FARM POLICY IN THE DOWNTURN AND BEYOND

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Part 1.

SUMMARY OF THE DOWNTURN
INCREASED ACRES

Acres Planted (NASS)

- Corn
- Soybeans
- Wheat
- Cotton

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INCREASED PRODUCTION

Total Production (NASS)

- Corn
- Soybeans
- Wheat
- Cotton

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INCREASED YIELDS

National Average Yields (NASS)

Bushels/Acre

Pounds Cotton/Acre


Corn Soybeans Wheat Cotton

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DECREASED PRICES

Marketing Year Average Prices (NASS; CBO)

- Corn
- Soybeans
- Wheat
- Cotton

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DECREASED REVENUES

National Average Revenue (Estimated-NASS and CBO)

NOTE: Revenues estimated using national average yields and MYA prices

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Part 2.

FARM POLICY’S ROLE.
TRADITIONAL FARM COALITION
PRICES & FARM POLICY HISTORY.

USDA-NASS; average prices received by farmers in the marketing year

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2014 Farm Policy Dispute: PLC

• 2014 Farm Bill eliminated direct payments;

• Opened regional dispute over farm programs;

• Price-based vs. Revenue-based.
2014 Farm Policy Dispute: ARC & Revenue

Corn Example-Revenue Policy

Note: forecasted yields are estimated trend; prices CBO 2016 baseline

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Locked through 2014 Farm Bill expiration in 2018; unless Congress Acts.

Vast majority of base acres are in corn and soybeans; revenue program.

Farmer elections represent the regional dispute over farm policy.

Source: Farm Service Agency

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Revenue: ARC-CO

Corn Example

Figure 1. 2015 ARC-CO County Payments for Corn, $ per Base Acre

Note: forecasted yields are estimated trend; prices CBO 2016 baseline
OVERVIEW OF CROP INSURANCE

Crop Insurance
($Millions)

Premium Subsidy
Total Premium
Indemnity
Farmer Paid

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Note: Farmer benefit calculated as total indemnities minus farmer paid premium (RMA).
WATER QUALITY CONCERNS.

- Gulf of Mexico Hypoxia
- Des Moines Waterworks Lawsuit
- Toledo & Western Lake Erie
- Chesapeake Bay TMDL
- Others (non-ag): Flint, etc.
CONSERVATION PROGRAMS.—BASELINE.
Part 3.

LOOKING AHEAD: 2018 FARM BILL
LOOKING AT THE 2016 PRESIDENTIAL ELECTION

The height of each tower is proportional to the "voter density" so that the volume of each "tower" is proportional to the number of votes.
LEGISLATING A FARM BILL.

The Traditional Farm Coalition & the 2016 Election results

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http://www.princeton.edu/~vdb/341/elec2016/
2018 Farm Bill: Spending & Priorities

- With budget pressure: partisan and difficult; competition for resources
- A question of priorities within the farm policy budget baseline.

CBO March 2016 Baseline (Billions)

Baseline for Next Farm Bill?
Mandatory Spending in the Farm Bill.
ELECTION TAKEAWAYS: HISTORICAL PERSPECTIVE

☑ First unified Republican government to write farm bill since 1954.

☑ 1981: President Reagan & budget as weapon; Democratic House

☑ 1995-1996: Republican control of Congress; budget reconciliation; Democratic President.

☑ 2011-2014: Republican House uses debt ceiling and budget to force spending cuts; Democratic Senate and President
ELECTION TAKEAWAYS: UPSIDE POTENTIAL

✓ Rural America & voters in the spotlight.

✓ Infrastructure spending: locks & dams; jobs; etc.

✓ Reduced regulatory pressures (WOTUS).

✓ Tax reforms.

2016 Presidential Election results cartogram (rescaled based on population)

Source: http://www-personal.umich.edu/~mejn/election/2016/
ELECTION TAKEAWAYS: DOWNSIDE RISKS

✓ Misreading the rural voter.

✓ Impact of shift in trade policies.

✓ Anti-EPA & regulations impact on RFS

✓ Push to cut Federal spending impact on farm policy (farm programs to crop insurance to conservation)

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Map source: The Associated Press

THANK YOU!

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