Statement of Policy Summary for the
2018 Farm Bill
Submitted by
David Senter, President
American Agriculture Movement Inc.

1. Re-establishment of the Non-recourse Loan Program

AAM is many times accused of being too idealistic in our policy approach to price support and those accusations may be well-earned. Our goal has always been and is still 100 percent Parity for all farm products. But we can also be more pragmatic in our recommendations for farm policy and urge enactment of a non-recourse loan program to provide a floor price at the full cost of production for the major, strategic commodities, and level well short of our basic goal of 100 percent Parity.

While the current Marketing Assistance Loan (MAL) program, with its complex components such as Marketing Loan Gains (MLG) and Loan Deficiency Payments (LDP), Posted County Prices (PCP), confusing beneficial interest requirements and other bureaucratic provisions, is technically a non-recourse loan program, it falls far short of providing a price support for farmers. The current MAL program is inadequate, can unnecessarily expose the federal budget to huge deficits, is based on a misguided theory of export-oriented policy and has not passed its touted benefits on to the American consumers.

The price levels of the current MAL program are established at a level so far below the cost of producing the crop, if and when LDPs and MLGs are triggered, our nation’s farmers will be in such a financial catastrophe that the benefits of the program will fall woefully short of providing any safety net at all.

Even if the loan rates of the current MAL program were raised to an adequate level to provide a proper safety net, the cost to the U.S. taxpayer and the contribution to an ever deepening of the federal debt may prove to be so expensive that it could jeopardize all U.S. farm programs.

The current MAL is also based upon a hugely misguided theory that driving down the price of U.S. farm goods expands exports and brings prosperity to Rural America. This theory is based upon an assumption that agriculture exports drive the U.S. farm economy. While exports may be a contributing component to our domestic farm economy, exports have only driven our domestic farm economy three times in the last century – during and immediately after the two World Wars and during the short-lived, but massive Soviet grain purchased of the early 1970s.

While the MAL program has failed to support farm gate prices, those price reductions have never found their way to our consumers. The most recent example is the peanut
program which has cut the market price of peanuts by well over half, but the cost to
consumers for products containing peanuts never went down and in fact, has continued to
increase. From our perspective, it appears that the real winners of the marketing loan are
the food processors and the integrated livestock feeding industry. The losers are the
nation’s farm families, consumers and taxpayers.

The MAL is too ineffective, too cumbersome, too expensive and too dangerous to be
continued. It should be replaced with the simplified, price-supporting non-recourse loan
program that served the nation and its farmers from the New Deal until the folly of the
marketing loan was started in the 1985 farm bill for cotton and rice.

We therefore recommend replacement of the MAL with a standard non-recourse loan
program to provide a floor price at the full cost of production. The non-recourse
commodity loan program, a legitimate price support system, is a much superior
alternative to the current taxpayer funded subsidy scheme in addressing the debt and
deposit challenging our federal government.

2. Re-establishment of a U.S. Reserve of the Basic Storable Commodities

Food reserves and managing the over- and under-production of food stocks is not a new
government policy. From the “Joseph Plan” as Henry A. Wallace called the Biblical
seven fat years – seven lean years program; to his Ever-Normal Granary; to the Chinese
grain reserve program started in 54 B.C.; up to the Farmers Owned Reserve (FOR)
established by President Carter and Secretary Freeman (and lost in the 1996 farm bill),
governments have previously provided the tools to manage stocks with positive results.

AAM therefore recommends the re-establishment of a U.S. reserve of the basic storable
commodities with a significant portion of that reserve in a FOR to provide for domestic
food security, domestic energy security, and international famine relief and other
emergencies.

3. Continuation of the Energy Title of the Farm Bill

The 2018 farm bill will be the 4th farm bill with an energy title. AAM supported the
energy titles of the last 3 farm bills and has been a leading advocate of renewable energy
since our inception over four decades ago. We have always and fully support the
advancement of all forms of renewable energy, including new and better ways to produce
biofuels.

When AAM brought thousands of farmers and tractors to the nation’s capital in 1979, we
came with much more than protests; we came with solutions as well. Farmers camping on
the National Mall set up a small ethanol still and produced renewable ‘gasohol’ and made
cookies from the distiller’s grains. Those cookies were served to Members of Congress,
including several currently sitting in key leadership positions in this Congress. Working
with Congress and President Carter, we were able to enact the nation’s first ethanol programs. Thirty years later we are here to remind the public that we not only identified solutions to help farmers find alternative markets for their crops and better prices, but also helped American move towards energy independence. AAM has always supported the advancement of ethanol and we are currently focusing on the expansion of utilization of biomass production.

AAM is also a strong supporter of the Biomass Crop Assistance Program (BCAP), contained in the current farm bill. The BCAP is a critical first step in helping farmers shift to new alternative crops which will help America move towards energy independence. This program will encourage farmers to establish and produce local, home-grown, renewable energy for industrial heat, electric cogeneration and cellulosic ethanol utilizing biomass crops in areas around biomass facilities procuring bioenergy. The program will help producers who want to switch a portion of their acreage to dedicated energy crops and is critical to the development of the infrastructure for the production, harvest, storage, transportation and utilization of dedicated energy crops for the production of cellulosic ethanol, as well as direct heat and power.

AAM also supports a biomass production tax credit (PTC) similar to the PTC for wind, established for biomass used to meet energy requirements outside of cellulosic and/or non-fossil fuel ethanol. Just as we have seen with renewable fuel production, incentives to use biomass for cogeneration and industrial heat and power will provide opportunities for farmers, jobs for rural America and lessen reliance on imported energy. At the same time, they will build an infrastructure base for the cellulosic ethanol industry and provide a great economic stimulus to small business throughout the country.

4. Continuation of the On-Farm Storage Facility Loan Program.

AAM strongly supports measures in the farm bill to amend the authority under the Commodity Credit Chapter Act (Section 4(h)) to provide for the expansion of the “on farm storage facility loan program” beyond “grain on a farm”. By expanding the CCC Charter Act in this way, USDA is now providing low interest loans to farmers who build biomass storage and other handling facilities. We urge the continuance and simplification of this program.

5. Country of Origin Labeling

Both American consumers and producers want to know who produced the food they buy for their families and where was it grown. Country of Origin Labeling was one of the original founding principal’s of AAM when it was founded in 1977. It’s time for Congress to listen to the majority of consumers and producers and reinstate COOL.

6. Expand the cap on acres enrolled in the Conservation Reserve Program (CRP)
AAM supports continuation of the CRP Program. During consideration of the current farm bill, AAM opposed the reduction of the cap on acreage allowed into the CRP. It was a move supported by few livestock and grain trade organizations to increase production of grain so that they could buy cheaper grain. It was a shortsighted change that should now be changed.

AAM supports increasing the cap to 40 million acres and to allow haying and grazing with a reduced rental rate. This would help manage the CRP acres and have a better management of weeds and better supply of forage when needed. The local County Committees should determine when CRP acres are released for haying and grazing caused by natural disasters.

7. Continue Permanent Disaster Programs.

AAM supports the Livestock Disaster Program that is included in the current farm bill. Livestock producers have to cope with uncertain non-competitive markets and low prices, plus deal with what natural disaster occurs. Be it wildfires, blizzards or disease, producers need to be able to count on support from USDA programs to assist them during these trying times. The funding for the program should be Mandatory Funding from CCC.

8. AAM supports including cottonseed in the list of oil seed crops.

AAM supports including cottonseed crop to allow it to be eligible for either the Price Loss Coverage or the Agriculture Risk Coverage contained in the farm bill.

9. Continue foreign food aide programs such as Food for Peace and should have U.S. produced commodities shipped to areas of need

Foreign Food Aid programs such as Food for Peace should utilize U.S. produced commodities to be shipped to the areas and countries where the need exists. The U.S. should not send cash payments instead of commodities. AAM also supports keeping the cargo preference to ship these commodities on U.S. Flag ships.