For up to 5 points class participation credit, please turn in no later than 13 Oct.

A. **Multiple-choice questions** (select the most correct response; partial credit may not be awarded):

1. According to Lesson 5a, options to support returns to farmers include the free market, decoupling and target prices. Target prices were explained to be part of a process to provide deficiency payments to participating producers. Guest instructor Joe Lyde explained that deficiency payments of earlier farm bills are similar to the current:
   a. countercyclical payments
   b. allotment payments
   c. parity payments
   d. direct payments
   e. direct and countercyclical payments

2. In lecture notes, Sanders suggest there are 5 categories of domestic farm policy. These include, price and income support, production control, disaster assistance, family and community and:
   a. trade policy
   b. tax policy
   c. stocks management
   d. welfare policy
   e. energy policy

3. According to Sanders lecture, actual farm program outlays for 1996-2002 were:
   a. about what was planned.
   b. lower than planned.
   c. slightly higher than planned.
   d. much higher than planned.
   e. none of the above

4. According to Lesson 5a, actual impacts of the 1996 farm act included:
   a. more certainty on minimum payments, and more flexibility.
   b. less certainty on all payments, and less flexibility.
   c. less compensation and more hassle in paperwork.
   d. less need for knowledge on alternatives and less volatility in feed price and supply.
5. The 1996 farm act (FAIR96) was a 7 year act that was intended to phase down government support to agriculture. It also eliminated key programs including:
a. target prices and deficiency payments
b. acreage reduction program
c. mandatory crop insurance
d. all of the above
e. none of the above

6. FAIR96 also:
a. increased planting flexibility
b. added the Environmental Quality Incentive Program
c. established the Fund for Rural America
d. reauthorized food stamp and nutrition programs for 2 years
e. all of the above
f. none of the above

7. FAIR96 dairy provisions planned for
a. a phase down of milk price support
b. elimination of the milk price support in 2000
c. increases in milk price support
d. level milk price support
e. both a & b
f. none of the above

8. FAIR96 peanut provisions
a. eliminate price support
b. eliminate undermarketings
c. prevent quota transfer
d. allow for transfer of quota
e. both a and c
f. both b and d
g. none of the above

9. FSRIA02 was expected to:
a. cost $180-200 billion over 10 years
b. is a 6 year act
c. increases authorization for conservation funds
d. includes country origin of labeling rules
e. all of the above
f. none of the above
10. FSRIA02 commodity support has 3 types of payments: direct payments, countercyclical payments, and:
   a. target price payments
   b. termination payments
   c. marketing loan gains and loan deficiency payments
   d. allotment payments
   e. none of the above

11. FSRIA02
   a. established a peanut quota buyout
   b. maintains dairy price support
   c. greatly increased authorized funding for EQIP
   d. created the new Grassland Reserve Program
   e. all of the above
   f. none of the above

12. According to Lesson 5c, Sanders’ preliminary evaluation of FSRIA02 suggests
   a. farm land values are likely to increase
   b. payments are size neutral
   c. reaffirms the free market for US agriculture
   d. discourages conservation stewardship
   e. all of the above
   f. none of the above

13. According to Joe Lyde, the average direct payment per Oklahoma farm would be about:
   a. $20,000
   b. $7,600
   c. $50,000
   d. $320
B. **Short Answer Question**

14. Assume the following and compute the total direct and countercyclical payment for wheat. Show your work.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>target price</td>
<td>$3.92</td>
</tr>
<tr>
<td>direct payment</td>
<td>$0.52</td>
</tr>
<tr>
<td>loan rate:</td>
<td>$2.75</td>
</tr>
<tr>
<td>market price:</td>
<td>$3.00</td>
</tr>
</tbody>
</table>