



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

AGRICULTURAL POLICY IN THE 1990s: A DIALOGUE BETWEEN TWO KANSAS CONGRESSMEN

*Congressman Dan Glickman and Congressman Pat Roberts
U.S. House of Representatives Agriculture Committee*

This is a transcript of a teleconference dialogue between Congressman Dan Glickman and Congressman Pat Roberts of Kansas during the 1989 National Public Policy Education Conference.

Both congressmen are in a position to comment on agricultural policy in the 1990s and will have a strong influence on the 1990 farm bill. Congressman Glickman (D) of Wichita, assistant majority whip, is in his seventh term representing the 4th District. He is a member of the House Agriculture Committee and Chairman of the Wheat, Feed Grains and Soybean Subcommittee. Congressman Roberts (R) of Dodge City, in his fifth term representing the 1st District, is a member of the House Agriculture Committee and is vice chairman of the Department Operations, Research and Foreign Agriculture Subcommittee.

The dialogue, moderated by Barry L. Flinchbaugh, extension state leader, Agriculture Economics, Kansas State University, was conducted on a first-name basis at the request of Dan and Pat.

Dan: An underlying principle we are dealing with is that there is no move to do anything radically different from what we currently are doing in farm policy. There's no great move to totally eliminate the target price/loan rate system and so, from that standpoint, out in the countryside what we are hearing is, "Leave well enough alone," in terms of the basic structure of the 1985 Food Security Act.

Another underlying principle has to do with trade. The administration is trying to negotiate the elimination of all trade distorting subsidies. Those negotiations will obviously have some impact on U.S. domestic farm policy, but my best guess is that Congress will not let the administration's trade negotiations totally determine and dictate what our domestic farm policy will be. That is, we will write a farm bill somewhat consistent with what they are talking about in Geneva, but it will not be dictated by those talks. I'm quite skeptical that we will be able to work out anything very dramatic in the trade talks. I don't think the Europeans will allow that. They will want to flex their muscles for awhile and so we should not let the administra-

tion's trade goals disturb what we are going to be doing in farm policy.

A third underlying issue has to do with the environmental concerns. The public of this country is in what, I call, a "right to know" mood. And that means a right to know what is in our air, water and food. There is a lot more concern about issues like pesticides and fertilizers, as well as automobile emissions and nonagricultural environmental issues. Therefore, environmental issues will be much more important in the 1990 farm bill. It is too early to determine in what context. But my hope is that this can be done without unnecessary polarization between farm interests, rural interests and environmental interests. At least that's one of the goals I am working on.

A fourth part of the equation, which has gotten very little attention in the last six to seven years but one that I suspect we will also turn our interests to, has to do with the issue of international food reserves; food security both at home and abroad, hunger and foreign policy. I think the fact that we are at a low level in terms of wheat reserves, and the administration's recent decision to increase wheat production a little bit, indicates that we ought to examine this issue of food reserves. Do we need them? Who controls them? Is it feasible to deal with this issue internationally?

I spent five days in August in the Soviet Union on an agricultural trip, invited by the Supreme Soviet. It is clear to me that the Soviets will be big buyers of agricultural products in the next three to five years no matter how much they try to modernize. Their agricultural infrastructure cannot sustain itself. I suspect they will try to buy more soybeans and less wheat. But they also would like to expand their protein consumption. They have a lot of interest in the livestock area and in agricultural machinery. There are opportunities for us if we play our foreign policy cards right in terms of expanding our commitment to sell them grain and other agricultural products and as a way to try to sustain the stability of the Gorbachev regime. That certainly is another area that we are going to be dealing with as well.

Currently, agricultural issues tend to be dominated by the traditional detailed mechanical and operational issues that get people upset. How is the Conservation Reserve Program implemented? How is this new disaster program implemented? How do we deal with a second crop when we calculate the disaster payments? Those of us from wheat producing areas are working with that problem and think that the administration has been pursuing this in a misguided fashion. But, for the most part, right now there is a calm in agricultural policy issues.

It strikes me that the intellectual thinking that went on before the '81 and '85 farm bills is not there right now. That is, I don't sense that the "think tanks" are really thinking too much about what agri-

culture policy ought to look like in the 1990 farm bill and beyond. Maybe part of that is because of some basic satisfaction with what happened in 1985, and the fact that farm income is certainly stabilized. But I think we have a lot of tough issues ahead of us in agriculture. I mentioned some of them and I hope that you will all help out so that we will be able to resolve them as we begin writing this bill early next year.

Pat has not arrived yet, so I will begin to answer some questions and when he gets here he can join in the conversation.

Barry: Dan, we will take questions from the audience. I will repeat them so that you can hear them through the microphone. The first question concerns the schedule as we move into 1990 as far as subcommittee hearings, committee hearings, write up, etc. Can you give us an idea of the farm bill schedule in 1990?

Dan: My hope is that we schedule a bill for markup as quickly as possible after we come back next January. We have held most of the hearings that we need to hold around the country. What we will await is formal recommendation by the president as to what he wants in this new farm bill. To some extent we are dependent upon his proposal. So, if he waits until March or April, it makes it more difficult to go on independently. But the fact that we have held these hearings around the country so early means we can go ahead and begin a markup process in February or March and try to get a bill to the president no later than the 4th of July. That is much earlier than we have done in years past. Farmers in this country, I think, would absolutely go catatonic if they thought we could meet that schedule, because we never have done so in the past. But that is my goal and I think I share it with the chairman of the full committee.

Barry: Dan, the question concerns rural development. You did not discuss it. How do you see it evolving into the farm bill?

Dan: Well, right now there are many rural development proposals. Most of them involve making incremental changes in current policies like adding money to the Farmers Home Administration. Giving them additional authority. Those kinds of proposals. I do think there will be a rural development title in this farm bill. The question really is how much money we will have to spend on it given the budgetary constraints? But I'll tell you my own judgment, what we ought to be pursuing is trying to figure out what works to bring entrepreneurs and infrastructure into rural America and [devoting] less [time] on just adding more funds to Farmers Home Administration.

It strikes me, in order to get rural development, not only do we need a strong economy, which is the most important, but we also need to provide the same reasons for investing in rural America that we do in urban and suburban America. That is, people can come in

and invest money and make a buck. To do that we obviously have to have infrastructure like telephone lines, satellite dishes, roads, sewers, hospitals and schools. But we also have to give business people the reason to want to come and build a business in Dodge City, Kansas, as opposed to just doing it outside of Chicago. One way of doing this would be to expand the farm credit system lending authority. They obviously have the ability to have "full faith in credit" in the United States government implicitly behind their notes. So, one way to do it is to have them lend, not only money for farm ownership loans and farm operating loans, but also lend it for rural infrastructure purposes and let them leverage their dollars with the private banking system and others who want to become involved.

We will have a rural development section in this bill. Again, I point out that I think in the past the mistake has been made by just sending direct federal dollars out as opposed to creating an investment climate out there that people will want to participate in. That is why I think using the farm credit system more aggressively along with our private banking system may be a more suitable option than just providing more direct loans through the Farmers Home Administration or the Small Business Administration.

Barry: Dan, the next question is: What form will the environmental provisions of the bill likely take?

Dan: I doubt you're going to see any mandatory requirements like, for example, farmers/ranchers can or cannot use specific pesticides or fertilizers. I don't think it is going to take that road. I think that more than likely we will see an enhanced research title that will be dealing with low input agriculture but also production agriculture which is not dependent as much on pesticides and fertilizers but more on crop rotation. Those kinds of issues and an enhanced research title much more than we have seen in the past are likely.

I do think that as we look at the program itself we will provide farmers with the protection of the base and yields provisions. We are obviously going to build much more flexibility into this farm bill. That is a term that those of us in farm country are talking a lot more about, which will give a producer more options on his land so he just doesn't have to maximize production to protect his base and therefore farm the program. We did a little bit of this last year in a disaster bill when we let farmers grow soybeans and oats on their corn base and, to some extent, on their wheat base. I suspect we are going to allow more optional or flexible provisions which have, as a side benefit, a less intensive use of pesticides and fertilizers. Beyond that I can't tell you.

There has been some talk about maybe giving farmers a little boost in their program benefits if they have a lower utilization of pesticides or fertilizers. I don't know how we could ever develop a

formula like that, but there is some talk about it. And I think that the key in all of this is to have a good understanding, particularly the environmental community has to have a good understanding, of what agriculture is all about and how we cannot eliminate pesticides and fertilizers, chemicals from production agriculture. It would create all sorts of other problems. But the producing community, farmers and ranchers, have to understand what is in consumers' minds and that environmental concerns are real and will not go away. The difficulty will be working together rather than always being at each other's throats. I know that Pat and I, as well as others, share that goal. The process is as important, in terms of how the environmental issues affect the farm bill, as is the substance.

Barry: Dan, the question concerns the Kennedy-Waxman Bill. Will the food safety issue be addressed outside the farm bill or will that be involved in the farm bill?

Dan: Currently it is not anticipated that the food safety issues will be in the farm bill. Again, quite frankly, I don't see how we can keep them out of the farm bill. Pat just walked in. The question to me was whether food safety will be addressed in the farm bill or in a separate proposal and, Pat, I'll finish the answer and then you can respond since you have been more involved than I. I said it will be hard to keep food safety issues out of consideration in this farm bill as it will be hard to keep environmental issues out of consideration in the farm bill and so my judgment is that at some point they will work themselves into consideration. Issues, for example, like labeling, pesticide residues, uniform tolerance and others—I don't see how we will be able to keep out. And now here is Pat.

Pat: That is a very good question because I have just come from a meeting with Chairman de la Garza and George Brown who is the chairman of the subcommittee that deals with food safety. We have been working for the better part of two years on what we hope is a comprehensive food safety reform bill. First, we want to speed up, if we can, the process by which the EPA [Environmental Protection Agency] can determine whether a pesticide or, for that matter, an insecticide or, I guess, any "cide" that we use in agriculture, is safe or not. The Alar case, for example, has dragged on too long. We got into serious allegations and it cost the apple growers tremendously. The other half of it is to reform the Federal Food and Drug and Cosmetic Act (which, Dan is right, doesn't come under our jurisdiction) and back up the recommendation on the proposal made a year ago by the National Academy of Sciences and go to something called a negligible risk, a reasonable risk. In a parts per trillion technology we simply can't have a zero risk. We have put the two together and we have what I think is a very good bill. We are introducing it today, as a matter of fact in about ten or fifteen minutes. I had to run over to the chairman's office and to George's office to get some last minute things done. I apologize for being late. It is not in our jurisdiction

to amend the Federal Food and Drug Act and so I was talking to Henry Waxman, the author of the other bill, to say, "Look this isn't an end run, we just have a position in agriculture that I think we should take." I am very proud to say we have the cosponsorship of every member of the Ag Committee as we step up to this issue. The point is that I think we have a whole generation of Americans out there now more concerned about food safety than they are convenience or cost. Hopefully, this will be a major piece of legislation and we are going to introduce it as of today. It will be separate from the farm bill and I hope we can get it done in this next session.

Barry: Pat, Dan made an opening statement to the group, would you like to do the same thing and then we will have a joint question and answer session?

Pat: Why don't we get to the questions and answers? I would simply say that in August we had our annual listening tour out in wheat country, out in the high plains. Barry, as you know, I have fifty-eight counties out there and it took us about three weeks and 2,700 miles. Most of the questions from producers involved the prospects for the farm bill, GATT [General Agreement on Trade and Tariffs] talks, and what we are going to do to fix up the disaster program that was passed in a very hurried up fashion, with the ghost acres glitch and all of that. But that was about it and, as a matter of fact, I didn't detect any really high blood pressure in farm country other than for acreage base flexibility which is probably number one or two in everybody's farm speech today. As you know we have been working on that for substitution and for flexibility. I would prefer to go to the old NCA [Normal Crop Acreage] concept and let the farmers decide what to plant and not to plant under one acreage base. I'm probably repeating a lot of the things my colleague has already said to you, so let's just let it stand at that and we can get to the questions.

Barry: Pat, the question concerns the future of the Export Enhancement Program [EEP]. Are we going to stay with it or are we going to phase it out?

Pat: I don't think we will phase it out. I refer to it as being on the back burner and it will be used as a trade policy tool by the administration. There are those of us who wish it would be a more market oriented tool to sell the grain when we have a customer. But because of the alleged tight supply situation it is on the back burner. I think it will continue to be used more, especially since the department has decided to (a very late program change and one that I happen to disagree with) allow us to overseed our acreage. I think we ought to really press the USDA [United States Department of Agriculture] to keep the Export Enhancement Program. It is not the best vehicle in the world in terms of being perfect, in terms of policy, but it has enabled us to regain market shares at a very important time.

Dan: If I may add to that question, I do think it would be a mistake to remove the EEP as a tool available for us to deal with unfair trade practices and, obviously, it is something that our negotiators in Geneva, or wherever, need to have in the arsenal. I have expressed some concern in the past, however, that the administration has used the EEP and made them tantamount to a federal grain board. And so, one of the things I have expressed as a part of the 1990 farm bill, even though we keep the EEP we set up some guidelines so we make sure that it cannot be abused, that it cannot operate in secrecy and that no one can be given certain preferential deals in this regard. I don't have any reason to believe this department has abused the program, but it is possible it could happen unless we put some guidelines on it.

Barry: Dan and Pat the question concerns food as a foreign policy diplomacy tool in light of the new relationship with the Soviet Union and the Polish situation.

Dan: Well, I was just in the Soviet Union in August on an Ag Committee trip. I have just recently said that I think that we ought to go ahead and provide a waiver of the Jackson-Vanick Amendment to the Soviet Union. I didn't think that before, but after I came back I am convinced they have made significant changes in their emigration and human rights policies. They have essentially complied with what we have requested them to do. They need our foodstuffs. They have a chronic shortage of foodstuffs. They waste 20 percent of their grain every year. It spoils, or it is lost or whatever, and they feed about 10 percent of their wheat to cattle. So, 30 percent of their wheat basically doesn't have much food value to them and I don't think that Jackson-Vanick waiver is going to produce much additional business for us in and of itself. But I think it is a symbolic tool and that as long as we keep the Soviet Union on the short leash we ought to give them some positive reinforcement for the changes they have made. And I notice the administration is now making some affirmative gestures to Poland in terms of some commodities. So, while still being careful and cautious I think we need to respond to what is happening over there.

Pat: I would agree, if I can toss my two cents worth in here. I think we have a very unique challenge. I am not sure we fully appreciate the depth and breadth of the changes taking place in Eastern Europe and the Soviet Union. I think Mr. Gorbachev is really riding the *perestroika* tiger and I hope he can hang on. The president has increased assistance to Poland. He has also recommended the most favored nation status to Hungary and that is exactly right. We need to work around the Jackson-Vanick Amendment. Congressman Bereuter has a very interesting bill that would do that, and I am a cosponsor of it. . . . so hopefully we can do that. It used to be that, on the floor of the House when we were considering things of this nature, we got into a firestorm in regards to dealing or

trading with our sworn enemy, so to speak. If we don't step up to this and really fill this need and use agriculture as a tool for peace, I think we are missing a real opportunity. I really think it is an opportunity that is especially important now in our history and I think it is important enough that it could change the history of the world. And agriculture can play a most important role that can benefit our farmers. It could benefit Eastern Europe. It could benefit the world. I am very optimistic about it. It is going to have to be slow in developing, but I think we really have to step up to it.

Dan: If I may add, one of the things we saw over there was that we saw them producing grain sorghum, wheat, corn and some livestock, I would say, [using] methods that were reasonably comparable to ours. Obviously we saw their best farms. We didn't see their average farms. But, to give you an example, on a collective farm that has maybe 15,000 to 20,000 acres, they have about 1,000 people working on it or living on it. Well, they have come to the conclusion that is not a very efficient way to produce food and once they produce the food there really is no way to sell it very easily because their ruble is not convertible into gold. It is like Monopoly money over there. So, they have put themselves into a production agriculture which is really fifty years behind ours or most places in the world in terms of how [food] is marketed and transported and it does present tremendous opportunities for us as well. And, finally, I would say that if Gorbachev can't keep his people well fed there is no chance he's going to be able to sustain the liberalization that he has been trying to do.

Barry: The question concerns payment limitations. What do you see as the chances of making that work? Reducing the USDA budget and showing the rest of the world that we are serious about a more market oriented policy.

Pat: Well, Dan is pointing at me and I am pointing at him.

Dan: But since you are not here you cannot see us!

Pat: I guess I will take that on. I think we reached an agreement as of a year or two ago. I know Dan had some hearings on this and we all participated to prevent the kind of thing that was in the newspapers, the Prince of Liechtenstein, etc. All of the ramifications, the paperwork and hurdles we have to go through now with the payment limitation, if we reduce it anymore the large efficient producer, i.e., the father and son operation out in my country of about 2,000 acres, is simply going to leave the farm program. If, in fact, the rationale of the farm program is supply management that won't work very well.

On the other hand, if we decouple or reduce the requirement that the farmer set aside part of his acreage in exchange for deficiency payments we are into a social welfare program. And I would imagine that payment limitation certainly could not be above the average

income for a family of four which is around \$25,000. That's not going to do much for supply management or getting people to participate in the farm program.

There is another question to this or there is another side to this. I get a lot of letters from back home saying, "What on earth are you doing back there making me go to the ASCS [Agricultural Stabilization and Conservation Service] office and sign my life away, including my tax return and who knows what else, in terms of the paperwork requirements to make sure we comply with all of these regulations?" Everything that sounds good in terms of a mandate or in terms of reforming the process usually ends up on the kitchen table of the producer as he wades through the paperwork to give to the ASCS office. I don't want to do any more of that. We've got a good agreement. We have a situation now in terms of consistency and predictability we ought to leave alone.

Dan: I essentially agree. One of my concerns is that we have to make sure we don't lose the support base we have from people in nonagricultural country and obviously there is a lot of discussion about large payments. Particularly in cotton and rice country where payments have been rather substantial we've got to have programs that work, which means that not everybody can operate at the 100-acre level. At the same time, however, every time there is a new story about giant payments, it just makes it harder for us to support what agricultural programs we have currently. So, it is a question of balance. Doing what is sensible for farm policy, but making sure that we keep the reservoir of good will that we have from members that do not come from farm producing areas.

Barry: The question concerns disaster payments versus crop insurance. How are we going to solve that dilemma? Will it be worked into the farm bill? What's your thinking on that situation?

Dan: I am going to let Pat answer most of it because he represents the district which had probably more disaster coverage in this last disaster than any place else in the country. I think it is clear that we have to make a choice. We can't keep going down two roads. We have met the fork in the road and we have been trying to straddle it for too long and it just looks to me like in 1990 we'll have to choose one road or the other.

Pat: Well, I may give you two speeches. I'll give you my mugwump speech first. Then my statesman speech next. First, we all know why federal crop insurance has not worked well out in the high plains or high risk agriculture country despite all the efforts to make it work, and, on the other side, we get into a disaster program when we do suffer as a result of the adverse weather. And, I hope and pray that we don't have that again. That would be three years in a row. Those disaster programs do seem to pop up on even numbered years, especially when we have a primary in Iowa. So, the political consideration does enter into it.

The budget situation enters into it as to how much money is available and what we are able to work out. Then we get it delayed and changed. We passed the disaster bill in the House on the last day of the Congress before break only to find we had a real glitch in the program and that we have to fix it. That is no way to run a railroad. It would be much better to have a workable federal crop insurance program.

Having said that, we have had it on the books for twelve years and we appointed a commission, made up of some very fine people, two from Kansas by the way, to determine what is wrong with the federal crop insurance program. They came back with a laundry list of twenty-six different—I am not exaggerating—things whereby we can improve it. So here we have a program that we admit does not work well. We are now in the process of holding hearings on that and yet we mandate prerequisites to collect any disaster payment if producers suffered over a 65 percent loss. I am tired of mandating things on supply management or disaster program assistance. I am getting tired of it. That's just my mugwump speech after fifty-eight counties worth back home.

On the other side, I can count votes and I know the great majority of the Ag Committee and the Congress is in a situation where they want to move to a federal crop insurance program that will work. I would rather work on that and not have an issue but rather a bill. So we are going to step up to it. We're going to try to improve it. If we are going to have a disaster program, there was no question we had to make that provision mandatory. So I made my ruffled feather speech and then I went ahead and supported the disaster program. I hope we can fix the federal crop insurance program. I hope we can make it work.

Barry: Pat, Dan talked about the timetable for the 1990 farm bill and he said it depended on the administration to a degree. When do you think the administration will come forth with their version of the farm bill and what is your best judgment of what is going to be in it?

Pat: Well, I think it depends on the administration. It also depends on the Democrat leadership in the Congress. You expected me to say that, didn't you?

Dan: Do these people know that there is one Republican and one Democrat here?

Barry: I told them that when I introduced you, but I also told them that you worked together very well.

Pat: We haven't come to blows yet. I had hoped we could do it this session. I just didn't see any pressure for a major change of farm policy despite the tight supplies and despite the need for some acreage base flexibility. But as this shapes up we are going to have an envi-

ronmental section of the farm bill. We also have some other very important considerations. We have decided to hold the hearings this year. We are going to start right off in January. I hope that it doesn't take the eighteen-month gauntlet that some of these have taken in the past. It is an election year. We've got the GATT talks at the same time. Our hope is that we can write a good farm bill and give that as a negotiating tool to the secretary. We have budget problems. We are always going to have budget problems. The base line is about \$12 billion. So I am very hopeful we can get right after it in the spring. And then, hopefully, conclude maybe before the August break. That is optimistic. But under the banner of consistency and predictability that's what I hope is going to take place.

Dan: Pat, before you arrived, I said, hopefully, we can have it completed by the 4th of July.

Pat: I'll side with you then.

Dan: We hope this has been helpful to you.

Pat: I am sorry that I was late, Barry, and I am sorry that I am not in New Orleans. Good luck to everybody there. Thank you for the opportunity.

Barry: Dan and Pat, we appreciate it very much. Thank you.