



SUMMARY OF THE FIRST MEETING OF THE HEARTLAND RESEARCH GROUP
Reforming American Farm Policy
March 3, 2005

On February 25, 2005, twenty-three producers, a land manager and two policy experts from America's heartland met with American Farmland Trust (AFT) 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 and policy development. The Heartland group covers the states—IA, IN, KY, MN, MO, OH and SD. The assembled group closely fit the profile of U.S. farmers in how they use government payments and how this influences their farming decisions. The Heartland Research Group is one of three research advisory groups providing their perspectives as AFT drafts a reform framework for the 2007 Farm Bill.

The group believed that reform is coming, driven partly by a tightening federal budget and the need to comply with World Trade Organization rules. Some feared the change but others saw reform as an opportunity to improve U.S. agricultural competitiveness. Skepticism tempered the feeling of inevitability since often a real crisis is needed for reform to happen. Participants identified the desired goals for a new farm policy although we did not try to reach consensus. Ideas included:

- Enhancing our competitiveness in world markets;
- Improving the nation's diet;
- Conserving natural resources;
- Increasing rural development opportunities;
- Providing opportunities to improve the economic viability of farm operations;
- Improving global and domestic food and energy security; and
- Empowering farmers.

During the facilitated sessions, agriculture leaders and producers discussed what's good and bad with current farm policy. The group identified over fifty "good" and "bad" points and voted on the most important. They wanted to keep the good aspects of existing policy while changing the bad elements. The farmers wanted to keep elements in current farm policy that allow planting and production flexibility, provide incentives for conservation, are market-oriented, put conservation dollars on working lands, provide incentives for energy production, reward good actors for conservation (like the Conservation Security Program) and provide a safety net (good risk protection and stability for producers/income). They also wanted to change elements that inhibit innovation, distort land use, encourage payments to be capitalized into land values, do not provide adequate incentives for the production of environmental benefits and encourage pass through of dollars to other asset owners.

Four small groups then independently designed their ideal farm policies:

- One of two options: permanently buy-out base acres and replace those subsidies with new production support programs that address national priorities (energy, environment, food security, rural development, permanent farmland protection) coupled with access to some crop and disaster insurance. Or create a better safety net offering income protection, risk insurance, farmer savings accounts and disaster crop insurance.
- Shift government payments to produce environmental benefits coupled with a comprehensive approach to risk management and investments in public research for public benefit.
- Transition to outcome-based conservation programs, establish an actuarially-sound, revenue-based insurance system, keep direct payments as a bargaining chip to use with other countries to gain market access until no longer needed and increase funds for research, economic incentives for rural development and energy production.
- Design a solid safety net to address risk that encompasses disaster relief, fold conservation programs into a renamed Conservation Security Program containing a robust bio-energy component and provide dedicated funds for technical assistance, value-added innovation and publicly funded research.

Over the next six weeks, AFT will engage two additional research advisory groups of producers in the Northeast and Great Lakes states (the Northern Crescent) and in the coastal states where most fruits and vegetables are grown (the Fruitful Rim). AFT also will organize meetings/forums with a wide range of producers over the next four months including western ranchers, limited-resource farmers and producers in California and the Mid-Atlantic states. Based on this feedback, AFT will design a farm policy reform framework and analyze possible impacts over the summer. The three research advisory groups will reconvene in the fall to react to this work and help improve the design.