Instrument	Baseline	Flex No-Pay	\$5.50 Soybean Marketing Loan
Base Acreage	Continuation of current base acreage system; crop-specific bases determined by planting history	Normal crop acreage system; total farm acreage base, with crop-specific bases maintained only for determining payments and idling under ARP	Same as baseline
Permitted Flexibility	Continuation of current 0-25 program for oilseeds, but no additional flexibility	Expand discretionary 0-25 program for oilseeds to a mandatory 0-100 program for all program crops and oilseeds; farmers forego deficiency payments on flexed acreage	Same as baseline
Acreage Reduction	Continuation of current programs	Same as baseline	Same as baseline
Target Prices	Frozen at 1990 levels	Same as baseline	Same as baseline
Loan Rates	Continuation of current programs	Same as baseline	Provide soybean producers a \$5.50 per bushel marketing loan; producers must repay the loan at the rate of \$5.50 or the prevailing market price; whichever is lower
Government Stock Management	Continuation of current rules and management	Same as baseline	Same as baseline
Conservation Reserve Program	40 million acres by 1991	Same as baseline	Same as baseline
Foreign Agricultural Policies	Continuation of current policies	Same as baseline	Same as baseline



The first section of this report provides information on assumptions in the baseline and each of the scenarios. Likely consequences of the options are compared in the next section. The last section summarizes the results and discusses possible implications for 1990 farm bill debate.

### FARM PROGRAM POLICY ASSUMPTIONS

The FAPRI baseline of March 1990 (FAPRI Staff Report #1-90) is conditioned on a large-scale econometric model of the U.S. crops and livestock industries and international trade in grains and oilseeds. Complementary models are used to generate net farm income and government costs. A prices-paid set of indices also is estimated to reflect input costs to the farming sector. The general economic outlook is based on world forecasts provided by The WEFA Group and Project LINK. Documentation for the econometric models used in the projects is available in several FAPRI reports.<sup>1</sup> *Table 1* compares key program assumptions of the baseline to those used in each of the other policy scenarios.

#### FAPRI Baseline

The agricultural baseline prepared by FAPRI assumes a continuation of current agricultural policies for major world trading nations. U.S. target prices for program crops are frozen at 1990 levels, and current formulas determine loan rates. Similar assumptions are used in the world trade models, with support prices in the European Community and Japan frozen after 1990.

Acreage reduction program (ARP) rates for wheat, cotton, and rice are reduced for the 1990 crop. A further reduction is made for rice in 1991. Wheat, feed grains, and cotton ARP rates are held 1990 levels throughout the projection period. The special provisions of the 1990 wheat program are discontinued after 1990. New entry into the Farmer-Owned Reserve is permitted if crop market prices fall to less than 140 percent of the loan rate. The marketing loan program

is continued for cotton and rice but is not extended to other commodities. Export enhancement program expenditures are assumed to be \$566 million per fiscal year and are made in generic certificates. The Conservation Reserve, now at 34 million acres, is assumed to reach the targeted 40 million acres by 1991/1992. Rental payment rates on new allotments are assumed to increase to achieve the 40-million-acre target. Half of the acres enrolled in the Conservation Reserve are assumed to return to production when contracts expire.

Macroeconomic assumptions include a slowdown in U.S. economic growth in 1990, but no recession. After 1990, U.S. economic growth averages 2.6 percent per year, with world growth rates approximately 1 percent higher. The U.S. inflation rate is projected to remain below 5 percent per year throughout the 1990s. Interest rates are projected to ease in 1990, to remain stable in the early 1990s, and then to fall slightly thereafter.

#### Flexibility Scenarios

The Flex No-Pay option represents a significant expansion from the current 0-25 program for oilseeds. The 0-25 program provides the secretary of agriculture discretionary power to allow producers to plant (flex) up to 25 percent of their base to soybeans. Although producers must forego current deficiency payments on the flexed acreage, future program benefits such as base acreage and deficiency payments are retained.

The Flex No-Pay option would allow producers to flex up to 100 percent of their base acreage to a nonprogram crop. Therefore, a farmer who traditionally plants corn, wheat, and soybeans could plant any combination of these crops on the corn base. Current deficiency payments, however, must be forfeited on flexed acreage. This option also assumes that each farm is assigned a normal crop acreage (NCA) equal to the sum of the acreage bases for individual program crops and historical plantings of oilseeds. Government payments are determined by crop-specific historical bases and acreage reduction program rates.

<sup>1</sup>These reports are available in the collaborating FAPRI centers, *The Center for National Food and Agricultural Policy (CNFAP)* and *the Center for Agricultural and Rural Development (CARD)*: CNFAP #5-85, #9-85, #5-88, #7-88, #9-88, and #10-88; CARD Staff Reports 86-SR1, 86-SR2, 86-SR3, and CARD Technical Report 90-TR14.

The Flex No-Pay option would modify the Bush administration's flexibility proposal in two respects. First, producers must forfeit their deficiency payments if they choose to flex on program acres. In other words, farmers under the Flex No-Pay option can elect to plant soybeans on 100 percent of their corn base, but they must give up corn deficiency payments. The size of a farmer's future base, however, is not affected by the decision to flex. Flex No-Pay, therefore, in effect expands the current discretionary 0-25 provision for soybeans into a mandatory 0-100 option for all program crops. Second, producers do not have the option to plant their set-aside acres with the program crop or with experimental and industrial crops. They can plant their set-aside only if they elect to plant their entire base to another crop.

### **\$5.50 Soybean Marketing Loan**

Soybean producers are afforded income support under this option via a soybean marketing loan program that offers nine-month loans at the rate of \$5.50 per bushel. These loans are recourse loans and therefore must be repaid, thus eliminating the possibility of government stock accumulation. Producers can redeem their loans at the lower of prevailing market prices or the original loan rate. Soybean producers are expected to redeem their loans at prices below the season average price, thus realizing a premium. Therefore, it is assumed that producers will receive a 10-cent-per-bushel premium, plus the difference between the loan rate and the season average farm price (whenever the market price is below the marketing loan rate). Producers are expected to market their crop in a normal fashion after redeeming their crops.

### **ESTIMATED RESULTS**

Comparison of the alternative scenarios to the baseline was made over the years 1991/92-1995/96, the period most likely to be covered by the 1990 farm bill. The year-to-year comparisons of each scenario to the baseline are then analyzed to assess the

effectiveness of each policy option. To simplify the analysis, these year-to-year changes are averaged over the five-year period and key variables are presented in summary figures. More detailed tables appear in the appendix, which also contains a comparison with the administration's Super Flex proposal.

### **Acreage Planted**

The estimated impact of the Flex No-Pay option is very small changes in planted acreage. These changes differ among regions as producers flex to improve their crop rotations. Acreage changes become more significant when the Flex No-Pay and the \$5.50 marketing loan are combined.

The Flex No-Pay option would allow producers to further improve their crop rotations from the current 0-25 provision for soybeans. No major shifts in acreage, however, are expected. For a farmer to flex out of a program crop into another crop, the net market returns of the other crop must exceed the net market returns plus deficiency payments of the program crop. Given the assumed levels of target prices and projected levels of market prices, there is little incentive for producers to shift from one crop to another if they must sacrifice current deficiency payments to do so.

In the Corn Belt and Lake States, an additional 200 thousand acres are projected to be flexed out of corn program acres and into soybeans each year under Flex No-Pay (*Figure 1*). This represents an expansion from what is expected to occur under the current law that allows producers to flex up to 25 percent of their corn base into soybeans. In the Northern Plains, 110 thousand acres of barley and 110 thousand sorghum program acres are flexed into wheat on the basis of higher wheat returns. In the Southern Plains, 110 thousand sorghum program acres are flexed into wheat and cotton in order to improve crop rotations. In addition, a small amount of soybeans -- 50 thousand acres -- is flexed into cotton in the Southeast in response to higher nonprogram cotton returns.

## PLANTING DECISIONS UNDER ALTERNATIVE FLEXIBILITY PROPOSALS:

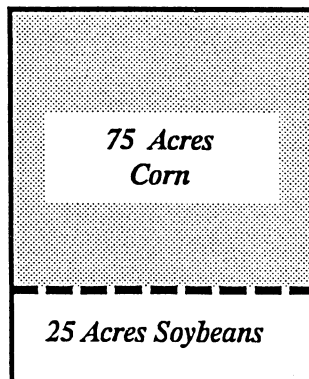
### *A Practical Example*

Suppose we have a farmer with a 100-acre corn base. His/her planting decisions would vary under the three options proposed below. Assume no set-aside requirements.

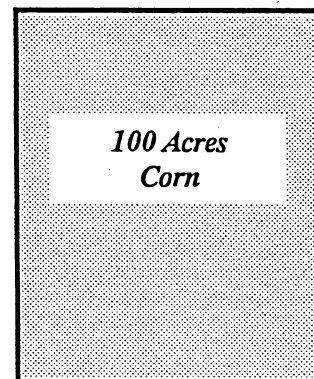
#### Current Program

Under current law, our farmer would plant 25 percent of his/her base to soybeans only if the market returns of those soybeans (net of costs) exceeded program and market net returns of corn. This is illustrated in *Case 1*. The farmer realizes he/she is giving up corn deficiency payments in order to plant soybeans. If soybean returns do not exceed those for corn, then the farmer would plant his/her entire base to corn as in *Case 2*.

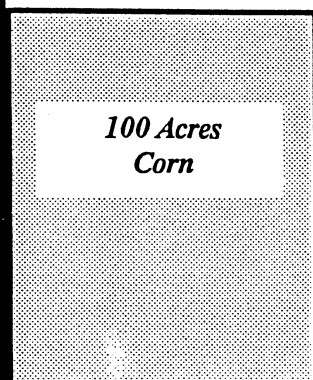
Case 1



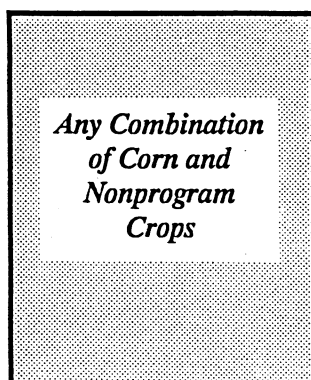
Case 2



Case 3



Case 4



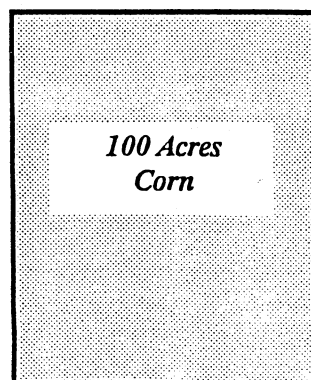
#### Flex No-pay

Under Flex No-Pay, our farmer would compare program and market returns for corn (net of costs) to net market returns of alternative crops. If corn returns were greater, then he/she would plant his entire base to corn (*Case 3*). If the net market returns for a nonprogram crop, such as soybeans, were greater than those of corn, he/she would plant the entire base to soybeans (*Case 4*). Another option would be to plant only part of the corn base to soybeans or some other crop in order to improve crop rotations.

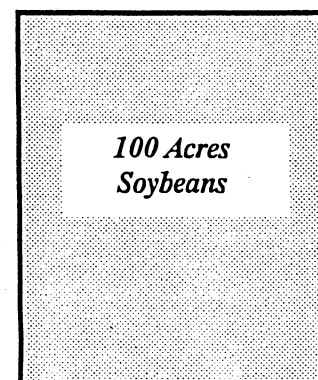
#### Administration's Flexibility

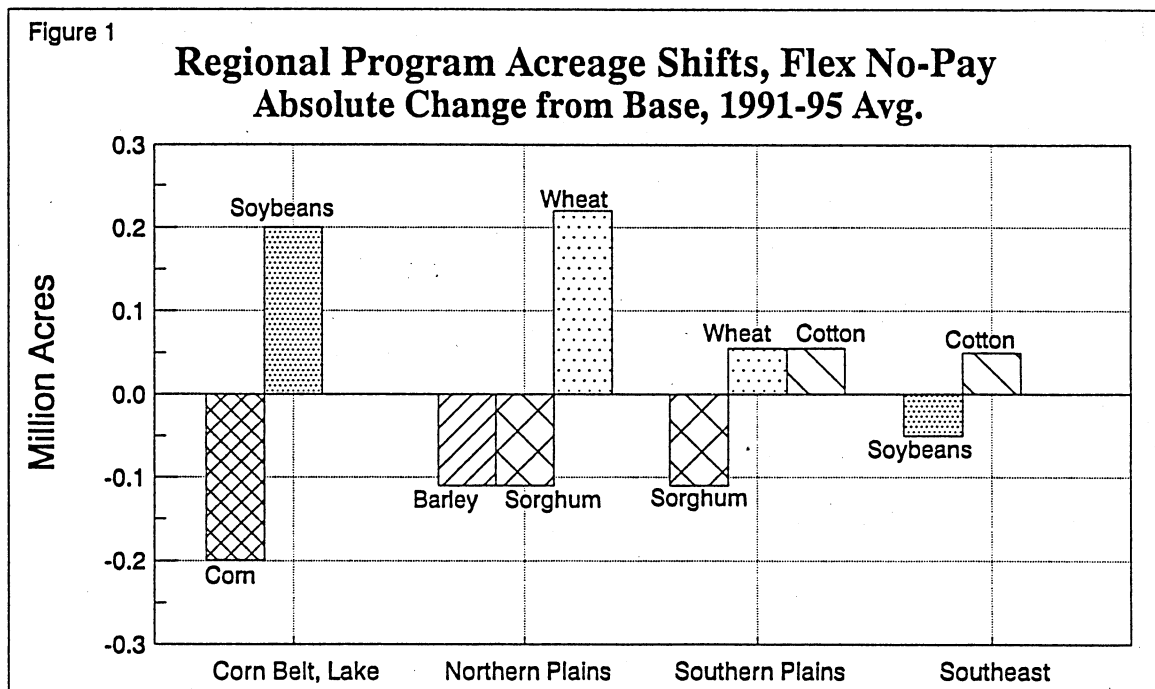
The Administration's Flexibility plan would allow our farmer to keep a corn deficiency payment no matter what was planted. Therefore, the farmer's planting decisions are affected not by the deficiency payment but by relative market returns. Under *Case 5*, our farmer would plant the entire base to corn only if corn market returns exceeded returns for other crops such as soybeans. The reverse is true in the example of soybeans under *Case 6*.

Case 5



Case 6



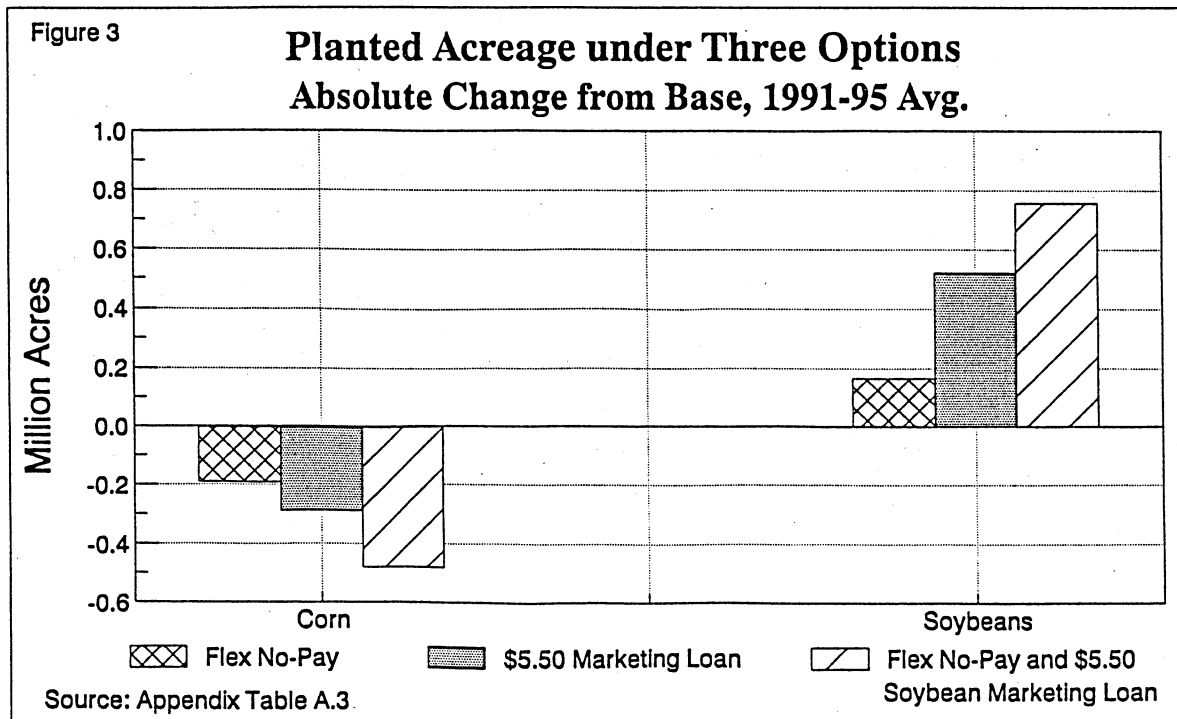
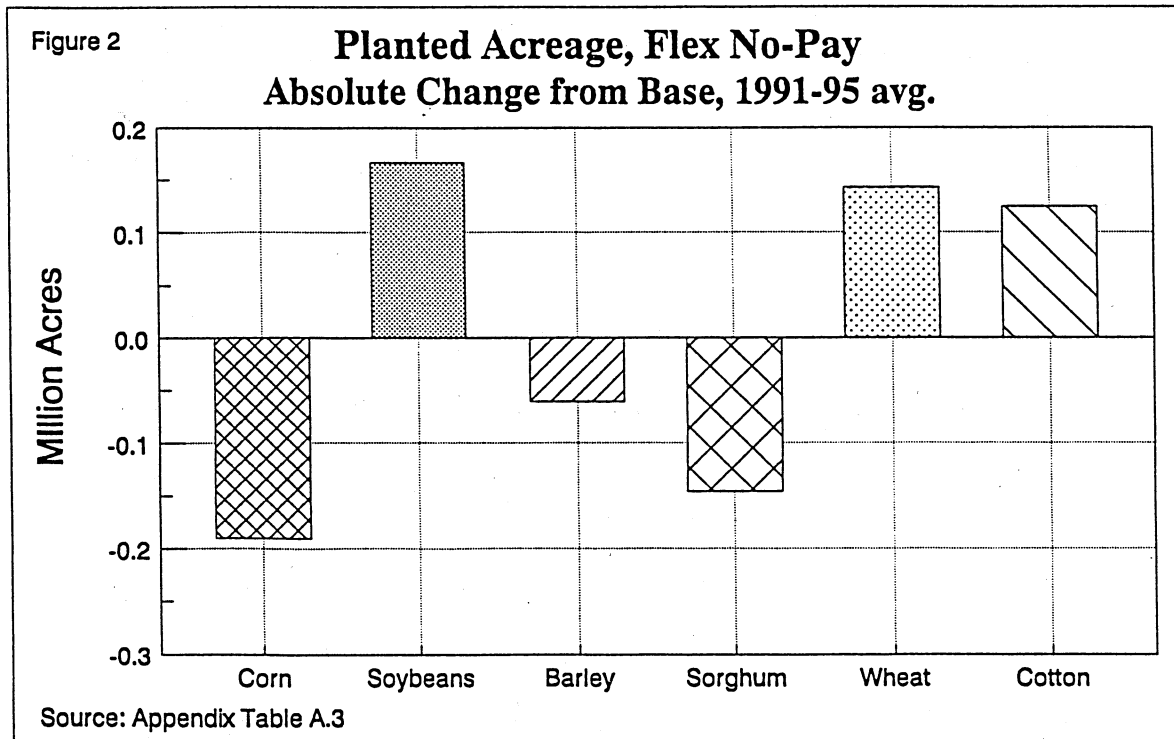


Aggregated at the national level, the shifts in planted acreage under Flex No-Pay reflect these regional acreage shifts. Corn plantings are projected to decline and soybean plantings to increase an average 200 thousand acres per year in response to additional flexed corn program acreage in the Corn Belt and Lake States (*Figure 2*). Barley and sorghum acreages decrease an average 100 thousand acres each per year, and wheat and cotton acreages increase an average 100 thousand each per year. These shifts are due to acreage that is shifted out of sorghum and barley into wheat and cotton in the Plains States, and out of soybeans into cotton in the Southeast. The acreage planted to 15 principal crops remains unchanged under the Flex No-Pay option. Total area idled, however, declines by 200 thousand acres as some producers elect to flex their entire base into another crop.

The \$5.50 soybean marketing loan (\$5.50 SBML) option results in a slightly greater shift out of corn production and a much larger expansion in soybean acreage than under Flex No-Pay (*Figure 3*). Although the soybean marketing loan is not set at a level that

can effectively compete with the corn target price, it can compete with corn acreage that is normally planted outside of government programs. Given the levels of corn prices that are generated under this option, an average 300 thousand acres per year of corn are shifted into soybeans. However, soybean acreage expands by an average 500 thousand acres per year as the marketing loan option attracts an additional 200 thousand acres of previously fallow or retired croplands. Total area planted to 15 major crops expands an average 100 thousand acres per year beyond that of the baseline, on the basis of increased soybean plantings that are offset by reduced feed grain plantings. Total idled acreage, including 0-92 acres, drops an average 100 thousand acres per year, mainly in response to higher corn prices.

The combination of the Flex No-Pay option and a \$5.50 soybean marketing loan results in much greater shifts in acreage (*Figure 3*). Whereas the Flex No-Pay option results in marginal shifts out of program acreage, the \$5.50 soybean marketing loan option competes more effectively with nonprogram corn acreage. As a result, the combination of Flex No-Pay



and the \$5.50 SBML brings a slightly greater shift between corn and soybean acreage. For example, total corn plantings decline by 200 thousand acres under Flex No-Pay, by 300 thousand under the \$5.50 SBML, and by 500 thousand under a combination of these two programs (see Figure 3). Soybean plantings increase by 200 thousand acres under Flex No-Pay, by 500 thousand under the \$5.50 SBML, and by 800 thousand under a combination of the two options. About half of the increase in soybean plantings under the combined option comes from reduced crop plantings; the rest comes from fallow or retired land.

The regional shifts in sorghum, barley, and cotton program acreage that occur under Flex No-Pay also occur under the Flex No-Pay plus \$5.50 SBML option. Therefore, the shifts in total acreage at the national level for these crops are similar under the two options. Acreage planted to 15 principal crops, however, expands by an average 200 thousand acres per year under the combined options on the basis of the increased soybean plantings. In addition, total idled acreage drops an average 300 thousand acres per year, mainly in response to higher corn prices and reduced participation in the corn program.

The estimated shifts in acreage under the three options considered are all relatively small since none of these significantly alters farmers' incentives to plant. The results imply that farmers would shift only enough acreage to improve their crop rotations. A more lucrative program would be required in order to result in more significant shifts in acreage.

### Farm Prices

Farm prices generally move inversely with changes in acreage levels under the three options considered. Corn prices rise and soybean prices fall under the options considered, based on the shift from corn to soybean acreage. The greater the shifts in acreage, the greater the change in farm prices.

Corn prices rise an average two cents per bushel per year under the Flex No-Pay option in response to lower corn plantings (Figure 4). Likewise, soybean prices fall an average five cents per bushel per year as corn program acreage is flexed into soybeans.

The change in corn prices under a \$5.50 SBML is similar to that under the Flex No-Pay option, whereas the drop in soybean prices is greater since the marketing loan attracts greater soybean acreage. The farm prices for other commodities change little under both these options because shifts in acreage were so marginal.

Corn and soybean prices change significantly under the option that combines Flex No-Pay and the \$5.50 SBML. Corn prices rise an average four cents per bushel per year from the baseline, and soybean prices fall an average 21 cents. Considered separately, the shifts in acreage under each option are nearly additive when compared to the combined option. The Flex No-Pay with the \$5.50 SBML thus has a greater impact on corn and soybean prices than do the other options considered separately.

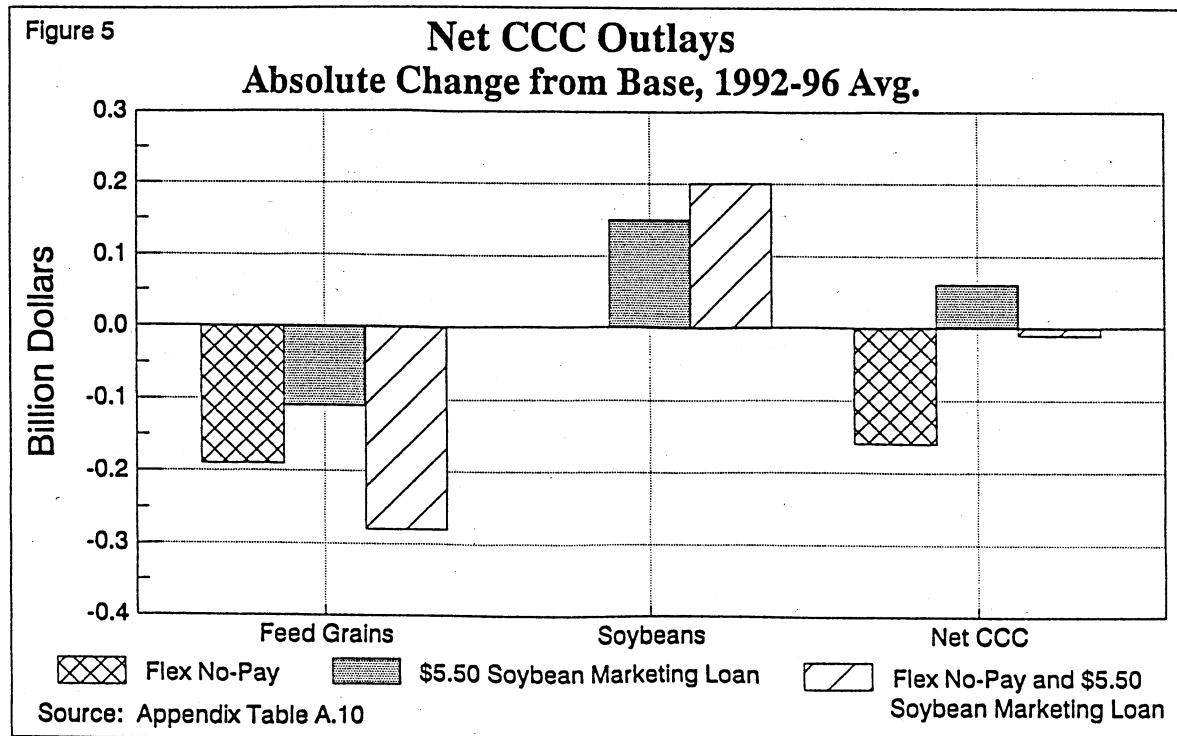
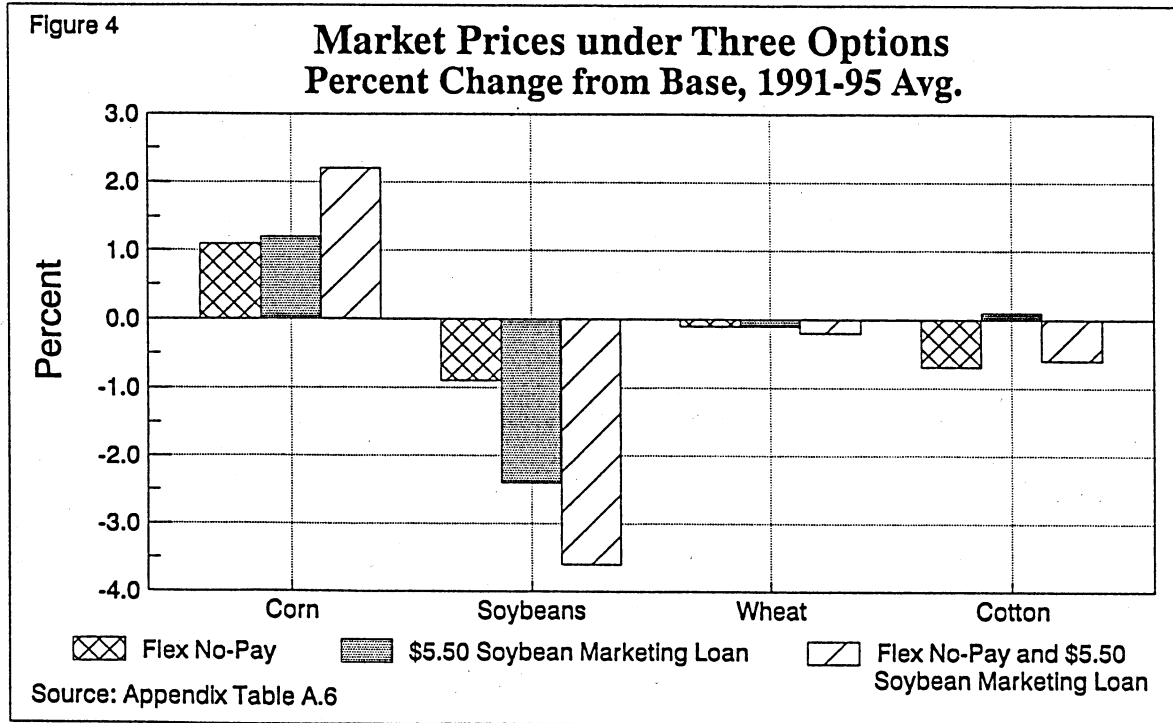
### Trade

Changes in export volumes from baseline levels are mostly associated with changes in farm prices. Export volumes and values, however, change little from the baseline under the Flex No-Pay and the \$5.50 SBML. Small changes in price caused by minor shifting of acreage have little impact on trade.

Changes in export volumes are more significant under the combined Flex No-Pay and \$5.50 SBML option. Corn exports decline an average 29 million bushels per year, or by 1.2 percent. Exports of soybeans rise an average 1.8 percent per year; soybean meal rises 1.9 percent; and soybean oil rises 3.3 percent. The decline in corn exports is offset by the increase in soybean and soybean product exports, rendering the volume and value of all exports unchanged from baseline levels.

### Crop Net Returns

Eight-crop net returns average about \$27 billion per year in the FAPRI baseline. These returns are equal to market returns plus government payments, less variable costs. Because changes in crop prices are minor, returns change little from baseline levels under the options considered in this report.



Total net returns for the eight major crops drop an average \$80-90 million per year under the Flex No-Pay and the \$5.50 SBML options. Soybean net returns drop an average 1.5 percent per year under the Flex No-Pay option and 2.6 percent under the \$5.50 SBML. Net returns fall slightly under the \$5.50 SBML option since the drop in soybean prices is greater than the increased protection provided by the marketing loan. While net returns are lower under a \$5.50 SBML, the floor placed under soybean returns by the marketing loan reduces the income risk faced by producers.

Eight-crop net returns fall an average \$180 million per year from the baseline under the combined Flex No-Pay and \$5.50 SBML option. Most of this drop is due to lower soybean prices. Intuition suggests that returns should not fall since lower soybean prices would be offset by the marketing loan. Soybean prices, however, are below baseline levels year after year under this option, but above \$5.50 in three of the five years considered. Soybean producers receive no benefits from the marketing loan in those years and therefore face lower returns. Again, however, the marketing loan reduces the income risk faced by producers.

### Net CCC Outlays

Two factors affect the level of changes in government outlays under the options considered in this report. First, higher feed grain prices, which result in lower deficiency payments, reduce government costs. Second, added support to the soybean industry results in new expenditures that raise government costs.

Net CCC outlays fall an average of \$157 million per year under the Flex No-Pay option (see *Figure 5*). Producers who elected to flex out of program crops forfeit their deficiency payments, resulting in lower government spending. In addition, production of the program crop falls, resulting in higher prices that reduce deficiency payment rates. Producers that flexed out of corn, sorghum, and barley thus lower feed grain program outlays.

Government spending increases slightly under the \$5.50 SBML option, averaging \$65 million per year above baseline levels. The marketing loan was not set at a level that could compete effectively with corn target prices; therefore, it did not significantly lower participation in the corn program. Some nonprogram corn acreage, however, was planted to soybeans, resulting in slightly higher corn prices, which offer some reduction in feed grain program outlays. These savings, however, are more than offset by the cost of the soybean marketing loan program.

While the Flex No-Pay option offers lower government outlays and the \$5.50 SBML option offers slightly higher outlays, the combination of the two programs is essentially budget neutral, averaging a savings of just \$10 million per year. Most of the expense under this combined option can be attributed to higher soybean plantings, which lower soybean prices an average 21 cents per year resulting in exposure to the marketing loan program. Most of the savings occur in the feed grains program. Soybean acreage expands in response to greater flexibility in the feed grain program and to substitution with nonprogram corn acreage. This results in significant savings in feed grain deficiency payments.

### SUMMARY AND CONCLUSIONS

This report provides an analysis of three program options which represent changes from existing law: (1) flexibility without deficiency payments, termed Flex No-Pay; (2) a \$5.50 soybean marketing loan; and (3) a combination of Flex No-Pay and a \$5.50 soybean marketing loan. Planting flexibility and support to soybean producers in the form of a marketing loan are analyzed and compared.

The results indicate that the Flex No-Pay option results in little change in acreage, prices, net returns, and government cost. Producers will be unwilling to make major shifts in acreage if they must give up deficiency payments. To justify a shift in acreage, the market net returns for the new crop must exceed the



sum of market returns and deficiency payments for the program crop. Given baseline prices, there is little incentive to shift. Shifts that do occur can be attributed to improved rotations. The major benefits of the Flex No-Pay option, however, cannot be fully appreciated when analyzed under baseline conditions. If, for example, a drought or an escalation in world demand were to result in a significant increase in crop prices, this policy would allow producers to meet these new market conditions without risking future program benefits.

The \$5.50 soybean marketing loan is expected to have little effect on prices and production of major U.S. crops. The reason is that soybean prices are expected to average \$5.80 per bushel under the FAPRI baseline, indicating that the marketing loan will offer little income protection to soybean producers.

Despite the low level of the marketing loan, some acreage is shifted from corn to soybeans, in part because it does afford producers less price risk. This results in higher corn prices and lower soybean prices. While corn deficiency payment rates are lowered, these savings are more than offset by the cost of the soybean marketing loan program.

The results further indicate that the Flex No-Pay and \$5.50 SBML options would result in greater changes in acreage, prices, and government costs when combined than when considered separately. A Flex No-Pay plus \$5.50 SBML option has the advantages of providing producers greater planting flexibility and greater support for soybean producers. In addition, this option appears to be budget neutral, with savings in the feed grain program just offsetting the cost of the soybean marketing loan.



**APPENDIX**



Table A.1.

## DOMESTIC POLICY ASSUMPTIONS

Variable/Year	91/92	92/93	93/94	94/95	95/96	5 - Year Average	Change from Base		
							Absolute	Percent	
<b>Corn Target Price</b>			<i>(Dollars per bushel)</i>						
Baseline	2.75	2.75	2.75	2.75	2.75	*	2.75		
All Scenarios	2.75	2.75	2.75	2.75	2.75	*	2.75	0.00	0.0
<b>Sorghum Target Price</b>									
Baseline	2.61	2.61	2.61	2.61	2.61	*	2.61		
All Scenarios	2.61	2.61	2.61	2.61	2.61	*	2.61	0.00	0.0
<b>Barley Target Price</b>									
Baseline	2.37	2.37	2.37	2.37	2.37	*	2.37		
All Scenarios	2.37	2.37	2.37	2.37	2.37	*	2.37	0.00	0.0
<b>Wheat Target Price</b>									
Baseline	4.00	4.00	4.00	4.00	4.00	*	4.00		
All Scenarios	4.00	4.00	4.00	4.00	4.00	*	4.00	0.00	0.0
<b>Cotton Target Price</b>			<i>(Cents per pound)</i>						
Baseline	72.90	72.90	72.90	72.90	72.90	*	72.90		
All Scenarios	72.90	72.90	72.90	72.90	72.90	*	72.90	0.00	0.0
<b>Rice Target Price</b>			<i>(Dollars per hundredweight)</i>						
Baseline	10.71	10.71	10.71	10.71	10.71	*	10.71		
All Scenarios	10.71	10.71	10.71	10.71	10.71	*	10.71	0.00	0.0
<b>Soybean Loan Rate</b>			<i>(Dollars per bushel)</i>						
Baseline	4.50	4.50	4.50	4.50	4.50	*	4.50		
Flex Nopay	4.50	4.50	4.50	4.50	4.50	*	4.50	0.00	0.0
\$5.50 Mkt. Loan	5.50	5.50	5.50	5.50	5.50	*	5.50	1.00	22.2
Flex Nopay+\$5.50	5.50	5.50	5.50	5.50	5.50	*	5.50	1.00	22.2
<b>Feed Grain ARP</b>			<i>(Percent)</i>						
Baseline	10.0	10.0	10.0	10.0	10.0	*	10.0		
All Scenarios	10.0	10.0	10.0	10.0	10.0	*	10.0	0.0	0.0
<b>Wheat ARP</b>									
Baseline	5.0	5.0	5.0	5.0	5.0	*	5.0		
All Scenarios	5.0	5.0	5.0	5.0	5.0	*	5.0	0.0	0.0
<b>Cotton ARP</b>									
Baseline	12.5	12.5	12.5	12.5	12.5	*	12.5		
All Scenarios	12.5	12.5	12.5	12.5	12.5	*	12.5	0.0	0.0
<b>Rice ARP</b>									
Baseline	15.0	15.0	15.0	15.0	15.0	*	15.0		
All Scenarios	15.0	15.0	15.0	15.0	15.0	*	15.0	0.0	0.0

Variable/Year	91/92	92/93	93/94	94/95	95/96	5 - Year Average	Change from Base		
							Absolute	Percent	
<b>Corn</b>									
			<i>(Percent)</i>						
Baseline	84.8	80.4	79.5	79.1	75.8	*	79.9		
Flex Nopay	86.3	81.3	81.0	78.2	77.7	*	80.9	1.0	1.2
\$5.50 Mkt. Loan	83.8	78.8	79.8	78.6	76.4	*	79.5	-0.5	-0.6
Flex Nopay+\$5.50	85.3	79.6	81.3	77.7	78.1	*	80.4	0.5	0.6
<b>Wheat</b>									
Baseline	84.1	84.9	79.8	81.6	78.6	*	81.8		
Flex Nopay	84.3	85.0	80.0	81.5	79.0	*	82.0	0.1	0.2
\$5.50 Mkt. Loan	84.2	84.6	80.8	81.8	78.4	*	82.0	0.1	0.2
Flex Nopay+\$5.50	84.3	84.7	81.0	81.7	78.8	*	82.1	0.3	0.4
<b>Cotton</b>									
Baseline	87.5	91.1	89.2	87.5	85.2	*	88.1		
Flex Nopay	87.7	91.3	89.5	87.8	85.6	*	88.4	0.3	0.3
\$5.50 Mkt. Loan	87.3	91.0	89.2	87.4	85.2	*	88.0	-0.1	-0.1
Flex Nopay+\$5.50	87.5	91.2	89.5	87.7	85.5	*	88.3	0.2	0.2
<b>Sorghum</b>									
Baseline	78.0	73.9	74.2	74.2	73.3	*	74.7		
Flex Nopay	79.4	74.6	75.5	74.9	74.9	*	75.8	1.1	1.5
\$5.50 Mkt. Loan	78.0	72.9	74.8	73.9	73.8	*	74.7	-0.0	-0.0
Flex Nopay+\$5.50	79.4	73.5	76.1	74.7	75.2	*	75.8	1.1	1.4
<b>Barley</b>									
Baseline	73.3	70.1	68.0	68.0	67.1	*	69.3		
Flex Nopay	74.3	70.4	68.7	68.2	68.1	*	69.9	0.7	0.9
\$5.50 Mkt. Loan	73.3	69.2	68.3	67.8	67.5	*	69.2	-0.1	-0.1
Flex Nopay+\$5.50	74.3	69.4	69.0	68.1	68.4	*	69.9	0.6	0.8
<b>Oats</b>									
Baseline	25.8	25.6	25.8	26.0	26.3	*	25.9		
Flex Nopay	25.8	25.6	25.8	26.0	26.4	*	25.9	-0.0	-0.1
\$5.50 Mkt. Loan	25.8	25.5	25.7	26.1	26.4	*	25.9	-0.0	-0.2
Flex Nopay+\$5.50	25.8	25.4	25.7	26.0	26.3	*	25.9	-0.1	-0.2
<b>Rice</b>									
Baseline	88.1	92.1	91.8	91.0	90.7	*	90.8		
Flex Nopay	88.1	92.2	91.8	91.0	90.8	*	90.8	0.0	0.0
\$5.50 Mkt. Loan	88.1	92.1	91.9	91.0	90.7	*	90.8	0.0	0.0
Flex Nopay+\$5.50	88.1	92.1	91.9	91.0	90.7	*	90.8	0.0	0.0

Table A.3.		AREA PLANTED AND IDLED						Change from Base	
Variable/Year	91/92	92/93	93/94	94/95	95/96	5 - Year Average	Absolute	Percent	
<b>Area Planted (15 Crops)</b>		<i>(Million Acres)</i>							
Baseline	264.2	265.8	267.6	266.5	267.6	* 266.3			
Flex Nopay	264.1	265.8	267.5	266.9	267.3	* 266.3	0.0	0.0	
\$5.50 Mkt. Loan	264.8	266.0	267.2	266.8	267.5	* 266.5	0.1	0.1	
Flex Nopay+\$5.50	264.7	266.1	267.2	267.3	267.4	* 266.5	0.2	0.1	
<b>ARP &amp; 0-92 Idled Area</b>									
Baseline	20.1	19.5	19.2	20.2	19.3	* 19.7			
Flex Nopay	20.1	19.1	19.1	19.4	19.6	* 19.4	-0.2	-1.1	
\$5.50 Mkt. Loan	20.0	18.6	19.6	20.0	19.8	* 19.6	-0.1	-0.3	
Flex Nopay+\$5.50	19.9	18.3	19.5	19.4	19.9	* 19.4	-0.3	-1.3	
<b>CRP Area</b>									
Baseline	40.0	40.0	40.0	40.0	40.0	* 40.0			
Flex Nopay	40.0	40.0	40.0	40.0	40.0	* 40.0	0.0	0.0	
\$5.50 Mkt. Loan	40.0	40.0	40.0	40.0	40.0	* 40.0	0.0	0.0	
Flex Nopay+\$5.50	40.0	40.0	40.0	40.0	40.0	* 40.0	0.0	0.0	
<b>Area Planted + Idled</b>									
Baseline	324.3	325.3	326.8	326.7	326.9	* 326.0			
Flex Nopay	324.2	324.9	326.6	326.3	326.9	* 325.8	-0.2	-0.1	
\$5.50 Mkt. Loan	324.8	324.6	326.8	326.9	327.2	* 326.1	0.1	0.0	
Flex Nopay+\$5.50	324.7	324.4	326.7	326.7	327.3	* 325.9	-0.1	-0.0	
<b>Corn Area Planted</b>									
Baseline	73.9	74.2	73.6	73.3	73.4	* 73.7			
Flex Nopay	73.6	74.1	73.4	73.4	73.0	* 73.5	-0.2	-0.3	
\$5.50 Mkt. Loan	73.0	74.0	73.6	73.4	73.1	* 73.4	-0.3	-0.4	
Flex Nopay+\$5.50	72.7	73.9	73.4	73.3	72.8	* 73.2	-0.5	-0.7	
<b>Soybean Area Planted</b>									
Baseline	55.4	56.5	58.0	57.7	58.4	* 57.2			
Flex Nopay	55.6	56.6	58.2	58.0	58.7	* 57.4	0.2	0.3	
\$5.50 Mkt. Loan	57.2	56.8	57.9	58.2	58.7	* 57.7	0.5	0.9	
Flex Nopay+\$5.50	57.4	57.0	58.0	58.6	59.0	* 58.0	0.8	1.3	
<b>Wheat Area Planted</b>									
Baseline	77.5	77.9	79.0	78.4	78.7	* 78.3			
Flex Nopay	77.7	78.0	79.1	78.5	78.9	* 78.4	0.1	0.2	
\$5.50 Mkt. Loan	77.5	77.8	78.8	78.3	78.8	* 78.3	-0.0	-0.1	
Flex Nopay+\$5.50	77.7	77.9	79.0	78.4	79.0	* 78.4	0.1	0.1	
<b>Cotton Area Planted</b>									
Baseline	12.4	12.0	12.2	12.3	12.3	* 12.2			
Flex Nopay	12.6	12.1	12.3	12.4	12.4	* 12.4	0.1	1.0	
\$5.50 Mkt. Loan	12.3	12.0	12.3	12.2	12.3	* 12.2	-0.0	-0.3	
Flex Nopay+\$5.50	12.4	12.1	12.4	12.3	12.4	* 12.3	0.1	0.7	

(continued)

Table A.3. Continued

Variable/Year	91/92	92/93	93/94	94/95	95/96	5 - Year Average	Change from Base		
							Absolute	Percent	
<b>Sorghum Area Planted</b>			<i>Million Acres</i>						
Baseline	12.3	12.5	12.2	12.0	11.9	*	12.2		
Flex Nopay	12.1	12.4	12.0	11.9	11.6	*	12.0	-0.1	-1.2
\$5.50 Mkt. Loan	12.3	12.7	12.0	12.0	11.7	*	12.2	-0.0	-0.1
Flex Nopay+\$5.50	12.1	12.6	11.9	12.0	11.5	*	12.0	-0.1	-1.2
<b>Barley Area Planted</b>									
Baseline	9.4	9.6	9.4	9.5	9.6	*	9.5		
Flex Nopay	9.3	9.5	9.3	9.4	9.4	*	9.4	-0.1	-0.6
\$5.50 Mkt. Loan	9.4	9.6	9.3	9.5	9.5	*	9.5	0.0	0.0
Flex Nopay+\$5.50	9.3	9.6	9.2	9.5	9.4	*	9.4	-0.1	-0.6
<b>Oats Area Harvested</b>									
Baseline	5.6	5.6	5.6	5.8	5.7	*	5.7		
Flex Nopay	5.6	5.6	5.7	5.8	5.7	*	5.7	0.0	0.1
\$5.50 Mkt. Loan	5.5	5.6	5.7	5.7	5.7	*	5.6	-0.0	-0.3
Flex Nopay+\$5.50	5.5	5.6	5.8	5.7	5.7	*	5.6	-0.0	-0.3
<b>Rice Area Planted</b>									
Baseline	3.1	3.0	3.0	3.0	2.9	*	3.0		
Flex Nopay	3.1	3.0	3.0	3.0	2.9	*	3.0	-0.0	-0.0
\$5.50 Mkt. Loan	3.1	3.0	3.0	3.0	2.9	*	3.0	-0.0	-0.0
Flex Nopay+\$5.50	3.1	3.0	3.0	3.0	2.9	*	3.0	-0.0	-0.0



Table A.4.

## CROP PRODUCTION

Variable/Year	91/92	92/93	93/94	94/95	95/96	5 - Year Average	Change from Base		
							Absolute	Percent	
<b>Corn</b>									
	<i>(Million bushels)</i>								
Baseline	8,153	8,361	8,448	8,581	8,772	* 8,463			
Flex Nopay	8,125	8,357	8,421	8,593	8,719	* 8,443	-20	-0.2	
\$5.50 Mkt. Loan	8,052	8,351	8,448	8,585	8,728	* 8,433	-30	-0.4	
Flex Nopay+\$5.50	8,025	8,345	8,421	8,586	8,687	* 8,413	-50	-0.6	
<b>Soybeans</b>									
Baseline	1,915	1,978	2,053	2,072	2,125	* 2,028			
Flex Nopay	1,920	1,979	2,057	2,080	2,132	* 2,033	5	0.2	
\$5.50 Mkt. Loan	1,965	1,985	2,047	2,087	2,133	* 2,043	15	0.7	
Flex Nopay+\$5.50	1,971	1,991	2,051	2,098	2,141	* 2,050	22	1.1	
<b>Wheat</b>									
Baseline	2,540	2,566	2,633	2,616	2,648	* 2,600			
Flex Nopay	2,545	2,568	2,637	2,621	2,652	* 2,605	4	0.2	
\$5.50 Mkt. Loan	2,540	2,564	2,624	2,612	2,653	* 2,599	-2	-0.1	
Flex Nopay+\$5.50	2,545	2,566	2,629	2,617	2,656	* 2,603	2	0.1	
<b>Cotton</b>									
	<i>(Million bales)</i>								
Baseline	15.46	15.07	15.45	15.67	15.84	* 15.50			
Flex Nopay	15.63	15.21	15.60	15.79	16.02	* 15.65	0.15	1.0	
\$5.50 Mkt. Loan	15.26	15.07	15.53	15.58	15.85	* 15.46	-0.04	-0.2	
Flex Nopay+\$5.50	15.42	15.19	15.69	15.70	16.02	* 15.61	0.11	0.7	
<b>Sorghum</b>									
	<i>(Million bushels)</i>								
Baseline	744	772	763	762	770	* 762			
Flex Nopay	732	768	753	760	753	* 753	-9	-1.2	
\$5.50 Mkt. Loan	744	784	754	766	759	* 761	-1	-0.1	
Flex Nopay+\$5.50	732	780	744	763	746	* 753	-9	-1.2	
<b>Barley</b>									
Baseline	487	500	496	505	516	* 501			
Flex Nopay	482	499	492	505	511	* 498	-3	-0.6	
\$5.50 Mkt. Loan	487	504	494	508	512	* 501	0	0.0	
Flex Nopay+\$5.50	482	504	490	507	508	* 498	-3	-0.6	
<b>Oats</b>									
	<i>(Million bushels)</i>								
Baseline	345	344	352	364	358	* 353			
Flex Nopay	345	343	352	363	360	* 353	0	0.1	
\$5.50 Mkt. Loan	336	347	357	359	360	* 352	-1	-0.3	
Flex Nopay+\$5.50	336	345	358	358	361	* 352	-1	-0.3	
<b>Rice</b>									
	<i>(Million hundredweight)</i>								
Baseline	170.3	169.1	169.0	169.6	170.7	* 169.7			
Flex Nopay	170.3	169.1	169.0	169.6	170.7	* 169.7	-0.0	-0.0	
\$5.50 Mkt. Loan	170.3	169.1	168.9	169.6	170.8	* 169.7	-0.0	-0.0	
Flex Nopay+\$5.50	170.3	169.1	168.8	169.6	170.7	* 169.7	-0.0	-0.0	

Table A.5.		COMMODITY TRADE						Change from Base	
Variable/Year	91/92	92/93	93/94	94/95	95/96	5 - Year Average	Absolute	Percent	
<b>10-Commodity Exports</b>		<i>(Million metric tons)</i>							
Baseline	132.80	137.22	143.18	148.05	153.46	* 142.94			
Flex Nopay	132.69	137.16	142.93	148.11	153.05	* 142.79	-0.15	-0.1	
\$5.50 Mkt. Loan	132.86	137.14	142.58	148.10	153.21	* 142.78	-0.16	-0.1	
Flex Nopay+\$5.50	132.73	137.10	142.37	148.14	152.94	* 142.66	-0.29	-0.2	
<b>Value of Exports</b>		<i>(Billion dollars)</i>							
Baseline	19.86	20.83	20.88	22.11	23.76	* 21.49			
Flex Nopay	19.90	20.83	20.96	22.01	23.92	* 21.53	0.04	0.2	
\$5.50 Mkt. Loan	19.81	20.60	20.91	22.01	23.94	* 21.45	-0.03	-0.2	
Flex Nopay+\$5.50	19.86	20.57	20.96	21.92	24.01	* 21.46	-0.03	-0.1	
<b>Corn Exports</b>		<i>(Million bushels)</i>							
Baseline	2,155	2,259	2,384	2,497	2,622	* 2,383			
Flex Nopay	2,148	2,252	2,370	2,491	2,601	* 2,373	-11	-0.5	
\$5.50 Mkt. Loan	2,128	2,235	2,362	2,492	2,607	* 2,365	-18	-0.8	
Flex Nopay+\$5.50	2,120	2,227	2,349	2,484	2,591	* 2,354	-29	-1.2	
<b>Soybean Exports</b>		<i>(Million bushels)</i>							
Baseline	672	681	697	720	742	* 702			
Flex Nopay	674	683	699	724	746	* 705	3	0.4	
\$5.50 Mkt. Loan	691	695	699	724	746	* 711	9	1.2	
Flex Nopay+\$5.50	693	698	702	729	752	* 715	12	1.8	
<b>Soybean Meal Exports</b>		<i>(Thousand tons)</i>							
Baseline	5,825	6,298	6,934	7,382	7,852	* 6,858			
Flex Nopay	5,842	6,319	6,953	7,424	7,879	* 6,883	25	0.4	
\$5.50 Mkt. Loan	5,951	6,428	7,010	7,494	7,884	* 6,953	95	1.4	
Flex Nopay+\$5.50	5,972	6,456	7,036	7,553	7,931	* 6,990	132	1.9	
<b>Soybean Oil Exports</b>		<i>(Million pounds)</i>							
Baseline	1,507	1,459	1,593	1,721	1,841	* 1,624			
Flex Nopay	1,511	1,464	1,603	1,734	1,860	* 1,635	10	0.6	
\$5.50 Mkt. Loan	1,545	1,514	1,639	1,754	1,866	* 1,664	39	2.4	
Flex Nopay+\$5.50	1,547	1,523	1,653	1,772	1,891	* 1,677	53	3.3	
<b>Wheat Exports</b>		<i>(Million bushels)</i>							
Baseline	1,483	1,508	1,562	1,581	1,605	* 1,548			
Flex Nopay	1,486	1,513	1,566	1,586	1,607	* 1,552	4	0.2	
\$5.50 Mkt. Loan	1,482	1,505	1,558	1,581	1,604	* 1,546	-2	-0.1	
Flex Nopay+\$5.50	1,484	1,510	1,561	1,585	1,606	* 1,549	1	0.1	
<b>Cotton Exports</b>		<i>(Million bales)</i>							
Baseline	6.63	6.88	7.05	7.20	7.44	* 7.04			
Flex Nopay	6.72	7.00	7.17	7.34	7.56	* 7.16	0.12	1.7	
\$5.50 Mkt. Loan	6.57	6.86	7.03	7.20	7.41	* 7.01	-0.03	-0.4	
Flex Nopay+\$5.50	6.65	6.98	7.15	7.33	7.54	* 7.13	0.09	1.3	

(continued)

Table A.5. Continued

Variable/Year	91/92	92/93	93/94	94/95	95/96	5 - Year Average	Change from Base		
							Absolute	Percent	
<b>Sorghum Exports</b>									
	<i>(Million bushels)</i>								
Baseline	246	254	266	280	293	*	268		
Flex Nopay	244	251	263	276	291	*	265	-3	-0.9
\$5.50 Mkt. Loan	251	256	264	278	295	*	269	1	0.4
Flex Nopay+\$5.50	249	253	261	274	292	*	266	-2	-0.6
<b>Barley Exports</b>									
Baseline	94	98	93	94	99	*	96		
Flex Nopay	92	97	90	93	97	*	94	-2	-1.9
\$5.50 Mkt. Loan	95	99	92	95	98	*	96	0	0.2
Flex Nopay+\$5.50	93	98	89	94	95	*	94	-2	-1.9
<b>Oats Imports</b>									
Baseline	54	55	55	55	55	*	55		
Flex Nopay	53	55	55	55	54	*	54	-0	-0.8
\$5.50 Mkt. Loan	53	55	55	55	54	*	54	-0	-0.6
Flex Nopay+\$5.50	53	55	55	55	54	*	54	-0	-0.8
<b>Rice Exports</b>									
	<i>(Million hundredweight)</i>								
Baseline	81.29	83.58	84.17	83.41	83.12	*	83.11		
Flex Nopay	81.27	83.56	84.15	83.42	83.09	*	83.10	-0.02	-0.0
\$5.50 Mkt. Loan	81.27	83.60	84.13	83.36	83.12	*	83.10	-0.02	-0.0
Flex Nopay+\$5.50	81.26	83.59	84.10	83.35	83.09	*	83.08	-0.03	-0.0

<b>Table A.6.</b>		<b>FARM PRICES</b>						<b>Change from Base</b>	
<b>Variable/Year</b>	<b>91/92</b>	<b>92/93</b>	<b>93/94</b>	<b>94/95</b>	<b>95/96</b>	<b>5 - Year Average</b>	<b>Absolute</b>	<b>Percent</b>	
<b>Corn</b>									
	<i>(Dollars per bushel)</i>								
Baseline	2.12	2.04	1.99	2.02	2.07	*	2.05		
Flex Nopay	2.15	2.04	2.02	2.00	2.14	*	2.07	0.02 1.1	
\$5.50 Mkt. Loan	2.21	2.04	2.00	1.98	2.14	*	2.07	0.03 1.2	
Flex Nopay+\$5.50	2.24	2.04	2.02	1.98	2.18	*	2.09	0.04 2.2	
<b>Soybeans</b>									
Baseline	5.82	6.03	5.45	5.70	6.01	*	5.80		
Flex Nopay	5.78	5.99	5.42	5.62	5.94	*	5.75	-0.05 -0.9	
\$5.50 Mkt. Loan	5.41	5.79	5.51	5.66	5.94	*	5.66	-0.14 -2.4	
Flex Nopay+\$5.50	5.36	5.73	5.46	5.55	5.85	*	5.59	-0.21 -3.6	
<b>Wheat</b>									
Baseline	3.18	3.35	3.27	3.36	3.53	*	3.34		
Flex Nopay	3.17	3.34	3.27	3.35	3.53	*	3.33	-0.00 -0.1	
\$5.50 Mkt. Loan	3.19	3.32	3.26	3.37	3.54	*	3.34	-0.00 -0.1	
Flex Nopay+\$5.50	3.19	3.31	3.26	3.35	3.54	*	3.33	-0.01 -0.2	
<b>Cotton</b>									
	<i>(Cents per pound)</i>								
Baseline	58.56	61.29	61.87	62.92	64.66	*	61.86		
Flex Nopay	58.21	60.82	61.42	62.40	64.23	*	61.41	-0.45 -0.7	
\$5.50 Mkt. Loan	58.75	61.33	61.95	62.92	64.80	*	61.95	0.09 0.1	
Flex Nopay+\$5.50	58.42	60.85	61.51	62.42	64.34	*	61.51	-0.35 -0.6	
<b>Sorghum</b>									
	<i>(Dollars per bushel)</i>								
Baseline	1.95	1.92	1.91	1.94	1.99	*	1.94		
Flex Nopay	1.98	1.93	1.94	1.93	2.05	*	1.97	0.03 1.3	
\$5.50 Mkt. Loan	2.00	1.89	1.92	1.91	2.05	*	1.95	0.01 0.6	
Flex Nopay+\$5.50	2.03	1.90	1.95	1.91	2.09	*	1.98	0.03 1.8	
<b>Barley</b>									
Baseline	2.04	2.03	2.03	2.07	2.12	*	2.06		
Flex Nopay	2.06	2.04	2.06	2.06	2.17	*	2.08	0.02 1.0	
\$5.50 Mkt. Loan	2.08	2.02	2.04	2.05	2.16	*	2.07	0.01 0.6	
Flex Nopay+\$5.50	2.11	2.02	2.06	2.05	2.20	*	2.09	0.03 1.5	
<b>Oats</b>									
	<i>(Dollars per bushel)</i>								
Baseline	1.63	1.66	1.66	1.66	1.69	*	1.66		
Flex Nopay	1.63	1.66	1.67	1.66	1.70	*	1.67	0.01 0.4	
\$5.50 Mkt. Loan	1.67	1.67	1.66	1.66	1.71	*	1.67	0.01 0.8	
Flex Nopay+\$5.50	1.68	1.68	1.66	1.66	1.72	*	1.68	0.02 1.2	
<b>Rice</b>									
	<i>(Dollars per hundredweight)</i>								
Baseline	6.63	6.64	6.73	6.94	7.16	*	6.82		
Flex Nopay	6.63	6.63	6.74	6.93	7.17	*	6.82	-0.00 -0.0	
\$5.50 Mkt. Loan	6.64	6.61	6.73	6.95	7.17	*	6.82	-0.00 -0.0	
Flex Nopay+\$5.50	6.63	6.61	6.74	6.94	7.17	*	6.82	-0.00 -0.0	

Variable/Year	91/92	92/93	93/94	94/95	95/96	5 - Year Average	Change from Base		
							Absolute	Percent	
<b>Corn</b>									
	<i>(Dollars per Acre)</i>								
Baseline	97.21	89.39	79.43	79.26	81.57	* 85.37			
Flex Nopay	100.94	89.98	83.58	76.85	90.08	* 88.29	2.91	3.4	
\$5.50 Mkt. Loan	107.97	89.26	80.70	74.76	90.24	* 88.58	3.21	3.8	
Flex Nopay+\$5.50	112.05	89.72	83.74	73.75	95.98	* 91.05	5.67	6.6	
<b>Soybeans</b>									
Baseline	129.80	137.97	115.83	124.59	134.94	* 128.63			
Flex Nopay	128.20	136.67	114.61	121.60	132.38	* 126.69	-1.93	-1.5	
\$5.50 Mkt. Loan	120.95	129.19	121.39	122.76	132.33	* 125.32	-3.30	-2.6	
Flex Nopay+\$5.50	120.93	126.93	121.38	120.45	128.72	* 123.68	-4.94	-3.8	
<b>Wheat</b>									
Baseline	57.20	63.31	58.53	59.45	63.87	* 60.47			
Flex Nopay	57.04	63.13	58.69	58.98	63.88	* 60.34	-0.13	-0.2	
\$5.50 Mkt. Loan	57.62	62.02	58.13	59.72	64.44	* 60.39	-0.09	-0.1	
Flex Nopay+\$5.50	57.51	61.76	58.19	59.25	64.18	* 60.18	-0.30	-0.5	
<b>Cotton</b>									
Baseline	68.67	82.52	77.01	71.98	70.35	* 74.11			
Flex Nopay	67.96	81.41	75.13	69.74	68.74	* 72.60	-1.51	-2.0	
\$5.50 Mkt. Loan	69.95	82.79	77.53	71.99	71.25	* 74.70	0.60	0.8	
Flex Nopay+\$5.50	69.24	81.35	75.83	69.91	69.37	* 73.14	-0.97	-1.3	
<b>Sorghum</b>									
Baseline	41.49	39.25	35.63	34.47	34.46	* 37.06			
Flex Nopay	43.63	39.76	37.89	33.79	38.92	* 38.80	1.74	4.7	
\$5.50 Mkt. Loan	44.68	37.38	36.35	32.68	38.48	* 37.91	0.85	2.3	
Flex Nopay+\$5.50	46.92	37.86	38.26	32.64	41.59	* 39.45	2.39	6.5	
<b>Barley</b>									
Baseline	48.50	47.55	45.91	46.12	46.69	* 46.95			
Flex Nopay	49.99	47.98	47.70	45.75	49.72	* 48.23	1.27	2.7	
\$5.50 Mkt. Loan	50.88	46.65	46.51	44.90	49.30	* 47.65	0.70	1.5	
Flex Nopay+\$5.50	52.52	46.98	47.96	44.92	51.49	* 48.77	1.82	3.9	
<b>Oats</b>									
Baseline	37.54	38.66	37.14	34.40	34.33	* 36.42			
Flex Nopay	37.97	39.08	37.65	34.38	34.95	* 36.80	0.39	1.1	
\$5.50 Mkt. Loan	40.47	39.57	36.64	34.36	35.32	* 37.27	0.86	2.4	
Flex Nopay+\$5.50	40.95	39.99	36.97	34.49	35.86	* 37.65	1.24	3.4	
<b>Rice</b>									
Baseline	24.54	19.93	14.49	13.00	11.15	* 16.62			
Flex Nopay	24.42	19.82	14.71	12.42	11.41	* 16.56	-0.06	-0.4	
\$5.50 Mkt. Loan	25.02	18.45	14.61	13.54	11.52	* 16.63	0.01	0.0	
Flex Nopay+\$5.50	24.93	18.23	14.76	13.02	11.48	* 16.48	-0.14	-0.8	

**Table A.8. PARTICIPANT NET RETURNS OVER VARIABLE PRODUCTION COSTS**

Variable/Year	91/92	92/93	93/94	94/95	95/96	5 - Year Average	Change from Base		
							Absolute	Percent	
<b>Corn</b>									
	<i>(Dollars per Acre)</i>								
Baseline	144.46	144.91	140.63	137.66	135.06	* 140.54			
Flex Nopay	144.95	145.12	141.29	137.37	136.53	* 141.05	0.51	0.4	
\$5.50 Mkt. Loan	145.86	145.23	140.81	136.94	136.50	* 141.07	0.53	0.4	
Flex Nopay+\$5.50	146.40	145.43	141.29	136.85	137.51	* 141.50	0.95	0.7	
<b>Wheat</b>									
Baseline	80.60	80.76	78.87	76.76	75.30	* 78.46			
Flex Nopay	80.56	80.72	78.87	76.71	75.27	* 78.43	-0.03	-0.0	
\$5.50 Mkt. Loan	80.64	80.66	78.74	76.77	75.39	* 78.44	-0.02	-0.0	
Flex Nopay+\$5.50	80.61	80.62	78.72	76.72	75.32	* 78.40	-0.06	-0.1	
<b>Cotton</b>									
Baseline	131.62	129.62	121.82	111.99	101.58	* 119.33			
Flex Nopay	131.42	129.31	121.47	111.57	101.18	* 118.99	-0.34	-0.3	
\$5.50 Mkt. Loan	131.78	129.69	121.87	112.01	101.67	* 119.40	0.07	0.1	
Flex Nopay+\$5.50	131.58	129.38	121.52	111.60	101.26	* 119.07	-0.26	-0.2	
<b>Sorghum</b>									
Baseline	70.52	70.10	67.37	64.73	62.07	* 66.96			
Flex Nopay	70.73	70.21	67.64	64.70	62.64	* 67.19	0.23	0.3	
\$5.50 Mkt. Loan	70.84	69.98	67.40	64.53	62.56	* 67.06	0.10	0.2	
Flex Nopay+\$5.50	71.06	70.09	67.64	64.56	62.97	* 67.27	0.31	0.5	
<b>Barley</b>									
Baseline	55.40	54.96	53.49	51.99	50.38	* 53.24			
Flex Nopay	55.69	55.04	53.84	51.92	51.01	* 53.50	0.26	0.5	
\$5.50 Mkt. Loan	55.76	54.77	53.62	51.74	50.92	* 53.36	0.12	0.2	
Flex Nopay+\$5.50	56.08	54.83	53.91	51.75	51.38	* 53.59	0.35	0.6	
<b>Oats</b>									
Baseline	34.66	35.73	34.29	31.68	31.61	* 33.59			
Flex Nopay	35.07	36.12	34.76	31.66	32.20	* 33.96	0.37	1.1	
\$5.50 Mkt. Loan	37.44	36.60	33.81	31.64	32.55	* 34.41	0.81	2.4	
Flex Nopay+\$5.50	37.90	36.99	34.12	31.76	33.07	* 34.77	1.17	3.5	
<b>Rice</b>									
Baseline	186.48	182.20	173.56	163.90	152.96	* 171.82			
Flex Nopay	186.47	182.19	173.60	163.81	153.01	* 171.82	-0.00	-0.0	
\$5.50 Mkt. Loan	186.53	182.01	173.62	163.98	153.00	* 171.83	0.01	0.0	
Flex Nopay+\$5.50	186.53	181.99	173.65	163.91	153.01	* 171.82	-0.00	-0.0	

Table A.9. TOTAL NET RETURNS OVER VARIABLE PRODUCTION COSTS

Variable/Year	91/92	92/93	93/94	94/95	95/96	5 - Year Average	Change from Base		
							Absolute	Percent	
<b>8 Program Crops</b>									
	<i>(Billion dollars)</i>								
Baseline	27.78	28.24	26.28	26.24	26.38	* 26.98			
Flex Nopay	27.74	28.12	26.29	25.84	26.51	* 26.90	-0.08	-0.3	
\$5.50 Mkt. Loan	27.59	27.62	26.64	26.04	26.58	* 26.89	-0.09	-0.3	
Flex Nopay+\$5.50	27.65	27.44	26.69	25.73	26.54	* 26.81	-0.18	-0.7	
<b>Corn</b>									
Baseline	10.57	10.30	9.87	9.70	9.42	* 9.97			
Flex Nopay	10.59	10.25	9.92	9.47	9.62	* 9.97	-0.00	-0.0	
\$5.50 Mkt. Loan	10.63	10.19	9.92	9.56	9.67	* 9.99	0.02	0.2	
Flex Nopay+\$5.50	10.65	10.12	9.95	9.36	9.79	* 9.97	-0.00	-0.0	
<b>Soybeans</b>									
Baseline	7.01	7.60	6.56	7.01	7.68	* 7.17			
Flex Nopay	6.94	7.54	6.50	6.87	7.57	* 7.08	-0.09	-1.2	
\$5.50 Mkt. Loan	6.74	7.15	6.85	6.96	7.57	* 7.05	-0.12	-1.6	
Flex Nopay+\$5.50	6.76	7.05	6.86	6.87	7.40	* 6.99	-0.18	-2.6	
<b>Wheat</b>									
Baseline	6.25	6.42	6.14	6.04	6.01	* 6.17			
Flex Nopay	6.26	6.42	6.16	6.04	6.03	* 6.18	0.01	0.1	
\$5.50 Mkt. Loan	6.26	6.37	6.14	6.05	6.04	* 6.17	0.00	0.0	
Flex Nopay+\$5.50	6.27	6.37	6.16	6.04	6.04	* 6.18	0.00	0.1	
<b>Cotton</b>									
Baseline	1.67	1.66	1.56	1.42	1.29	* 1.52			
Flex Nopay	1.67	1.67	1.56	1.43	1.29	* 1.53	0.01	0.3	
\$5.50 Mkt. Loan	1.66	1.66	1.56	1.42	1.29	* 1.52	-0.00	-0.1	
Flex Nopay+\$5.50	1.66	1.67	1.57	1.42	1.29	* 1.52	0.00	0.2	
<b>Sorghum</b>									
Baseline	0.86	0.83	0.79	0.76	0.73	* 0.79			
Flex Nopay	0.85	0.82	0.78	0.74	0.74	* 0.79	-0.01	-1.0	
\$5.50 Mkt. Loan	0.87	0.82	0.80	0.75	0.75	* 0.80	0.00	0.5	
Flex Nopay+\$5.50	0.87	0.80	0.79	0.73	0.75	* 0.79	-0.01	-0.7	
<b>Barley</b>									
Baseline	0.54	0.54	0.51	0.51	0.49	* 0.52			
Flex Nopay	0.54	0.53	0.51	0.50	0.50	* 0.52	-0.00	-0.1	
\$5.50 Mkt. Loan	0.55	0.53	0.51	0.50	0.50	* 0.52	0.00	0.0	
Flex Nopay+\$5.50	0.55	0.53	0.51	0.50	0.51	* 0.52	0.00	0.2	
<b>Oats</b>									
Baseline	0.21	0.21	0.21	0.20	0.19	* 0.20			
Flex Nopay	0.21	0.22	0.21	0.20	0.20	* 0.21	0.00	1.4	
\$5.50 Mkt. Loan	0.22	0.22	0.21	0.20	0.20	* 0.21	0.01	2.9	
Flex Nopay+\$5.50	0.22	0.22	0.21	0.20	0.20	* 0.21	0.01	3.3	
<b>Rice</b>									
Baseline	0.67	0.68	0.64	0.60	0.56	* 0.63			
Flex Nopay	0.67	0.68	0.64	0.60	0.56	* 0.63	0.00	0.1	
\$5.50 Mkt. Loan	0.67	0.68	0.64	0.60	0.56	* 0.63	0.00	0.0	
Flex Nopay+\$5.50	0.67	0.68	0.64	0.60	0.56	* 0.63	0.00	0.1	

Table A.10.

## GOVERNMENT COSTS

Variable/Year	FY-92	FY-93	FY-94	FY-95	FY-96	5 - Year Average	Change from Base		
							Absolute	Percent	
<b>Net CCC Outlays</b>									
	<i>(Billion dollars)</i>								
Baseline	10.72	10.54	10.63	9.65	8.49	*	10.01		
Flex Nopay	10.57	10.39	10.51	9.41	8.37	*	9.85	-0.16	-1.6
\$5.50 Mkt. Loan	11.04	10.54	10.84	9.53	8.40	*	10.07	0.06	0.7
Flex Nopay+\$5.50	10.99	10.39	10.85	9.46	8.29	*	9.99	-0.01	-0.1
<b>Feed Grains</b>									
Baseline	5.40	5.57	5.62	5.22	4.72	*	5.31		
Flex Nopay	5.21	5.40	5.43	5.00	4.56	*	5.12	-0.19	-3.5
\$5.50 Mkt. Loan	4.98	5.53	5.68	5.18	4.61	*	5.19	-0.11	-2.1
Flex Nopay+\$5.50	4.78	5.38	5.48	4.97	4.52	*	5.03	-0.28	-5.3
<b>Soybeans</b>									
Baseline	-0.21	-0.07	0.09	0.03	-0.11	*	-0.05		
Flex Nopay	-0.20	-0.08	0.13	-0.02	-0.10	*	-0.05	0.00	3.9
\$5.50 Mkt. Loan	0.44	-0.09	0.21	-0.02	-0.08	*	0.09	0.15	269.3
Flex Nopay+\$5.50	0.54	-0.12	0.37	0.07	-0.14	*	0.14	0.20	365.1
<b>Wheat</b>									
Baseline	1.78	1.60	1.53	1.29	1.02	*	1.44		
Flex Nopay	1.79	1.60	1.54	1.31	1.03	*	1.45	0.01	0.7
\$5.50 Mkt. Loan	1.87	1.64	1.54	1.27	1.02	*	1.47	0.03	1.8
Flex Nopay+\$5.50	1.88	1.66	1.55	1.29	1.05	*	1.49	0.04	3.0
<b>Cotton</b>									
Baseline	1.01	0.71	0.65	0.55	0.43	*	0.67		
Flex Nopay	1.05	0.74	0.68	0.58	0.45	*	0.70	0.03	4.5
\$5.50 Mkt. Loan	0.98	0.71	0.65	0.55	0.42	*	0.66	-0.01	-1.3
Flex Nopay+\$5.50	1.01	0.74	0.68	0.59	0.45	*	0.69	0.02	3.5
<b>Rice</b>									
Baseline	0.70	0.70	0.66	0.60	0.54	*	0.64		
Flex Nopay	0.70	0.70	0.66	0.60	0.53	*	0.64	-0.00	-0.1
\$5.50 Mkt. Loan	0.70	0.72	0.66	0.59	0.53	*	0.64	0.00	0.1
Flex Nopay+\$5.50	0.70	0.72	0.66	0.60	0.54	*	0.64	0.00	0.3
<b>Other</b>									
Baseline	2.04	2.04	2.08	1.96	1.90	*	2.00		
Flex Nopay	2.02	2.02	2.07	1.93	1.88	*	1.99	-0.02	-0.9
\$5.50 Mkt. Loan	2.08	2.03	2.10	1.95	1.89	*	2.01	0.01	0.4
Flex Nopay+\$5.50	2.08	2.02	2.10	1.94	1.87	*	2.00	-0.00	-0.0



