



Agenda 2007: A New Framework and Direction for U.S. Farm Policy
EXECUTIVE SUMMARY

Change is coming to U.S. farm policy. The government policies of the past, once critical to American prosperity, are not designed to meet the challenges of the 21st century. **The status quo is not an option.** Response to this change can be driven either by a broad coalition of farmers, ranchers and other partners or by entrenched, narrow special interests and international courts. Our national commitment to farmers and ranchers needs to promote competition and prosperity for all farm sectors, protect the land on which we all rely and foster innovation and entrepreneurship.

Over the course of more than a year American Farmland Trust has had frank conversations with hundreds of farmers and ranchers and dozens of agricultural economists and policy experts. **Our question was simple: what would a forward-looking and sustainable farm bill look like? The result is *Agenda 2007: A New Framework and Direction for U.S. Farm Policy*.** Farmers, ranchers and other stakeholders told AFT that today's farm programs exclude many of the nation's farmers, distort the marketplace and sometimes even undermine new marketing opportunities here and abroad. Further, they often fail to support the desire of farmers to be good environmental stewards. We need innovative policies that pave the way for a prosperous future for all of U.S. agriculture, not just an extension of policies that have become increasingly outmoded.

Powerful forces are converging to make change inevitable. The pressure to reduce federal budget deficits continues to build. The benefits flowing from present farm policies are inequitably distributed; most go to large operators. Specialty crop producers, ranchers and other farmers who are excluded from existing programs are demanding new farm policies that meet their needs. Stakeholders who traditionally have sat on the sidelines of farm bill debates are mobilizing as never before. And we may find that some of our present policies are vulnerable to challenge under international trade rules.

Using common themes heard at 11 farmer-rancher workshops around the country and with input from experts in agriculture policy, **AFT constructed a policy blueprint that lays the foundation for sustained support from all of agriculture and the general public.**

Agenda 2007 is based on the following objectives: to enhance farmer income; help farmers and ranchers innovate and compete; ensure a broad and equitable distribution of policy benefits; promote the long-term protection of our best land; enhance our international competitiveness; shift toward more market-oriented policies; and link support to national priorities such as cleaner water, better nutrition, reducing hunger, food safety and security, rural prosperity, energy independence and the stewardship of natural resources.

From these guiding principles, **AFT designed three pillars to support new farm policies: 1) a safety net; 2) environmental stewardship; and 3) new markets—all supported by a solid foundation of land, people, research and innovation.** The pillars and their foundation set the framework and direction for a 2007 Farm Bill. The intent is to foster more-widespread farm prosperity; U.S. competitiveness; enhanced environmental protection; and improved diets for our citizens. AFT developed a set of program recommendations for each of the pillars and the foundation.

Safety Net Pillar: Protection for farmers and ranchers. Commodity programs would become far more inclusive than they are today and would encourage environmental stewardship while protecting against economic adversity. The new safety net would replace existing counter-cyclical and loan-deficiency payments with programs that would be less distorting and cost significantly less while providing a true yield/price protection. They also would be compatible with global trading rules.

The safety net would take two forms: 1) Green payments would reward farmers for their environmental stewardship; and 2) risk management programs would help farmers manage revenue volatility. All farmers and ranchers would be eligible for *green payments* as long as they maintain an established level of environmental performance. For program-crop producers, a phase-in of green payments for environmental performance would be coordinated with the gradual phase-out of the current, fixed direct payments that farmers have been receiving.

New *risk-management programs* would replace current payments that are tied to price movements of specific crops with market-oriented and revenue-based risk protection. One innovative new option protects farmers against declines in revenue by combining a government revenue program with private individual revenue insurance. Targeting revenue, which includes both price and yield, provides greater protection to producers and is clearly preferable to present government programs that target price alone. A second, more aggressive approach is to transition out of commodity specific payments and allow farmers to use a suite of crop and revenue insurance products offered through private insurance providers.

Stewardship Pillar: Conservation of natural resources. Conservation program payments would complement green payments by providing cost-share funding to producers who alter farming practices and land use to improve environmental quality. Given the backlog in demand from farmers and ranchers, funding for existing working lands conservation programs should be doubled in the 2007 Farm Bill. A significant portion of these funds would flow through a new *cooperative conservation partnership initiative* via competitive grants to direct resources to critical natural resource concerns. To increase participation in conservation programs, a simple, unified application would be developed. To ensure geographic fairness in conservation funding, each state would be guaranteed a minimum level of funding.

New Markets Pillar: Expanded economic opportunities. To increase economic opportunities, AFT identified policy options that would: support innovation and entrepreneurial activity; improve access to global markets; foster and expand renewable energy; promote healthier diets; and provide greater local flexibility in program implementation. A new \$1 billion *farm profitability grants program* would help farmers and others create innovative business opportunities to enhance rural and agricultural prosperity. The program would combine specialty-crop block grants and new funding for states to encourage imaginative marketing strategies, new business ventures, diversification, local infrastructure enhancements and direct-to-consumer marketing opportunities related to any of the state's agricultural products. Enforceable reductions in other countries' tariff and non-tariff barriers would open export markets for more U.S. farm products. Funding for the development of technologies to convert cellulose-based raw materials into 'bio-fuels' and renewable energy standards would expand profitable and environmentally sustainable

domestic market opportunities for farmers. The federal government programs would promote healthier diets by expanding access, facilitating institutional purchases of select foods and supporting farmers markets. The intent would be to increase demand for specialty crops and fresh, locally grown food. Farm policy would enhance rural prosperity and support communities working to maintain their working farms and ranches.

Foundation: Support for new policies. Without a foundation, the new pillars of support will fail. The foundation requires that we **protect a strategic base of our best agricultural land**—American farmers’ only unique, sustainable competitive advantage. It also requires investments in programs that would: reinvigorate food and agricultural research; provide expanded technical assistance to a broad range of farmers; jump-start a new generation of farmers; and offer opportunities for disadvantaged farmers.

Change is coming. *Agenda 2007: A New Framework and Direction for U.S. Farm Policy* charts the forces driving this change and sets a course that can lead to a forward-looking, farmer-friendly, resource-conserving farm bill that will enhance prosperity across all crop and livestock sectors. In the coming months, AFT will continue consulting with diverse stakeholders and experts to convert the recommendations into legislative proposals and work tirelessly to mobilize support for a new generation of farm policies. **AFT calls on other forward-looking leaders and organizations to join in forging a long-overdue new vision for farm policy that will strengthen the future of U.S. agriculture and expand the benefits of U.S. farm policy for farmers, ranchers and the public.**



U.S. FARM POLICY PILLARS
Safety Net ■ Stewardship ■ New Markets