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2013 Farm Bill: Does Passage Depend on Long-Dead Philosophers?

James L. Novak

First, thanks to all who helped make this honor possible, in particular Drs. Larry Sanders and Curtis Jolly. Contrary to the opinion of some, I believe it is only through the help of others that some level of success is achieved in life. Growth for me came through being mentored by some pretty awesome individuals including those at the University of New Hampshire, Clemson, and Texas A&M. I also thank mentors from Southern Extension Public Affairs Committee (SEPAC) and the National Public Policy Education Committee, which unfortunately no longer exists. In particular, I would like to thank the late Dr. Daniel B. Smith of Clemson who gave me so many opportunities for professional advancement through crop insurance and risk management education programs. I would also like to express my personal appreciation to the members of SERA 39 and the policy team that have graciously continued to include me as a member.

When asked for the guidelines on this presentation, I was told that I could do whatever I wanted. Because I have been doing that for the past 20 years, I could only think of doing what I have been doing and that is something on the Farm Bill. I thought I had an original idea to present related to the division in Congress being the result of ideological differences in economic philosophy, resulting from the writings of long-dead economists. It turned out that today's philosophers had already come to the same conclusion.

This article makes no attempt to decide whether passage of a Farm Bill is good or bad for the country. It does describe philosophical and thus budgetary factors that might weigh for and against passage of a 2013 Farm Bill and opportunities presented for public policy education through the alternatives and consequences method. From the evidence of history, it appears that ultimate failure or success of a new Farm Bill has to do with philosophical as well as social and political factors, economics, and budget being a battleground to support positions set in concrete.

The Farm Bill, Economic Ideas, and Federal Spending

Blogger Fabius Maximus cites a widely quoted line from Keynes *General Theory* relating to mankind being, "The slaves of some defunct economist" (Maximus, 2012). However, the last two sentences in the *General Theory* are perhaps more compelling. To quote, "In the field of economics and political philosophy there are not many who are influenced by new theories after they are 25 or 30 years of age, so that the ideas which civil servants and politicians and even agitators apply to current events are not likely to be the newest. But, soon or late, it is ideas, not vested interests, which are dangerous for good or evil" (Keynes, 1936). The average age of the 110th Congress that passed the 2008 farm bill was 57 years (Amer, 2008). Perhaps that is the reason politicians often claim their early readings as being pivotal to their current actions (for example, Paul Ryan's expressed admiration for the

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writings of Ayn Rand as indicated in Sullivan [2011]).

Hayek (2008), darling of Libertarians, seemed to agree that age fixes ideas. In a 2008 writing in favor of allowing private sector competition in the issuance of money, he said this about inflexibility: "I think we will have to count on a few younger and more flexible brains to begin and show that such a thing can be done."

At least among more flexible minds, a good Extension public policy education effort would seem to be worth doing. However, if both Keynes and Hayek can be believed, today's political environment may only be changed if we elect younger men and women to Congress. Given the age makeup of the newly elected Congress, ideological battles at the Congressional level may be too entrenched to change. A younger crowd may be reachable with the idea that there is middle ground to be plowed.

Public policy education includes the idea that policymaking involves a combination of ethics, values, myths and beliefs, politics, and economics. Beliefs, values, and myths in large part seem to result from philosophy. Over the last century, the defunct economists' ideas, specifically Keynes and Hayek, seem to have been firmly entrenched in the hearts and minds of hardened left and right wing supporters. The result at the congressional level has been budget battles brought on seemingly by ideology. Those who have supported compromise such as senators Lugar and Hatch have been targeted for defeat by their own party's hardliners. In Senator Lugar's case, they succeeded.

Public policy education includes the idea that as many as possible policy alternatives and consequences should be explored and presented to the public. Part of this process is to let the public make up their own minds as to reasonable solutions based on facts. J.H. (Henry) Bahn sent me an e-mail once with the wisdom, "Mutual dissatisfaction is the hallmark of equitable policy." The practice of win at any cost is not included or even implied in that wisdom. Compromise is.

Unfortunately, budget is the tool congressional hard lines have chosen to fight with. In that battle, if there is not a willingness to compromise, ultimately someone will lose funding

and that quite possibly could be agricultural programs including Land Grant Extension and research funding along with the opportunity to provide much for public policy education.

Budget Issues as a Farm Bill Battleground

Both cutting spending and increasing revenue is a logical accounting choice for Congress to solve the federal debt problem. Alternatives have included Budget Control Acts, sequestration, tax increases, cuts in social spending, and smaller government. Past solutions have included compromise on various alternatives. However, in the 112th Congress, ideology seemingly triumphed over logic. Caught up in this, the battle over the new Farm Bill seemingly has less to do with accounting and more to do with Keynes and Hayek.

Republican and Democratic parties seemed to agree on the need to reduce spending. However, in 2012, the vision of the two parties varied by at least \$2.5 trillion over ten years, and at the extreme, according to the Ryan budget, this philosophic difference amounted to \$5 trillion. What accounted for differences were disagreements on the size of spending and where reductions would be made. Mixed in with this was the need to deal with spending limits imposed by the Budget Control Act of 2011, expiration of various legislation, and sequestration (Public Law 112-25, 2011).

Reflecting differences, proposed spending cuts for the 2012 Farm Bill varied significantly between the Republican-controlled House Agricultural Committee and the Democrat-controlled Senate. The House Agricultural Committee's "Federal Agricultural Reform and Risk Management Act" (H.R. 6083, 2012) proposed cutting \$35 billion in farm bill spending over ten years from the Congressional Budget Office (CBO, 2012) baseline. Crop insurance was to be increased, whereas cuts to the nutrition title totaled \$16 billion. Commodity programs received the largest cut totaling \$23 billion. More modest Farm Bill cuts were passed by the Democrat-controlled Senate. The Agricultural Reform, Food, and Jobs Act of 2012 (S. 3240, 2012) included \$23.6 billion in CBO baseline cuts. Crop insurance was increased by \$5.1 billion,

commodity programs were reduced by \$19.83 billion, conservation by \$6.4 billion, and nutrition programs by \$3.9 billion over 10 years. Changes to both House and Senate commodity provisions of the Farm Bill reflected both division in the farm community and a change in philosophy from price protection to risk management.

The Ryan budget (House Budget Committee, 2013) proposed \$181 billion in farm program cuts over ten years. This was passed by the House but rejected by the Senate. In the Ryan bill, food and nutrition programs were to be cut by \$134 billion, including a 17.36% reduction in Supplemental Nutrition Assistance Program (SNAP) benefits. Commodity programs were to be reduced by \$15.5 billion, crop insurance by \$15.5 billion, and conservation by \$16 billion.

Although the Farm Bill cuts in all versions were relatively small in terms of the total federal budget (approximately \$47 trillion in projected spending over ten years, 2013–2022) (OMB, 2013), they loomed large given the diverse philosophies of what programs were to be cut.

Is Deficit the Real Issue and Does It Matter to the Farm Bill?

The size of the national debt certainly does matter and has serious implications for the future of the country. The importance of short-term deficits to Congress is less certain. Historically, the primary reason for being in Congress was to “bring home the pork” and to serve the special interests of constituents. To do so, government programs had to be drafted, passed, and funds appropriated. All this required deal-making, which was enhanced by the tacit or explicit agreement of the administration. In the past, bipartisanship was a key to the pork delivery process and deficit spending did not seem to be a barrier to meeting this objective.

More recently, it is becoming clear that there may be less federal funding to go around. In addition, constituent partnerships that allow brokered deal-making and compromise seem to have divorced or at least separated. In agriculture, constituent partnerships were important to getting past Farm Bills passed. Currently, it seems that these groups are competing with one

another for funds. As demands for Congressional support becomes more self-centered, bipartisanship becomes more difficult. This, in my opinion, is a reason that Congressional partisanship has become more rabid and may become even more so if the economy fails to grow, perhaps comparable to panic buying ahead of a perceived natural disaster. Debt, deficit, and spending issues have become the battlegrounds for left and right. The uncompromising protection of extreme philosophical viewpoints emerging from financial crises has, in my opinion, contributed greatly to gridlock and an inability to deal with both relatively minor and major spending issues.

Keynes said in the long run we are all dead. So maybe ultimately deficit spending does not matter. A few years ago, Larry Sanders and I presented papers at the 2005 Southern Agricultural Economics Association meeting in Little Rock as part of the organized symposium, “Policy Implications of Federal Deficits for Agriculture and Rural Communities” (Sanders and Novak, 2005). A title of one paper concerned whether federal deficits mattered to spending on agricultural programs. At the time there was not much evidence that it did. Congressional games allowed funds to be transferred from period to period, to be enhanced through supplemental appropriations, and by other means thereby increasing spending on programs, which meant increasing deficits. It has been indicated that such games are more difficult to play today but the most recent debt “deal” (Public Law 112-175, 2012) to keep the government going until March 23, 2013, allowed an increase in the debt ceiling. From this one might question whether deficits are really an issue for Congress or simply smoke to cover other ends.

Recent history provides some evidence, at least as it relates to agriculture. Admittedly, the relative dollars are small, which may be a factor in the passage of Farm Bills. The CBO baseline for 2008–2017 spending on the farm bill was an estimated \$604 billion (CBO score for the 2008 Farm Bill, March 2007 baseline). In March 2012 the CBO projected baseline for spending on the Farm Bill was estimated to be \$995 billion over the period Fiscal Year 2013 to

Fiscal Year 2022 (Monke, 2012). Actual spending for the 2008 Farm Bill was estimated by the Congressional Research Service to be approximately \$401 billion over the period 2008–2012 (Monke and Johnson, 2010). Vetoed twice by the Bush administration, the 2008 Farm Bill was passed by an override by a Democratically-controlled Congress giving some idea of a philosophical divide between the Administration and Congress.

CBO scored the House Agricultural Committee's 2012 FARRM Act (H.R. 6083, 2012) at a reduction of \$35 billion and the Senate-passed version of the 2012 farm bill (S. 3240, 2012) at \$23 billion less than the baseline but still above the 2008 Farm Bill spending level. These values are listed as being in nominal terms but for comparison purposes, the cost of the 6-year 2002 farm bill was approximately \$270 billion (Chite, 2008).

Over the early part of this century, Farm Bill costs have increased, been trimmed through reconciliation, but have steadily risen. Attempts to get a 2012 Farm Bill passed were ignored by House leaders who did not allow a vote on either the House Agricultural Committee bill or the Senate-passed Farm Bill. Potential reasons for failure to vote on a new Farm Bill could include overwhelming philosophical gridlock or others such as Farm Bill costs were not fiscally significant, agricultural interests were no longer politically significant, and/or that diverse parties interested in the money available were too politically split to allow a winning coalition based on compromise.

PAYGO or NO-GO

Despite all the rhetoric about deficits and dollars, Congress continues to spend. Ways to ignore budgets seemingly came to a halt with the implementation of PAYGO rules that required adherence to baseline spending and a requirement to cut old programs to fund new programs. This legislation constraining Congress from overspending was not new. Overtime it has been passed, allowed to expire, ignored, and repassed.

An attempt to control increasing spending was reinstituted under the "Statutory Pay-As-You-Go Act of 2010" (Public Law

111-139, 2010) and the "Budget Control Act of 2011" (Public Law 112-25, 2011). Finally, fiscal discipline would be imposed. Enforcement of PAYGO is through raising a Congressional point of order. However, a point of order can be overruled by a supermajority vote in the Senate and a simple majority vote in the House. Wiggle room is also provided in that PAYGO does not apply in certain cases such as to direct spending included in annual or supplemental appropriations bills. So a question remains: Is budget enforcement a real issue or so much smoke and mirrors?

The following URL source was (and I assume is still) meant to throw rocks at a Democrat-controlled House by Congressman Ryan but it does describe some of the shortcomings of the PAYGO fiscal constraint system (<http://budget.house.gov/uploadedfiles/paygo-track-111th.pdf>).

Viewing a historic record of deficit increase, it seems that it does not matter which political party is in control of the White House, House, and/or Senate. Also, from the historic record, it would appear that PAYGO might not be that serious a factor in the outlook for the 2012–2013 Farm Bill despite \$23 to \$35 billion 10-year reductions in proposed spending.

113th Congress, Deficit Reduction, Economic Philosophy, and Farm Bills

Although as educators we cannot identify specific causes for not passing a Farm Bill, we can identify potential alternatives and the potential consequences of adopting such alternatives. The method of alternatives and consequences was adopted by the National Public Policy Education Committee (NPPEC) to develop whitepapers in conjunction with the Farm Foundation, which covered Farm Bill issues for many of the past Farm Bills and for many important legislative issues. Unfortunately, the NPPEC has disbanded. Attempts to replace its efforts have included the creation of a Southern Extension and Research Activities group, SERA-39, and various other groups such as Council on Food, Agriculture and Resource Economics (C-FARE), Farm Foundation Forums, and other diverse groups, which badly need to combine into a national policy education force. Deficit reduction as

it affects Farm Bill passage and the need to reduce the national debt could be an issue around which to coalesce.

Lessons

Are philosophical hard lines imposed by the lessons of Hayek and Keynes the most important factor in failing to pass a new Farm Bill and other legislation? It is probably not the entire answer. Other answers may occur and that provides an opening for Extension to provide education based on the public policy education processes.

Despite rhetoric, it seems that a preference for the Keynesian philosophy has been consistently expressed by the majority of Congress. Self-interests still seem to rule the system and the provision of pork serves self-interests.

However, as economists we know that negative consequences will occur if debts continue to mount from deficits. It seems that it is not only Keynes philosophy, but also Hayek's that is relevant to policy education efforts. If dead philosophers' economic positions can grab the attention of the public and Congress, there is an opportunity for public policy education on economic issues, at least among the young. Extension and classroom policy educators must work to extend policy education processes in a cohesive effort. This includes going forward together rather than as individuals, illuminating the continuum of economic alternatives and consequences of policy decisions including what might happen if debt limits and deficits continue to be ignored. According to Keynes this must be done before educable individuals reach age 30 years and, for Hayek, younger minds. For elected Congress persons (average age 57 years) and older voters, this might mean it is too late. For Congressional aides and a young public, perhaps there is still time.

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