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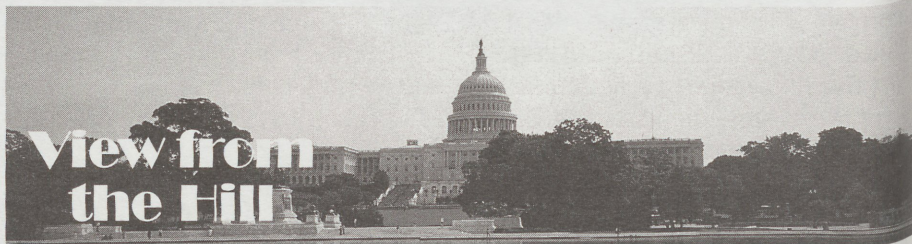
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The Farm Bill is Law...What Next? ... Debate on the Farm Bill!?!

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by:
Robert Fouberg

The Farm Security and Rural Investment Act of 2002 ("2002 Farm Bill") was vigorously debated, hashed out by legislators of both parties who represent virtually all regions of the country and all commodities, and it was passed overwhelmingly by both houses of Congress. President George W. Bush hailed the 2002 Farm Bill as "...important legislation... [that] will strengthen the farm economy...and [that] helps America," just prior to signing it into law on May 13, 2002.

It weathered the sundry battles faced by each of its ancestors, winning or losing each of those battles, depending upon the perspective of the observer. The sensational stories and the indignant editorials about overly generous, misguided, and unwarranted federal agricultural policy have generally disappeared. Therefore, nothing seems to stand between producers and the predictability and consistency they expect from the 2002 Farm Bill...well, not exactly.

As with any law, the 2002 Farm Bill must be implemented through rules and regulations. In this case, of course, that duty falls primarily on the U.S. Department of Agriculture. While USDA personnel have and will continue to work diligently and professionally to implement the 2002 Farm Bill, they have raised a number of valid concerns including staffing levels, the difficulty of meeting statutory and other deadlines for implementation, and the creation of new programs. Any way you slice it, there are bound to be delays in implementation and a few bumps in the road. So be patient, but also be

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diligent; make sure all of your assignments are up to date and that they encompass the new components of the 2002 Farm Bill, and stay abreast of new rules and regulations.

As if implementation of the 2002 Farm Bill as passed on May 13 was not enough of a concern, a variety of issues considered during earlier debate have resurfaced in discussions on fiscal year 2003 and supplemental appropriations measures.

Among these issues are lower limits on government payments to farmers and ranchers, restrictions on packer ownership of livestock, and disaster assistance. Regardless of your position on each these issues, it is important to consider the variety of interests balanced in the 2002 Farm Bill and to recognize that disturbing any component of the support structure could have unintended consequences.

In addition to these policy considerations, there has also been much speculation that continued low commodity prices could result in significantly higher outlays under the 2002 Farm Bill than originally projected and that as a result, Congress may seek significant changes well before its expiration.

The 2002 Farm Bill is not yet a done deal; time, effort, expertise, and constructive comment are required to bring the 2002 Farm Bill to full implementation. At every opportunity, ABA has called for consistency and predictability of federal support of production agriculture. ABA believes the 2002 Farm Bill provides such predictability and consistency. Fundamental change to the support structure in the 2002 Farm Bill would

take away that predictability and consistency and again leave farmers and ranchers guessing as to what the next crop year will bring in terms of federal support.

A member of the House Committee on Agriculture told me that bankers are often the first to alert Congress to stresses in the agricultural economy. For this, I believe he is appreciative. He then followed up with the comment that bankers are often also the first to ask Congress to respond to those stresses and should therefore be among the first to support efforts to alleviate those stresses. The support structure in the 2002 Farm Bill is such an effort. ABA will continue to monitor the various developments regarding implementation of the 2002 Farm Bill and will engage as necessary in the debate of those issues of importance to the banking industry as a whole.

The 2002 Farm Bill is not perfect; no law or regulation is perfect. However, it is the result of hundreds of hours of testimony and debate and represents a reasonable balance of its various constituents. I encourage each of you to review carefully the 2002 Farm Bill, the various changes currently being considered by Congress, and comments by USDA and others regarding implementation, and to identify those issues of particular concern to you, your bank, your customers, and your community. You should then contact your Congressional delegation and USDA regarding your concerns and to offer constructive suggestions for change.