Smorgasbord: Pat Roberts' retirement, the government shutdown, and a deeper dive into the 2018 Farm Bill

In this column we will discuss three items that will have an impact of farmers, either in the short-run or the long-run: the announced retirement of Sen. Pat Roberts, long-time chair of the Senate Agriculture Committee; the impact to agriculture of the government shutdown that is in its 15th day as we write this column; and some elements of the 2018 Farm Bill that we did not examine in our initial coverage of the legislation (https://tinyurl.com/ybo7b264).

Given our perspective on farm policy, the January 4, 2019 announcement by Sen. Roberts that he would not be running in the 2020 election is good news for farmers who are facing another year of low prices with an inadequate counter-cyclical safety-net program. Roberts is best known at the father of Freedom to Farm, the 1996 Farm Bill. That piece of legislation turned 60 years of farm legislation on its head and resulted in tens of billions of dollars in emergency payments in the 1998-2001 period. Freedom to Farm was so bad that it had to be ended a year early. But Roberts didn't give up and admit that he was wrong, instead he doubled down on expensive income support programs like crop insurance and direct payments. Hopefully, with new leadership in the Senate Ag Committee we can get back to proven policies that support prices and allow farmers to earn their income from the marketplace instead of the mailbox.

Talking about properly designed price support policies, we cannot help but believe that if they were still in effect the current government shutdown would not be having near the worrisome impact on farmers as we currently see. If farmers had good market prices right now, the inability to talk to people at the local Farm Service Agency office would not be critical. Likewise, if we had loan rates that were near the full cost of production, not having the latest supply and demand estimates from the USDA wouldn't require a second thought. Similarly, if we had a price support program, the impact of the trade disputes we are having with China and Mexico would not require the Trade Retaliation Mitigation payments that are likely to be delayed by the government shutdown. Good prices would go a long way toward mitigating the financial challenges farmers are facing after four years of a sharp decline in net farm income.

In looking deeper into the 2018 Farm Bill, we want to highlight some analysis that has been done by the National Sustainable Agriculture Coalition (NSAC) (https://tinyurl.com/ycetmev7). In addition to some general comments on the 2018 Farm Bill, NSAC provides six drilldowns that go deeper into specific issues. These six are 1) local/regional food systems and rural development, 2) beginning and socially disadvantaged farmers, 3) organic agriculture, 4) conservation, 5) research and plant breeding, and 6) commodity programs and crop insurance. Each of these drilldowns provided information in greater depth than we have space for in our weekly column and we commend them to our readers.

Also, of interest is a set of graphics on the webpage called "2018 Farm Bill by the Numbers." Not surprisingly, the biggest projected share of spending for 10-year farm bill costs is for Title IV: Nutrition, $663.8 billion.

The "farm" portion of the farm bill accounts for $208.9 billion. Title I: Commodity programs are projected to cost $64.6 billion over the next decade while Title II: Conservation programs are slated to receive $59.7 billion. Crop insurance subsidies (Title XI) are projected to cost $77.9 billion over the decade.

Compared to the cost that was projected when the 2014 Farm Bill was adopted, the anticipated cost of commodity programs in the 2018 Farm Bill has increased by $20.1 billion over the 10-year budgetary period required for scoring legislation. This increased cost is primarily due to the low prices that farmers are now receiving for their commodities—a situation that is unlikely to change short of a large-scale crop production disaster in the US or elsewhere in the world. Crop insurance costs are projected to decline by $12 billion over the next decade. The cause is the same low prices, since the government’s cost to subsidize insurance premiums are linked to crop prices. The net increase of the two programs is $8.1 billion.

If prices continue to decline (the 10-year costs are essentially straight-line projections), the Title I: Commodity program costs could increase significantly and even with higher program costs, farmers will find themselves in an increasingly precarious position.

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