*The Farmers' View*

# 1985 Farm Bill: Give It A Chance

Passage of the 1985 Farm Bill was both tedious and painful. Never has agriculture disagreed so strongly on what should be done to bolster the dangerously low farm economy.

Government controls, free markets, production reduction, marketing quotas, set-asides and subsidies were vigorously debated for months before a compromise was at last reached.

Unfortunately, some provisions of the final farm bill may never have the opportunity to be implemented. Already opponents of the '85 Farm Bill have introduced proposals which would rewrite many sections.

One such proposal, the Harkin-Gebhardt "Family Farm Act of 1987", translates into government take-over of the most important function of a farmer — that is making his own production and marketing decisions.

An attempt to place the future of agriculture with government planning rather than with the market system will place farmers at the mercy of politics more than ever before by controlling it through annual appropriations by Congress.

The Harkin-Gebhardt Bill would provide for producer referendums by commodities, except for wheat and feed grains which would be combined in one referenda. The impact on foreign markets would result in our being locked into current export quantities at a time when U.S. exports are already at historic lows, and would tell our competitors we will not try to recapture our overseas markets.

For the past several years our farmers have been competing against the treasuries of other nations which have generously subsidized their agriculture. The current Farm Bill has gone far in placing heavy financial burdens on foreign countries which do subsidize their agriculture. Subsidized agriculture has been a disaster, not only in this country, but in Europe as well.

The Harkin-Gebhardt Bill limits the maximum acreage set-asides to 35 percent. More realistic estimates point to as much as 50 or 60 percent if the projected prices are to be attained. A national marketing quota for each commodity would be established based on projected domestic demand, export demand, food-aid requirements, carryovers and reserves. From those projections, a national acreage allotment on acres farmed would be established.

Farmers would have to apply for their allotment by submitting planting intentions for each commodity. A targeting mechanism will be established for each commodity which will distribute the set-aside for each farm. The unpaid set-aside would be set at 35 percent of the acreage base on any farm. Included is a provision for the Secretary to offer a paid diversion plan above the 35 percent.

Marketing certificates will restrict a producer's ability and right to market his product. Products raised without a marketing certificate cannot be sold on the open market. If a farmer cannot use the products on his own farm, they must be donated or sold at a much reduced price on the export market.

The Harkin-Gebhardt Bill would have its greatest impact on the dairy industry. Within 30 days of enactment, a referendum will be held among commercial milk producers to determine whether they favor a national milk marketing base for calendar year 1988. If the majority votes in favor of restrictive production, the support level would increase to 70 percent of parity and would be increased by one percent each year to a maximum of 80 percent of parity.

A marketing quota would be established for each producer based on a five-year history from 1981 to 1985. An adjustment could be made to bring supply in line with demand on a national basis. Many questions have been raised on the definition of "base" because of the dairy diversion program.

The county ASCS committee could adjust bases and allocate unused bases to existing and new producers under a priority system.

In order for the dairy industry to reach the projected 24 billion pounds drop in production, a large number of cows will need to be culled within a short period of time. Conservative estimates would indicate nearly two million culls within two years. The market would be flooded with beef, resulting in a dramatic drop in the price of beef. Some economists are estimating as much as a 50 percent drop in price. In the long run, the livestock industry which accounts for half of farm cash receipts, would be hampered by substantially higher feed costs. Most feed lot operations do not grow their own grain. They estimate that the higher feed costs would be passed along to the consumer in higher beef prices. Such dramatic instability within the livestock industry could prove devastating.

Other troublesome areas are the use of tariffs and quotas to stem the flow of agricultural imports. Foreign retaliation would be swift and disastrous to U.S. agriculture. Producer referendums by commodities would not allow those who would be adversely affected by production controls to have a voice in the referendum.

Lastly, the Harkin-Gebhardt has made an attempt to deal with the farm debt issue. It is failing to recognize that farm debt is declining after reaching a peak in 1982. Loan write-offs account for some of this, but in many instances, farmers are experiencing an increase in farm income and are paying off some of their debt. This should not be discouraged by a government program. Banks are already restructuring some loans and farmers are borrowing substantially less money.

The current Farm Bill (Food Security Act of 1985) is not a perfect

(Turn to Page E4)