POLICY PENNINGS

By Daryll E. Ray

Proposed Farm Bill: Looking in on Bedfellows

With this article, I want to wrap up this series of articles that reviews the House Ag Committee farm bill proposal. We have been looking at it in detail because it touches on many of the issues that will need to be addressed in any final legislation. This review also gives us a chance to look at the "community of interests" that may need to be taken into consideration as the farm bill is fashioned into its final form.

So far in this series, we have identified a wide range of traditional agricultural interests including: agribusinesses that have a financial interest in encouraging full production; crop agriculture including oilseed producers; livestock producers; wool, mohair, and honey producers; dairy producers; sugar producers; private forest operators; peanut producers; and community supported agriculture and operators of farmer's markets. Non-traditional interests include senior citizens and a wide range of environmentalists with interests spanning from air and water to wildlife and grassland, from "green" energy (windmill farms and biomass) to historical and archaeological preservation.

In wrapping this up we will briefly identify programs that will attract the support of fruit and vegetable producers, tobacco growers; agribusinesses; commodity processors and shippers; advocates for food and nutrition programs for the poor and vulnerable in the United States and around the world; bankers and farm credit suppliers; rural communities and businesses looking for rural development support; and agricultural educators, researchers, and extension specialists. As we finish our review, we do not claim our list of the "coalition of interests" is anywhere near complete. Surely buried in the complicate language are provisions that draw the support of additional interests.

In recent evaluations of the 1996 Farm Bill, other than planting flexibility, nothing has been talked about as much as trade. The sense is that if we could get the trade thing figured out then many of the problems of agriculture would take care of themselves and prices would rise. Our own analysis suggests that additional emphasis on trade, while it is very necessary, might not be the panacea that some would have us expect. With that caveat, let us look at some of the major trade provisions contained in the House Ag Committee farm bill proposal.

The proposed legislation reauthorizes the Market Access Program (MAP) increasing funding from $90 million to $200 million a year. This program is important to fruit and vegetable producers enabling them to pay for overseas marketing programs for their products. For the first time the program is amended to include tobacco among the eligible agricultural products.

Food for Progress is reauthorized with transportation costs increased from $30 million to $35 million a year. Likewise Food for Peace (PL 480) is reauthorized through 2011 with no change in funding.

The Foreign Market Development Cooperator program is reauthorized at the $35 million level. This program is modified to provide for "significant emphasis on the importance of the export of value-added United States agricultural products into emerging markets." Even though the Export Enhancement Program (EEP) has been little used in recent years, this export subsidy program is reauthorized at the current $478 million a year level.

A new program, Technical Assistance for Specialty Crops, is established to "address unique barriers that prohibit or threaten the export of U.S. specialty crops." The program is to be funded at the rate of $3 million a year.

The Export Credit Guarantee Program is extended through 2011.

Moving beyond trade, we note that the nutrition provisions of the legislation provide $140 million annually to make commodities available for the Emergency Food Assistance Program. This is an increase of $40 million over previous legislation. $3.7 billion over ten years will be added to the Food Stamp program to expand participation. In addition, the application process for the Food Stamp Program is simplified, the standard deduction is increased and a six month transition period is provided for those leaving welfare.

The Congressional Hunger Fellows Act of 2001 is included in the legislation providing fellowships in honor of Bill Emerson and Mickey Leland, both deceased Representatives who advocated for food programs. The Bill Emerson Hunger Fellowship will address hunger and other humanitarian needs in the U.S. while the Mickey Leland Hunger Fellowship will address international hunger and other humanitarian needs.

Credit provisions of the legislation cover a wide range of issues including emergency loans in response to an economic emergency resulting from quarantines and sharply increased energy costs. One section of the legislation reserves some funds to provide direct operating loans for beginning farmers and ranchers. A new section on loans to horse breeders has been added providing loans for breeders who have suffered losses as a result of mare reproductive loss syndrome.

A variety of rural development programs are included in the proposed legislation. They range from providing Emergency Drinking Water Grants to increasing funding for the Value Added Grants Program to provide grants for start-up farmer-owned value added processing facilities. In total, the Rural Development section of the legislation receives a ten year total of $785 million in additional funding over the April 2001 Congressional Budget Office baseline expenditures.

Title VII of the proposed legislation deals with "Research and Related Matters" covering a wide range of programs from Nutrition Education Programs to University Research.

A portion of Title VIII repeals the Forestry Incentives Program and the Stewardship Incentive Program and in their place establishes a Forest Land Enhancement Pro-

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gram to address the needs of private non-industrial forest lands. It is the purpose of this program to strengthen the commitment of USDA to sustainable forestry and to establish a coordinated and cooperative Federal, State, and local sustainable forest program for the establishment, management, maintenance, enhancement and restoration of forests on non-industrial private forest lands.

As you can see the scope of the house Ag Committee's proposed 2001 Farm Bill is quite broad, encompassing a wide variety of interests and concerns. It would seem that the proponents of the legislation hope that they have been able to attract a broad enough "coalition of interests" to ensure that the legislation is approved. Only time will tell.

How much did you say?

One last thing, in looking at the numbers contained in the new farm bill, the Agricultural Act of 2001 (H.R. 2646), approved by the House Agriculture Committee on Friday, July 27, it is very easy to get confused. As promoted in the draft prepared by House Agriculture Committee Chair, Larry Combest, the "total spending for the draft concept" was listed as $73.498 billion over ten years or $7.35 billion a year. As a result many in the press have referred to the "10-year, $73.5 billion farm bill. That amount sounds modest enough until one begins to look at the details.

The $73.5 billion is not the total cost of the legislation. Rather it is the increase in spending over the April 2001 Congressional Budget Office baseline projected expenditures that were made a part of the FY 2001 Budget Resolution. The total spending comes in at more than twice that amount at $168 billion ($16.8 billion/yr.). The total amount originally budgeted for the 1996 legislation was $43 billion ($6.1 billion/yr.) but over $90 billion ($15.2 billion/yr.) has been spent with another year to go. The total amount spent under the five years of the 1990 Farm Bill was $46 billion ($9.2 billion/yr.).

Looking back, it is ironic that one of the criticisms of the 1990 Farm Bill was that government farm programs were too expensive and expenditures were too unpredictable from a Federal budgeting point of view. As a result of these criticisms, two of the goals of the 1996 Farm Bill were to rein in costs and put farm program expenses on a stable, predictable budget basis.

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