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Theme Overview: Looking Ahead to the Next Farm Bill

Carl Zulauf

JEL Classifications: H51, K00, N50, N52, Q10, Q18
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Articles in this Theme

80 Years of Farm Bills—Evolutionary Reform
Carl Zulauf and David Orden

The Nutrition Title's Long, Sometimes Strained, but Not Yet Broken, Marriage with the Farm Bill
Parke Wilde

The Next Farm Bill May Present Opportunities for Hybrid Farm-Conservation Policies
Jonathan Coppess

The Farm Safety Net for Field Crops
Gary Schnitkey and Carl Zulauf

Federal Interventions in Milk Markets
Andrew M. Novakovic and Christopher Wolf

Federal Benefits for Livestock and Specialty Crop Producers
Stephanie Mercier

In contrast to the on time start and late arrival of the 2008 and 2014 farm bills, early chatter suggests the next farm bill debate will begin early 2017 with the goal of being completed by the date many provisions in the 2014 farm bill expire on September 30, 2018. This alterative timing reflects several factors, including the tumultuous legislative path of the 2014 farm bill, a desire to secure a favorable budget baseline for the commodities title due to current low crop prices, and the need to address emerging issues. This set of six articles frames key issues and titles in the upcoming debate. The discussion follows in the spirit of several recent farm bill themes in *Choices*: 3rd Quarter 2016–Crop Insurance; 3rd Quarter, and 2nd Quarter 2014–Welfare Assessment and Provisions, respectively, of the 2014 farm bill; and 3rd quarter 2013–Risk Management Issues and the farm bill.

Zulauf and Orden note that farm bill to farm bill adjustment is often minimal, but considerable change has occurred over time. While less than desired by critics, the change can be characterized as evolutionary reform that increased planting and price flexibility. Their article also discusses process dynamics, including the role of experimentation and of mean reversion in spending share by commodity. They note expanding coverage in recent farm bills and the long running willingness to bend the farm bill toward new and emerging issues, but also emphasize the importance of the budget baseline for the commodities title in writing farm bills, including its likely importance for the next farm bill.

Wilde discusses the history of the relationship between the farm bill and the nutrition title, which by far accounts for most of the farm bill's budgetary cost—around 80%. He highlights the importance of the Supplemental Nutrition Assistance Program (SNAP). SNAP shares a countercyclical feature with the crop and dairy programs. Wilde discusses the movement toward nutrition and away from calories alone, and speculates that the interrelationship between food consumption and cost of medical care may emerge as a guiding theme in the forthcoming debate.

Coppess argues the growing concern over water quality may provide another opportunity to bend the farm bill. Emerging water quality issues reflect not just a change in society's desires but also on-going legal action. Coppess suggests that this concern along with the current low farm return environment and resulting concern over financial

stress present the opportunity for a new hybrid program. It would merge existing countercyclical programs with payment for best management practices that improve water quality. Payments would cover part or all the cost of adoption and use, but only if a payment is made by the countercyclical program due to low crop prices or revenue.

Schnitkey and Zulauf discuss the crop safety net, which includes both the commodities and crop insurance titles. They argue the forthcoming farm bill debate is likely to focus on the cost of the Price Loss Coverage (PLC) program versus the cost of crop insurance. They note this debate is likely to be a somewhat different take on long standing crop and regional differences, in this case preference of Midwest corn and soybean producers for crop insurance versus preference of Southern rice, peanut, and cotton producers for commodity programs, in particular PLC. They also discuss a new issue—the proposal to create a new cotton oilseed program, the latest chapter in how to respond to relatively low support for cotton in the 2014 farm bill after the World Trade Organization's ruling against the 2002 farm bill's cotton program.

Novakovich and Wolfe chronicle the discontent among dairy producers with the milk-feed cost margin program initiated by the 2014 farm bill. This discontent is raising another new issue—how to change the support program for dairy. They discuss changes being proposed to the milk-feed price margin program, but also raise fundamental questions about whether this margin program is consistent with the underlying desires and managerial behavior of dairy producers.

Mercier documents an important expansion in the scope of the farm bill—emergence of safety nets for livestock (excluding dairy) and specialty crop producers. Their safety nets center on market development, disaster assistance, and research; and thus differ from the safety net for crops, dairy, and nutrition. Mercier chronicles the change in attitude among livestock and specialty crop producers that led to this safety net.

Summary Observations

The titles discussed in these papers account for over 99% of farm bill spending and the actors interested in these titles will have important sway over not just their title but the entire farm bill. However, the farm bill's scope extends much further. In addition to traditional titles such as research and extension, trade, credit and rural development, it includes contemporary issues such as the growing role of local and organic food production, land and farm preservation, and privately owned forests.

Most farm bills contain surprises. Unforeseen issues, new actors, and new programmatic proposals change the landscape. Research uncovers a new, important inefficiency. Weather changes crop prices. Given the 2016 Presidential campaign, trade could be a change catalyst. The next farm bill will not only provide new research and outreach opportunities for economists but also many opportunities to participate in the national dialogue that is the farm bill. We, the authors, invite you to join this American participatory experience.

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