

pg. 186 - 1995

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CRANK BACK THE ENDANGERED Species Act, turn down the Clean Water Act, balance the budget but don't radically disrupt farm programs. Those are a few of the items on new Senate Majority Leader Bob Dole's agenda as he assumes one of the most powerful positions in Washington. "Which Way for Farm Programs?", beginning on page 13, gives full details from Dole's exclusive interview with FARM JOURNAL. Washington Editors Sonja Hillgren (center) and Tricia Klitberg.

Which way for farm programs?

Urban lawmakers call them corporate welfare . . .
Bob Dole takes another view

BY SONJA HILLGREN

Not so soon had voters given the nod to Newt Gingrich's "Contract with America" than pundits and rebuffed politicians held up farm programs as the cross with which to fend off the Dracula of a budget-balancing Republican Congress. The implication was clear: "You must strike down farmers before turning to welfare mothers."

And so, almost by accident, agriculture finds its programs caught up in the maelstrom of the biggest political sea change to sweep the country in 40 years. In the House of Representatives where Speaker Gingrich (R., Ga.) and newly empowered Majority Leader Dick Armey (R., Tex.) reign, fulfilling the Contract with America may mean renegotiating the farm bill's contract with agriculture. The House is more urban than ever, and Republicans there are less supportive of farm programs. Crop support payments may not win the 218 votes required for House pas-

sage in the 104th Congress.

However, in the Senate, where the impact of the election was less revolutionary, Majority Leader Bob Dole (R., Kan.) takes control. More visible than ever, he regains the power to set the Senate's agenda. (He was majority leader for two of the Reagan years.)

In an exclusive interview with FARM JOURNAL editors, Dole indicated that disproportionate pain for farmers is unacceptable. He says he is receptive to farm program reforms and cuts, but only if they are equitable with reductions in other federal programs.

"We get accused of supporting subsidies, but my view is we're really subsidizing consumers," he says in a spirited defense of farm programs. "We have the best food bargain in the world, we spend less of our disposable income on food in America than any other country, because we have a productive and

efficient agriculture.

"And that, in part, is due to federal programs. And they are tied in to every small town in America. They create jobs up and down the chain, all the way to Chicago and New York."

Dole favors loosening the government's regulatory hold on agriculture, even to the point of trying to roll back portions of the Clean Water Act and the Endangered Species Act. Both moves are sure to be resisted by Democrats and some Republicans.

"We have got to take a look at all these sacred cows to see if there's some new idea out there that costs less money," he told FARM JOURNAL.

Unlike the new breed of Republicans out to eliminate government as we know it, Dole is more of a believer in the good government can do. "I think we do have to protect our consumers as well as our farmers at some level of subsidy," he says without apology.

New faces in new places

As the 104th Congress convenes this month, new faces in new places will wield new power. Here's a rundown on who and what to look for:

Sen. Richard Lugar (R., Ind.), chairman of the Senate Agriculture Committee, officially started farm bill debate in December by posing 53 questions challenging USDA programs. He asks why taxpayers should subsidize farmers when they do not subsidize small businesses. On the other side, he brings up the negative impact on land values of eliminating farm programs. "At some point . . . we're going to have to discuss how the agricultural budget gets smaller," says Lugar.

Rep. Pat Roberts (R., Kan.), the new House Agriculture Committee chairman, in contrast to Lugar, can be expected to carry on the long Kansas tradition of defending wheat and other farm programs.

Senate Minority Leader Tom Daschle (D., S.D.) increases agriculture's power in the Senate. Says Al Tank of the National Pork Producers: "They took a pillar from one side of the Hill [ousting Speaker of the House Tom Foley] and just planted it on the other side of the Hill. It's a great trade for American agriculture."

Z-8

FARM JOURNAL/JANUARY 1995

DOLE SPEAKS ON . . .

. . . A balanced budget:



"I am for it, but you got to tell people you can't have it without giving up something."

. . . Means testing:



"If you're going to apply means testing to agriculture, let's apply it to everybody else."

. . . Increasing non-pay flex acres to 25% from 15%:



"It's not going to happen."

Sen. Charles Grassley (R., Iowa) is a farmer who's the No. 2 ranking senator on the Senate Budget Committee, which will make key decisions on cutting farm spending. He is influential on taxes.

Rep. John Kasich (R., Ohio) is chairman of the House Budget Committee, which will make decisions on where to cut federal programs.

Sen. Thad Cochran (R., Miss.) is a defender of cotton farmers. He can be counted on to oppose means testing and dilute cotton payments. With power as chairman of the Senate Agriculture appropriations subcommittee, he will be listened to. He also doesn't like the line-item veto advocated by House leaders.

Reps. Jim Nussle (R., Iowa) and **John Boehner** (R., Ohio) are members of the House Agriculture Committee who are in the inner circle of the House leadership. Boehner was elected fourth most powerful member of the House leadership. They are sympathetic to farmers. But Nussle gained influence among his colleagues when he argued for offsetting 1993 flood and drought disaster payments with cuts in other farm spending. He lost that argument when Congress voted instead to waive its budget rules.

Rep. Steve Gunderson (R., Wis.) is a moderate Republican committed to real reform of the dairy program.

Hotspots to watch

With Congress unified under the Republicans for the first time in 40 years, expect legislation to move quickly—they have a lot of ground to cover and will lose no time doing it. Among issues to be addressed:

Contract with America: House Republicans have promised a vote within the first 100 days in office on a constitutional amendment to balance the federal budget by the year 2002, or seven years after enactment. If it passes the House and Senate and is ratified by three fourths of the states, pressures to cut farm programs will intensify.

Says Senate Republican Leader Bob Dole: "We have to explain to people in advance what a balanced budget amendment is going to mean. I am for it, but you got to tell people you can't have it without giving up something." The contract calls for giving the President a line-item veto. If passed by Congress, it will require farm groups to defend each commodity program and each agricultural research station.

The budget: House Republicans are so eager to cut the federal budget they want to reopen the fiscal year 1995 budget already passed by Congress and pass a new one by early spring.

Looking ahead to 1996, the House and Senate Budget Committees will instruct the House and Senate Agriculture Committees on how much they can spend on farm programs. Senate Agriculture Chairman Richard Lugar (R., Ind.) reminded Senate Budget Chairman Pete Domenici (R., N.M.) that farm programs over the past five years have cost \$17 billion more than predicted.

Taxes: Look for reduced and indexed capital-gains taxes and other tax cuts, such as a \$500-per-child tax credit. While negotiating support for the world trade agreement, Dole pressed the Clinton Administration to give capital gains a fair hearing. Farm groups will press for increasing the size of estates that can be passed tax free to heirs.

Regulation: Republicans want to "slow down the federal government, slow down the agencies," says Dole. He promises a new approach on private-property rights, clean water, wetlands and endangered species. "You can get X dollars in deficiency payments, but if it costs more to produce because of regulation, you haven't gained anything."

Sen. Robert Packwood (R., Ore.) says there are enough votes in the new Congress to reform the Endangered Species Act so that people count as much as bugs. Says Dole, "It will be tough to do, but I think we have to try it and let the voters know we tried."

In the House, lawmakers say they

won't appropriate funds to carry out the endangered species law because the legislative authorization has run out.

Peanuts: The vulnerable peanut program that supports prices above world prices and limits production is under assault by peanut shellers. Also seeking reform are Great Plains peanut farmers who are barred from selling to U.S. consumers even though imports will be allowed under the trade agreement. Describing the peanut program as "a bird nest on the ground," Dole says, "I think that will have to be changed."

DOLE ON . . . Reforming the Endangered Species Act:



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Conservation Reserve Program: Expect conflicts over how much to cut \$1.8 billion spent each year on the CRP and how to divide up money for combating wind erosion in the West, improving water quality and protecting wildlife. Says Dole: "I think we ought to extend it, but we can't spend that much money. We are going to feel the crunch."

Payment limits/means testing: Dole says "it's pretty hard to explain" giving subsidies to multimillionaire farmers. "If you're going to apply means testing to agriculture, let's apply it to everybody else." Farm program critics are sure to try to ban payments for farmers and landowners with annual adjusted gross income exceeding \$100,000 or to reduce payment limits, especially \$100,000 payments to cotton and rice farmers.

At 71, Dole is contemplating a run for Bill Clinton's job. With eight years in the House and 26 years in the Senate, he's hardly an outsider. He's the most famous of a long line of Kansans who have safeguarded that bread basket.

New House Agriculture Chairman Pat Roberts (R., Kan.) now represents Dole's old House district. Dole says he expects Roberts to fight for wheat. "Pat doesn't like to give up anything, but he may have to give up a few things, too."

With the 30-year annual rainfall average at 21" in Dodge City and 16" in Goodland, there are few alternatives to wheat. A 1993 Texas A&M University study showed that increasing non-pay flex acres in the program from the current 15% to 25% would reduce net income of a moderately indebted

2,500-acre Kansas wheat farm by 97%. "It means it's not going to happen," vows Dole.

In contrast, new Senate Agriculture Committee Chairman Richard Lugar (R., Ind.) receives 39" of rain in an average year in his state. Lugar makes farm groups squirm with his scrutiny of farm programs. He spearheaded the reduction in USDA field offices. With few like-minded reformers on the committee, he may find success in farm program reform easier from the Senate floor.

Dole says Lugar "is not going to be the protector of every little subsidy out there. If he finds some he thinks aren't worthwhile, he'll be glad to put them on the block."

Sure to be debated are means tests designed to cut off farm payments to larger farmers and wealthier landowners as well as a law that allows cotton and rice farmers to collect \$100,000 in deficiency payments. Dole wants to extend the Conservation Reserve Program (CRP), but at less than the current yearly cost of \$1.8 billion.

In negotiations with the Clinton Administration over the trade agreement, Dole received assurances of support of the CRP and promises that the Export Enhancement Program will be used to expand markets—not just to fight unfair trade practices.

Whatever the Administration proposes and the Senate passes ultimately must pass the House, where Gingrich has little interest in agriculture and Armey has been hostile. Dole predicts farm interests in their states will send this message: "You just can't end farm programs. If that's the will of Congress, you have to do it gradually."