

House Agriculture Committee's Subcommittee on Conservation, Energy, and Forestry

Formulation of the 2012 Farm Bill: Conservation Programs

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Excerpts from House Agriculture Committee Ranking Member
Collin Peterson (D., Minn.)

Note: This is an **Unofficial Transcript**.



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Rep. Collin Peterson: But I'd like to kind of focus, if I could, on some issues that are important to me, I guess, and that I think need to be focused on or understood in the context of what we're doing here. And a lot of it revolves around the CRP program, where I see a number of our witnesses have testimony today about CRP and different...some of them completely contrary to each other.

But first of all, we recognize, given what's going on in the economics of agriculture, and the way rental rates have gone up, land prices have gone up, that land is going to come out of CRP, and it is coming out of CRP. And I would argue that we're doing a pretty good job of sorting out what should be out and what should be in as we go through the process of these signups.

About half the acres that are coming out are going back in. In other words, we're losing, I think [here] it's six million acres coming out and we're probably going to get three million acres back, so we're going to end up at 25 million acres, which is what was in the super committee bill, at some point here in the next few years.

I think these land prices and rental rates, as Mr. Greenspan said, we have some kind of exuberance here going on in agriculture. I don't think it's going to cause the kind of bubble that we had other times when it burst, but clearly these prices and rental rates are, you know, in many cases you cannot justify what's going on. But the neighbors are looking at that, and people are coming to them and offering them a lot of money to break up their CRP.

And so I drive around my district and I have never seen anything like what's going on right now. The land that's being broke up, land that should not be farmed is being broke up. All of the tree lines are being taken out. All of the old homesteads are being bulldozed down. If you don't think things are changing, you know, it's... And I think this is going on all over the country.

So I would argue that...somebody in the testimony said we should freeze rental rates. I think we should raise the rental rates. I think they're out of whack from what reality is today, and the rental rates in CRP are about 25% of what the rent is for farmland. Now, the Secretary moved to raise the rental rates on continuous, which is fine, but the pressure is on the big tract CRP.

And I worked very hard to get wildlife benefits as one of the criteria for CRP, and I'll guarantee you if we lose this big tract CRP, we are going to lose the wildlife benefits that we've developed in this country. You're not going to raise the kind of ducks and pheasants and deer and turkeys on just the filter strips. You need big tract CRP to spread out these predators, give the wildlife a chance to survive, and that's got to be part of what we do going forward.

So we've got to focus on this as we, you know, get this right. On the haying and grazing, there's been some improvements there. But frankly, this land needs to be managed. There's no reason that you can't run cattle on this land. It does more good for wildlife and for the land than not running cattle on it. And we still have penalties if you allow for haying and grazing, which I don't think makes any sense.

Another thing that's still in the law that needs to be focused on that is a holdover from 1985, and that is that, you know, at that time it was not a conservation program. When CRP was started, it was to reduce production, to get land out of production. We had too much production and the prices had collapsed, so it was about getting land out of production.

So there's still a prohibition against you being able to sign up CRP that was not in the program. And so we have a lot of land in my district that should be in CRP that can't get in, that can't go into the general signup, because it doesn't have base acres. That's something that needs to go away. It's no longer relevant to what is going on in this day and age, and we're keeping land out of CRP that should be in. I know of two tracts that have been broken up so they can plant them into soybeans for two years so they can then get them into CRP. You know, this is...these things we need to fix in this bill this year.

The other thing we need to fix is what we tried to do in '08, and that is the sod buster situation. And I'm glad to see there's an amendment in the Senate, or I guess it's in the manager's amendment, to include something very similar to what we put in in the '08 bill in the House on sod buster. We need to get that done.

We have land being broken up that's never been broken. They're dragging up rocks bigger than a house out of these things. This is land that should not be farmed. And we're allowing the crop insurance system to provide a backstop for these people to do

this. They know they can break up this land and the crop insurance is going to cover them even if they don't get a crop, and most of them know they aren't going to get a crop.

So I hope that we can focus on some of these real issues and not get off on this ideology about, well, we've got to take every CRP acre in the country out so we can have cheap corn. That is a shortsighted policy. And I understand that people liked it when we had two dollar corn. It made it easy for the livestock industry.

But we never had two dollar corn. There wasn't any farmer that could grow corn for two dollars. The reason we had two dollar corn was because we subsidized it. And what really stuck in a lot of our craw is that we got blamed, our corn farmers, for the subsidies, but actually the livestock people go the benefit. So ethanol changed all that, and now we have a more market-driven system.

But we shouldn't throw the baby out with the bathwater. This thing is stabilizing. We're going to have corn coming down in price over the next number of years. We should not destroy the CRP system that we put together that brought back the wildlife in this country just because of some short-term spike in corn prices. Now that I've vented, I'll yield back. I'm sure I don't have any time left. Thank you, Mr. Chairman.

Rep. Collin Peterson: Which leads me to the next issue that I probably shouldn't even wade into, but this whole issue of the tying conservation compliance to crop insurance. I've had discussions about this, and I don't see how this can work without doing serious damage to the crop insurance system. We made a conscious decision in '96 to separate these, and I, for the life of me, cannot see how you're going to be able to comply with this or make it work without damaging the system. Nobody's been able to explain that to me.

The second thing, what some people advocate, to have an all-or-nothing deal, so if you have an NRCS agent that finds you out of compliance, you're going to lose your entire subsidy, is too severe a deal, and that's never going to happen. The Congress is never going to support that. So if we're going to do anything, it's got to be more graduated.

But lastly, I don't think there's people to do this. The NRCS doesn't have the people to do this. They can't even file and get the 1026s. We've got a backlog in our area of thousands of 1026s they can't get to. How in the world are they going to go out there and... I mean, who's going to make the...? Crop insurance agents? The people that are going to do the conservation compliance?

I just...I don't think this is a realistic idea. I'm not necessarily against the idea of trying to have some tie there, but nobody's been able to explain to me how this would work, and frankly, I don't think there's been a discussion between all the different

groups to come to any kind of middle ground that people can live with, so I think the end result's going to be it's not going to happen. I've gone over my time, but... I see a couple people want to respond.

Mr. Jon Scholl, President, American Farmland Trust: Thank you for raising the issue. Obviously this is one of the big unresolved issues or controversial issues out there. I do think it's important that we address it. How we do it, I guess I would suggest we do it the same way that we've been doing it with the commodity programs that we've had. Well, we—

Rep. Peterson: If I could stop you right there. You know, one of the problems – the other problem I was going to mention is that you have a completely different approach by NRCS in counties that are right next to each other, so you've got a situation where you don't have the same kind of application of this situation. That's another problem.

Mr. Scholl: And that's certainly one in some of the hearings and meetings we've had has been raised, and it needs to be addressed. But I think you don't need to have crop insurance agents enforcing this thing. It's a matter of if they've got a subsidized policy that they're presenting, you sign an affidavit saying you've got a conservation plan if you've got highly erodible land, and then it goes into the system that's currently used in USDA of spot checks and the like, just like it is with other farm program payments. I think in terms of what was done in 1996, I mean, I wasn't here, but I think crop insurance was certainly in a very different state at that point than it is today. A lot of progress has been made in terms of developing products, and so I think, you know, it's—

Rep. Peterson: But one of the main reasons we did it was to get more people to take crop insurance. We still have a problem in the South where they are not in the crop insurance program. And that was why the decision was made, was to make it more...you know, for people to get into crop insurance so we wouldn't have all these disaster problems and ad hoc disaster bills and all this other stuff. So I just think we've got to be careful about this because the way we're heading here, there isn't going to be a safety net anymore for farmers.

And I frankly think that what we're doing, what's going on over in the Senate, is a mistake, because when these prices go down – and they will – there is not going to be any floor under this deal. And this happened in '96 when we did Freedom to Farm, and it collapsed, and two years later we spent more money than we ever spent in history bailing people out.

Well, I just want to tell people that this time, when these prices go down – and they will – there isn't going to be any money to bail anybody out, so people better be careful about what they're doing here. It's all good to look at this when the prices are good and everybody's been making a lot of money, but I've been around long enough to know that's going to go the other way.
