American Farmland Trust

Healthy Farms, Healthy Food, Healthy People:
AFT's 2007 Farm Policy Campaign

Agenda 2007:
A New Framework and Direction for U.S. Farm Policy

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American Farmland Trust ©
1200 18th Street, NW, Suite 800
Washington, DC 20036
(202) 331-7300
www.farmland.org

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EXECUTIVE SUMMARY

Change is coming to U.S. farm policy. The government policies of the past, once critical to American prosperity, are not designed to meet the challenges of the 21st century. **The status quo is not an option.** Response to this change can be driven either by a broad coalition of farmers, ranchers and other partners or by entrenched, narrow special interests and international courts. Our national commitment to farmers and ranchers needs to promote competition and prosperity for all farm sectors, protect the land on which we all rely and foster innovation and entrepreneurship.

Over the course of more than a year American Farmland Trust has had frank conversations with hundreds of farmers and ranchers and dozens of agricultural economists and policy experts. **Our question was simple: what would a forward-looking and sustainable farm bill look like? The result is *Agenda 2007: A New Framework and Direction for U.S. Farm Policy.*** Farmers, ranchers and other stakeholders told AFT that today's farm programs exclude many of the nation's farmers, distort the marketplace and sometimes even undermine new marketing opportunities here and abroad. Further, they often fail to support the desire of farmers to be good environmental stewards. We need innovative policies that pave the way for a prosperous future for all of U.S. agriculture, not just an extension of policies that have become increasingly outmoded.

Powerful forces are converging to make change inevitable. The pressure to reduce federal budget deficits continues to build. The benefits flowing from present farm policies are inequitably distributed; most go to large operators. Specialty crop producers, ranchers and other farmers who are excluded from existing programs are demanding new farm policies that meet their needs. Stakeholders who traditionally have sat on the sidelines of farm bill debates are mobilizing as never before. And we may find that some of our present policies are vulnerable to challenge under international trade rules.

Using common themes heard at 11 farmer-rancher workshops around the country and with input from experts in agriculture policy, **AFT constructed a policy blueprint that lays the foundation for sustained support from all of agriculture and the general public.** *Agenda 2007* is based on the following objectives: to enhance farmer income; help farmers and ranchers innovate and compete; ensure a broad and equitable distribution of policy benefits; promote the long-term protection of our best land; enhance our international competitiveness; shift toward more market-oriented policies; and link support to national priorities such as cleaner water, better nutrition, reducing hunger, food safety and security, rural prosperity, energy independence and the stewardship of natural resources.

From these guiding principles, **AFT designed three pillars to support new farm policies: 1) a safety net; 2) environmental stewardship; and 3) new markets—all supported by a solid foundation of land, people, research and innovation.** The pillars and their foundation set the framework and direction for a 2007 Farm Bill. The intent is to foster more-widespread farm prosperity; U.S. competitiveness; enhanced environmental protection; and improved diets for our citizens. AFT developed a set of program recommendations for each of the pillars and the foundation.

Safety Net Pillar: Protection for farmers and ranchers. Commodity programs would become far more inclusive than they are today and would encourage environmental stewardship while protecting against economic adversity. The new safety net would replace existing counter-cyclical and loan-deficiency payments with programs that would be less distorting and cost significantly less while providing a true yield/price protection. They also would be compatible with global trading rules.

The safety net would take two forms: 1) Green payments would reward farmers for their environmental stewardship; and 2) risk management programs would help farmers manage revenue volatility. All farmers and ranchers would be eligible for ***green payments*** as long as they maintain an established level of environmental performance. For program-crop producers, a phase-in of green payments for environmental performance would be coordinated with the gradual phase-out of the current, fixed direct payments that farmers have been receiving.

New ***risk-management programs*** would replace current payments that are tied to price movements of specific crops with market-oriented and revenue-based risk protection. One innovative new option protects farmers against declines in revenue by combining a government revenue program with private individual revenue insurance. Targeting revenue, which includes both price and yield, provides greater protection to producers and is clearly preferable to present government programs that target price alone. A second, more aggressive approach is to transition out of commodity specific payments and allow farmers to use a suite of crop and revenue insurance products offered through private insurance providers.

Stewardship Pillar: Conservation of natural resources. Conservation program payments would complement green payments by providing cost-share funding to producers who alter farming practices and land use to improve environmental quality. Given the backlog in demand from farmers and ranchers, funding for existing working lands conservation programs should be doubled in the 2007 Farm Bill. A significant portion of these funds would flow through a new ***cooperative conservation partnership initiative*** via competitive grants to direct resources to critical natural resource concerns. To increase participation in conservation programs, a simple, unified application would be developed. To ensure geographic fairness in conservation funding, each state would be guaranteed a minimum level of funding.

New Markets Pillar: Expanded economic opportunities. To increase economic opportunities, AFT identified policy options that would: support innovation and entrepreneurial activity; improve access to global markets; foster and expand renewable energy; promote healthier diets; and provide greater local flexibility in program implementation. A new $1 billion ***farm profitability grants program*** would help farmers and others create innovative business opportunities to enhance rural and agricultural prosperity. The program would combine specialty-crop block grants and new funding for states to encourage imaginative marketing strategies, new business ventures, diversification, local infrastructure enhancements and direct-to-consumer marketing opportunities related to any of the state's agricultural products. Enforceable reductions in other countries' tariff and non-tariff barriers would open export markets for more U.S. farm products. Funding for the development of technologies to convert cellulose-based raw materials into 'bio-fuels' and renewable energy standards would expand profitable and environmentally sustainable domestic market opportunities for farmers. The federal government programs would promote healthier diets by expanding access, facilitating institutional purchases of select foods and supporting farmers markets. The intent would be to increase demand for specialty crops and fresh, locally grown food. Farm policy would enhance rural prosperity and support communities working to maintain their working farms and ranches.

Foundation: Support for new policies. Without a foundation, the new pillars of support will fail. The foundation requires that we **protect a strategic base of our best agricultural land**—American farmers' only unique, sustainable competitive advantage. It also requires investments in programs that would: reinvigorate food and agricultural research; provide expanded technical assistance to a broad range of farmers; jump-start a new generation of farmers; and offer opportunities for disadvantaged farmers.

Change is coming. *Agenda 2007: A New Framework and Direction for U.S. Farm Policy* charts the forces driving this change and sets a course that can lead to a forward-looking, farmer-friendly, resource-conserving farm bill that will enhance prosperity across all crop and livestock sectors. In the coming months, AFT will continue consulting with diverse stakeholders and experts to convert the recommendations into legislative proposals and work tirelessly to mobilize support for a new generation of farm policies. **AFT calls on other forward-looking leaders and organizations to join in forging a long-overdue new vision for farm policy that will strengthen the future of U.S. agriculture and expand the benefits of U.S. farm policy for farmers, ranchers and the public.**

PREFACE

A. Introduction

Nearly three-quarters of a century ago, federal policy makers created a new agricultural policy that tied the fortunes of farmers to American prosperity. For the first time ever, the federal government pledged to intervene aggressively in agricultural markets to promote rural economic activity. This was a time when nearly 45 percent of the American population lived in rural areas, where many were employed in agriculture, and farm commodity prices were severely depressed. This unprecedented arrangement took the form of farm income support programs designed to increase the prosperity of rural America, provide stability for farm income and, ultimately, contribute to the economic well-being of the nation as a whole.

With a few notable exceptions, farm support programs today continue to reflect the policy objectives of the New Deal Era, despite the rest of U.S. society undergoing dramatic demographic, social and economic transformations. Farmers now comprise a tiny portion of the U.S. population; studies show that agricultural subsidies are not an effective way of stimulating rural economic development; program-crop farmers represent a smaller proportion of U.S. agriculture; conservation of natural resources and environmental protection have become driving forces in our society; and U.S. global trading commitments have substantially increased.

The more farm programs remain static, the further they fall behind changing times. Powerful economic, political and social forces are converging, making the current income support programs unjustifiable and politically, legally and economically unsustainable. As public support for the programs erodes and opposition gathers steam, the likelihood of new directions for agricultural policy increases. Change is coming to U.S. farm policy. Response to this change can be driven either by a broad coalition of farmers and ranchers and other partners, or by entrenched, narrow special interests and international courts.

U.S. farm policy needs a new framework and direction to meet the challenges of the 21st century. Our national commitment to farmers and ranchers needs to promote competition and prosperity for all farm sectors, protect the land on which we all rely and foster innovation and entrepreneurship.

Agenda 2007 is about the inevitability of those changes, who should control them, how they should be constructed, and what form they should take. This report documents the powerful forces converging to cause change. Those forces will prevent business-as-usual in agricultural policymaking and will create a once-in-a-generation opportunity for a long-overdue course correction for the nation’s federal farm programs. Current farm support programs distort the market, flow to a small portion of farmers and create incentives for overproduction. Hundreds of the farmers involved in AFT’s forums over the past year expect change and welcome new policies that will help them compete, open new markets and be good stewards of the land. Continuing with current policies is not an option and is instead the riskier option for farmers and ranchers. The public will not support it, and developing countries will continue to file suits against our distorting policies.

Agenda 2007 is based on principles for the new generation of agricultural policies. From these guiding principles, AFT designed three pillars to support new farm policies: 1) a safety net, 2) environmental stewardship, and 3) new markets – all supported by a solid foundation of land, people, research and innovation. The pillars and their foundation set the framework and direction for a new farm bill. This direction will help re-establish broad public support for federal farm programs by: fostering greater, more-widespread farm prosperity and increasing the competitiveness of U.S. agriculture; enhancing environmental quality and resource conservation; augmenting rural prosperity; and promoting better diets for U.S. consumers.

B. Policies of the Past Cannot Meet Challenges of the Future

Times have changed since farm support programs were introduced 73 years ago. New technologies, farmers' entrepreneurial spirit and global competition have contributed to a food system that will provide an abundant food and fiber supply for the nation with or without farm support programs. The United States has largely been a surplus producer and exporter of the major "program" food and feed crops—grains, feed grains and oilseeds—throughout most of the post-World War II period. Support programs have helped stimulate overproduction of these commodities and yet these programs contribute very little to economic development in rural America.

Farm programs that were once designed to lift rural America and agriculture from the brink of Depression-era disasters transformed into entitlement programs that remained remarkably unchanged through good times and bad. Over the past three decades, some changes have reduced the role of government in land set-aside and supply management programs. However, today's subsidy programs continue to stimulate overproduction; disrupt global agricultural markets; channel money to producers of a handful of agricultural commodities; fuel federal budget deficits; distribute financial benefits primarily to the largest farms; and squeeze out funding for other types of agricultural programs that reflect society-wide concerns such as conservation and rural development.

Change in farm policy over the past three decades has focused on resource conservation and environmental quality issues. This includes the addition of the Conservation Reserve Program in 1985 to remove some of the most sensitive land from production and new programs established in the 1996 and 2002 Farm Bills to promote protection of natural resources, such as the Environmental Quality Incentives Program (EQIP) to help improve water quality, the Conservation Security Program to reward farmers for producing environmental benefits and the Farm and Ranch Lands Protection Program to permanently protect our best land. Although funding for these popular programs has gradually increased, these programs remain woefully under-funded relative to the need and demand from livestock and crop producers eager to become better stewards of our natural resources. The primary reason for this shortfall is that the lion's share of farm bill funding is continually reserved for direct subsidy payments for producers of program crops.

Although recent farm bills have at times been more responsive to broad public concerns than their predecessors, they continue to provide relatively few benefits to society as a whole while imposing a heavy cost on the nation's taxpayers. The government policies of the past, once critical to American prosperity, are not designed to meet the challenges of the 21st century. Continuing with current policies is not an option. Response to this change can be driven either by a broad coalition of farmers and ranchers and other partners or by entrenched, narrow special interests and international courts. Our national commitment to farmers and ranchers must promote competition and prosperity for all farm sectors, protect the land on which we all rely, and foster innovation and entrepreneurship.

C. Powerful Forces Are Converging to Make Change Inevitable

As discussion increases about the next farm bill and the future of American agriculture, the failure of current farm programs to meet pressing environmental needs has surfaced as one of several converging forces spurring demand for significant reform. Trade conflicts, budget deficits, the growing public discontent over traditional subsidy programs and the demand for healthier food choices represent some of the others.

The Doha Round World Trade Organization (WTO) negotiations will have a significant impact on U.S. farm policies, and the threat of successful WTO challenges by developing countries is greater than ever. Historically high federal deficits and the accompanying pressure from budget watchdogs are forcing lawmakers to scrutinize farm support programs more closely than ever. Adverse publicity over the bulk of commodity payments going to many large and very successful commodity producers has, in turn, made it increasingly apparent that farmers raising other crops are not benefiting from current farm programs.

Not surprisingly, a growing consensus among farmers, ranchers, conservationists and other public interest groups is emerging around the need to create an alternative support system for agriculture that reflects contemporary needs.

In the global economic arena, multilateral trade negotiations conducted under the auspices of the WTO have the potential to redefine the global farm subsidy landscape. Agricultural subsidies, including those of the United States, are widely viewed and publicized as a serious potential roadblock to a new agreement to expand global trade. A successful Doha Round would force Congress to develop a farm bill focused more on domestic farm programs that are non-trade distorting or are considered "green box" in trade agreements. However, even without a WTO agreement the success of the Brazilian cotton case, which forced changes in the U.S. cotton program and the persistent threat of litigation from other WTO members against other U.S. commodity programs promise to add new pressure on the farm bill policy process.

New global and domestic players are poised to influence the U.S. agricultural policy process. The threat of future successful lawsuits by developing countries against U.S. commodity programs, without appropriate farm policy reforms in this country, could easily lead to retaliation by injured trading partners against a wide range of U.S. agricultural and non-agricultural exports, including manufacturing and financial services. A failure to change U.S. subsidy programs poses a dual threat to U.S. non-agricultural sectors. It would prevent progress in global talks designed to reduce existing barriers to U.S. non-agricultural exports and would jeopardize current exports to countries declared by the WTO to be injured by U.S. farm commodity programs.

Moreover, the price-depressing impact of U.S. farm subsidies on poor farmers in developing countries is creating a public relations nightmare. News reports and editorials about these devastating impacts have hurt the image of U.S. farmers, and policy makers and have generated new widespread opposition to the support programs. The pressure on this front is likely to be relentless as international-development non-government organizations (NGOs) with considerable grassroots support throughout the United States continue to make agricultural subsidy reform a top priority.

On the domestic front, budget pressures increase as the massive deficit continues to grow. The 2002 Farm Bill was written when there were surpluses as far as the eye could see. Now the future is filled with deficits and reconciliation is on the minds of Congress. These deficits increasingly will put pressure on Congress to justify over $20 billion per year in subsidies.

Justifying existing programs is more difficult with the new transparency of the programs. Information on who gets farm subsidy payments and who does not has created unfavorable media coverage and tension among farmers and ranchers. It is common knowledge now that the majority of the funding goes to a handful of commodity crops and primarily to the largest operators. This continues to undermine public support for agriculture at a time when the public demands on farmers and ranchers to be better stewards of the land are increasing.

New agricultural players are also mobilizing to play a key role in the next farm bill debate. Among them are specialty crop and livestock producers. Unlike program-crop subsidy advocates, they are not asking for subsidies. Rather, they seek investment in environmental quality enhancement, developing new markets and promoting improved diets. In addition, their potential influence in states throughout the entire country will make it more difficult than ever for members of Congress to simply continue the status quo in the next farm bill.

Increasing public awareness of the nation's alarming nutrition and obesity problems will reinforce the call for changes in the allocation of farm bill funding among commodities. Federal government programs should do more to promote healthier diets and increased demand for specialty crops and fresh, locally grown food by expanding access, facilitating institutional purchases of certain farm products and supporting farmers' markets. Health and nutrition advocates, who previously sat on the sidelines of farm bill debates, are poised to make their presence felt.

Finally, with many new players entering the debate, new alliances of farmers, ranchers and conservation, environmental, business, global-development, faith-based, consumer and nutrition groups are collaborating and mobilizing resources as never before to change the climate for reform for the next farm bill. While some of these stakeholders have been involved in previous farm bill debates, the presence of new non-agricultural stakeholders and the partnerships being formed with farmers and farmer organizations add new dimensions of activism and political clout.

As the forces of change continue to converge, nationwide opposition to the current mix of programs and funding will intensify, public support for the programs will steadily erode and defense of the current mix of farm policies in the next farm bill will no longer be a viable political option. By 2007, Congress will have little choice but to broaden the political base of the farm bill and work with a wide range of stakeholders to chart a long-overdue new direction for U.S. agricultural policy that will rebuild public confidence and renew public support for federal farm programs.

D. AFT Engaged Farmers, Ranchers and Policy Experts

Change is coming to U.S. farm policy. The real questions are: who will control the change and what will it look like? Response to this change can be driven either by a broad coalition of farmers and ranchers and other partners or by entrenched, narrow special interests and international courts. As an unparalleled opportunity unfolds in the 2007 Farm Bill, the time has come for all stakeholders, led by America's farmers and ranchers, to develop and participate in the formation of new farm policies for the future.

Over the course of more than a year, American Farmland Trust had frank conversations with hundreds of farmers and ranchers and dozens of agricultural economists and policy experts. **Our question was simple: what would a forward-looking and sustainable farm bill look like? The result is *Agenda 2007: A New Framework and Direction for U.S. Farm Policy.*** Farmers, ranchers and other stakeholders told AFT that today's farm programs distort the marketplace, exclude most of the nation's farmers and undermine new marketing opportunities. Further, they neither contribute to rural prosperity nor aggressively support farmers' desire to be good environmental stewards. We need innovative policies that pave the way for a prosperous future for all of U.S. agriculture, not just an extension of the old policies.

Any significant change to farm policy cannot be achieved without the active participation of farmers and ranchers from all sectors of agriculture. To that end, much of AFT's work focused on bringing various segments and leaders of agriculture into the discussion and working hard to build partnerships with those stakeholders. AFT has a long history of strong relationships with farmers and ranchers. The organization is unique among conservation groups in its focus on finding common ground and building bridges between farmers, environmental groups and other stakeholders. To ensure that AFT developed a credible, comprehensive new approach to farm policy that addressed the needs of farmers and the public, AFT held a long series of forums with farmers and ranchers over the past 15 months.

Since February 2005, AFT has convened 11 workshops and forums with more than 400 farmers, ranchers and agricultural leaders throughout the country, gathering insight and ideas about farm policy reform. AFT worked with more than 30 agriculture and conservation organizations to invite a wide range of participants, who represented a broad diversity of farming sectors and interests. They included African-American farmers growing cotton in the Mississippi Delta and cotton and wheat in South Carolina; the past president of the Illinois Farm Bureau; a New Hampshire dairy farmer; an organic farmer from Virginia; an apple grower in Michigan; corn and soybean growers from the Midwest; cattle ranchers in the Rockies; and walnut, fruit and rice producers in California.

AFT established groups of farmers, ranchers and policy experts to identify, develop and review ideas for policy reforms in USDA's four resource areas: the Heartland, the Northern Crescent, the Fruitful Rim and the Southern Seaboard. Members of those groups will continue to meet over the next two years to help AFT develop and refine national and region-specific policies that will serve the needs of producers within each resource area. AFT also added four more workshops for farmers and ranchers involved in particular geographic areas or representing specific stakeholder groups that have not been dominant players in the farm bill process, such as cattle ranchers, black farmers and growers from California and the Mid-Atlantic region. AFT also added another two groups to focus on specific areas of policies: new market opportunities and farm and ranch land protection.

Three primary objectives guided AFT's workshop series: 1) identifying the needs of farmers and ranchers; 2) understanding how well current policies are meeting their needs; and 3) learning what kinds of prospective policy solutions appeal to them. In both sets of workshops, participants were therefore asked to identify their needs, give opinions on what is good and bad about existing federal farm policy and suggest alternative policy options.

What AFT heard at the first workshops reinforced the conviction that change is not only badly needed, but it is also on the way. Although formal agricultural organizations may not acknowledge the need for and inevitability of change, the workshops demonstrated clearly that farmers recognize it and want to be sure they have a voice in the process.

Most farmers and ranchers in each of the forums were reconciled to change in U.S. farm policy in response to globalization, federal budget deficits, the need to comply with WTO rules and changes in consumer expectations of farmers. Some participants in the Southern Seaboard session, which has large cotton, sugar and rice production sectors, were not convinced that reform is just around the corner. This is not surprising because leaders of these sectors have been repeating messages in support of the status quo. However, they did identify many of the factors that will drive change. Given an anticipated overhaul of farm programs in the 2007 Farm Bill, most producers were interested in helping shape the future policies to ensure that they really address the needs of agriculture, restore U.S. competitiveness and are implemented in the least disruptive manner possible.

Workshop participants also expressed strong support for ideas that underpin many of the policy options in the next section of this report. Although the workshops were not intended to achieve consensus directions for U.S. agricultural policies, several common policy themes emerged across the workshops. These needs included:

- A safety net to address tough economic times and help all farmers manage risk;
- More market-oriented policies that will provide them with a paycheck from the marketplace rather than the government;
- New markets for their products, expansion of existing markets, and the opportunity to make a profit;
- Increased support for environmental stewardship and protection of our land base and other natural resources for farming;
- Shifting payments to support programs that address national priorities, such as energy, nutrition, food security and rural development; and
- Simplification of federal support and conservation programs.

After the first workshops were completed, AFT convened 26 nationally recognized agricultural economists and other policy experts to review AFT's policy ideas for the 2007 Farm Bill and flesh out options in the three major areas identified in the farmer workshops. This External Analysis Committee has agreed to continue to serve as an advisory group to assist AFT through the duration of its 2007 Farm Bill campaign.

In addition, in February 2006, AFT brought many of the same farmers and ranchers who participated in the first eight workshops together in Kansas City for a policy workshop. In that gathering, participants helped review the organization's new policy framework and the policy options presented later in this report. Based on their input, AFT made additional refinements to its recommendations.

In an effort to subject its new ideas to further scrutiny and analysis, AFT convened two forums of high-level national experts earlier this year in partnership with Yale and Stanford universities. The forums were held in February and March 2006 in Stanford, Calif. About 30 nationally and internationally recognized leaders attended the forums, which focused on agricultural commodity and trade policy issues and on "greening" the farm bill. Participants included negotiators for the Doha trade talks, USDA under-secretaries for Rural Development and Natural Resources and Environment, the Senior Vice President of Bank of America (the nation's largest agriculture lender), representatives of the European Union, farm leaders from England, Ireland and Australia and top academic leaders.

Agenda 2007 reflects the nearly year-and-a-half process of soliciting input from farmers, ranchers and experts that has been described above. As the report is disseminated widely to the public, policy makers, other farmers and ranchers, news media, opinion leaders and other stakeholders, AFT will continue to consult with participants in its workshops and forums in an effort to improve its policy recommendations and build support for its 2007 Farm Bill campaign.

E. Principles to Guide Agriculture Policy

AFT identified the following principles to guide the development of new farm policy:

- Enhance farmer income;
- Help farmers and ranchers innovate and compete in the marketplace;
- Ensure fair and equitable policies for all farmers regardless of sector, size or geography;
- Link support to national priorities including cleaner air and water, better nutrition, food safety and security, rural prosperity, energy independence and the stewardship of natural resources;
- Promote the long-term protection of our best farm and ranch land to ensure a land base for farming in the future;
- Shift toward more market-oriented policies by providing support not linked to the production of specific crops; and
- Comply with and enforce free trade agreements.

F. U.S. Farm Policy Pillars of Support

Our farmer and rancher forums helped us develop three new "pillars" of support for future farm policy:

- Provide farmers and ranchers with a **financial safety net** and tools to manage the risk of natural disasters and dramatic swings in prices and yield;
- Encourage and reward **environmental stewardship** on farms and ranches to protect and improve the quality of our nation's air, water and land; and
- Expand **new market opportunities** to sell farm products and encourage entrepreneurial innovation in developing profitable new markets and products.

We further envision a set of programs and policies that provide the **foundation upon which these pillars stand**—ensuring a strategic base of agricultural lands, reinvigorating our national research efforts, expanding technical assistance and assisting farmers in transitioning to the new policies. The graphic below illustrates the new approach.

U.S. FARM POLICY PILLARS
Safety Net ■ Stewardship ■ New Markets

These pillars provide the basis for a new direction for farm and rural policies: one that is more efficient, more responsive to today's needs and more defensible in today's resource-constrained global setting. We've organized our policy recommendations under the three pillars of support and the foundation. Together these **policies will enhance farmer profitability and competitiveness, expand environmental stewardship, advance rural prosperity and improve the health of consumers.**

I. SAFETY NET PILLAR: MARKET BASED PROTECTION FOR FARMERS AND RANCHERS

Farming is a risky business. Agricultural production is inherently prone to swings in prices and yields, which can result in significant variations in revenue. Historically, farm policy has had a role in helping provide a safety net of steady, reliable income assistance to certain commodities when disaster hits. However, commodity programs have often failed to address these issues equitably or efficiently. Existing commodity programs are narrowly focused on supporting prices, not revenues, and apply only to approximately 16 percent of farm households and less than one-third of all farm production. Moreover, they could be made more efficient to free up funds for other unmet farm needs in an increasingly competitive world.

During the transition from current commodity programs toward a market-based, self-reliant agriculture, a government role in providing adjustment is appropriate. The suite of policies described below, all subject to conservation compliance, can serve as an effective bridge to a more market-oriented, sustainable and publicly acceptable safety net—one that enhances the long-term viability and competitiveness of American agriculture.

A. Reward Farmers with Green Payments

Green payments would reward farmers and ranchers for sound land management and resource conservation. These payments, which enjoy broad public support, would provide a steady, reliable stream of revenue for farmers and ranchers. They would be considered "green box" under WTO trade agreements. In essence, a green payments program allows farmers to "sell" environmental services much like they sell agricultural products. Environmental benefits could include sequestering carbon, controlling floodwaters, providing wildlife habitat, recharging groundwater, increasing biodiversity and providing open space and cleaner air and water.

Recommendation: **Make green payments available to all agricultural producers** who manage land and provide environmental benefits, regardless of the size of operation, crops produced or geographic location, including specialty crop producers and ranchers. These payments would be based on environmental performance rather than on specific practices and would provide farmers with the opportunity to achieve environmental goals at the lowest cost. Payments would be based on a simple, transparent and reliable measure of environmental performance and would be made on a graduated scale to encourage higher levels of environmental stewardship.

The funding for the new green payments program could be based on the existing commodity-based direct payments program. These direct payments (approximately $5 billion) could be phased into green payments over a period of time to allow current recipients to adjust and to enable other producers to participate. During this phase-in period, current recipients of commodity-based direct payments would be guaranteed a minimum payment, which would decline over time. At the same time, all agricultural producers would begin to have access to the green payments program. At the conclusion of the phase-in period, all current commodity-based direct payments would be reallocated to the new green payments program. During the phase-in period, current recipients would be able to increase their annual payments from their guaranteed floor, if they meet the performance criteria for the green payment.

B. Help Farmers Manage Revenue Risk

A publicly defensible safety net—one that enhances the long-term viability and competitiveness of American agriculture—must take significant steps toward more market-oriented farm support programs. New approaches should replace the current counter-cyclical and loan deficiency payments with programs that are less distorting and cost significantly less money. The resulting savings should be reinvested into more equitable, innovative and entrepreneurial approaches to enhancing farmer profitability.

To reduce the volatility of farm revenues, farmers and ranchers need tools to manage both price and production risk. A market-oriented safety net based on revenue rather than price can offer better coverage at a lower cost. The underlying premise of a market-oriented safety net is that agricultural producers, the government and the private sector each have an appropriate role in managing the inherent risk in agricultural production. The government should protect producers against revenue losses due only to market-wide factors, uninsurable natural disasters and unexpected drops in price. All other forms of risk should be shared between producers and private insurance providers.

Recommendation: **Replace current price-based commodity payments with market-oriented and revenue-based risk protection.**

One new, innovative approach to risk management that fits the criteria is a revenue program that creates a safety net to protect farmers against drops in revenue by combining a government revenue program with private individual revenue insurance. Rather than targeting price as existing programs do, targeting revenue (price multiplied by yield) provides greater protection to producers. Gaps exist in the current price-based safety net. This revenue-based program fills those gaps while replacing current crop-specific, price-based support programs, e.g., loan deficiency and counter-cyclical payments, as well as reducing the economic justification and pressure for ad hoc disaster assistance.

Under this revenue approach, the government would protect against market-wide risks such as unexpected low prices, drought, frost, wet weather, etc. With the government handling the market-wide risk, the private market can be effective at insuring revenue at the individual farm level. The program could work like this: farmers and ranchers would be responsible for the first portion of a decline in revenue – for example, 5 percent; the government would be responsible for the market-wide decline in revenue – for example, the next 10-15 percent; and the private market would insure the remaining decline in an individual farmer's revenue.

More specifically, the government, through a national revenue deficiency program, would provide a per-acre payment based on projected national revenue that would be forecast each year before planting. It would provide payments when the realized national average revenue is less than the projected revenue. Thus, because the projected revenue is recalculated every year, the program would be responsive to changes in long-term market conditions while still providing protection to farmers against unexpected price declines and natural disasters.

With the government covering all market-wide drops in revenue due to natural disasters or price fluctuations, a viable, actuarially sound private insurance product would protect any individual losses not covered by the national program. This product would be similar to current crop and revenue insurance products based on farm-specific historical yields.

A second, more aggressive alternative approach for replacing the current price-based commodity payments is to transition out of commodity specific payments and allow farmers to take advantage of the suite of crop and revenue insurance products offered through private insurance providers. While this would lead to even less government influence in the marketplace, the transition away from crop-specific subsidies will require significant adjustment for those producers relying on them today. A gradual decline of payments over a reasonable adjustment period would facilitate a smoother transition.

For example, individual producers' expected revenue from counter-cyclical payments and loan deficiency payments could initially be fixed as a single whole farm payment. This payment would gradually decline over a period of five or 10 years and eventually be eliminated. During the transition period, the current suite of risk management tools would be strengthened, diversified and made available to all producers. The government would support the adoption of these insurance products either through the current method of subsidized premiums or by providing each agricultural producer with a voucher to purchase risk management tools.

Another risk management tool that is being considered is farmer savings accounts—an often-mentioned tool for replacing current price-based payments. This approach deserves further research. However, in the near term, a Farmer IRA could provide many of the benefits of a farmer savings account, but it would not serve as a replacement for price-based support programs.

C. Provide Additional Financial Tools

Supplemental programs to help producers expand into new markets, transition out of current farm programs, save for retirement and manage cash-flow issues could complement these risk management proposals.

Recommendation:

- **Farmer IRA**: An individual retirement account tailored to the needs of farmers and ranchers could assist in the effective financial management of agricultural operations. The Farmer IRA could allow tax-deferred contributions from various sources including farm income, conservation and easement payments. Withdrawals could be made under conditions such as retirement, natural disasters or to provide liquidity to facilitate intergenerational farm transfer. This is one component of a companion farm bill tax package being developed to address retirement, intergenerational farm transfer and young and beginning farmers.
- **Recourse Loan**: Farmers and ranchers will continue to face cash-flow constraints during crop seasons. The federal government should offer a Commodity Credit Corporation (CCC) recourse loan.
- **Transition Assistance**: Certain commodities may need special adjustment assistance due to their significant stake in maintaining their current levels of crop specific support.

II. STEWARDSHIP PILLAR: CONSERVATION OF NATURAL RESOURCES

Nearly half the land in America is working land—farms and ranches. The use of this land to produce food, fiber and energy has an enormous impact on the natural and human environment. **Well-managed agricultural land can supply environmental benefits including cleaner water, increased wildlife habitat, flood control, wetlands protection and air quality improvements.** Because of its importance, land stewardship is a theme that runs throughout our framework. The stewardship pillar presented here has a unique role that is distinct from the green payments program presented earlier.

Our stewardship recommendations help farmers and ranchers improve their lands by applying conservation practices to treat natural resource problems. By focusing on practice application, the stewardship approach here is the *means* to improve performance. This contrasts with, yet supports, the green payments initiative that rewards *attainment* by paying for the environmental benefit streams that farmers and ranchers produce.

In the stewardship pillar, we strengthen cooperation and partnerships through a grant program, make it easier for farmers to participate in current programs and care for our nation's resources by ensuring more funding for conservation.

A. Establish a Cooperative Conservation Partnership Initiative

A cooperative conservation partnership initiative would revolutionize the delivery of conservation funding by allowing producers and organizations to compete for conservation dollars based on innovative cooperative conservation projects. The initiative would deliver conservation funding for special projects or watersheds that, through collaborative efforts, can best focus assistance on critical resources that yield substantial environmental benefits—that is, precision conservation.

Recommendation: **Increase the effectiveness and impact of conservation programs by establishing a competitive grants program that promotes collaborative efforts to better direct and focus conservation assistance resources to critical natural resource concerns**. Require that 20 percent of annual dollar CCC funding for conservation and appropriate acreage amounts for Conservation Reserve Program (CRP) and Wetlands Reserve Program (WRP) be provided through grants for financial assistance, technical assistance, education and outreach through this initiative for competitive grants via conservation partnerships.

Eligible applicants would include groups of producers, conservation districts, watershed councils, farmer coops, Indian tribes, state and local agencies and non-governmental organizations that can plan and implement conservation projects at a specific geographic area. Funding for conservation should flow through these "conservation cooperatives" because they are an effective means for organizing the efforts of multiple farmers and ranchers in a particular place to achieve an environmental goal.

Cooperative conservation partnerships will improve the effectiveness of existing conservation programs by focusing conservation efforts—getting the *right practices* in the *right places* at the *right time*—and by attaining critical mass—getting enough producers doing the right things in a particular place so that their *collective effort* is enough to improve environmental quality. This kind of precision conservation brings advances in science and technology to bear by effectively pinpointing where conservation measures are needed and providing meaningful incentives for producer collaboration.

Existing conservation programs would continue, although the cooperative conservation partnership initiative would be overlaid on top, thus allowing for a significant effort to revolutionize the delivery of conservation assistance.

B. Increase and Stabilize Funding for Conservation

Conservation programs in the farm bill attempt to help treat more than 60 percent of the non-federal land in the U.S. Current funding levels are not sufficient to address the needs of either producers or the landscape. This is partly due to changes in agriculture technology, costs of conservation systems, understanding of environmental complexities and increased regulatory requirements. Thousands of producers have been turned away from cost-sharing programs due to inadequate funding.

Recommendation: **Double the funding for conservation programs that address the needs of working farms and ranches in the 2007 Farm Bill.** This includes working lands programs such as EQIP, CSP, WHIP and FRPP. Increased funding of programs for working lands will: 1) Provide assistance for more producers through cost-share payments; 2) Reduce the backlog of applications; 3) Enable some support for producers seeking to apply higher cost practices, including those to reduce animal waste runoff or conserve scarce water; and 4) help many producers attain a higher level of environmental performance for the long run, which will enable producers to qualify for direct green payments. Since stability of funding is also needed, we recommend that Congress dedicate a proportion of the CCC funding authority to USDA conservation programs to allow for full and stable funding of programs.

Recommendation: To ensure geographic fairness in conservation funding, **each state would be guaranteed a minimum level of funding.** The state conservationist and the state technical committee would determine how best to direct these funds under the available conservation programs to address the priority resource concerns and issues in the state.

C. Simplify Application Process and Coordinate Programs

In forums across the country and in testimony, farmers and ranchers talked about the "alphabet soup" of programs and made it clear that many producers do not effectively utilize the programs simply because of the complexity of multiple sign-ups, applications, eligibility requirements and various program rules. This results in lost opportunities for cleaner air and water, more wildlife habitat and continued open space.

Recommendation: **The application process should utilize a simple, unified application for any conservation program**. Sufficient USDA technical assistance would be required to identify conservation needs and treatments, determine program eligibility and then automatically sign up producers for the appropriate conservation program that best meets their needs. The single application would suffice for *any* USDA conservation program from which the producer wanted to seek assistance. (Our recommendations for technical assistance are presented later in the paper under the foundation section.)

Recommendation: In the long-run, most USDA conservation programs should be consolidated into three or four main programs (in addition to the direct green payments described above). **The 2007 Farm Bill should require aggressive coordination among programs to make them simpler and easier to understand** and should provide more consistent program guidance, eligibility criteria and funding mechanisms. For example, policies and procedures for cost-sharing under EQIP, WHIP, AMA and other programs could be simpler and better integrated.

Recommendation: Other significant policy recommendations concerning conservation are:

- **Improve the Conservation Reserve Program** (CRP) by requiring a higher environmental benefit index score for new enrollments and by expanding the Conservation Reserve Enhancement Program (CREP) and the continuous sign-up under the Buffer Initiative. Also, explore adding an option to allow participants to opt out early from CRP contracts to produce biomass crops (except for row crops) for renewable energy. Producers would be offered lower payments for the option to opt out.
- Establish a revolving **conservation loan program** to help farmers and ranchers finance the application of conservation measures. Loans would help producers needing to install practices where payment limits or other factors preclude cost-sharing assistance.

III. NEW MARKETS PILLAR: EXPANDED ECONOMIC OPPORTUNITIES

Future farm policy should enhance farm and ranch profitability and rural prosperity by developing new uses for farm products and by developing and expanding market opportunities in the United States and abroad. Domestically, renewable energy and bio-based products offer valuable new market opportunities. The development of value-added products, direct and niche markets, new cooperative and other creative ownership structures and better infrastructure to move products from producer to consumer can help drive demand and contribute to improved farm income. Globally, exports – especially of value-added agricultural goods and products – will be a key vehicle for future profitability in agriculture. Developing our export potential demands that we confront challenges such as foreign trade barriers and higher domestic production costs in the U.S. Reducing global tariffs and non-tariff barriers will open up opportunities for U.S. products overseas. These recommendations, along with others in *Agenda 2007*, will provide a more level global playing field for U.S. farmers and ranchers.

A. Support Innovation and Entrepreneurship

Farmers and ranchers must shift their approach to growing what sells rather than selling what they grow. They must find ways to increase their income, either by adding value to products and selling them at a premium or by reducing production and marketing costs. **Farmers and ranchers need a mix of programs and projects aimed at enhancing farm profitability** through innovative marketing and business strategies, product promotion and consumer education and on-farm improvements or diversification.

Recommendation: Create a new **$1 billion Farm Profitability Grants Program that will combine the specialty crop block grants authorized in the Specialty Crop Competitiveness Act of 2004 with new funding for states to encourage innovative marketing strategies, new business ventures, product promotion and consumer education and on-farm improvements or diversification related to any of the state's agricultural products.** The program would be administered through each state's department of agriculture, as these agencies are better able to identify and address local and regional market conditions, challenges and opportunities. The program will incorporate the needs of all producers—specialty, livestock and program crop—into one grant program and dedicate a sizeable base allocation to each state to provide support for a wide range of local and regional needs. The proposal recognizes the need for flexibility; it also recognizes that the incubators of change are programs and projects happening around the country at the state and local level.

Program funds could be used: to enhance the competitiveness of specialty crops; to fund research and development into pest management; to provide technical, marketing or business development assistance to producers; to develop "buy local" campaigns and consumer education efforts; to promote farmers' markets and other direct-to-consumer market opportunities; or to provide direct grants to producers for farm infrastructure or equipment needs that add value to a commodity produced or will allow for the transition to a new agricultural enterprise.

B. Access Global Markets

American farmers fully understand the importance of exports to their economic prosperity, because 95 percent of the world's consumers live outside the United States. One of every three U.S. acres is now planted for export, accounting for 27 percent of farm receipts. Agricultural exports generate economic activity that ripples through the domestic economy: $62.4 billion in exports in 2004 generated more than $162 billion in total economic activity on and off the farm. **The key to providing new international opportunities for American farmers is greater international market access.** Currently, the average allowable U.S. tariff rate on agricultural goods is below that of many other countries.

<u>*Recommendation*</u>: A profitable U.S. farm sector in the future depends in large part on free trade and on a level playing field, which will come from **a significant reduction in global tariff barriers, along with the establishment and *enforcement* of uniform, scientifically-based health and safety standards** that are applied to all foreign and domestic agricultural commodities. Farm policy also can play a valuable role in preparing U.S. farmers, ranchers and exporters to take advantage of export markets as they open through multilateral and bilateral trade agreements. Specifically, the next farm bill should:

- Increase funding for export promotion programs;
- Increase research on export opportunities and on displacement of domestic food and agricultural products by foreign imports;
- Improve coordination between federal agencies responsible for agricultural trade matters; and
- Explore creating an office focused on enforcement of trade agreements.

C. Grow Renewable Energy

Renewable energy has the potential to boost farmer income, create jobs in rural communities and diversify the nation's energy markets, while protecting the environment. By utilizing the renewable resources on America's farm and ranch land, our nation can generate electricity, fuel our vehicles, and create a variety of products, all of which can provide new revenue streams to farmers and ranchers. Indeed the market is already poised to make these promises real for a new future for agriculture. Private capital is already available to invest in projects, both large and small, that will convert agricultural resources into energy and other goods. Within the farm bill, the federal government can set the stage and create the proper conditions to foster the development of this exciting future. Rather than subsidize particular technologies or production techniques and potentially stifle innovation, the government should help spur research and development, encourage producer ownership and reinforce the market signals for renewable energy by stimulating demand.

<u>*Recommendation*</u>: To accelerate the deployment of bio-fuels and bio-based products, the next farm bill should:

- Amend the **Renewable Fuel Standard to increase the goal for cellulosic bio-fuels use by 2015;**
- **Increase funds for research, development, demonstration and deployment of cellulosic ethanol as well as bio-based industrial products**; and
- Implement 100 percent flex-fuel compatibility in all new automobiles sold by 2017.

Recommendation: To promote farm-produced energy and energy savings, the next farm bill should:

- Establish a national Renewable Electricity Standard (RES), similar to that enacted in 19 states around the country;
- Increase funding for research, development and deployment of new renewable electricity and energy efficiency technologies;
- Establish a national net metering policy; and
- Make the Renewable Energy Production Tax Credit long-term and tradable.

D. Promote Healthy Diets

Farm and food policy should be linked more strongly with national health and nutrition goals. New stakeholders—from the public health, nutrition, local and state governments and many other sectors—are working on creative ways to make our system of food production, processing and distribution more responsive to the health and nutrition needs of all Americans, especially our most vulnerable. The federal government programs should promote healthier diets and increased demand for specialty crops and fresh, locally grown food by expanding access, facilitating institutional purchases and supporting farmers' markets.

Recommendation: Government food programs should promote healthier diets:

- Increase funding for the federal Farm-to-Cafeteria program, expand the Department of Defense Fresh Fruit and Vegetable Program, and **significantly increase the consumption of fruits, nuts, vegetables and whole grains**;
- Expand funding for marketing, planning and financing tools that can **assist with the development of farmers' market**, urban gardens and community-based food systems; and
- Make needed reforms to procurement policies to **reflect USDA dietary guidelines,** and the federal government should facilitate increased institutional and agency procurement of local and regional agricultural products by schools, hospitals, food banks, nursing homes, governmental offices and prisons.

E. Support Community Investment in Agriculture

The nation's future farm policy should enhance rural prosperity and support communities that are working to maintain their working farms and ranches. Policies that made sense 70 years ago, when one-third of the nation's population were farmers, do not address the needs of agricultural communities today. Commodity-based subsidies are not effective community development strategies. Moreover, community development needs vary across the country. Communities that are declining in population face different issues than urban-edge counties facing uncontrolled sprawl. **We need to assist communities and their farmers and ranchers in planning for the future.**

Recommendation: Programs to expand markets and opportunities and revitalize communities need to:

- **Strengthen local food security and infrastructure** through a matching grants program to states and communities to help them plan for agricultural economic development, food security and/or local and regional food processing and agricultural infrastructure. Follow up with a combination of grants and subsidized loans to assist with regional agriculture development;

- **Encourage equity investments** in agricultural areas to foster new agricultural enterprises and compatible rural development;
- Strengthen **revolving loan programs** to develop new products;
- Create a new **Rural Entrepreneurs and Micro-enterprise Program** to provide grants for training, technical assistance and loans to rural entrepreneurs; and
- Support **new cooperative organizing models** to help small- and mid-sized producers compete and capture a larger portion of value-added processing and product differentiation.

IV. FOUNDATION: SUPPORT FOR NEW POLICIES

Without a foundation, the new pillars of support will fail. The foundation of U.S. agriculture is our land, people, research and innovation. While most people agree that these are important investments in American agriculture, it is time to improve our policies, renew our commitments and increase funding for these critical areas. The next farm bill must maintain an adequate base of agricultural lands, ensure that beginning and socially disadvantaged farmers have the opportunity to farm and reinvigorate research, extension and technical assistance to better serve the future needs of agriculture.

A. Protect Our Agricultural Land Base

A strategic base of our best agricultural land is absolutely essential to our long-term ability to produce and supply fresh healthy sources of food, fiber and energy with the fewest inputs. Federal farm policy must adequately address the threat to our strategic agricultural land resources from non-farm development and fragmentation.

Recommendation:

- **Establish the protection of a strategic land base as a core principle throughout federal farm policy;**
- **Double funding for the Farm and Ranch Lands Protection Program** (FRPP) and enhance its effectiveness to permanently protect more farm and ranch land;
- Create a federal matching grants program that helps state or local governments identify and implement strategies for land protection and farm transition; and
- Strengthen the Farmland Protection Policy Act so the federal government stops being a catalyst for farmland conversion and instead becomes an active player in preserving land for future agricultural needs.

B. Assist Beginning Farmers

The ownership and management of America's farmland continues to undergo dramatic change. **The vision for future agricultural opportunities must cultivate a new crop of farmers.** With the rising price of land and increasing capital investment required, beginning farmers face a unique challenge in the current economic climate. Our nation is at a crucial stage in **helping a new generation take over the land, which requires new policies to improve access to land, credit and tools to manage risks.**

Recommendations:

- **Provide special incentives to participate in federal conservation assistance programs** (for example, the 15-percent cost-share differential or bonus included in the 2002 Farm Bill);
- Provide loan guarantees by funding and expanding the Beginning Farmer and Rancher Land Contract Pilot Program;
- Invest in collaborative efforts to support activities that assist beginning farmers, such as the Beginning Farmer and Rancher Development Program; and
- Provide tax credits.

C. Provide Opportunities for Farmers at a Disadvantage

As we seek to create a farm bill that is more equitable and provides benefits to a wider range of farmers, special attention must be taken to craft agricultural programs that address the needs of producers who have not participated fully in past efforts. Black, Hispanic, Native American and Asian farmers in different parts of the country face different issues and require programs that are flexible enough to address their special needs.

Recommendations:

- **Dramatically increase funding for the "2501" program and make it mandatory** to support universities and community-based organizations providing outreach into minority communities.
- Ensure that all farmers and ranchers are counted in the U.S. Census of Agriculture, as this drives the allocation of funds for many programs.
- Review USDA programs to guarantee fairness and access for all farmers; and
- Improve the availability of credit for socially disadvantaged farmers.

D. Improve Research and Extension

Increasing our investment in agricultural research will produce a vast array of renewable raw materials, energy sources, environmental benefits and nutrition for a healthier society. It also will enhance our competitiveness in global markets, while creating new domestic markets. The United States is no longer keeping pace with other nations (most notably China and India) when it comes to public investment in food, agriculture and natural resources discovery, innovation and outreach. Our policy recommendations strengthen and reorient the USDA-university partnership, increase stakeholder involvement, improve accountability and create a system that fosters collaboration and integration to help U.S. producers maintain their global leadership.

Recommendations:

- **Implement a new model of agricultural research** that integrates the present internal and external research, extension and education efforts with the U.S. Department of Agriculture into the *National Institute for Food, Agriculture and Natural Resources (NIFANR)*. This new model would strengthen accountability, focus on solving problems, engage the best scientists wherever they work and involve stakeholders in identifying and prioritizing research. The intent is to build a stronger, more collaborative, more responsive, better focused and less duplicative research, education and extension effort for the future.
- **Restore the National Research Initiatives to a $500 million competitive grants program** with *NIFANR* that delivers large, long-term grants on high-priority fundamental and mission-oriented research;
- Revive the Initiative for Future Agriculture and Food Systems (IFAFS) competitive grants program to provide stakeholder-driven grants to address applied research needs within *NIFANR*; and
- Increase the federal investment in agricultural research by at least 10 percent.

E. Expand and Improve Technical Assistance

The delivery of timely, consistent, high-quality technical advice to farmers will help them better understand how they can address risks, provide environmental benefits and enhance their ability to enter and take advantage of new market opportunities. Technical assistance providers will need to keep up with the latest adaptive research and must expand their skill set to help producers address new challenges. At the same time, they will need to identify gaps to be filled by more targeted research efforts.

*Recommendation*s:

- **Increase funding and improve producer access to technical assistance programs**;
- Direct USDA to produce and implement a coordinated investment plan to construct a technical services infrastructure for the 21st century; and
- Amend the Commodity Credit Corporation charter act to exempt technical assistance from the Section-11 spending cap.

F. Enhance Emergency Preparedness and Surveillance

U.S. agriculture loses more than $120 billion every year to invasive pests and diseases. Two of these diseases have been in the headlines recently: BSE, or mad cow disease, and bird flu. For both of these threats, agriculture provides the first line of defense for the public but currently lacks both the ability and the infrastructure to respond quickly enough. Agriculture needs to expand its ability to protect itself from the introduction, establishment, re-emergence and threat of plant pests and diseases as well as animal diseases.

Recommendations:

- Provide funding to **rebuild our state and national infrastructure** for emergency animal disease and plant pest preparedness and response; and
- **Develop a world-class system** of surveillance, exclusion, detection, diagnosis and response through continued investments in the USDA Animal Plant Health Inspection Service (APHIS).

V. CONCLUSION

Farmers and ranchers are understandably anxious about globalization and changes to U.S. agriculture policy. But it is possible to improve existing policies and, on balance, have all stakeholders benefit: farmers, ranchers, consumers, taxpayers and the environment. AFT's "New Framework and Direction" represents a plausible, alternative approach to farm policy in which every farmer and rancher will have the opportunity to succeed.

These recommendations lay out options in some detail to stimulate serious, thoughtful discussion and debate. They are not final. We call for those involved in, and affected by, farm policy to come together to make these proposals the best possible with the highest likelihood of gaining broad support among stakeholders and strengthening public support for agriculture in the future.