

# Deciphering USDA's Farm Policy Perspective

One big unknown in the farm bill discussions has been the position of the Bush administration. Earlier this year when the House Ag Committee was holding its hearings, no one expected to hear much from the new administration which had just taken office with a shortened transition period. The expectation was that it would take time for Ag Secretary Veneman to get her team in place and develop a comprehensive plan. Meanwhile major commodity groups and general farm organizations were promoting their proposals and presenting the House Ag Committee with their wish lists.

By the time House Ag Committee Chair Larry Combest put forth his farm bill draft proposal in mid-July, people were beginning to wonder how his proposal squared with administration goals and objectives. The Department of Agriculture made only the most general comments. Combest then held a mark-up session of the Ag Committee and they sent a bill to the floor of the whole House by the end of the month.

The Senate proceeded more slowly because of the change in leadership due to the switch from Republican to Democratic control. However, the new Senate Ag Committee Chair, Tom Harkin, has been clear about his vision of agricultural policy. He has voiced his concern for a strong conservation program and has said he wants to see an energy title in any new legislation.

The Department of Agriculture released its paper on farm policy, "Food and Agricultural Policy – Taking Stock for the New Century" (<http://www.usda.gov/news/pubs/farmpolicy01/fpindex.htm>) on September 19. Those who were looking for a farm bill blueprint will be disappointed. The document paints a broad overview of agricultural policy but contains few specific policy proposals. And, most of what is contained in the paper has already been said by Veneman and other USDA officials in their speeches. Reading between the lines, however, three broad concerns begin to take shape in the paper.

Given Veneman's background and what she has said since her appointment, it is no surprise that the paper contains a strong emphasis on exports. Noting that exports have risen from \$7.3 billion in 1970 to \$53.5 billion for the current fiscal year, the paper asserts that trade expansion is critical to the long-term economic health and prosperity of our food and agricultural sector. The administration is committed to expanding markets through new trade agreements, ensuring that farm and trade policies are compatible, enforcing existing trade agreements and sharpening marketing efforts. While talking about the growing importance of high-value-further-processed-agricultural-products to exports, the paper does not say much about the bulk commodities (program crops) that tradition-

ally have been a major area of concern in farm policy.

The section on conservation and the environment traces the development of conservation policies from issues like soil erosion to "society's demands for improved environmental quality . . . such as rural landscape amenities, wildlife habitat, wetlands, and improved water and air quality." Funding for conservation programs is justified "because environmental amenities typically are not sold on a market, managers of farm and forest have limited marketplace incentives for providing them." The paper goes on to say, "Conservation programs can provide that incentive and compensate land managers for the amenities they provide."

Thirdly, reading between the lines, one can see the influence of undersecretary J.B. Penn, in the suggestions that agricultural policy may need to make a distinction between the largest 150,000 American farmers who "produce most of our food and fiber," and the remaining "2 million farmers who meet the criteria of selling at least \$1,000 worth of products annually." Exactly what that distinction will mean with regard to the hot issue of payment limitations is unclear.

A possible implication of what is written in the paper and elsewhere is that the largest 150,000 farms are sufficiently efficient that they could be profitable without government programs or with considerable less help from the government. Of course, many of the largest farms in the U.S. are not "program crop" farms and thus are already outside commodity programs. Finding farms that can currently grow corn, soybeans, wheat, cotton, or rice profitably without significant government help may be difficult, however.

During the press conference that accompanied the release of the paper Veneman said they are "a long way from developing an ultimate farm bill." The present farm bill is in effect through the 2002 crop year, leaving some time for the administration to translate its vision into specific program proposals.

The new factor that has radically changed our reality and perhaps even the agricultural policy landscape is the terrorist attacks on the World Trade Center and the Pentagon.

Undoubtedly, some of you have been directly touched by the September 11 tragedy. My heart goes out to you and all the victims and their families.

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