

# Conflict And Compromise: The Challenge To Develop A New Farm Bill

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**N**ever have so many members of Congress and USDA officials struggled to write new farm legislation. Never has a President threatened to veto farm legislation that exceeded budget guidelines and patiently allowed extensions of the previous law

while agriculture and budget committee members met to work out an acceptable bill. And never have so many other interest groups – food, nutrition, environment, renewable fuels, fruits and vegetables, international trade, federal budget committees, and tax advisers – moved in to see what benefits they can obtain in the new farm bill. Yet, here at the end of April, months behind schedule, the final outcome remains uncertain.

The president's call for a one year extension of the present bill stimulated these last efforts to reach compromise that would meet the President's approval. While farm state legislators realized they would have to accept less than they wanted, they were also concerned about what a new administration a year from now would accept. A new farm bill under either a Republican or Democratic administration leaves great uncertainty compared with writing a bill for another four to six years. Here are the major conflicts that have delayed agreement:

**Funding.** Congress has established a budget baseline for the farm bill. Conflicts arose when various groups tried to claim a share of the total allowed. The House and Senate Agriculture committees had passed bills that exceeded the baseline. The Budget Committee tried to find ways to satisfy funding requirements or delay funding of some programs in future years to be able to pay for programs in more immediate years. Negotiators also have proposed increasing Customs user fees of offset spending more than the budget baseline allowed.

**Tax benefits.** Several groups hope to get tax benefits. These include help to develop cellulosic ethanol production, and tax exemptions for the retired and disabled from paying self employment taxes on conservation reserve payments.

The ethanol blender credit has been 51 cents a gallon but it could be cut to 46 cents to help pay for the programs exceeding the budget baseline.

**Nutrition funding.** Food stamps and nutrition programs have brought in the votes to pass farm bill legislation in the past. This time, more funds for nutrition programs and less for commodity programs may be the key to getting a bill to the President that he will sign. The speaker of the house has insisted that any increased funding for agriculture programs above the budget baseline must be matched with increased funds for food and nutrition programs.

**Fruit and vegetable producer benefits.** In past farm bills, producers could not replace commodity program crops with vegetables or fruits without losing benefits. Earlier negotiations appeared to give some special programs for fruit and vegetable growers. Now such funding appears more uncertain. Also the restrictions on planting fruits and vegetables also remains unsettled.

**Payment limits.** With record high prices for feed and food grain crops, putting limits on total payments to large producers has been discussed. But the specific limit on payments based on adjusted gross income or percent of income from farming also remains open to a final agreement.

In writing past farm bills, legislators and the Administration have reached agreement through compromise. This time compromise efforts appear to have brought some agreements, but on other key issues, the positions of different groups have involved proposals that greatly exceed the budget baseline.

High commodity prices, favorable farm income reports, pressure to reduce federal spending, threats of a recession, rising food prices, and global warming are all significant policy issues that legislators must face. And in a presidential election year, each political party will try to defend or propose the solutions that give their candidates the most favorable image. The President believes the lawmakers have not enough to reform programs that many have criticized.

In this situation, the agriculture community must realize that farm legislation built on the foundation of the great depression 75 years ago must undergo major revisions to survive in any form. Urban members of Congress hold the majority of votes. Only by building coalitions with nonfarm groups can any legislation to help the farm community that needs it most to survive.  $\Delta$

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