"Family Farm Bill" Would Harm Farmers, Experts Say

ITHACA, N.Y. — Federal legislation nicknamed "The Family Farm Bill" by its proponents could be expected to harm slightly more New York State dairy farmers than it would help, according to three agricultural economists at Cornell University.

Their study indicates that the legislation would reduce the net income of slightly over half of New York State's dairy farmers, while raising the net income of others. The changes in net income could range from declines of 211 percent for small farms that have to purchase most of their feed to increases of more than 400 percent for large farms that can grow most of theirs.

Although the study is based on dairy farms in New York, "These farms are thought to emulate most of the dairy-farm characteristics of the Northeast," said Harry M. Kaiser, an assistant professor of agricultural economics. "They are small farms, and have limited alternatives to dairy farming."

He also noted that, were the proposed legislation to be enacted, the price of milk would be expected to rise "significantly -- perhaps as much as 35 cents a gallon, or 17 percent, and retail prices would rise by 13 percent for cheese, 20 percent for butter and 10 percent for ice cream."

The bill, introduced by Sen. Thomas Harkin (D-Iowa) and Rep. Richard Gephardt (D-Mo.), is being considered by the House and Senate Agriculture committees. The Cornell analysis of the legislation was prepared by Kaiser, graduate student Edward H. Heslop and Associate Professor Robert A. Milligan.

One indication of the magnitude of the problems that generated the legislation under consideration is the activity on the NY FarmNet hotline at Cornell: About 10 to 12 farmers a week are calling the toll-free telephone number for financial, legal and emotional help, according to John R. Brake, FarmNet's director and a professor of agricultural economics at Cornell.

In its 16 months of operation, the state-funded FarmNet program has received more than 1,400 calls from New York farmers, some of whom say that they fear they will have to leave farming.

The Harkin-Gephardt bill would set mandatory production limits on dairy and other major agricultural commodities for every farm in the nation, and would increase the government's price supports for those products in an attempt to raise farmers' income and help family farms survive.

But in most cases, "New York farmers would lose money because they would have to produce less milk and pay higher prices for grain to feed their cattle," Kaiser said. "About 57 percent of all dairy farms in the Northeast would be in that situation."

Basically, the only farms that would benefit from the bill are those that can grow most of the feed for their own cattle, generally larger farms, according to the report. In New York, more than half of the state's 25,000 family farms could be expected to make a smaller profit under the Harkin-Gephardt proposal than they do under current policy, the economists said.

For example, using 1986 figures, the researchers report that dairy farmers would have to cut their production by an average of 14.6 percent under the bill, while the federal government's dairy support would increase 29 percent to $15 per hundredweight of dairy product. But forage costs for farmers who have to buy their cattle feed would increase from 35 percent to 55 percent of their operating expenses.

The result: Net income for small dairy farmers who buy all their cattle feed could drop 211 percent, and large dairy farms that buy feed could see an 84 percent drop in profit.

Farmers who grow their own cattle feed, however, would be "consistently better off under the new plan," the study says. They could see an increase of more than 400 percent in net income, based on the 1986 figures.

Farmers who grow some of their own forage and buy the rest could expect higher income under the bill, according to the three economists.

The size of change in net income would depend on whether farmers reduced their production by cutting their herd size or lowering their output per cow. But the same farms would tend to be gainers or losers in either situation, Kaiser and his colleagues said.

Their findings are based on nine representative farms constructed from data in the Cornell Dairy Farm Business Summary, a census of dairy farms in New York State.

National Appraisal of Resources

The U.S. Department of Agriculture began a 60-day public review of the Second National Appraisal of the soil, water and related resources of the United States on July 13. This is carried out as required by the Soil and Water Resources Conservation Act of 1977 (RCA).

Copies of the report will be available for inspection in county offices of the USDA Agricultural Stabilization and Conservation Service, according to James Olson, state conservationist for the Soil Conservation Service. Summary reports may be requested from the USDA, SCS, Box 985, Federal Building, Harrisburg, PA 17108.

USDA will use this report to update its National Conservation Program which provides direction for all conservation programs conducted by seven USDA agencies.

In this appraisal, USDA analyzed the best data available about land use, soil erosion, water supply and management, water quality and related resource issues such as atmospheric deposition and wildlife habitat. It began new research to define more precisely the threat soil erosion poses to agricultural production and environmental quality. This data will be used to project future conditions as well as identify current problem areas.

According to Olson, Congress enacted RCA legislation in 1977 in response to widespread concern about mounting pressure on the nation's soil and water resources.

Rapidly increasing export demands were encouraging farmers to plow highly erodible land. Erosion problems were growing as farmers began to abandon traditional conservation practices after finding them incompatible with large farm equipment and new farming methods.

Other concerns at the same time were loss of farmland to urbanization, mining of groundwater, water shortages and loss of wildlife habitat.

With these concerns, Congress directed the Secretary to make periodic appraisals of the nation's resources and to ensure that USDA programs were responsive to long-term needs of the nation.

USDA completed the first appraisal in 1980. It was used to design the National Conservation Program which was implemented in 1982. Information from the first appraisal was also used by congress in adopting the conservation provisions of the Food Security Act of 1985, better known as the Farm Bill.

Comments on the second appraisal report should be sent to the State Conservationist, USDA, SCS, Box 985, Federal Building, Harrisburg, PA 17108 by September 12th.