



SUMMARY OF THE FIRST MEETING OF THE NORTHERN CRESCENT
RESEARCH GROUP
Reforming American Farm Policy
March 29, 2005

On March 24, 2005, 15 producers and nine policy experts from the Great Lakes and New England states 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 Northern Crescent Research Group is one of three 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 global competition, higher land prices, an unsustainable low cost production system and consumer preference for products from environmentally friendly production as some of the drivers for reform. They felt that reform could offer a way to increase the competitiveness of U.S. agriculture and tie payments with the benefits that farms produce. However, they also warned that new policies may have unforeseen consequences. Desired goals for farm policy ranged from abundant, affordable and safe food to enhanced economic viability, improved conservation, better farm succession planning, increased technological innovation, enhanced infrastructure, ensuring access to markets, avoiding market distortions, assuring productive land remains in farming, and funding public research and extension to meet desired public goods. We did not try to reach consensus on goals.

We discussed what's good and bad with current farm policy. The group identified 50 "good" and 67 "bad" points and voted on the most important. They want to keep elements in current farm policy that shift more funds to conservation, provide a safety net for producers (good risk protection and stability for producers/income), support an Extension system, offer cost-share funds to address environmental concerns (the Environmental Quality Incentives Program (EQIP)) and ensure programs are voluntary. They want to change elements that lead to inequities in program payment distribution across regions, encourage unhealthy dependency on subsidies, discourage expansion of dairy herd size, provide too little conservation funding relative to demand, fail to address the unfair competition from imports, do not consider the benefits farms produce as a basis for distributing funds, do not strengthen food security and fail to address growing regulatory pressures.

Four small groups then independently designed their ideal farm policies:

- Enact a safety net for everyone with enhanced crop insurance that provides some degree of revenue assurance, protection from catastrophic loss, federal right to

- farm legislation and access to health insurance; shift to conservation payments with adequate technical assistance, funding for research and development, cost-share for new environmentally sound technologies, a conservation security program-type approach tied to the value of the crop and/or cost of land, and farmland protection programs with succession planning; and enhance food security by point of origin labeling, quality assurance programs for different commodities and establishing a “strategic reserve” for all U.S. produced commodities (protecting land and its ability to produce).
- Maintain only safety net payments that provide income in unusual years, cover crop failures and make up for poor markets; streamline and condense conservation programs by function and goal; and shift to a Conservation Security Program-type program, using Environmental Quality Incentives Program funding to help producers become eligible for Tier One payments. As a prerequisite to receive safety net and conservation payments, farm viability plans (business plans) would be required. Regional boards would direct conservation funding as appropriate and establish priorities for funding. Farmers would be required to partially reimburse conservation cost-share funds if land leaves farming within five years.
 - Scrap crop insurance and put funds into a rainy day/voucher account. Link a significant portion of payments to community benefits with a transition strategy. Conservation payments may provide a suitable vehicle. Establish a floor price for commodities (as in the 1996 Farm Bill). All programs should be tailored to regions, support local food security and allow greater flexibility at the local level.
 - Eliminate current commodity programs and base safety net payments on farm income. Decouple payments from commodities grown, using historic net farm income to determine base payments. Administer the base program nationally with payments reflecting good farming practices, adjustments for capital expenditures/gains and mechanisms to permit new farmers. Enhanced payments would then be based on conservation and community benefits. Examples include maintaining the local tax base, watershed protection/water recharge, farmland and open space protection, wildlife habitat, local economic multiplier, energy (renewable production) and food security to limited resource individuals. Each region would get a lump sum to administer for enhanced payments. The Conservation Title would be simplified to address installation of conservation practices with adequate funds for technical assistance. The Commodity Title would cover base and enhanced payments (maintenance).

In addition to the Northern Crescent, AFT is listening to research advisory groups of producers in the Upper Midwest (the Heartland) and in the coastal regions where most fruits and vegetables are grown (the Fruitful Rim). 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 three research advisory groups will reconvene in the fall to react to this work and help us improve the design.