

AgriTalk

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Mike Adams with Senator Mike Johanns (R., Neb.)

NOTE: This is an **Unofficial Transcript** of an *AgriTalk* interview.



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Mr. Mike Adams: We can talk about that right now with our guest, former Ag Secretary and Nebraska Senator Mike Johanns. Senator, good to talk with you again. Thanks for joining us. Are you concerned about these reports out of South Korea that if the opposition party gets control in the elections that they want the free trade agreement renegotiated?

Senator Mike Johanns: I'm very concerned. I think we have to send a message that we don't renegotiate trade agreements. And, you know, I've been working with South Korea for a lot of years, and one of the things that always worries me is that it always is a little bit of a step forward, and then a step back, and a step forward, and we have come so far.

These were not easy to get done here in this country. We just can't take that step back. This is a market that's good for both sides. South Korea needs access to our market, we will benefit from access to their market. This is a two-way street. This agreement was fought out over a lengthy period of time, finally got it ratified, we need to keep it in place.

Mr. Adams: So we will watch developments there very, very closely. Now, we've had a lot of questions about the Keystone XL pipeline project, and I want to kind of get into this with you. It certainly impacts your state of Nebraska, and you've been very involved in this. First of all, let me ask you, here's a question I keep getting. There are those who are saying that if this thing is built, that the oil coming out of Canada goes into a refinery controlled by Saudi Arabia, and that none of that oil will actually come to or benefit people in the United States. Is there any truth to that?

Sen. Johanns: No. You know, these things get an energy of their own, and you kind of get off to the races, and there's been more rumors and stories. Here's the situation on

Keystone. This is actually their second pipeline. They built one a couple years ago, and it really wasn't controversial at all, so this is the second piece of that project. That project will go to refinery. It will lessen our dependence on foreign oil.

Needless to say, oil is a product, much like beef or corn or whatever that you could sell into the international marketplace, but there's such a tremendous need for it here, why would you want to ship it away? The economy of this is just so sensible, to keep that product here in the United States. For every barrel of oil we can buy from a friendly ally, Canada, that lessens our dependence on oil where we're buying it from a very unfriendly enemy, as in Venezuela. So this really is...it's just got so many pluses to it there isn't any reason to not do the pipeline.

Mr. Adams: What about action in the House Energy & Commerce Committee voting along party lines to advance a bill that would give the Federal Energy Regulatory Commission 30 days to approve the pipeline, taking the decision out of the hands of the president? Do you agree with that? Would you like to see that happen?

Sen. Johanns: Yeah, whether it's that approach or there's an approach in the Senate that I've cosponsored. It's being led by [Republican] John Hoeven out of North Dakota. And basically, that approach says, look, we've met the requirements environmentally, let's go ahead and issue the permit. Under the commerce clause, based on a recent, very recent opinion out of Congressional Research, we could pass that kind of legislation.

So it looks to me like whether it's the Terry approach – that bill on the House side actually came from [Republican] Lee Terry of Nebraska – or whether it's the Hoeven approach on the Senate side, either way is going to cause this pipeline to get built, and it should. It's been under review a long time. The issues that were so difficult in Nebraska are getting solved. We're confident that we'll get siting done here in the next month, and so why not start construction on the other parts of the pipeline?

Mr. Adams: All right. We are talking with Nebraska Senator Mike Johanns. We need to take a break, but when we come back, we're going to get his thoughts on the impasse over the payroll tax situation and what may develop there. Will we find ourselves at the brink of disaster here, another shutdown, another impasse as deadlines draw near with the government? And what about his thoughts on the next farm bill, and can it get done? Does he think it will get done this year? We'll talk with Senator Johanns about that...

[Break.]

Mr. Adams: Welcome back to AgriTalk. At the end of last year it looked like our taxes might be going up because Congress couldn't come to any decision on the payroll tax situation. They finally passed a two-month extension to avoid taxes going up. Well, that two-month extension is just about over, and it doesn't look like Congress is any closer to having this resolved. Joining us again now, Nebraska Senator Mike

Johanns. Senator, do you think you can get this worked out before the end of the month?

Sen. Johanns: I wish I could say absolutely, positively yes, but I have concerns. I'm not on that conference committee. Here's where I think the line of demarcation is. Typically, folks who are Republicans like to cut taxes. I mean, that's obvious. Less government, less regulation, bring down the tax burden. It is a good formula for economic growth. So the natural bias would be to look at this and say, hey, let's extend it through the end of the year.

There is a cost to that. The Congressional Budget Office says, look, it will cost this. I believe the mood of the American people today is, look, we've got to start paying for things. We just can't keep going to the credit card. There are folks on the other side of the aisle who, you know, I see recently [House Minority Leader] Nancy Pelosi [D., Calif.] said, well, I'd be inclined not to pay for this.

All I can say is we're already borrowing 42 cents on every dollar; when do they want to stop? There is a point at which we've got to pay for the things we're doing, and I think that's where the arm wrestling is occurring, right on that line between people who say, look, we've got to start minding the store here and paying the bills and others saying, no, we can just keep on borrowing. And that is not an easy philosophical difference of opinion to resolve, and so I'm concerned that we may not get there.

Although in the vein of full disclosure, Mike, I'm not a big fan of cutting the payroll tax because Social Security is in trouble, and I think when you mess around with the payroll tax, you risk the future security of this program, Social Security. So I think this one is a tough one, and I'm not going to try to pull out my crystal ball on this one. I think this one could go either way.

Mr. Adams: What does your crystal ball say about getting a farm bill done this year, which is going to be a challenge, especially not even really knowing what the budget number is at this point for agriculture? Do you think they can get it done this year?

Sen. Johanns: Got to do something. It expires with the 2012 crop year, and so some affirmative action needs to be taken, whether you extend the current one or whatever. I don't see a lot of passion for just wholesale extending the current one. On the other hand, putting a farm bill together is going to have its challenges.

Here's what I would offer. I think everybody is agreed today that this will be led on the Senate side. That's very unusual. As you know, typically the House writes the farm bill and the Senate may do some fine-tuning. I really do believe that the Senate is going to take the first steps on the farm bill. That's already happened. We've done six hearings. I think there will be probably another four here pretty quickly in the weeks ahead.

I think on the Senate side my sense is that we could get a majority to pass a bill out of committee, maybe even much stronger than a majority. I think we could put

coalitions together to maybe move something, and then it will be on the House side. And one of the challenges you always have is there's a lot of new members over there who have never been in a farm bill process, and it's kind of a unique process.

But here's what I want to emphasize. For all of those folks out there beating up on agriculture and this and that, and whatever it is, the talk of the day, 83% of this bill today is food stamps, the SNAP program, free and reduced lunch at schools, and the WIC program. The farm programs are really a footnote anymore, and on two out of three of the programs, you're not paying anything because prices have been good. And farmers get that. They understand. They've always wanted to farm for the marketplace. So I just think the whole issue here is going to be let's get a farm bill that's good on risk management. I like crop insurance. I'm not so worried about direct payments.

Mr. Adams: Senator, we're out of time, but we'll talk more about this soon. Thank you very much.

Sen. Johanns: Great, Mike, thanks.

Mr. Adams: Senator Mike Johanns from Nebraska.

[End of recording.]