

Role of Base Acres and Program Yields in U.S. Agricultural Policy

Historically, base acres and program yields have played important roles in determining farm program benefits. In the mid-1930s, cotton farmers agreed to limit plantings to 55-65 percent of their average acreage planted in 1928-32 in return for direct cash payments. Acreage allotments replaced base acres in the 1950s and remained as payment determinants until the 1977 Farm Act adopted current plantings as the payment base. The 1981 Farm Act re-established base acres and program yields for the annual acreage reduction and deficiency payment programs, which continued to be used through the 1990 Farm Act. During this period, program rules constrained growth in base acres and payment yields. The 1996 Farm Act eliminated annual base acres used to calculate deficiency payments, replacing them with multiyear production flexibility contract acreage. The 2002 Farm Act returned “base acres” to agricultural program terminology; however, as a multiyear designation used for direct and counter-cyclical payments that do not depend on current production, the term’s meaning is conceptually closer to contract acreage under PFCs than to prior programs’ base acreage. Base acre and program yield provisions since 1981 are summarized in the appendix.

Changes in base acreage and program yields were made as U.S. agricultural commodity policy moved toward increasing market orientation with the introduction of programs that reduced the degree of coupling of benefits to production (Young and Westcott; Westcott and Young; and Orden et al.). This trend reflects, in part, the related policy goals of reducing market distortions and fulfilling commitments under international trade agreements.