



FARM SAFETY NET

Background

The U.S. farm safety net is a set of farm programs and other assistance that provides farmers and ranchers with protection against risks, such as lost income, limited access to credit, or devastation from natural disasters.

U.S. commodity programs have gradually shifted away from providing Government support payments that increase farm income towards Government support payments that are driven by the cycles in the farm economy. This cyclical approach provides low Government assistance under relatively strong economic and growing conditions and increases this assistance as economic and growing conditions weaken.

Current policies now take several forms, including marketing loans, counter-cyclical payments, crop and revenue insurance, and direct payments. These policies help farmers and ranchers when events beyond their control occur and cause output or income to plummet.

General Opinions Expressed

Many comments were received relating to targeting benefits to family farms, including the following:

- Make and fund programs specifically for small and medium-sized family farms and beginning farmers.
- Take subsidies away from large corporations.
- Support rural development, conservation, and loans for start-up farms.
- Programs that provide a safety net for small and medium-sized farms are paramount in future programs.
- Encourage young people to enter agriculture.
- Target small and beginning farmers. Farm programs favor large farmers and discourage small and beginning farmers.
- Encourage and subsidize local farming to entice the next generation of farmers.
- Support of small-scale farming and production/processing would help revitalize local communities.
- Provide tax incentives to new farmers.
- Subsidies should be restricted to small family farmers who produce for the local markets with environmentally sustainable farming methods.

- Farm policy should limit "factory farms."
- Programs should support young beginning farmers with expenses, land prices, and unstable crop prices.
- Subsidize new farmers going into organic agriculture, which saves money on input costs and preserves the environment.
- Several commenters stated that USDA programs targeted for American Indians and Alaska Natives are underfunded and understaffed.
- A commonly held opinion was to have a more conservation-oriented and less commodity-driven approach to farm bill policy in order to provide the safety net for American agriculture.

Many comments expressed the desire to end all Government subsidies, although reasons were diverse:

- Do not distribute assistance to any producers. Allow them to fail and do something else with their lives.
- It is none of the Government's business. There is no constitutional basis for any of this. It is pure and simple meddling.
- Do not subsidize crops, such as cotton, that prevent developing nations from entering the market.
- Farmers should rely on free markets and charity, not Government assistance.
- Why can't the farmers, like all other business people, operate without Government subsidies?
- Permanent payments should be stopped, as they have a negative effect and make it hard for young farmers to get started.
- Discontinue farm programs and let the free market prevail; stop waste of taxpayer dollars.
- Discontinue subsidies because this is a form of welfare.
- Stop subsidizing agribusiness. Americans have paid billions for contradictory and damaging farm programs, such as the Federal dairy policy.
- Farm programs harm developing countries and cause farmers to overproduce and flood international markets.
- Eliminate all farm subsidies to make companies and farms run leaner.
- Allow private industry, not Government, to insure and subsidize farmers.

Many comments expressed the need to continue Government payments:

- Program payments keep farmers in business.
- A safety net for crops is essential in order for family farmers to make a profit and stay in business.
- Continue the current farm bill without change because it has been successful in providing stability to the farm sector in times of low prices.
- Many producers requested the present farm bill be extended; however, they would like more support to cover increasing costs of production.

Many comments endorsed the safety net concept, but suggested changes:

- Reward farmers according to how they produce, not how much they produce.
- Devote more attention and funding for organic and specialty crops.
- Improve the safety net for new and small farmers.
- Base the safety net on farm household income or farm revenues, not selected commodities.
- Consideration should be given to providing assistance to producers rather than production.
- Have a revenue-based income support system.

Many comments expressed concerns regarding equity and that the farm bill should support a more diverse mix of crops:

- The 2002 farm bill was good but left out small grains, vegetables, and livestock producers.
- The Government should support low-input agriculture.
- USDA needs to address specialty crop growers and offer subsidies for vegetable and fruit producers.
- Provide more support for fish farmers and continued support for livestock farmers.
- USDA ignores 90 percent of farmers if they don't grow grain, rice, or cotton.
- Support specialty crop producers and organic producers the same as other commodity producers.
- Government programs should be more equitable across commodities and regions of the country.
- Farm policy could be more flexible by enabling greater support for a broader range of activities helpful to agricultural market expansion.
- Every farmer should get some financial support.
- The peanut safety net has helped farmers with tomato spotted wilt virus and other peanut diseases.
- The changes to the peanut program have been very effective and should be continued.

Many comments requested that energy and organic issues should be key components of the next farm bill:

- Strongly support farm policies that would be anchored around clean air and clean water.
- Incentives should be given for organic and renewable energy sources, to reduce our dependence on fossil fuels.
- Government assistance should only be given to organic and environmentally responsible operations.
- Farm policy in this country should promote and encourage the reduction/elimination of the use of pesticides and chemical fertilizers.

Detailed Suggestions Expressed

- A grant program for new farmers and ranchers should be developed that provides 50 percent matching funds to replace older, unsafe equipment with newer, safer equipment.
- Anchoring farm policy on conservation benefits such as cleaner air and water would be consistent with WTO policies.

- Develop price support mechanisms that are consistent with the 2005 Dietary Guidelines; align production agriculture with public health needs.
- Develop more USDA programs that focus on Indian country.
- The new farm bill should implement a policy suggested by Dr. Daryl Ray called the farmer-oriented policy blueprint—including set-aside acres, a farmer-owned reserve, and Government purchases.
- Mandate through FSA offices a 50-percent reduction in acres planted. Establish a floor price of \$8.00 for wheat, \$6.00 for corn and \$12.00 for soybeans. Back these floor prices with Government loans and put a tariff on imported grain.
- Change the wool program to reward quality; and increase the loan rate.
- Combine the farm program with the crop insurance program to support revenue at a basic level.
- Cut subsidies to large producers that mistreat farm animals.
- A farm savings account is needed in the new farm bill.
- The method the Federal Government employs for stabilizing farm income needs to be World Trade Organization-compliant. The USDA needs to transition away from the counter-cyclical payments and loan deficiency payments and replace them with a system of minimal farm income guarantees coupled with tax-sheltered savings accounts that might help balance income year to year.
- Focus research, marketing, conservation, and risk management programs on meeting the unique needs of beginning farmers.
- Repeal subsidies, except for crop insurance.
- Improve animal welfare; encourage organic farming and consumption of locally produced food.
- No payments should be made unless there is a comprehensive nutrient management plan for the farm.
- No subsidies to farmers who rely on “fossil water” (i.e., the Ogallala Aquifer).
- Opposition to WTO-forced reductions in farm program spending was expressed.
- Pass USDA regulations early enough so farmers can plan for the next crop year.
- Prohibit subsidized farmers from competing against farmers who do not participate in Federal programs.
- Require that small farmers instead of corporate farm advocates be placed on advisory boards.
- Return to production set-aside programs, with payments based on conservation.
- USDA should work with the Department of Energy, Department of Transportation, and Environmental Protection Agency on biomass fuel issues.
- Farm policy cannot punish large farms for taking advantage of Government programs, but the Government can reconfigure the programs to be pro-rated to help diminish the receipts to large corporate farms.
- Government farm assistance funds should be contingent on certain stewardship requirements and the Government should help farmers meet those requirements.
- Offer incentives to U.S.-based textile mills and industries that would use our homegrown goods.
- Phase out farm subsidies and let the market determine production and prices, except where environmentally sensitive lands are concerned.

- Policy should be designed so we are not paying American farmers based on production. The policy should help farmers increase the quality of the products they produce.
- Do not try to implement a new farm bill in the middle of the year, like the last one.
- The nonfarm consumer/taxpayer needs to be educated in what a farm program means to him or her.
- Tobacco is the most highly concentrated industry in agriculture and is the only major crop without access to any type of safety net. Include tobacco policy in the next farm bill.
- U.S. policy should not eliminate tobacco growing in West Virginia and other States, especially if it is being done to assist foreign corporations.
- Do not allow information to be published detailing what each farmer receives in Government payments.
- Increase support to Pacific territories (Guam), specifically for small farm operations to address their issues, such as farm labor, invasive species, and assistance with processing and export potential.
- WTO negotiations are pushing U.S. farm policy to be greener, meaning more focus on conservation issues. Sorghum farmers encourage that, as long as water conservation is one of the top priorities for our own new farm policy.
- Seafood producers need the same sources of stability that are available to other food commodity producers, such as price supports, to reduce uncontrollable market risk.
- Farm policy should be designed to effectively and fairly distribute assistance to American Indian producers.
- Horse farmers need to be able to be part of the loan program for manure, fencing, grass filters, and all kinds of farm programs.
- 2007 farm bill should include interests of the equine industry, such as resumption of assistance in foreign marketing, research specifically for horses, and “product development.”