



SUMMARY OF THE FIRST MEETING OF THE FRUITFUL RIM  
RESEARCH GROUP  
Reforming American Farm Policy  
April 29, 2005

On April 29, 2005, 16 producers and four policy experts from Oregon, Washington, Idaho, California, Arizona, Texas, Florida and Hawaii (part of the “Fruitful Rim” region defined by the USDA’s Economic Research Service) met with American Farmland Trust staff to discuss reform of current farm policy. AFT sought out participants who understood farm programs, anticipated change and welcomed the opportunity to be sounding boards for research. The Fruitful Rim Research Group is one of four research advisory groups providing their perspectives to AFT as we draft a reform framework for the 2007 Farm Bill.

Participants agreed that reform is inevitable. They identified farm labor shortages, higher energy prices, water availability, competition from developing economies, new consumer demands, a food import/export imbalance, and an increasing focus on environmental quality as some of the drivers for reform. Desired goals for farm policy ranged from sustaining the resource base and infrastructure for agriculture to stimulating rural economies, providing long term protection of the environment, assuring a clean and safe food supply, leveling the playing field internationally, adjusting for the additional costs society imposes on U.S. agriculture, providing equitable treatment across all types of producers, providing a safety net that does not stimulate production in a volatile industry, keeping small-scale farming alive in the U.S., facilitating entrepreneurship and innovation and conserving natural resources. We did not try to reach consensus on goals.

We discussed what’s good and bad with current farm policy. The group identified 23 “good” and 44 “bad” points and voted on the most important. They want to keep and increase cost-share funds to address environmental concerns (the Environmental Quality Incentives Program (EQIP)), a safety net for farmers (crop insurance and Loan Deficiency Payments), the Research title, market development and the USDA Animal and Plant Health Inspection Service (APHIS)(to help fight invasive pest species). They want to change or eliminate subsidies that are not connected to something the public wants, target EQIP funds where they can do the most good, increase funding for conservation programs, refocus energy provisions on renewable fuels and improve the educational link between farmers and the general public.

Four small groups then independently designed their ideal farm policies:

- Consolidate conservation programs, allow producers more flexibility to identify needs and practices, tie rewards to environmental performance, provide cost-share for remediation and equipment, transitioning into cost-share payments for

providing environmental amenities (a Conservation Security Program approach); use block grants to better target programs to local area needs, providing a base level of funding supplemented with tiered payments to address particular issues in relation to need. Shift support towards conservation to reconnect with public goals but require recipients to keep farming or maintain the option to farm. Provide a safety net including gross revenue insurance for specialty crops and a form of price supports that replace disaster payments, keeping prices below or at cost of production. Strengthen government's role in research and entrepreneurship.

- Create better safety net programs that are tailored for individual commodities, high enough to keep producers in business but not encourage expansion and modeled after Adjusted Gross Revenue (AGR) type crop insurance programs (premiums subsidized to make them affordable). All programs should adjust for additional costs, be designed to gain public support and be flexible enough for any farmer to use. Examples include tax credits for higher wages to farm workers; a reworked and adequately funded Environmental Quality Incentives Program (EQIP) and Conservation Security Program (CSP); expanded technical assistance for Integrated Pest Management (IPM) and energy conservation, making insurance available to encourage use; massive conservation easement funding to keep land in production and level U.S. land costs with the lower land costs found in other countries. Provide more research and development funding to keep U.S. agriculture competitive.
- Use a state block grant approach to deliver funding for conservation, food inspection, food safety, market development and research. Establish ground rules at the federal level, simplify and integrate conservation programs, letting the states design programs that USDA NRCS will administer to meet state criteria. The market development block grants would be tied to existing infrastructure and delivered through states that match FAS priority needs. Inspection, food safety and food security programs would also be delivered in coordination with USDA through the states. Do away with direct commodity payments and replace with a true safety net (an optional risk management insurance with income averaging and a revenue or insurance program with premiums adjusted according to risk). Income averaging over time will help determine insurance payments as well as level out risk to fluctuating income year to year. Producers would have to participate in the safety net to be eligible for insurance.
- Provide some version of price supports to help producers survive market crashes; strengthen the APHIS program; store a supply of food and fiber for emergencies; expand the AGR insurance program; shift bulk commodity market supports to AGR over time with a percent supported by government; expand Country of Origin Labeling (COOL); simplify the application process for EQIP; provide funds to support organic certification; fortify and fully fund CSP; keep the Wildlife Habitat Incentive Program (WHIP); provide short-term help to start up bio-diesel operations; tie flex payments to amount of conservation provided; assist

small growers; stimulate innovation through value-added and other grants (e.g. for production and processing equipment); and help young farmers (low interest loans with higher caps; help with production equipment).

In addition to the Fruitful Rim, AFT is listening to research advisory groups of producers in the Upper Midwest (the Heartland), the Northern Crescent (New England and Great Lakes states) and the Southern Seaboard (southeastern states). We are also meeting with a wide variety of other groups including ranchers in Colorado and limited resource farmers in Georgia. Based on this feedback, we will design a policy reform framework and analyze possible impacts over the summer. Our four research advisory groups will reconvene in the fall to react to this work and help us improve the design.