

Submitted Testimony of Robert Paarlberg<sup>1</sup>  
Before the Committee on Agriculture of the  
U.S. House of Representatives  
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THE POLITICS OF THE 2012 FARM BILL

Federal policy in the food and farm sector has long followed the preferences of the agricultural committees of Congress, most specifically this Committee. Over my career as an independent scholar, I have repeatedly witnessed this dominating agricultural committee role, and I have identified it again in a new book published last month by Oxford University Press titled “Food Politics: What Everyone Needs to Know.” My task here is to draw from the thinking in that book and look ahead toward the 2012 farm bill. Is the politics of the farm bill process changing or not? Will this Committee be able to write another “business-as-usual” farm bill in 2012, or will political realities force a break from the past?

Historically, the agriculture committees of Congress have always been able to write the farm bill on their own terms, and I suspect this will remain the case in 2012. Nobody can “force” this Committee to make a change. Secretary Vilsack might want a break from the past, but Secretaries of Agriculture don’t write farm bills. In fact, Secretary Vilsack has said he will not even send Congress a suggested farm bill for 2012, only perhaps an outline of a bill. Presidents don’t write farm bills either. Remember that President Bush actually vetoed the 2008 farm bill, calling it “wasteful,” yet Congress passed the bill over President Bush’s veto by a wide margin of 3 to 1 in the House and 6 to 1 in the Senate. In fact, the 2008 farm bill *was* wasteful, given that it re-authorized expensive subsidies at a time when net farm income in the United States was 40 percent above the average of the previous ten years. Yet the political reality remains: if the agriculture committees want an expensive business-as-usual farm bill, they can get one.

The continuing power of the agricultural committees over the farm bill process is at first puzzling, given that farming today represents less than 1 percent of GDP and that farmers are less than 2 percent of our labor force. The agricultural committees retain their power despite this sectoral shrinkage by employing what scholars of legislation call a “committee-based logroll.” They draft a bill that first unifies all farmers (Republican and Democrat, crop and dairy, Northern and Southern, etc.) by providing something for everybody. Then they recruit support from beyond the sector by adding benefits for non-farmers. In proportion to the relative decline of the farm sector over the years, the share of benefits provided to non-farmers has grown.

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This process of bringing non-farmers under the tent began in the 1960s and 1970s, when farm bills were written to include greatly expanded food assistance programs for the poor, valued by members from urban districts. By 2002, more than 60 percent of all farm bill spending went for these nutrition programs. The 2008 farm bill was made attractive to nutrition advocates through an added \$7.8 billion in spending over ten years for the Food Stamp Program (renamed SNAP), an added \$1.26 billion for the Emergency Food Assistance Program (TEFAP), and \$1 billion for a free fresh fruit and vegetable snack program targeted to schools with low-income families (in each of the 50 states). In the 1970s, several reform-minded secretaries of agriculture had proposed that such nutrition programs be handed over to the Department of Health, Education, and Welfare, but the agriculture committees kept them inside USDA, to broaden non-farm political support for the farm bill.

In the 1980s, environmental advocates were brought into the farm bill tent through the addition of several resource protection measures. A Conservation Reserve Program (CRP) in the 1985 farm bill gave growers cash rental payments for idling portions of their land. Later an Environmental Quality Incentive Program (EQIP) was added, paying farmers up to 75 percent of the incurred costs and income foregone for adopting certain conservation practices. While these payments to be “green” were primarily beneficial to farmers, they helped add new non-farm constituencies to the farm bill coalition.

Advocates for organic food were brought into the coalition in 1990, when that year’s farm bill added a title that created an organic certification system. Increased subsidies for “alternative agriculture” are now used to soften criticism of the (vastly larger) subsidies provided to conventional agriculture. In the 2008 farm bill, support for the organic sector was expanded to include organic research and extension assistance, certification cost-sharing, and conversion assistance.

Supporters of international humanitarian assistance have also become an important part of the farm bill coalition, thanks to the longstanding inclusion of a separate title for international food assistance programs. Title II of P.L. 480 (administered by USAID) has been funded at an average level of about \$2 billion annually since the farm bill of 2002. It supports the operations of many U.S. private voluntary organizations working internationally in relief and development. This P.L. 480 program also brings in farm bill political support from the maritime lobby, since the law reserves for U.S.-flag vessels 75 percent of all gross tonnage of food aid shipped. A number of smaller international food aid programs (Food for Progress, Bill Emerson Humanitarian Trust, McGovern-Dole International School Feeding and Child Nutrition) are actually administered by USDA itself.

The something-for-everybody logroll approach has the advantage of keeping partisan paralysis to a minimum. For example, the legislation that eventually became the 2002 farm bill emerged from this committee equally supported by Republicans and Democrats, without a single dissenting vote. The drawback to the logroll approach, however, is the final cost to taxpayers.

Outside the halls of Congress, a business-as-usual log-rolled farm bill in 2012 is likely to encounter several new kinds of pushback. Budget hawks and the recently

energized Tea Party movement will probably pick up on President Bush's concern that farm bills have become too expensive. Opponents of corporate agriculture will make a more vigorous case that farm subsidies are worsening our nation's growing obesity crisis. And advocates for a new multilateral trade agreement in the World Trade Organization (WTO) will fight against any farm bill in 2012 that introduces new production distortions that might make an international agreement more difficult to reach. The new pushback from these various directions in 2012 will not be strong enough to determine what this Committee does, but it may impose a larger political price this time around for continuing a business-as-usual approach.

### The Fiscal Crisis

The 2012 farm bill debate is likely to take place in an unusually stressed fiscal environment. The federal budget deficit was \$1.4 trillion last year. It is projected at \$1.56 trillion for this year, roughly 10.3 percent of GDP, not as high as the disastrous budget deficit of Greece in 2009 (13.9 percent of GDP), but clearly a worrisome level. The Obama Administration hopes the deficit will shrink to only \$1.3 trillion next year, but under the administration's budget projections the deficit is unlikely to drop below \$706 billion a year at any time over the next decade. In recognition of this crisis President Obama launched a bipartisan National Commission on Fiscal Responsibility, tasked with finding a way to shrink the deficit to 3 percent of GDP within 5 years. In this fiscal environment it will be more difficult to hide the high costs of a business-as-usual 2012 farm bill.

### The Obesity Crisis

The farm bill debate in 2012 will also be shaped by our nation's growing obesity crisis. Between 1971 and 2000, the rate of obesity (BMI above 30) in the United States doubled from 14.5 percent to 30.9 percent. The medical costs associated with this crisis are now becoming significant. Between 1998 and 2008, the medical costs of treating obesity-related diseases in the United States doubled to reach \$147 billion.

Farm subsidies do not cause obesity. Instead, the most important causes are a combination of reduced physical activity (as a constantly smaller part of workforce engages in actual physical labor; as automobile driving has replaced walking; and as more leisure time is spent seated before computers or television screens) plus increased calorie consumption (as the price of food has fallen relative to income, as cigarette smoking has decreased, and as "grazing" on super-convenient and energy-dense prepared foods, snack foods, and fast foods replaces sit-down meals prepared from fresh ingredients by homemakers). Yet influential critics are now blaming a significant part of our nation's obesity crisis on farm subsidies, which are said to be making animal feed, corn-based sweeteners, and unhealthy snack food artificially cheap.

Such allegations are mostly mistaken. A USDA study in 2008 found that the price of fruit and vegetable products in the United States, if you control for quality and season of the year, had fallen at almost exactly the same rate as the price of chocolate chip cookies, cola, ice cream, and potato chips. Nor is it true that federal programs make

corn artificially cheap for livestock producers. The corn program in the farm bill may lower prices slightly (by less than 10 percent), but this effect is more than offset by federal subsidies and mandates for corn-based ethanol, which drive up the price of corn, and also soybeans. Nor is it true that sweeteners have been made artificially cheap by our commodity programs; our tariff-rate quotas on sugar imports drive up all sweetener prices (and this further boosts feed prices, by diverting corn use to the production of high fructose corn syrup). Nor is it true that HFCS is more obesity inducing in drinks than natural sugar; HFCS in soft drinks consists of 55 percent fructose and 45 percent glucose, not significantly different from ordinary sugar, which is 50/50 fructose/glucose.

So the alleged links between the farm bill and obesity are largely bogus, but they are nonetheless becoming a more powerful political current, one that could make a business-as-usual farm bill more difficult to enact in 2012.

### The WTO Crisis

In July 2008, shortly after passage of the last farm bill, multilateral negotiations in the WTO to liberalize trade came to a halt because of disagreements over trade-distorting agricultural subsidies. If the 2012 farm bill does not leave room for subsidy reductions, these multilateral negotiations may be impossible to revive. Also, earlier in 2005, the U.S. cotton program was found to be in violation of America's existing legal commitments in the WTO and the 2008 farm bill did not correct this flaw, so last August the WTO gave Brazil a right to impose punitive tariffs on U.S. exports as compensation for the U.S. violation. In order to prevent punitive action, the United States last month promised Brazil's cotton growers a "technical assistance" fund of \$147 million a year, to be replenished until the improper U.S. cotton subsidies are removed. This costly and embarrassing failure to reform our cotton program in 2008 will be at the top of the farm bill agenda in 2012. If the offending U.S. cotton program is not changed, or if our currently decoupled payments are replaced by trade-distorting measures in the 2012 bill, America's larger trade policy interests will be put in jeopardy.

### An Alternative Approach the Next Farm Bill

In view of the above circumstances, a business-as-usual farm bill in 2012 will invite wide and damaging criticism. To diminish or avoid that criticism, several alternative steps might be taken.

1. *Spend less than the budget baseline.* Leaders on this Committee have already committed to a 2012 farm bill that costs no more than the budget baseline. This is the right instinct, but our fiscal crisis has emerged because existing spending baselines are too high. It would be a bold and worthy step for this Committee to write a 2012 bill costing less than the baseline funds available.

Recall that designing farm bills to capture every dollar of available baseline spending has led to shortsighted changes in the past. For example, in 1996 a switch was made to de-coupled payments as a means to "capture the baseline" at a time when high crop prices were reducing projected outlays under

existing programs. Congress was unable to discipline itself to stick to the new system when crop prices subsequently fell.

2. *Make caloric soda ineligible for purchase under the SNAP program.* Subsidizing food give-aways, even healthy food give-aways, has never been a credible policy response to our obesity crisis. Nor is it any longer sustainable within our new budget limits. In the Senate, recently, the Agriculture Committee passed a child-nutrition bill with an added \$4.5 billion in spending that had to be financed in part through cuts in EQIP spending.

A better approach would be to stop using the SNAP program to subsidize consumption of unhealthy products. Caloric soda, which is not a food, might be made ineligible for purchase using SNAP benefits (along with various other products such as alcohol, cigarettes, and pet food). Removing the soda subsidy from the SNAP program would help correct the impression that our nutrition programs are hostage to the interests of beverage industry.

3. *Continue moving away from product-specific farm income support instruments such as counter-cyclical and loan deficiency payments. These distort production and trade. Replace these traditional instruments with whole farm revenue insurance.* The 2008 farm bill made a move in this direction with the ACRE program, which protects farmers against declines in price and yield. The attraction of this approach is that taxpayer outlays only go up when prices or yields are going down. The limitations of the ACRE program are its link to current acreage and prices for specific crops, which might require that it be counted as production distorting in the WTO, plus the fact that the payments will be made against an artificially high price standard (the price levels that prevailed in 2008). Also, participation has been limited so far (only about 13 percent of eligible crop acres were enrolled in ACRE for the 2009 crop year) in part because of farmer misgivings about the statewide yield trigger and a reluctance to accept the reduced direct payments and lowered marketing assistance loan rates that accompany the program. If the traditional instruments were made less attractive (e.g., through comparable reductions in payments and loan rates) more large growers would move over to an ACRE-type system.

4. *Commit a larger share of farm bill resources to rural public goods and agricultural research.* Secretary Vilsack's testimony to this committee last month correctly stressed the value of supporting job creation and wellbeing in rural America – both on and off the farm – through increased USDA support for rural broadband, for regional food systems and supply chains, and for rural health and education. I would also stress the importance of food and agricultural research, a task we should not hand off completely to corporate labs. The private companies have produced some wonderful innovations (for example, the technologies that are now moving American agriculture toward environment-friendly “precision farming”), but their money does not serve all crops or all farmers. The public sector should be playing a larger role. The 2008 farm bill took an important step in the right direction when it authorized creation of a new National Institute of Food and Agriculture, but NIFA doesn't yet have an

adequate research budget. NIFA's agriculture and food research initiative (AFRI) competitive grant program was funded in FY2010 at only \$262 million, only one *ninetieth* the size of the Competitive grants programs of the National Institutes of Health.

In summary, this Committee will face an important set of choices when it begins drafting the 2012 farm bill. I believe this next farm bill should be approached as an opportunity to move U.S. food and agricultural policy into greater harmony with our fiscal and social needs, and with our larger national interests and international legal obligations. Many will be hoping for real change in the 2012 farm bill, beyond the standard business-as-usual committee-based logroll.

**Committee on Agriculture  
U.S. House of Representatives  
Information Required From Non-governmental Witnesses**

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: \_\_\_\_\_ Robert Paarlberg
2. Business Address: \_\_\_\_\_ Political Science Department, Wellesley College,  
Wellesley, MA 02481
3. Business Phone Number: \_\_\_\_\_ 781 283-2193
4. Organization you represent: \_\_\_\_\_ Independent academic, Professor of Political Science  
at Wellesley College
5. Please list any occupational, employment, or work-related experience you have which  
add to your qualification to provide testimony before the Committee:  
I have authored several books on U.S. agricultural policy. The most recent are "Policy  
Reform in American Agriculture (U. of Chicago Press, 1999), with David Orden and Terry Roe, and  
"Food Politics: What Everyone Needs to Know" (Oxford University Press 2010).
6. Please list any special training, education, or professional experience you have which  
add to your qualifications to provide testimony before the Committee: B.A. Carleton  
College, 1967. PhD, Harvard University, 1975. Consultant to International Food Policy Research  
Institute, USAID, and the Bill and Melinda Gates Foundation. Service on Board of Agriculture and  
Natural Resources, National Research Council. Service on Board of Directors, Winrock  
International.
7. If you are appearing on behalf of an organization, please list the capacity in which you are  
representing that organization, including any offices or elected positions you hold:  
I am not representing any organization.

**Committee on Agriculture  
U.S. House of Representatives  
Required Witness Disclosure Form**

**House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2007.**

**Name:**        \_\_\_ **Robert Paarlberg**

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*Organization you represent (if any):* I am not representing any organization. I am an independent scholar at Wellesley College.

\_\_\_\_\_

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2007, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: \_\_\_ None since October 1, 2007 \_\_\_        Amount: \_\_\_\_\_

Source: \_\_\_\_\_        Amount: \_\_\_\_\_

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2007, as well as the source and the amount of each grant or contract:

Source: \_\_\_ I am not appearing on behalf of an organization        Amount: \_\_\_\_\_

Source: \_\_\_\_\_        Amount: \_\_\_\_\_

Please check here if this form is NOT applicable to you: \_\_\_ X \_\_\_\_\_



Signature: \_\_\_\_\_ Robert Paarlberg May 8, 2010

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