

# The 2008 Farm (Food?) Bill: Politics In Control



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**T**he effort to write a new farm bill with a national election only a few months away shows that members of Congress are more concerned about getting reelected than following budget guidelines or the recommendations of the current

Administration. The House and Senate overrode the President's veto before they left for their one week Memorial Day recess.

However, "a technical glitch" by the congressional staff omitted the title of the bill dealing with trade and other international programs when the official copy of the bill was sent to the President. So only 14 of the 15 titles were vetoed and Congress passed them over the president's veto. The Congressional leaders have assured farmers that they have a new long term bill in place. The House has taken action to correct the clerical error and get the missing section of the bill ready for the President which he is expected to veto. The Senate is expected to pass the missing part of the bill when they return after their Memorial Day recess.

Many farmers and landowners will benefit from the bill passed by Congress over the President's veto. However, the public image of hard working productive farmers and many members of Congress is being badly tarnished by official government estimates and the editorial comments of major newspapers across the country.

USDA analysts believe that the large subsidies could wind up costing taxpayers millions of dollars more than lawmakers are estimating. If corn prices dropped to \$3.25 a bushel and soybeans to \$7 a bushel, the subsidies for corn could reach \$10 billion and soybeans \$4 billion. The state revenue guarantee levels when the program starts in 2009 would be based on the high market prices of 2007 and 2008.

A controversial "sugar to ethanol" program would require USDA to sell sugar acquired under price supports to ethanol makers at a substantial loss to the government.

A member of the President's National Economic Council has cited the conference bill as one with "budget gimmicks and timing shifts" that mask the measure's true cost.

The Kansas City Star commented that the bill passed by veto-proof margins is a travesty and that the President favored taxpayers and consumers by vetoing it even though the much of the bill covers nutrition programs that should be funded in separate legislation.

The Wall Street journal points out that farm income this year is expected to reach an all time high of \$92.3 billion, an increase of 56 percent in two years making growers perhaps the most undeserving welfare recipients in American history. House Speaker Nancy Pelosi was cited as

a onetime farm subsidy skeptic, but she now has some 30 freshman Democrats from battleground rural districts to protect. "So more than \$10 billion a year in giveaways to agribusiness is a necessary taxpayer sacrifice to keep her majority," the editorial points out.

The Journal also cites the new income limits to qualify for farm payments as a "bigger scam". Although President Bush sought a \$200,000 annual income cap, Congress set the limit at \$750,000 that did not include loan programs and disaster payments. People with more than \$500,000 in off farm income would not be eligible for payments.

Another Wall Street Journal article expresses concerns about compliance with World Trade Organization violations that would endanger the \$91 billion in annual farm exports.

The House and Senate agriculture committee members who wrote the bill gained support from urban members of Congress by adding \$10 billion in extra funding for food stamps and nutrition programs.

Actually, the new legislation is more of a "food bill" than a farm bill. Only 14 percent of the Act is reserved for safety nets for farmers. More than two-thirds of the funding in the farm bill is devoted to the food stamp program and other nutrition initiatives. Nine percent is reserved for conservation and the remaining ten percent is set aside for energy programs, rural development, research, trade promotions, international food assistance, crop insurance and other priorities.

Despite the criticism, most farm and commodity organization leaders and Congressional leaders support or defend the final bill. The National Corn Growers Association is pleased with the optional market based revenue counter cyclical program. The Average Crop Revenue Election program (ACRE) beginning in 2009 gives producers an option to manage their risk. An American Soybean Association spokesman approved the revenue insurance program as along as it was optional. The Illinois Farm Bureau president urged the President to sign the bill.

Whether you support or oppose the new Act will depend on your perspective. For most agricultural producers, the bill offers a safety net like past acts. For consumers, the food stamp and nutrition programs offer increased funding. For taxpayers, the cost is much higher than the Congressional budget committees had allocated for this legislation. For members of Congress running for reelection, the results will be known after November 2. The months of debate and manipulation that finally produced a compromise bill suggest that a presidential election year is not a good time to write farm legislation that protects producers yet meets sound fiscal policy.  $\Delta$

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