

The Minnesota Project

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Increasing Demands on Farm Bill Requires Fundamental Changes in Farm Policy

GILFILLAN, MN – Those attending the USDA’s 2007 Farm Bill Listening session at Farmfest on August 3rd received a perspective on the comprehensive nature of 2002 Farm Security and Rural Investment Act, the Farm Bill.

The Farmfest listening session was one of nine scheduled by Secretary Johanns in which anyone can participate and give their two-minute testimony on what they would like to see in the next farm bill legislation in 2007.

Commodity crop producers made statements ranging from keeping the farm bill legislation the same to stating that the crop subsidies are nothing more than welfare payments and should be eliminated.

But the diversity in the titles of the farm bill was revealed when testimony was heard in support for a waste water treatment facility, a mental health facility, the nutrition program, a medical clinic, a nursing home addition, wind energy policy, educational support for 4-H and FFA and research needs for value-added business potential.

The Rural Development Title, one of ten titles in the 2002 Farm Bill brought more than \$254 million dollars into the state’s economy in 2003, mostly through rural housing service, but also community facilities.

At a Congressional Perspective Farm Bill Forum on Tuesday, Congressman Bob Goodlatte, Chair of the U.S House Ag Committee, stated that the additional demands for resources in the next farm bill legislation are going to make it very challenging. “We are not only seeing an increase in the demand for resources in these other titles of the farm bill, but also in the commodity title”, stated Goodlatte. “There are 650 commodities grown in this country and the farm bill only provides support for 20. In the past, the other commodity groups have been satisfied with promotional dollars, but they have indicated that that will not be the case in the next farm bill.”

In addition to these stressors on the future farm bill, it has been determined that current farm bill policy is not in compliance with World Trade Organization rules, our nation has a looming federal deficit, farm input costs are increasing, and the public is demanding that stewardship of our nation’s natural resources is also included in the farm bill. This has put policy makers in a difficult position.

“What makes this even more difficult for congress”, said Tim Gieseke, policy specialist for the Minnesota Project, “is that many of the influential commodity groups are telling their congresspersons that the 2002 Farm Bill is working great, farm income is up and investment in value-added businesses is growing.”

According to Kevin Klair, University of Minnesota Center for Farm Financial Management, that trend is correct as net farm income rose to an average of \$74,000 in 2004 and the average federal farm support payment to Minnesota farmers last year was around \$25,000.

The question remains if the federal budget can continue to support it.

“Moving forward with the intentions of maintaining the status quo on commodity-based subsidies and addressing other concerns does not seem feasible”, said Gieseke. “There is an idea emerging that more governmental support should be given to the crop and revenue insurance program to provide farmers with an affordable method to secure a bottom line in their operation. Additional income support could then be attained under the Conservation or Energy titles of the farm bill to assist farmers in addressing our nation’s soil, water and energy resource needs. Payments and subsidies made under these premises would also be WTO compliant.”