

# **The next farm bill may be written at a time of extreme political polarization and atypically high crop prices**

The year-ending corn stocks-to-use ratio has been below 10 percent 15 times since the end of WWII. Of those 15 years, 10 resulted in corn prices that were significantly higher than would have otherwise been expected, with 7 of those—including the 2020 and 2021 crop marketing years—occurring in the period following the passage of the 1996 Farm Bill with its virtual elimination of the holding of reserve stocks by the US government through the Commodity Credit Corporation.

It has long been our observation that the worst time to write farm legislation is a period in which prices are much higher than usual with 1996 being a prime example. That led directly to thoughts about the 2023 Farm Bill. This time, our concern goes beyond the influence of higher crop prices. We will be writing the farm bill at a time when partisan political polarization is more extreme than at any point in our lifetime.

Have we seen political polarization before? Certainly, one can put the Civil Rights Movement and the Vietnam War in that category. But, in both cases the division was within each of the two major parties. For instance, Northern Democrats and Rockefeller Republicans could reach across the aisle to pass the Civil Rights Act of 1964. It seems to us, we have not checked the full legislative record, that there were shifting coalitions of members of both parties that worked to enact most major legislation.

Today, that is not true when it comes to major pieces of legislation. Thus, our second worry about the 2023 Farm Bill. Will a time of political partisanship join high crop prices as the worst of times in which to write farm legislation?

Let's tackle those issues one at a time.

High crop prices skew the design of commodity support programs and the way the money allocated for the farm bill is spent. During the long periods of low prices, crop farmers need programs that will keep them afloat. But, when commodity programs are written during a period of high prices, some farmers want to keep the money flowing even if the need is not there. This raises the question of why we have farm programs and commodity policy in the first place.

Crop agriculture experiences long periods of low prices punctuated by shorter periods of high prices. Low price periods are those times when prices are below, often well-below, the full cost of production including returns to land, equipment, and labor.

Thus, traditional agricultural commodity policy is designed to ensure that farmers receive a fair price for the crops that they grow. In the past, it has also protected consumers by holding crops in storage that can be released into the marketplace during periods of a production shortfall.

The 2018 Farm Bill did not include price support programs and we saw 6 years of below-the-cost-of-production crop prices. As a result, we lost a number of farmers before the higher price of the last two years appeared.

From a humanitarian perspective, we want to see the productive capacity of US agriculture exceed current need, we just don't need to use that capacity all the time. Smart farm policy enables us to achieve that goal.

From where we sit, commodity policy is the easier of the two challenges to solve. The extreme partisanship that we see today makes the assembling of a workable farm bill coalition more difficult.

The good news for farmers is that in Senate elections, low population predominantly rural states outnumber more highly urbanized states, providing most Senators with the incentive to support farm legislation. The bad news, most members of the House of Representatives come from urban districts.

The inclusion of the Supplemental Nutrition Assistance Program (SNAP or what used to be called Food Stamps) in the farm bill enhances the possibility of assembling the coalition of rural and urban legislators needed to ensure support in the House. The inclusion of SNAP is an important means of building a winning coalition for farmers and those who rely on nutrition programs.

This coalition is more than a means to an end. While the absolute number of people using SNAP benefits in urban counties is larger, rural counties generally have a greater portion of their population dependent on SNAP benefits.

The key to reducing the impact of political partisanship on the writing of a sensible farm bill that works equally well for both urban and rural residents is for the farm community to reach out to people whose only view of rural areas is what they can see from their automobile as they whizz down the Interstate from one metropolis to the next.

We need to sit down and listen to each other as hard as that may seem. If we do that, we have a real chance at breaking through the political polarization that puts the farm bill at risk.

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