

The Farm Bill Cycle Begins Again

Chairman Peterson Wants To Start Hearings In The Spring Of 2010



SARA WYANT

WASHINGTON, D.C.

With the folks at the Department of Agriculture still struggling to deliver parts of the 2008 Farm Bill, it might seem strange to be thinking about designing new farm programs. However, House Agriculture Committee Chairman Collin Peterson (D-MN) is already looking ahead to 2010 with an eye on shaping the next farm bill.

"What I expect to happen next year is to start hearings on the 2012 Farm Bill, probably in March," Peterson explained. "We will probably have all of the different interest groups come in and tell us what is working well and what isn't and to start formulating their ideas about what they think we should be doing in 2012. My intention is to write a baseline bill and not seek extra money. That way we can deal with this in the Agriculture Committee and not get drug into other committees like we did last time."

Why so early? The Minnesota Democrat says that, "If you look back at history, this is about the time we started working on a new bill. It seems early, but the last farm bill got passed late. It also takes a couple of years to get the agriculture groups to start thinking about what they want".

Peterson would like to support the development of a new type of safety net, perhaps one based on whole farm revenue, coupled with crop insurance. "Frankly, none of the price support programs that we have in place are adequate. They are too low. If we get to price supports, basically you are out of business."

"The big issue is, how do we develop a safety net that works for producers, that doesn't distort the marketplace and keeps the balance? We don't want to get into a situation where we are subsidizing agriculture because we want to maintain a percentage of exports, for example. Maintaining market share is not a good reason to have a subsidy."

Revenue-based programs took a giant step forward in the last farm bill with the development of the Average Crop Revenue Election (ACRE) program, but Peterson says "it got too complicated and got too balled up in the process." Now dairy producers are looking at some type of revenue based program, as well.

While acknowledging that Congress was able to approve some additional assistance this year for the dairy industry, Peterson described the aid package as "a band-aid. And we know that the Milk Income Loss Contract (MILC) program is not a good long-term solution."

"Clearly the dairy program is a problem. We have become the balancing point for the world in the powder market. We have distorted the industry with our price support system. These are the types of things we need to think through and part of the reason I want to start early."

Peterson says it's too early to tell whether or not farm groups are ready to move toward more revenue-based types of safety nets. "My guess is that you will likely see some resistance, mostly from cotton, rice and peanuts. Obviously corn wanted to move in that direction and possibly some of the other crops up in my part of the world. That's another reason to get started. If we are going to make a big fundamental

change in how we do things, it takes time."

Here's a summary of Peterson's comments on a wide variety of other subjects.

Potential budget cuts in 2010? "The department (USDA) has been alerted that there will be an across the board cut in discretionary spending of perhaps 5 percent. But I don't know of anyone talking about cuts in mandatory spending. I have talked to (Budget Committee Chairman John) Spratt and at this point, they not talking about reconciliation. If we were going to be serious about that, the place to start is not with agriculture. It's with Medicare and Social Security; they have a much bigger problem than we do..... I'm expecting that over 80 percent of the baseline will be in nutrition so if you are doing any kind of cuts, you will have to look at nutrition because that's where all of the money is. I don't think anyone wants to do that."

Disaster payments. "This is clearly a problem in certain places, but we have a permanent disaster (program) in the Farm Bill. We hope to have the program finalized in a couple of weeks or so. I have talked to Secretary Vilsack about the possibility of having some type of advance payment for 2009 based on the permanent disaster provisions. He is looking into that. But I just don't see where money is going to come from for ad hoc disaster."

Biomass Crop Assistance Program (BCAP). Created in the 2008 Farm Bill, Peterson says he thinks there are some problems with the way the BCAP program is being implemented at USDA. "I didn't envision this program to be focused on wood, but that's most of where it's ended up. As we start to use significant amounts of wood, environmentalists are going to shut us down just as they shut down the Western forests."

Food vs. fuel? "This is a phony issue. The livestock industry likes \$1.80 corn and they built an industry based on \$1.80 corn which was never realistic because it was subsidized and they got cheap feed. And now when they have to pay the actual value, the model doesn't work so well. So they try to lower the cost at any else's expense. I have told them that we are not going back to the day when we are going to subsidize the livestock industry through a crop subsidy program, or the export markets through a crop subsidy program. We need to get to as much of a market-based situation as we can and you need \$3.50-4.00 to grow corn. And the more environmental regulations they put on us and all of this other stuff, the more it's going to cost. The livestock people need to get used to it and people are going to have to pay more for meat. That's where this is headed."

More help for small farmers? Peterson says there are already niche markets available for small farmers and programs in the 2008 Farm Bill to help beginning farmers. But beyond that, "I am not going to be drug in to these losing arguments between big and small. That's not what this is about. We are not, in Congress, smart enough to figure out how big a farm should be. I don't think we should be subsidizing someone just to stay small. That doesn't make sense."

I'm for small farms, medium-size farms, big farms....as long as they make economic sense." Δ

SARA WYANT: *Publisher weekly e-newsletter, Agri Pulse.*



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