

FARM POLICY IN THE DOWNTURN AND BEYOND

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 POLICY MATTERS

Part 1.

SUMMARY OF THE DOWNTURN

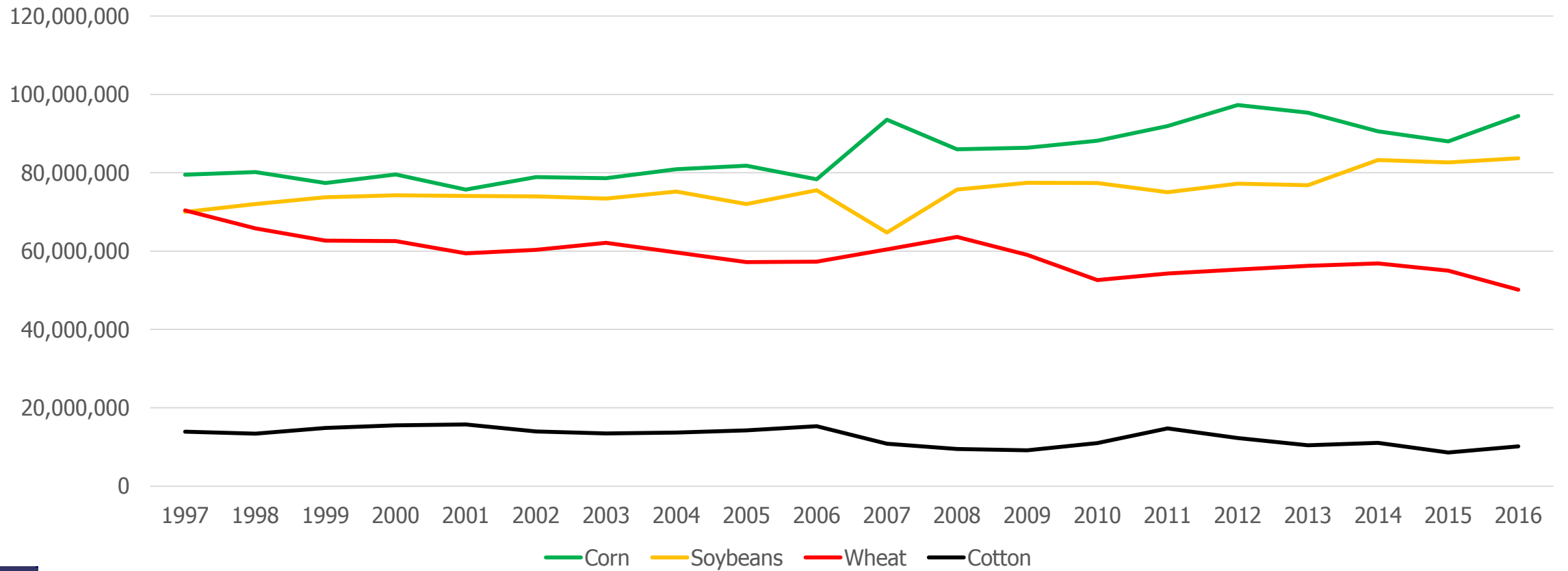


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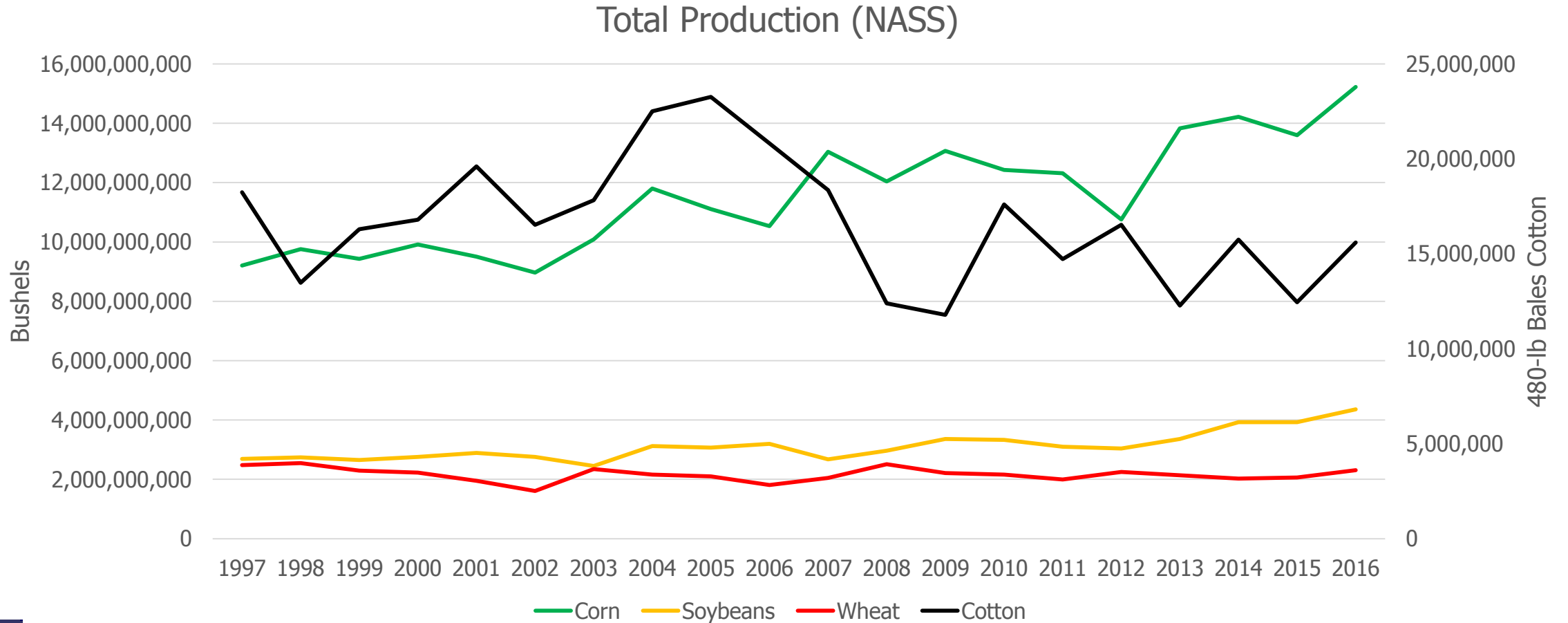
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INCREASED ACRES

Acres Planted (NASS)

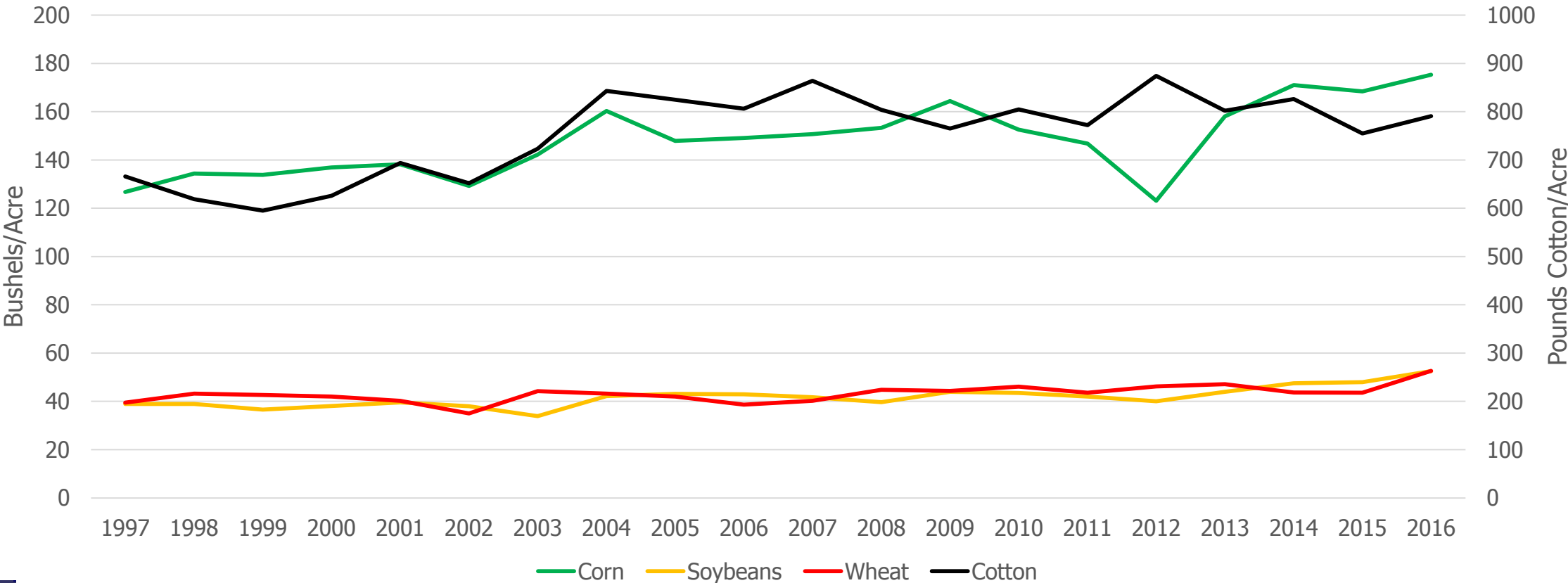


INCREASED PRODUCTION



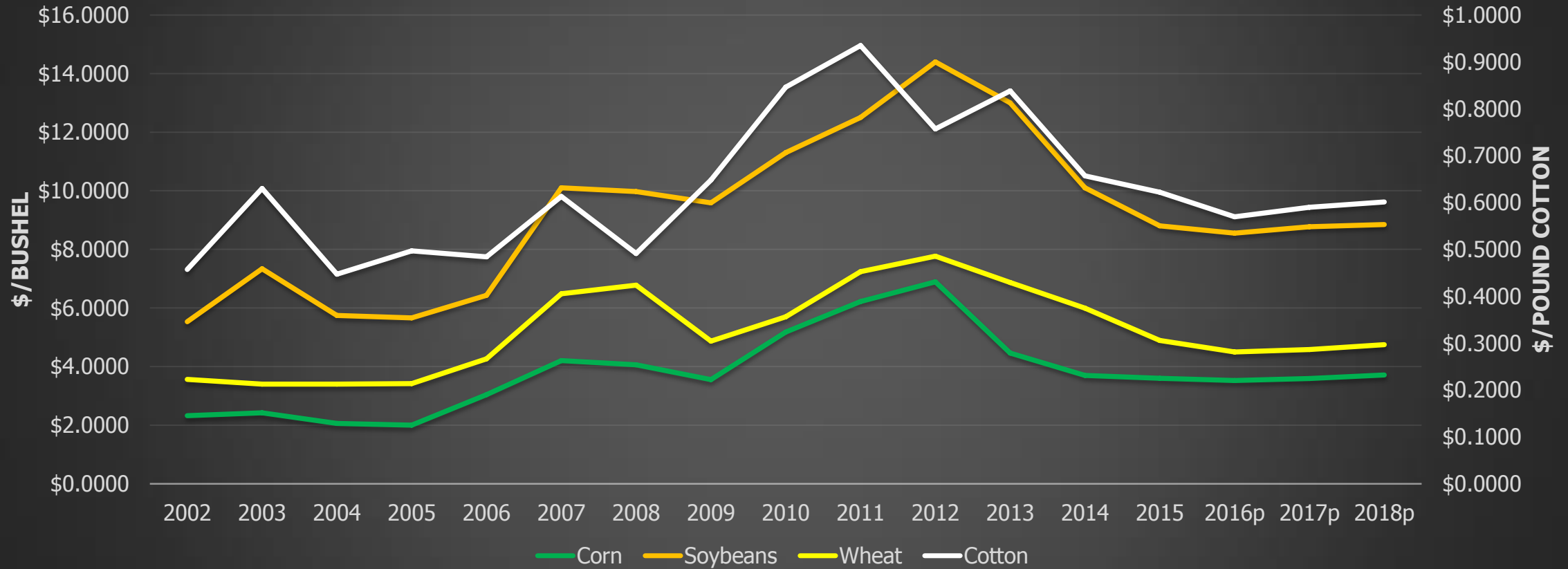
INCREASED YIELDS

National Average Yields (NASS)



DECREASED PRICES

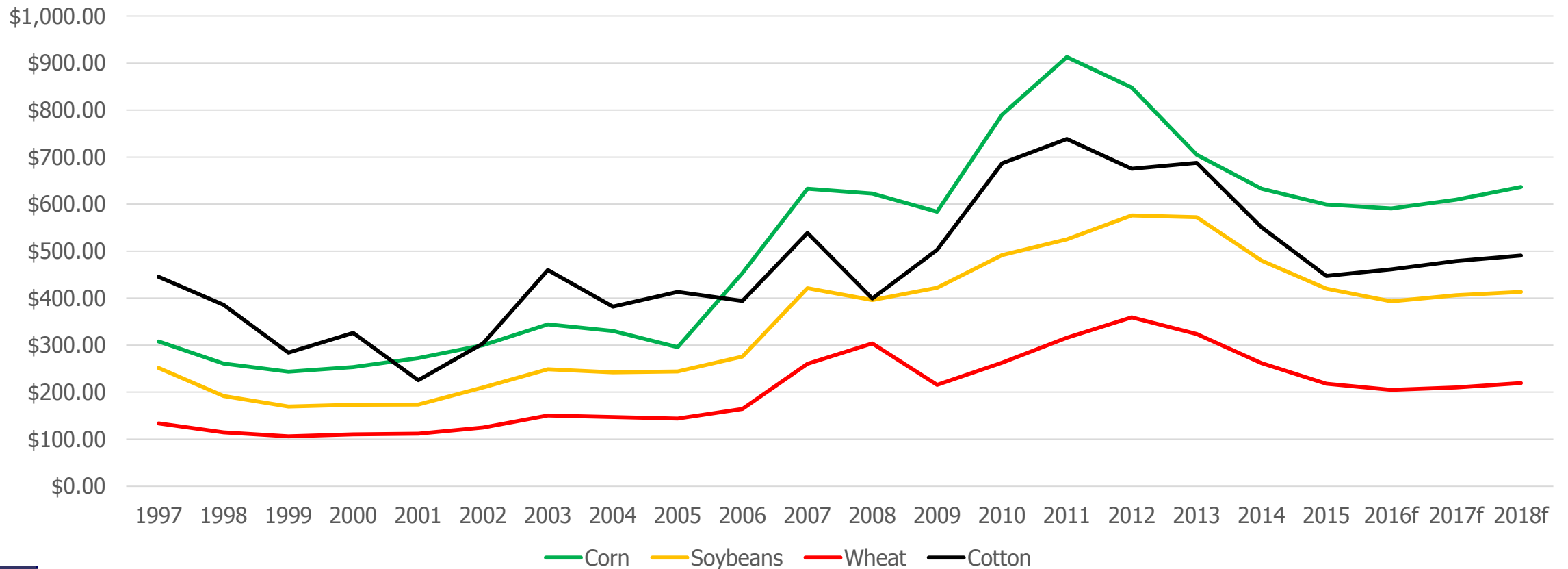
Marketing Year Average Prices (NASS; CBO)



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DECREASED REVENUES

National Average Revenue (Estimated-NASS and CBO)



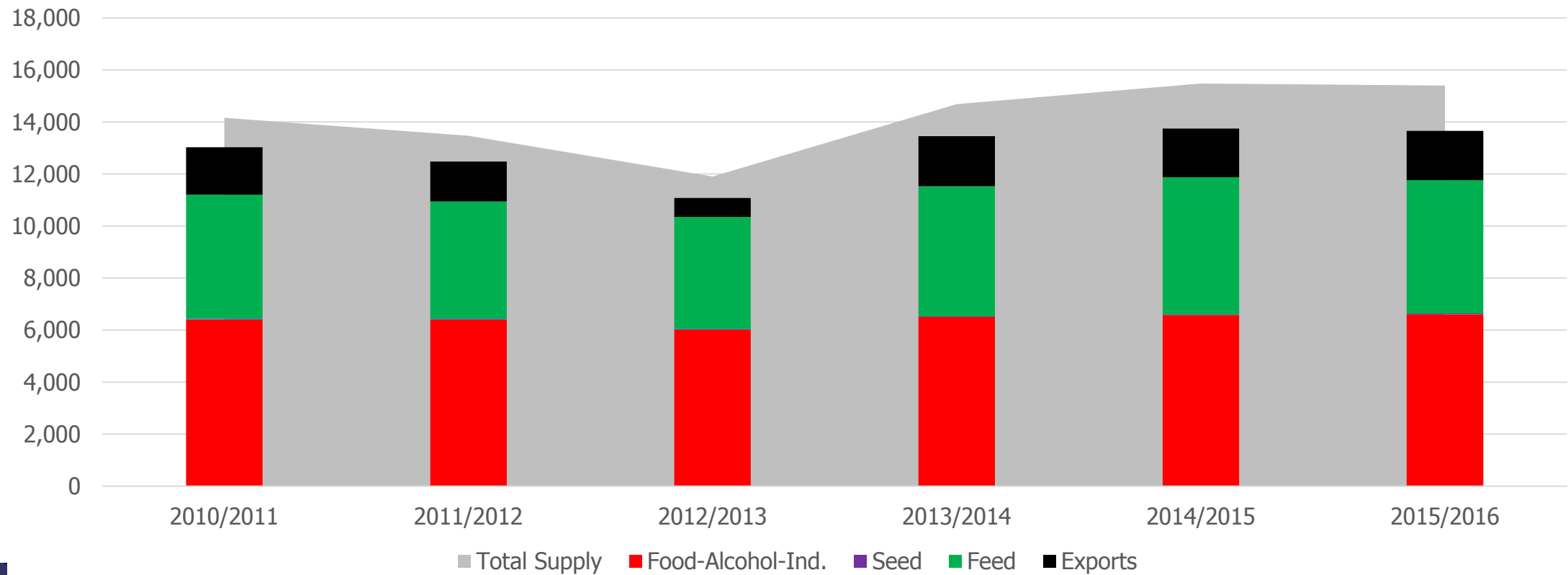
NOTE: Revenues estimated using national average yields and MYA prices

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CORN SUPPLY & DISAPPEARANCE

Corn Supply and Use-ERS (Millions of bushels)



Part 2.

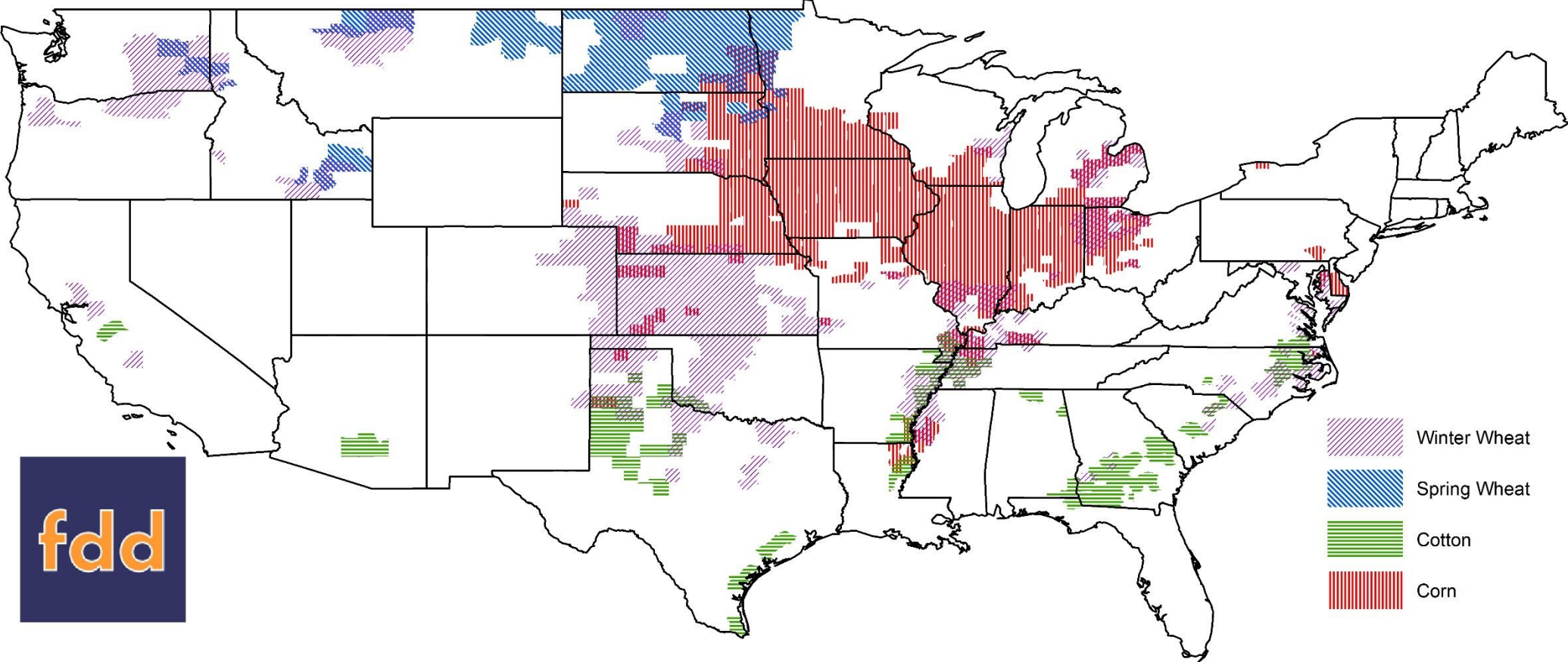
FARM POLICY'S ROLE.



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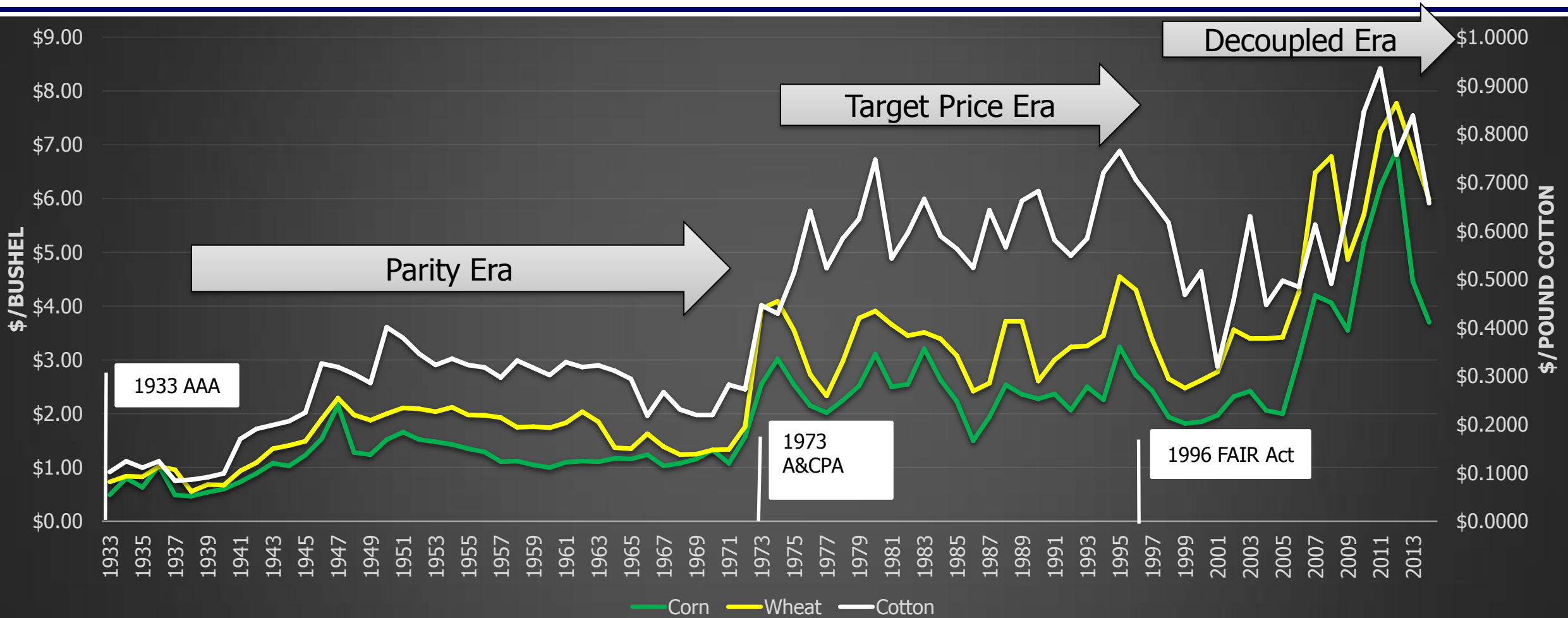
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TRADITIONAL FARM COALITION



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PRICES & FARM POLICY HISTORY.



USDA-NASS; average prices received by farmers in the marketing year

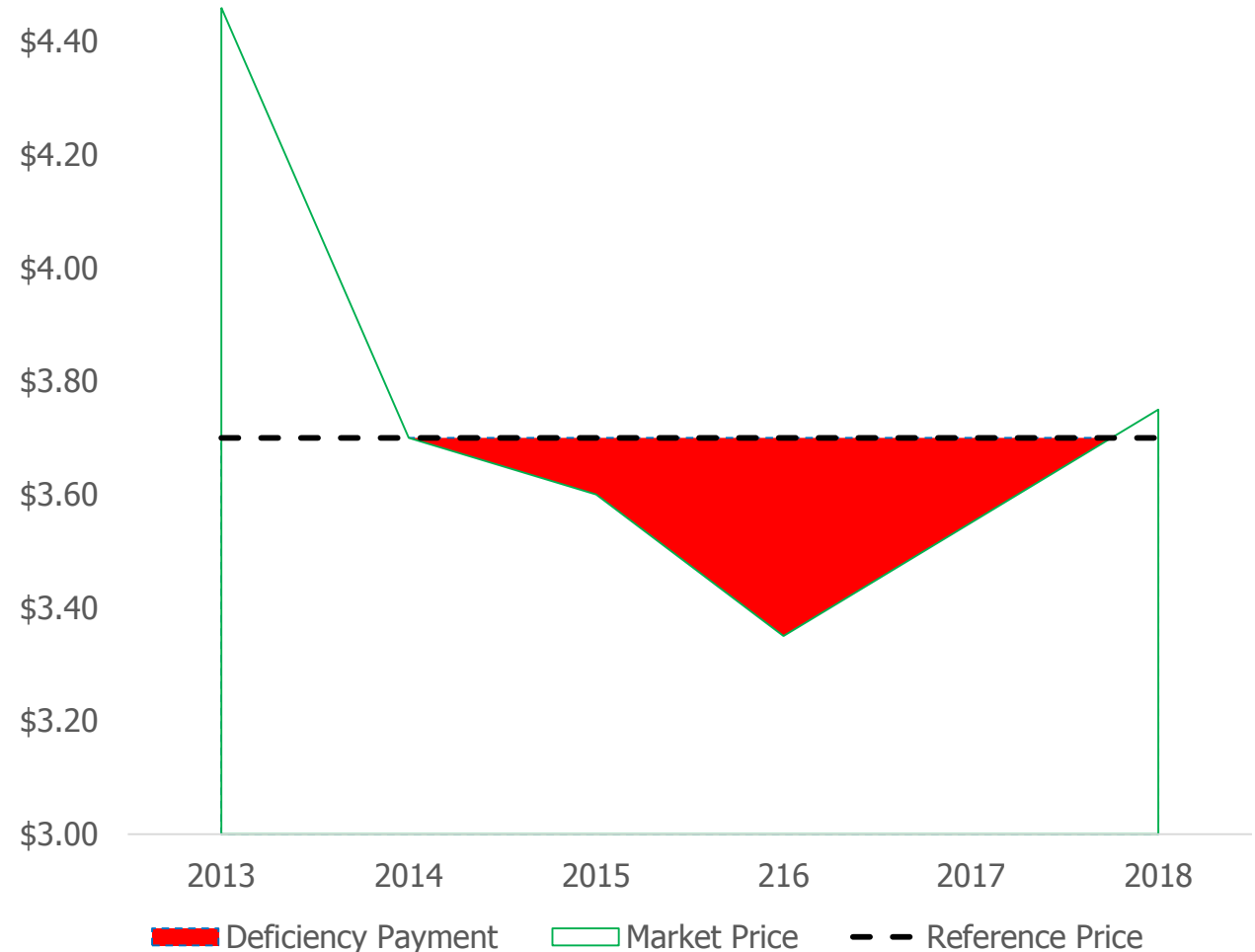
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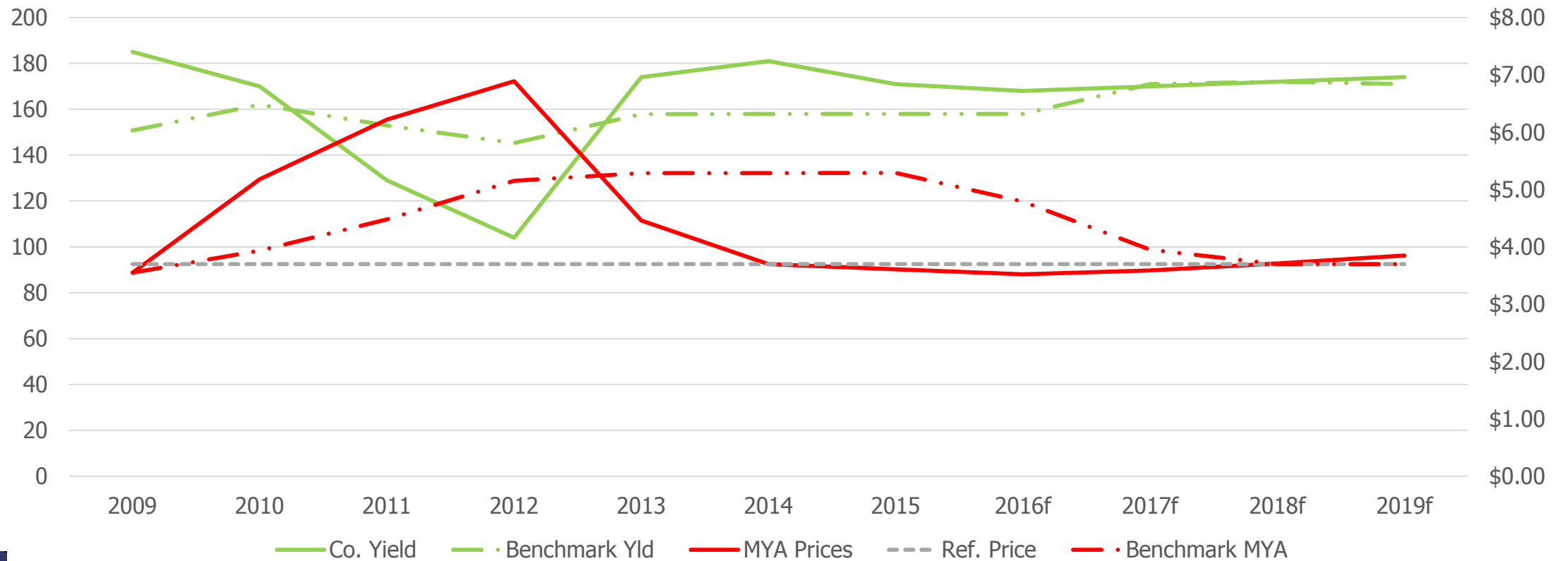
2014 FARM POLICY DISPUTE: PLC

- **2014 Farm Bill eliminated direct payments;**
- **Opened regional dispute over farm programs;**
- **Price-based vs. Revenue-based.**



2014 FARM POLICY DISPUTE: ARC & REVENUE

Corn Example-Revenue Policy



Note: forecasted yields are estimated trend; prices CBO 2016 baseline



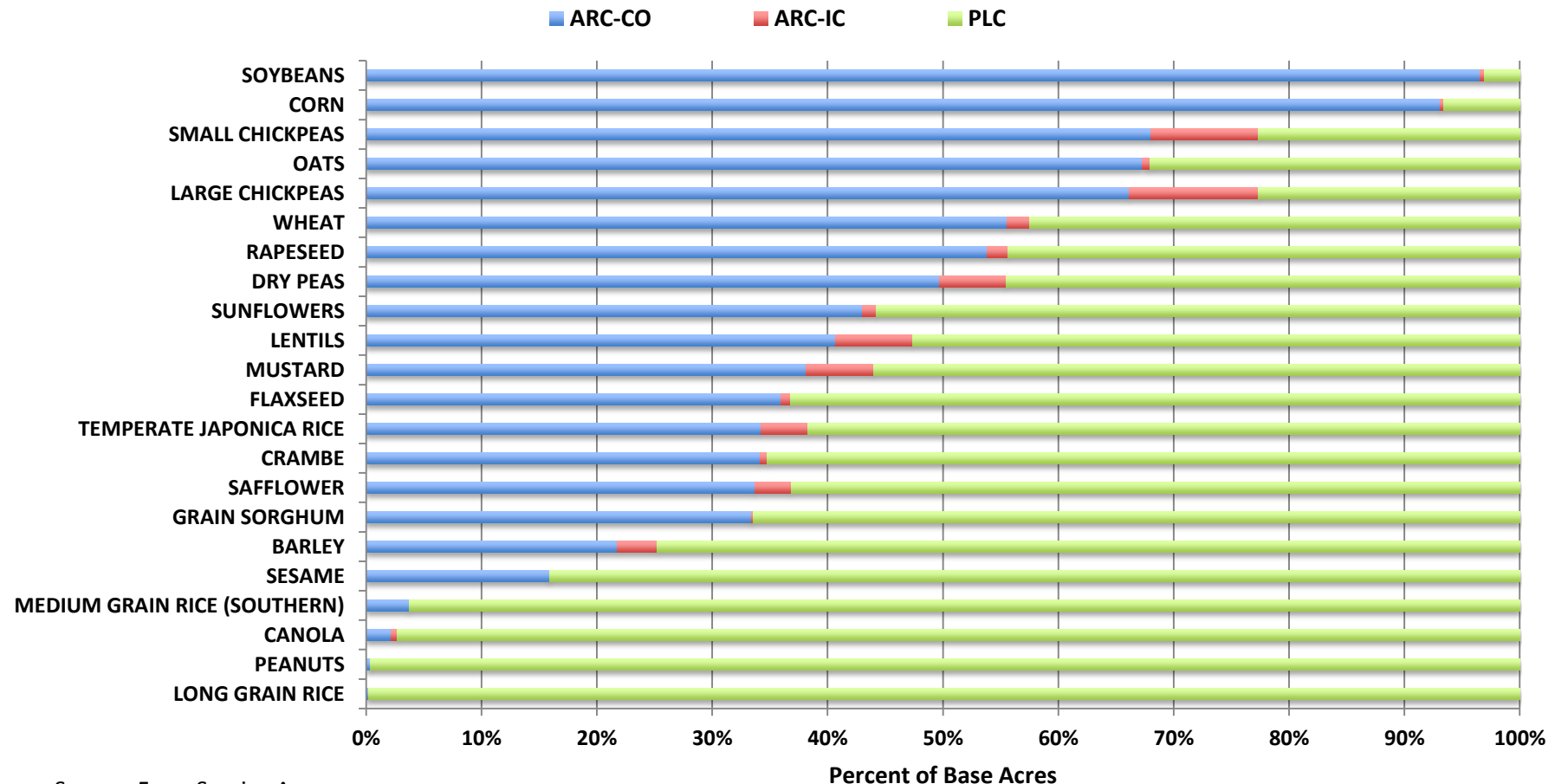
FARM PROGRAM DECISION

Locked through 2014 Farm Bill expiration in 2018; unless Congress Acts.

Vast majority of base acres are in corn and soybeans; revenue program.

Farmer elections represent the regional dispute over farm policy.

Figure 1. Percent of Base Acres Enrolled in ARC and PLC.



Source: Farm Service Agency



Revenue: ARC-CO

Corn Example

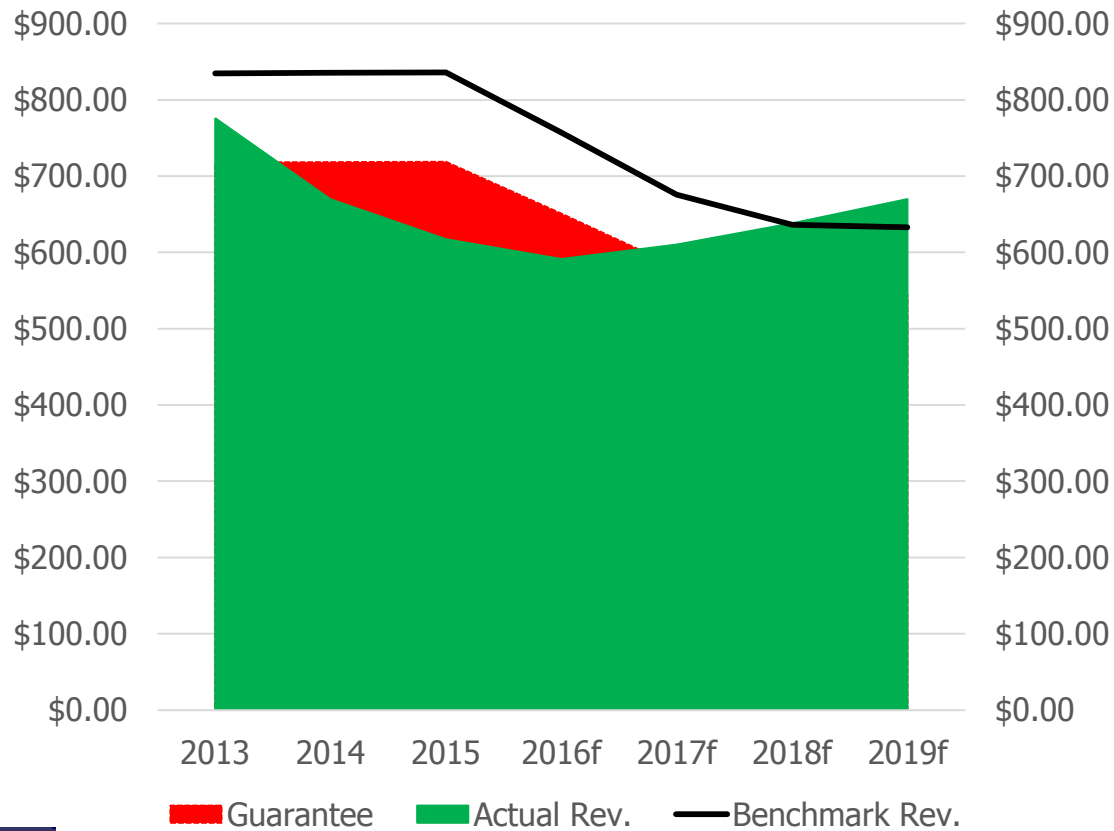
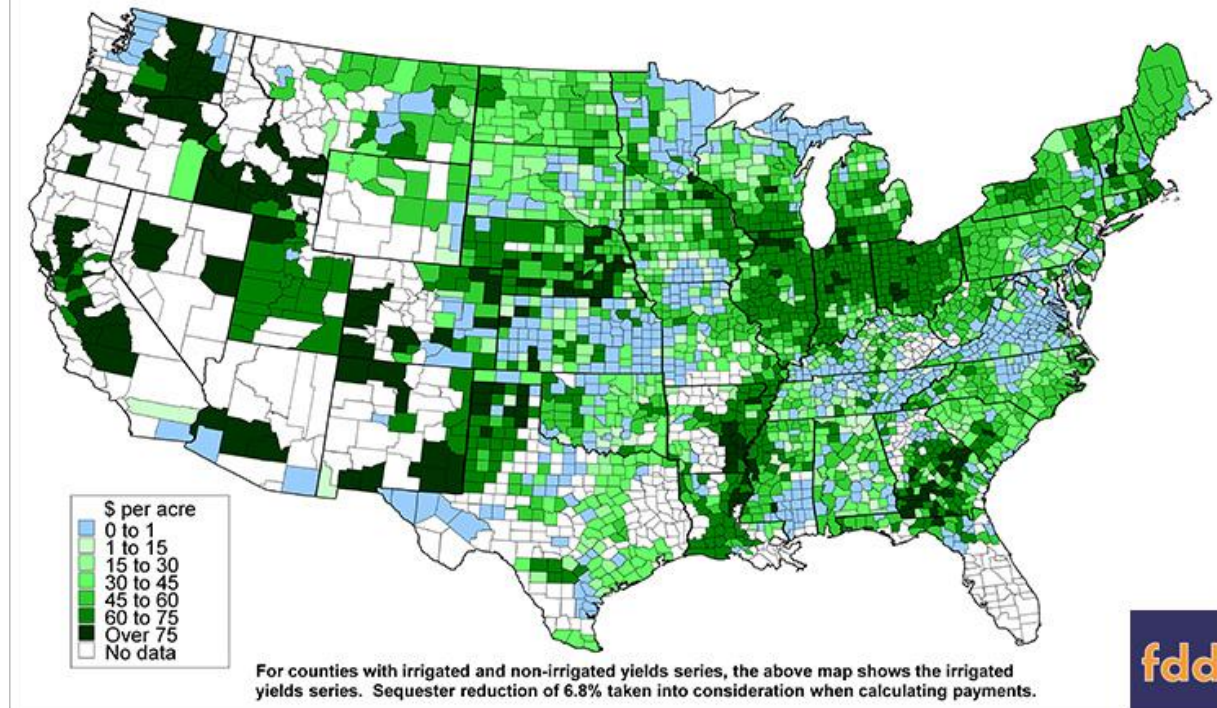


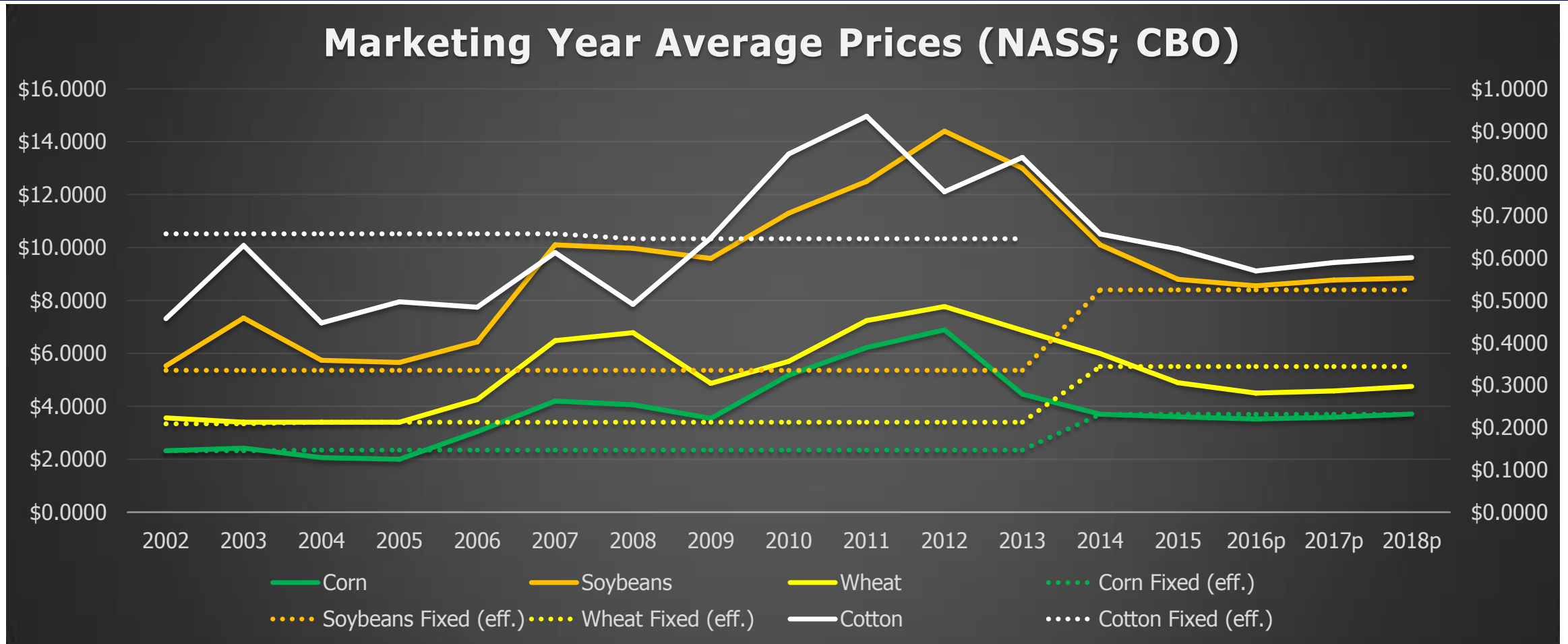
Figure 1. 2015 ARC-CO County Payments for Corn, \$ per Base Acre



Note: forecasted yields are estimated trend; prices CBO 2016 baseline

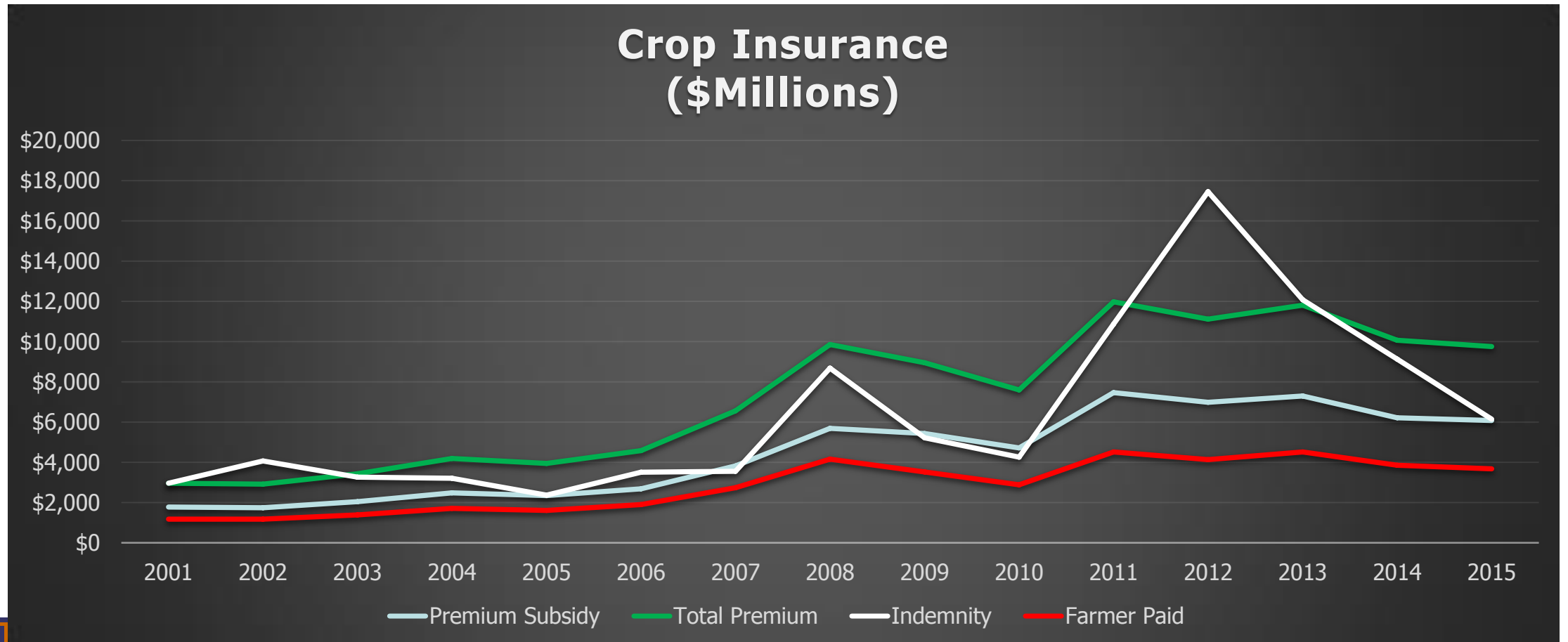


PRICE POLICY: PLC

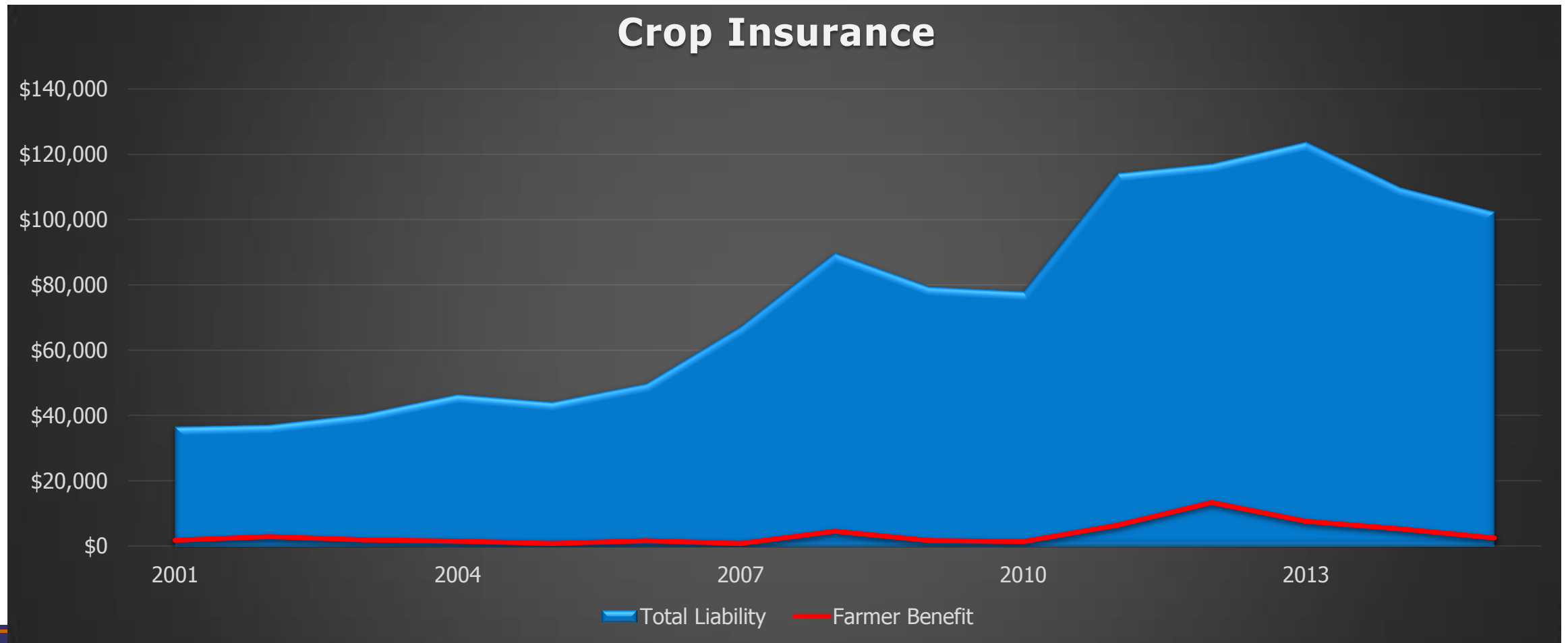


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OVERVIEW OF CROP INSURANCE



OVERVIEW OF CROP INSURANCE

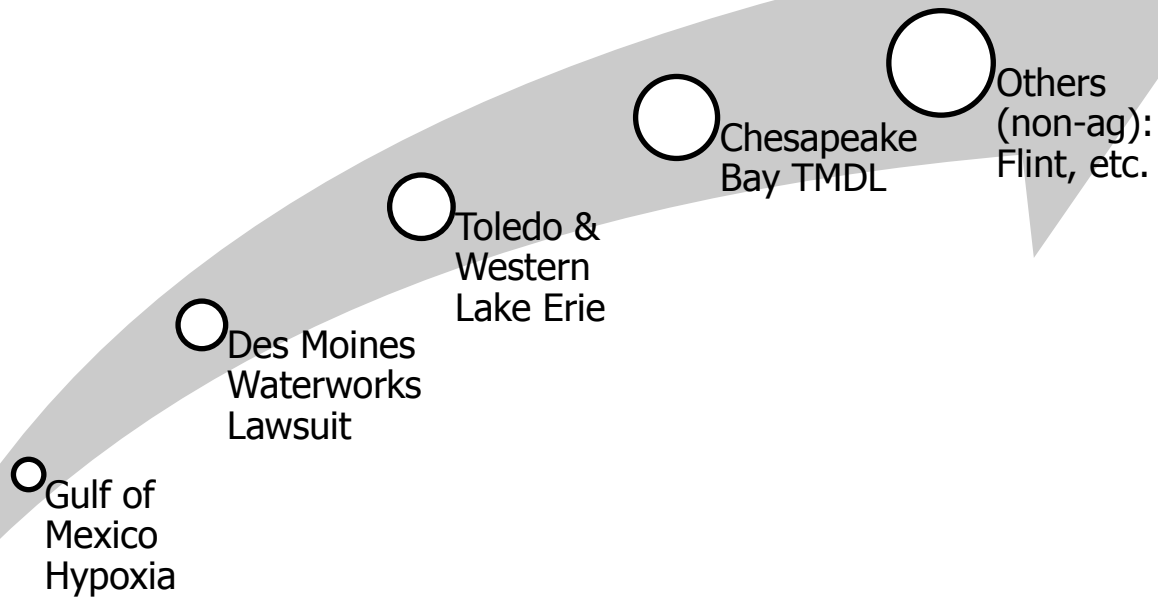


Note: Farmer benefit calculated as total indemnities minus farmer paid premium (RMA).



WATER QUALITY CONCERNS.

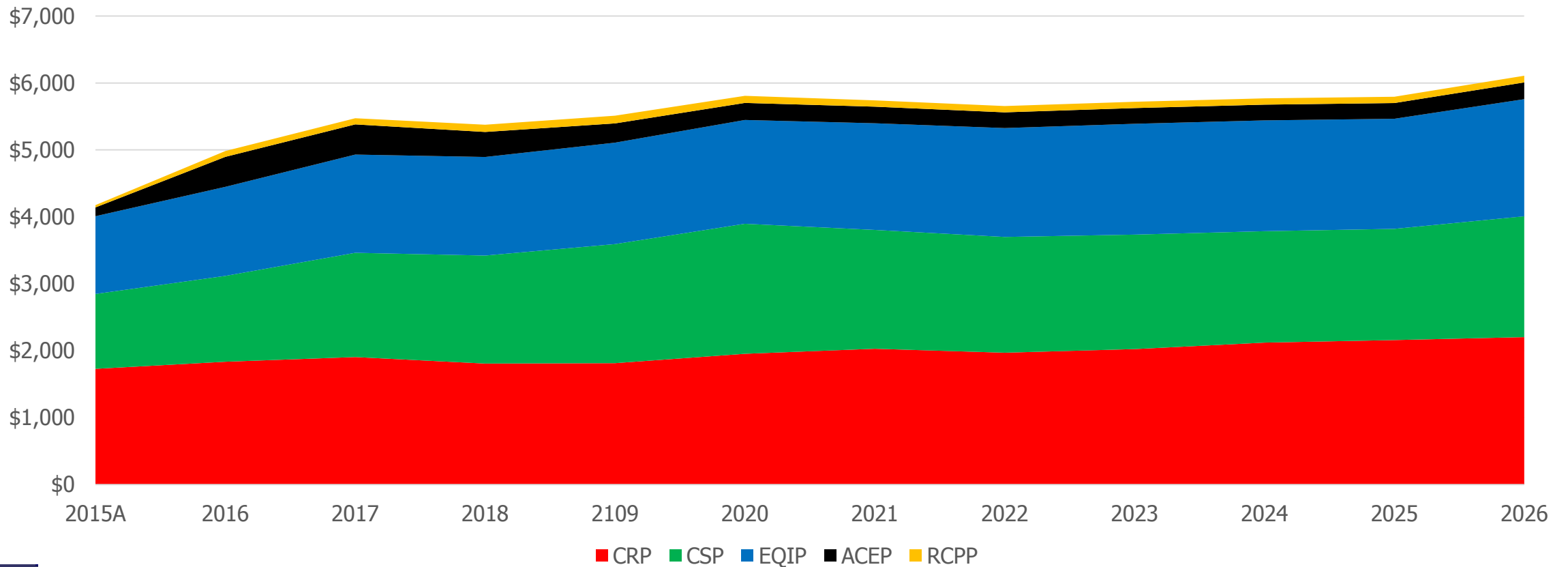


- 
- Gulf of Mexico Hypoxia
 - Des Moines Waterworks Lawsuit
 - Toledo & Western Lake Erie
 - Chesapeake Bay TMDL
 - Others (non-ag): Flint, etc.



CONSERVATION PROGRAMS.—BASELINE.

CBO (Millions)



■ CRP ■ CSP ■ EQIP ■ ACEP ■ RCPP



Part 3.

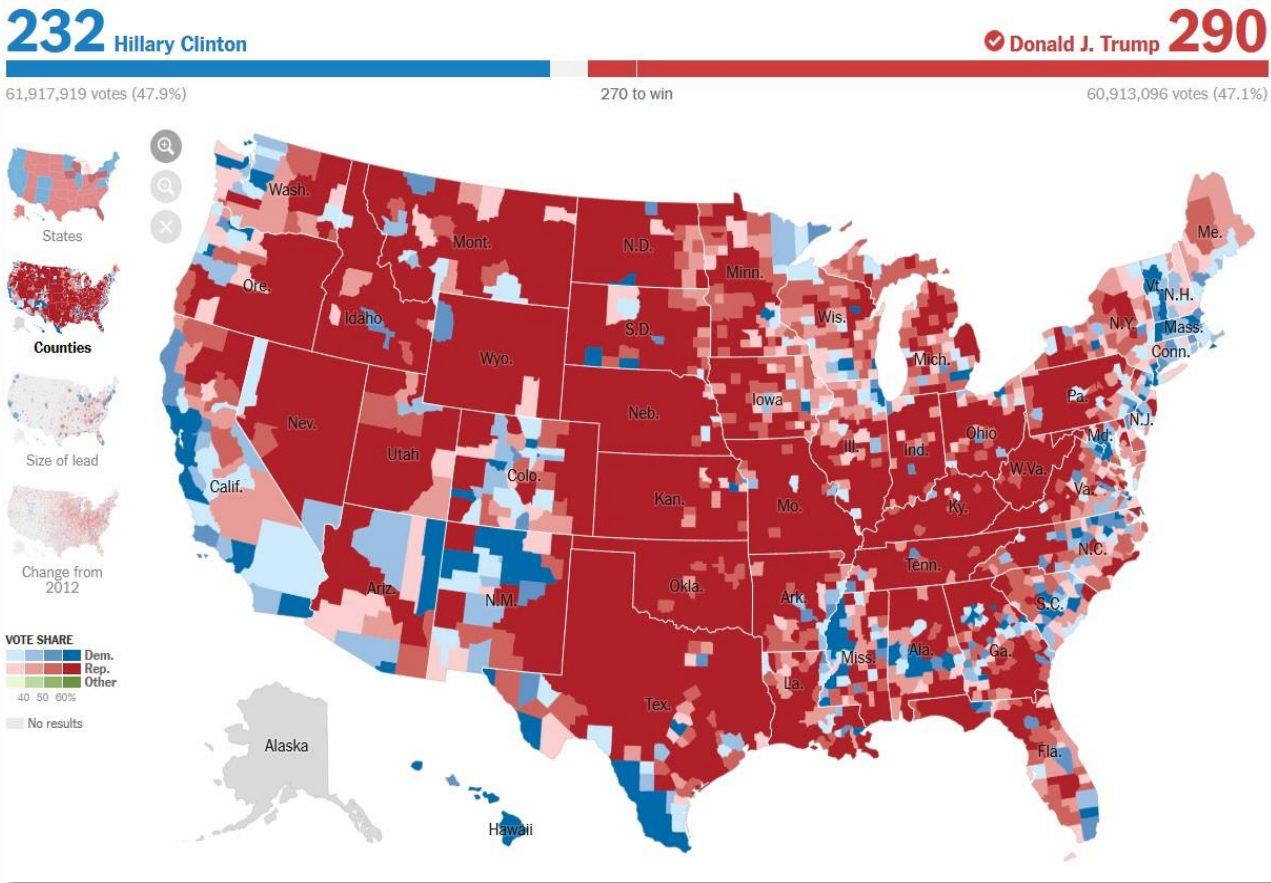
LOOKING AHEAD: 2018 FARM BILL



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LOOKING AT THE 2016 PRESIDENTIAL ELECTION



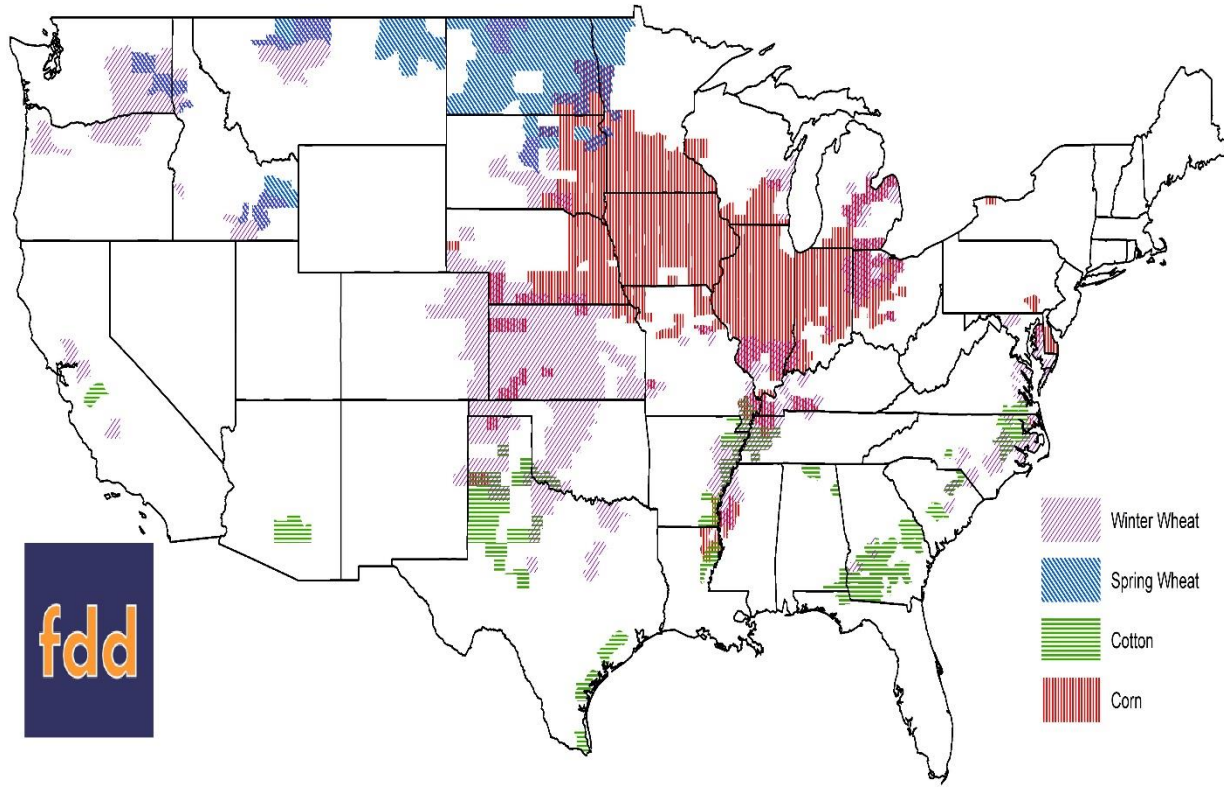
The height of each tower is proportional to the "voter density" so that the volume of each "tower" is proportional to the number of votes.



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LEGISLATING A FARM BILL.

The Traditional Farm Coalition & the 2016 Election results

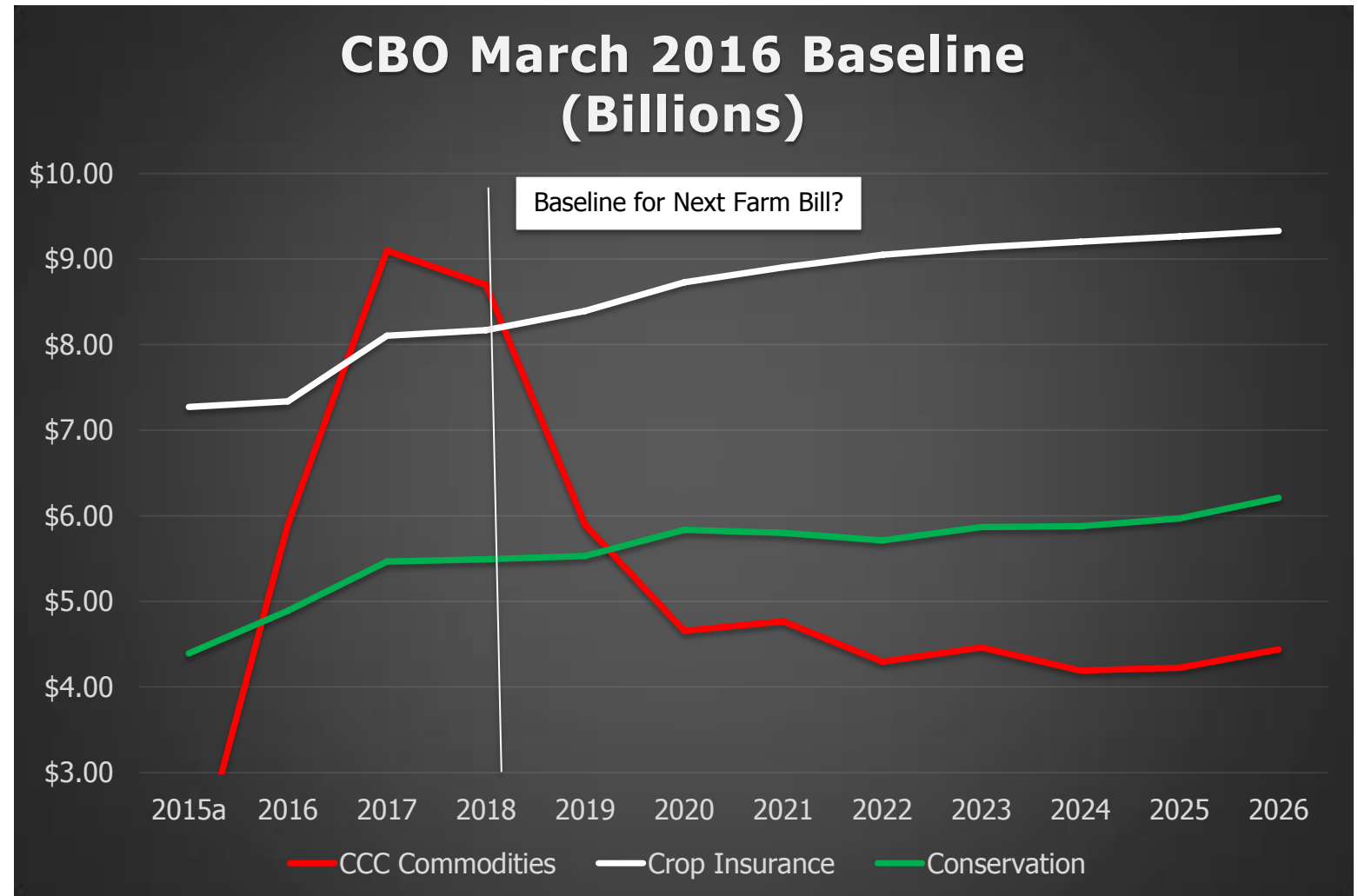


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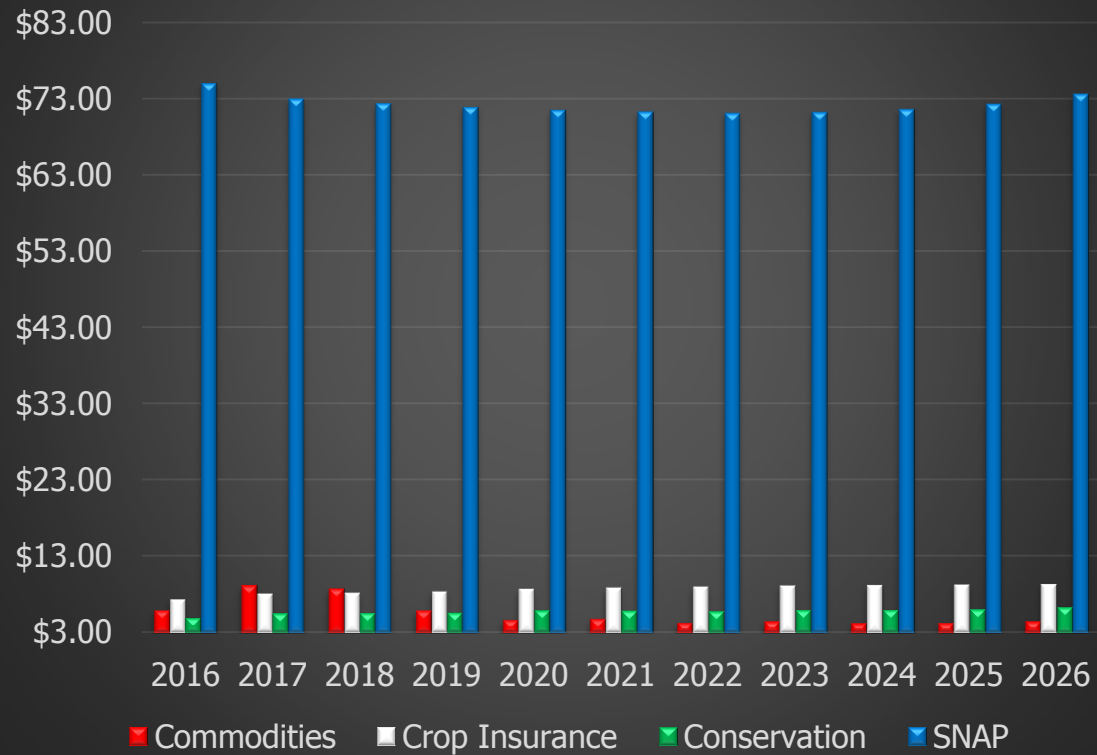
2018 FARM BILL: SPENDING & PRIORITIES

- **With budget pressure: partisan and difficult; competition for resources**
- **A question of priorities within the farm policy budget baseline.**

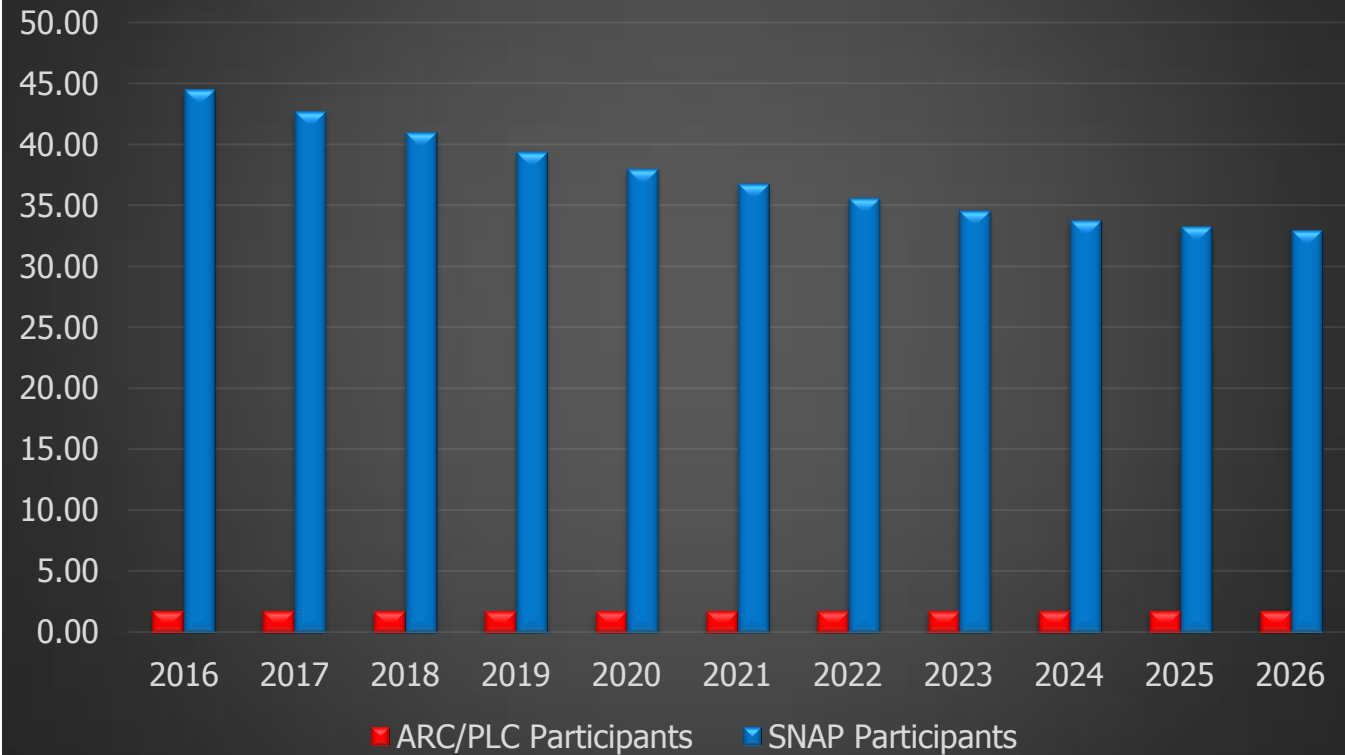


MANDATORY SPENDING IN THE FARM BILL.

**CBO March 2016 Baseline
(Billions)**



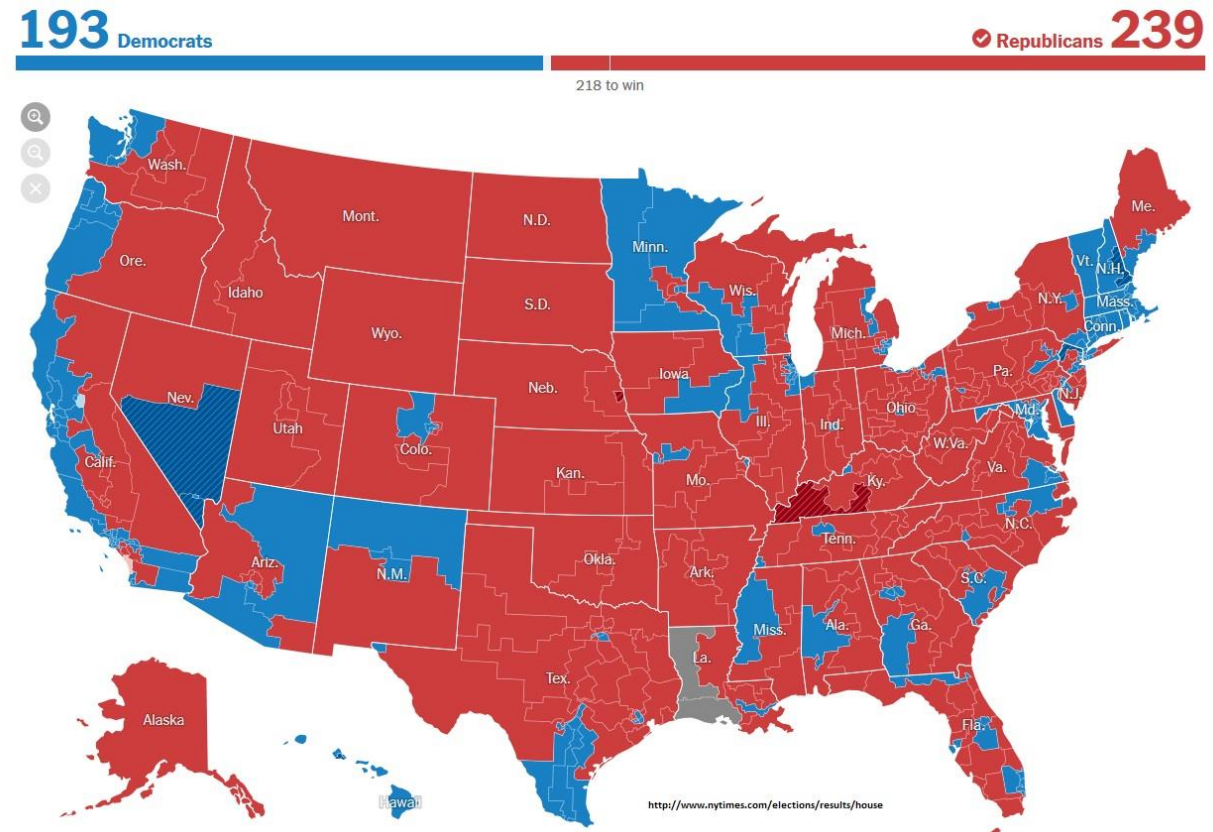
**CBO March 2016 Baseline
(Millions)**



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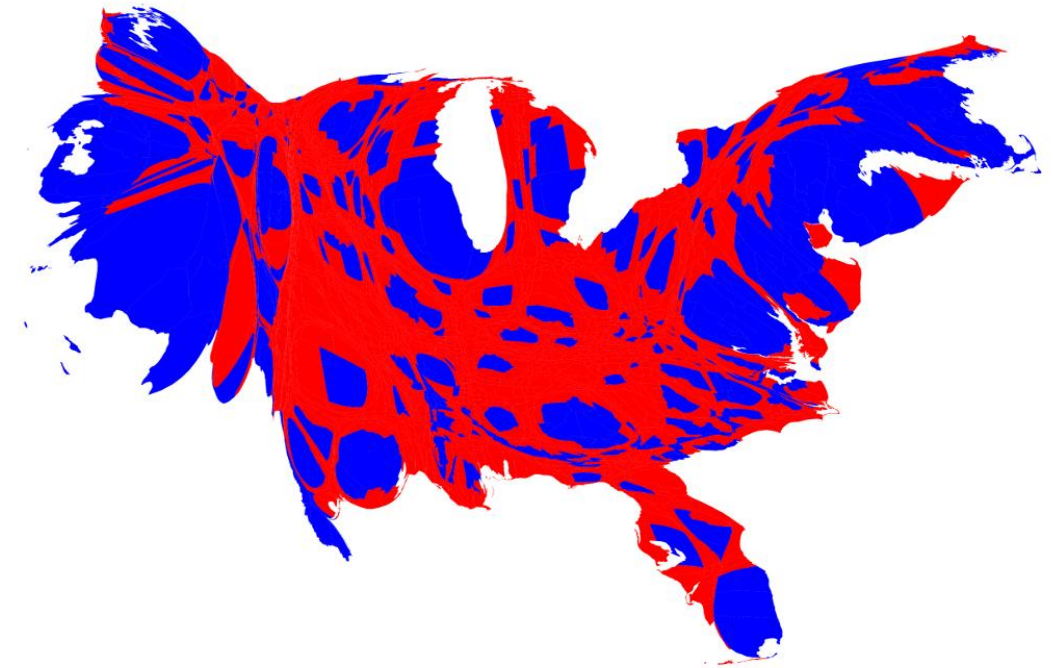
ELECTION TAKEAWAYS: HISTORICAL PERSPECTIVE

- ✓ **First unified Republican government to write farm bill since 1954.**
- ✓ **1981: President Reagan & budget as weapon; Democratic House**
- ✓ **1995-1996: Republican control of Congress; budget reconciliation; Democratic President.**
- ✓ **2011-2014: Republican House uses debt ceiling and budget to force spending cuts; Democratic Senate and President**



ELECTION TAKEAWAYS: UPSIDE POTENTIAL

- ✓ **Rural America & voters in the spotlight.**
- ✓ **Infrastructure spending: locks & dams; jobs; etc.**
- ✓ **Reduced regulatory pressures (WOTUS).**
- ✓ **Tax reforms.**



2016 Presidential Election results cartogram (rescaled based on population)

Source: <http://www-personal.umich.edu/~mejn/election/2016/>



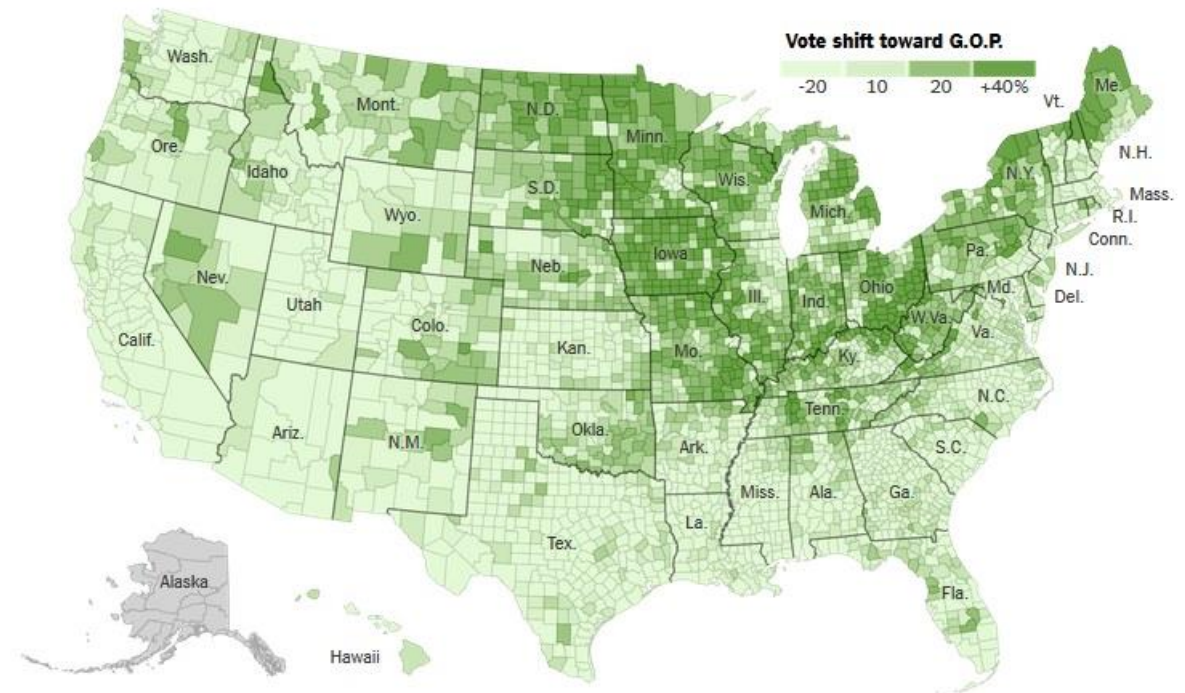
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ELECTION TAKEAWAYS: DOWNSIDE RISKS

- ✓ **Misreading the rural voter.**
- ✓ **Impact of shift in trade policies.**
- ✓ **Anti-EPA & regulations impact on RFS**
- ✓ **Push to cut Federal spending impact on farm policy (farm programs to crop insurance to conservation)**

Where Donald J. Trump Outperformed Mitt Romney

How much Mr. Trump surpassed Mr. Romney's 2012 vote margins in counties across the United States.



Source: The Associated Press <http://www.nytimes.com/2016/11/15/upshot/how-did-trump-win-over-so-many-obama-voters.html>



THANK YOU!

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