White House and Congressional negotiators are considering a variety of cuts in U.S. farm program spending, including changes in the target price and loan rates.

All these measures are part of a deficit reduction package which has top priority on Capitol Hill.

The U.S. Department of Agriculture has been asked to analyze several mixes of policy changes, including a reduction in target prices of up to 7 percent.

However, a cut of this nature could certainly slow, if not bring to a halt, the economic recovery in agriculture.

While lawmakers grapple with the fate of U.S. farm programs, the expected outcome should call for an estimated $900 million in farm program cuts in fiscal 1988.

But while the White House was recommending the cuts, it will be up to the House and Senate Agriculture Committees to determine where the cuts will be made.

White House officials have said the centerpiece of any farm budget reduction should be at least a 5 percent reduction in target prices.

However, farm lawmakers have resisted proposing larger cuts in 1988 target prices, which are already set to fall.

Both the House and Senate Agriculture Committees earlier this fall approved more than $1.2 billion in spending savings, but the White House objected to them, calling them “illusionary.”

Opponents of the additional 5 percent target price cut say it would slash farm income more than an 8.5 percent across-the-board spending reduction under Gramm-Rudman, set to go into effect if lawmakers fail to cut $23 billion from the budget by Nov. 20.

A 5 percent drop in target prices for 1988 crops would trim an estimated $2.1 billion over the next two years, $700 million more than under the 8.5 percent Graham-Rudman plan.

If the 5 percent reduction were imposed, deficiency payments to corn farmers would be reduced by 13 percent, with wheat farmers seeing an 11 percent reduction.

Deficiency payments for cotton farmers would drop to 73 cents per pound from 79.4 cents, while the rice rate would fall to $10.74 per hundredweight from $11.66.

Farm Bureau is recommending an across-the-board spending freeze as a way to reduce the federal deficit.

Freezing spending at the 1987 level for the next several years would allow substantial reductions in the deficit without the proposed cuts presently being debated.

As long as there were no program increases, the deficit could be greatly reduced without massive cuts in U.S. farm programs.