In The Hopper In Washington In... 1988

CHOICES *is pleased to present this special feature on the 1988 Washington agenda. We asked each of the four panelists—*CONGRESSMAN DE LA GARZA, CAROL BROOKINS, JOHN DATT, AND SENATOR LEAHY, *—to share with you their answer to the question, "What food, farm and resource issues will/should be prominently on the agenda in Washington in 1988?"*
As you read their responses consider issues that they do not mention, but should be on the agenda. And then write us a Letter to the Editor.

E. (Kika) De La Garza

Member of Congress from the Fifteenth Congressional District in Texas and Chairman of the House Agriculture Committee

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There is growing evidence that the worst of the farm crisis is over. With the help of the 1985 Farm Bill, a recovery is occurring out on most of our nation's farms. Farm income is up, commodity surpluses are down and both domestic consumption and export sales of agricultural products are on the rise. In December 1987, Congress took a big step in providing stability and assuring the availability of credit to farmers with passage of the farm credit bill which the president signed into law.

But while the crisis may have passed, the Federal Government has a responsibility to ensure this recovery continues and that long-term stability will take hold in rural America.

However, we must recognize the budgetary cost. Once again, the most time-consuming and hardest issues Congress will face involve the budget. Like last year, the agriculture committees and Congress will be faced with many hard choices in reducing the federal deficit. The cost of farm programs must come down. We're making progress but more will have to be done.

High on the congressional agenda will be completing work on the trade bill. The 1985 Farm Bill has helped make American agricultural products competitive in the world marketplace. The agricultural export provisions in the House and Senate trade bills will help American agriculture gain access to foreign markets.

Congressman De La Garza

Another priority this year is to break the congressional deadlock over new federal pesticide regulations. The current Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) needs to be modernized and strengthened. Farmers need to be assured of the availability of effective, environmentally safe chemicals for food production. Public safety and public confidence in the government's ability to regulate this area are at stake.

Other issues that I hope we can address in the coming months include:

Rural development. Farm foreclosures and government acreage reduction programs have taken a toll on rural towns dependent on agriculture. Some are surprised to hear that while the farm economy is getting back on its feet, rural America as a whole is not. Yet we forget that only about a third of rural employment is related to agriculture. Rural America's communities need the tools and assistance necessary to foster the economic growth and prosperity the rest of the country enjoys.

Resource conservation. The conservation provisions in the 1985 Farm Bill and certain management practices of the U.S. Forest Service need to be reviewed in the coming year.

Marketing loans. Many in the agriculture community, citing the effectiveness of the cotton and rice marketing loan programs established by the 1985 Farm Bill want to see it extended to other commodities, particularly soybeans. Congress should consider this issue.

Food safety. We need to ensure the healthfulness of our food supply, including increasing the effectiveness of the meat and poultry inspection programs.

Groundwater. The deterioration in the quality of the nation's groundwater supply poses an increasing threat to the environment and to food production. It's time for responsible government action.

Futures trading. The October 1987 stock market crash has precipitated a review of the roles the Commodity Futures Trading Commission and the Securities and Exchange Commission play in regulating commodity futures trading, particularly stock index futures. The House Agriculture Committee will be carefully reviewing the studies done on this issue.

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Carol Brookins

Carol Brookins is President, World Perspectives, Inc.

It's a hazardous occupation to try to predict agricultural policy, particularly during an election year. The year 1988 is no exception. Yet, it is safe to forecast that there will be no major overhaul of the current policy that was mandated under the 1985 Food Security Act (FSA) because there is at present no major crisis threatening the underpinnings of the agricultural economy and the political future of elected national officials. The U.S. agricultural economy has improved substantially under the policy mix of the 1985 law. Additionally, the budget is a major factor limiting any new agricultural program.

USDA will be continuing to focus on implementing existing programs, and the tremendous discretion given to the Secretary under the 1985 FSA gives the Department a great deal of latitude. Congress will be less important this year in new policy initiatives, with its main effects on agriculture coming from provisions contained in the Omnibus Trade Bill. In fact, the triggered marketing loan may well be included in the trade bill

Carol Brookins

which comes out of the conference and is sent to the President.

There are several other issues which will have to be addressed, both in the context of domestic program operations and international trade objectives.

First, acreage reduction. The United States, despite its protests to the contrary, has indeed shouldered most of the burden of supply adjustment in the world through significant acreage reduction initiatives—the Acreage Reduction Program (ARP) and Conservation Reserve Program (CRP). Between the two, a record 80 million acres of cropland will be removed from production in the current season. The U.S. is producing less wheat, feed grains, cotton, rice, and soybeans than it is utilizing. Given the expansion of the CRP, there will undoubtedly be a debate over what should be the total acreage reduction level.

Second, soybeans. CRP requirements and competition for acreage from more attractive corn and cotton programs are constraining soybean plantings at current price levels. This is leading to a tightened domestic and world supply, and higher prices which, in turn, are acting as a production-incentive to Southern Hemisphere producers. Legislative efforts to enact a soybean marketing loan or some other soybean policy initiative could move through the Agriculture Committees during the current season; there are doubts that it could pass the Congress particularly given continued Administration opposition.

Third, feed grains. The position of stocks could require USDA to set up an auction system for moving corn and barley into the marketplace, as currently exists in the case of wheat.

Fourth, wheat. Wheat stocks will be drawn down enough so that the Administration may have the option of reducing the ARP below the mandatory minimum of 20 percent. Tight supply will reduce the United States' ability to maintain pressure on world wheat prices through the Export Enhancement Program (EEP) although the 1988 election will keep an aggressive program in place.

Fifth, trade negotiations. Overlaying these specific issues is the general push from the Administration to reach preliminary agreement on agricultural policy and trade reform with the United States' trading partners in the Uruguay Round of multilateral trade negotiations. Higher prices and stronger markets will diminish rather than escalate the negotiating momentum.

Sixth, the budget. Despite all the last-minute efforts at forging a two-year budget compromise package before Christmas, the agricultural budget could again have to be addressed in 1988. If economic growth lags projections, additional cuts in the budget will have to be made to meet mandatory deficit reduction levels.

Seventh, rural development. There will be a lot more talk about rural development ahead of the 1988 election. Rural development is "good politics." The question is not whether proposals will be introduced and debated, but whether major program initiatives can be legislated because of the costs involved. Legislation will require both "creative financing" and bipartisan agreement on what should be done by the Federal Government.

In general, the year will be long on rhetoric, short on action with the exception of the continued strong intervention of the government in the marketplace. Attention will be focused on the potential for policy change in the 1990 agricultural bill—with decoupling, mandatory controls, and across-the-board marketing loans the current most discussed topics. Inherent in the debate is whether the United States will institutionalize the high level of government operation in markets and high level of export subsidies mandated as temporary policy in the 1985 FSA.

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John C. Datt

John C. Datt is Executive Director of the Washington Office, American Farm Bureau Federation

Presidential politics always has a way of getting its nose under the legislative or regulatory tent. This will be the most important factor in determining the food, farm and resource agenda for the coming year. To be specific, one of the major agenda items will be retaining the fundamental principles of the 1985 Farm Bill. The principles of establishing competitive loan rates, voluntarily reducing government stocks and supplementing farm income will be the main areas of discussion. Over the years, farm policy decisions made in presidential election years have caused more problems than they have solved.

The Budget Reconciliation Package, passed late in 1987, with its agricultural spending cuts for 1988 and 1989 should mean that this issue will now be dormant until 1989. However, because of the general dissatisfaction with the federal budget process, i.e., one major bill covering all appropriations being passed the last week of the session, many people will be taking a look at this area. There is general agreement that there has to be a better way to run our federal budget railroad, but no one has yet come up with a good alternative.

John C. Datt

Probably the agenda item that will be the most important is international trade. There are three areas of concern: (1) the trade bill that will be considered by our Congress, hopefully sometime in the early months of 1988; (2) the Uruguay Round of GATT trade negotiations, and (3) approval by the United States and Canada of the Free Trade Agreement. These three issues will become intertwined as the Congress and the Administration seek to develop market expansion trade policy.

Environmental issues may rank second on the agenda. Passage of an extension of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) will be of top priority. Such issues as farmer liability protection, uniform residue tolerances and several other difficult issues are important to farmers and ranchers.

Groundwater quality may well become the sleeper issue in the year ahead. Many groups, both within and outside agriculture, have come to realize the importance of dealing with the quality of our groundwater.

The 1987 Farm Credit legislation will keep this item on the front burner. Implementation of these amendments will involve not only Washington, but the agricultural lending institutions,

particularly the Farm Credit System.

Washington observers will be watching very closely what happens in the outcome of the National Beef and Pork checkoff referenda that will be held in the spring and fall of 1988. Other commodity groups wishing to have a national compulsory checkoff program will be watching these votes to determine their future course of action. If favorable, one could expect a drive for similar legislation by these groups.

Several labor issues that impact farmers' costs will be up early in 1988. Legislation to increase the minimum wage and mandated employee benefits are the two major ones.

Well, when all is said and done, what really will happen in 1988? There will be a lot of political rhetoric, campaign speeches, and desire to save the family farm. But when it is all over, I expect agriculture will continue to survive and, in fact, be in an even stronger position as we begin four years of a new administration in 1989.

Senator Patrick J. Leahy

U.S. Senator from Vermont and Chairman of the Senate Committee on Agriculture, Nutrition and Forestry

Senator Leahy

The Senate Committee on Agriculture, Nutrition and Forestry will work on a broad range of issues this session. The Committee will continue to oversee the operation of the 1985 Farm Bill and the recently passed farm credit legislation. In addition, the Committee will be active on a number of other fronts.

Clearly, a primary thrust of the Committee this year will be in the area of trade. We will approach trade on no fewer than three separate fronts; the omnibus trade bill conference, the Canadian Free Trade Agreement (FTA), and the negotiations on the General Agreement on Trade and Tariffs (GATT).

The Conference Committee should complete work on Agricultural title of the Omnibus trade legislation early in the year. A few items of contention still exist such as the triggered marketing loan programs, import product labeling and lamb import quotas.

Second on the trade agenda is the Canadian FTA. In general, I think we need to continue to open markets and reduce barriers to trade which the FTA does. But the agreement and the legislation necessary to implement it needs to be looked at carefully. Agricultural supports for example are defined in the agreement as including everything from direct payments to farmers to Army Corps of Engineers spending on inland waterways.

Finally on trade, the Committee will examine the negotiations on the General Agreement on Trade and Tariffs (GATT). The Administration laid down an ambitions proposal calling for the removal of all government farm subsidies over a period of 10 years.

This proposal should be taken seriously. I think it can serve as the starting point for a successful negotiation. I have some serious reservations about the proposal. My problems with the proposal are more around the edges rather than at the center. The heart of the matter is that unbridled subsidization and protectionism costs too much in dollars, competitiveness, and lost markets.

On non-trade issues, a continuing area of concern for the Committee is the impact of the 1985 Farm Bill. The bill does appear to be accomplishing its major objectives. Low prices are increasing demand for our products at home. The same low prices, coupled with a weaker dollar and vigorous export promotion programs are increasing the demand abroad. But the low feed grain prices may be a temporary phenomena. Eventually prices should recover. My concern is with the impact our low feed grain prices is having on some other industries.

Shifting regional dairy production is a good example. Growth in the west, south and southeast is based, in part, on low feed grain prices. But this expansion in certain regions is causing the entire country to face support price cuts. When the dairy farmer in the midwest and the northeast is priced out of business, it isn't temporary. When corn prices return to levels above $2.00/bushel, we may be looking for milk in places, not so dependent on feed, where it simply doesn't exist anymore.

The soybean industry is another good example. Our feed grain policy forces producers to plant program crops. For a farmer to exit government programs and plant soybeans now requires soybean prices nearly three times above corn prices. But when South American farmers look at the world market, the economics clearly indicate soybean plantings. Our feed grains program is quickly moving our soybean industry south of the equator.

This year the Committee will also finish its work on legislation to reauthorize the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) early in the session. Another program up for renewal is the Federal Grain Inspection Service. With the concerns expressed about the quality of our exports, reauthorizing the Grain Inspection Service may take in several other grain quality issues.

I expect the Committee to conduct a number of oversight hearings and hopefully move several other bills in this shortened session. Among these are: dairy policy, meat inspection, rural development, implementation of the 1987 Farm Credit bill, the Commodity Futures Trading Commission, nutrition programs and the research agenda of the USDA.