

Show-Me state raises curtain on '07 Farm Bill

By JERILYN JOHNSON & DUANE DAILEY

LET the debate begin. With the expiration of the 2002 Farm Security Act imminent, Congress will soon be focusing its attention on agricultural policy and drafting of the 2007 Farm Bill. U.S. Secretary of Agriculture Mike Johanns completed his series of farm bill listening forums in late November, with a stop in Springfield on Nov. 4, drawing more than 500 people from Missouri's agriculture industry.

On Dec. 7, Agricultural Leadership of Tomorrow hosted an event in Columbia, drawing another 170 people, that served as a background for existing U.S. farm policy, as well as a launching pad for new farm policy. "Raising the Curtain on the 2007 Farm Bill," was a daylong discussion of the farm economy and the issues likely to be covered during 2007 Farm Bill debates.

"Our goal was to gather policy makers, agricultural producers, ALOT members and others to discuss issues facing farming and rural economies," says Kristin Perry, ALOT executive director. Discussion panels featured farm bill experts, state government officials, ag organization leaders and farmers, and staff members of Missouri's U.S. Congressional delegation.

One of the nation's top agricultural policy experts, Abner Womack, led discussion at the ALOT farm bill conference and town hall meeting. Womack is co-director of the Food and Agricultural Policy Research Institute at the University of Missouri, Columbia. FAPRI-UMC provides independent farm policy analysis for U.S. House and Senate agricultural committees. It also prepares "representative farm" models for agri-

Key Points

- Missouri begins 2007 Farm Bill debate with listening session and conference.
- Ag economist leads discussion, explains FAPRI's role in farm bill.
- Next farm bill faces even tougher budget and WTO rule constraints.

culture committee members to study during the farm-bill draft periods.

Womack educated conference attendees on the history of farm-program legislation and reviewed the 2002 Farm Bill. He also presented an economic outlook and shared his analysis of what to expect in the 2007 Farm Bill.

Bill faces tight budget

"The next farm bill has budget written all over it," Womack says. "The federal financial constraints we see being wrestled with by the House and Senate as they prepare a budget reconciliation bill this session are an indication of problems in drafting a new farm bill." Womack has worked on every farm bill since the 1970s. The present farm bill, written in 2002, will expire by the end of Congressional session in 2007. Hearings and listening sessions will be held during the coming year. "Every economist you hear says the 2007 Farm Bill will be 'budget, budget, budget,'" Womack says.

"The current federal budget [being considered at press time] faces a cut in spending on USDA programs of around \$3 billion, spread over the next five years," he says.

FAPRI-UMC is starting a process to build a 10-year baseline that will be the

foundation of policy analysis of proposed changes in the federal farm legislation. Womack says the first budget constraint on a new farm bill is the increasing federal budget deficit.

The U.S. House of Representatives approved legislation that would reduce total mandatory spending by nearly \$50 billion during fiscal years 2006 to 2010. The Deficit Reduction Act of 2005 includes cuts of \$3.7 billion in agriculture programs. Narrow passage of the bill by a vote of 217-215 set up a conference with Senate members, whose version of the legislation reduces overall mandatory spending by \$35 billion, including cuts of \$3.01 billion in agriculture programs over five years. The House and Senate conducted more sessions in December to make their final decision.

The House version requires USDA to save \$1.01 billion by cutting direct payments to row-crop producers by 2.5% and eliminating Step 2 payments for cotton; \$760 million by reducing conservation spending; \$446 million by decreasing rural development program funding; \$620 million by cutting USDA and cooperative Extension research programs; and \$796 million by reducing food stamps.

The second budget constraint, according to Womack, will be the rules of the World Trade Organization. "We have already lost our cotton program in a case brought by Brazil," he says.

AG SECRETARY Mike Johanns takes careful notes at the Farm Bill Listening Forum in Springfield.

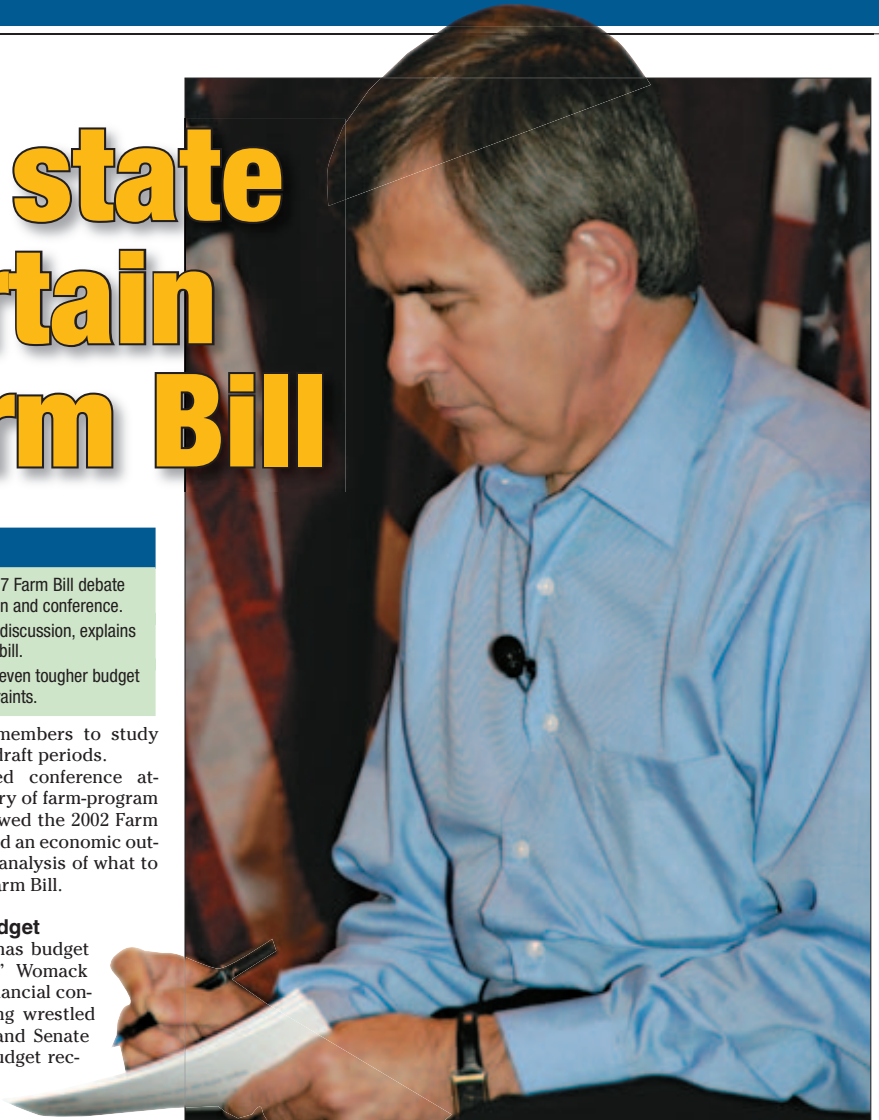
"Other countries are looking at our farm programs, including Canada's concern about our corn exports."

The third budget constraint is proposals to cap federal payments to individual farmers. The caps are "a popular idea that won't go away," he says.

Summing up his look at the farm legislation heading toward 2007, Womack believes farmers will be a lot more optimistic going into the process than they will be coming out the other end. "You can already see the farm organizations preparing a defensive position to maintain what they have," he says.



ABNER WOMACK, FAPRI-UMC, says the next farm bill will have "budget written all over it."



MISSOURI AG producers line up to be heard at the Farm Bill Listening Forum in Springfield. More than 500 people attended the event on Nov. 4.