

## *AgriTalk*

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Mike Adams with House Ag Committee Ranking Member Collin Peterson (D., Minn.)

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Note: This is an unofficial transcript of an *AgriTalk* interview.



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**Mr. Adams:** Welcome back to *AgriTalk*. Very happy to have with us Collin Peterson, Ranking Member of the House Agriculture Committee, to give us his thoughts on the bill that has come out of the farm bill conference committee. Congressman, thanks for joining us. There's been so much focus on the dairy situation and what you finally came up with. Kind of walk us through it and how you feel about it now. Is it something that you feel is an improvement over what we've had?

**Rep. Peterson:** Well, definitely it's an improvement over the current law. I still believe that our original Dairy Security Act, I had more confidence in that dealing with an oversupply situation than I do with what we have come up with here, but I think this does have the potential to work. It just...you never know for sure. But basically what we ended up with was the margin insurance schedule that was put together in the Dairy Security Act, which had one level of premiums below four million pounds and another level above four million pounds of milk per year.

The changes that were made because Leahy came back from Davos, Switzerland and caused all kinds of commotion that we had to deal with all weekend was on the seven and seven fifty buy-up for the four million and less pounds. The insurance premium that was originally forty cents per hundredweight for seven dollar coverage was reduced to 30 cents, and the seven fifty coverage, which was 60 cents a hundredweight, was reduced to 47 cents, so there was some additional reduction, which makes it a little cheaper to buy better coverage for small producers.

Now the one thing I insisted on was that everybody gets that lower premium. So even if you're a big producer, you're still going to get that lower premium on the first four million pounds that you produce, and then above that you're going to shift up to the next one. The other thing that they did in the premiums for the below four million pounds was there's going to be a 25% discount the first year.

And that's okay because that makes it easier for people, gets more people into the system, and that was one of our concerns, is that we didn't come up with a situation where people wouldn't sign up. So I think that the way this thing is structured now, we're going to get very good signup from producers, and at the higher production levels, that's going to focus at six dollars and fifty cents, which is what we always intended, so that part of it is good.

The other part is if...you know, we're going to establish a base, and it's 2011, '12 and '13, so that's going to be your base. And if we get into an overproduction situation, you're only going to be covered on your insurance for your base during the time that we're oversupplied, and so if we're in a situation where we're not oversupplied and we're not below four dollar margins, and you've increased your production 20%, you're going to get covered on the whole production. But if we get below a four dollar margin, then you're only going to be covered on what your base is. So this sends a signal to producers, when we're oversupplied, to not be producing.

There's another provision in there that allows...the only way you can update that base is by productivity. You can't update it by adding cows. So if you keep the same number of cows, but you get 2% more production out of them, you can increase your base. So that's probably more than you wanted to know, but that's generally how it works.

**Mr. Adams:** It's a good explanation and some details we hadn't heard. On some of the other contentious issues, payment limits, how did you feel about where you came down on that?

**Rep. Peterson:** Well, I think it's the best we can do. It wasn't perfect, but like a lot of the bill, I think it's something that people can live with. This was an issue for the Southerners more than it was for people in my part of the world. But I think this gives producers flexibility to be able to allocate that \$125,000 limit amongst the different components to make it work for their operation.

And the actively engaged situation is going to be dealt with at the department level. And frankly, I don't think you can ever accurately define what farmer is actively engaged. I mean, that's a very difficult thing to do, and I'm not sure the department will ever figure it out, but that's been shifted over to them.

**Mr. Adams:** Conservation compliance. That was a contentious issue as well. Are you happy with that?

**Rep. Peterson:** Well, I think it's something that we needed to do. There was a lot of push from conservation groups, hunting groups, environmental groups, and our urban colleagues to do that. And I think we've done it in a way that works. Most everybody that is in the crop insurance system is already complying with these rules. In Minnesota, for example, our state wetland law is way more strict than the federal swamp buster law, so no matter what we do, for example, in

Minnesota, the state law is going to prevail anyway, so it frankly doesn't make that much difference.

So I think it's something...there are some people that aren't happy with it, but there's a lot of things in this bill that I'm not happy with, either. If you're going to get something done nowadays, you've got to compromise, and that's what we ended up doing.

**Mr. Adams:** What are you most unhappy with in this bill?

**Rep. Peterson:** Well, I guess at the end of the day I think it's a big mistake for us to continue to base the safety net on historical base acres. I think we should have updated that to planted acres. I think it's much more understandable to our friends that don't understand what we do in agriculture.

And frankly, it shifts the balance of power more to the producer away from the landowner, which I think is the right way to go. So I was disappointed when we moved off of planted acres. That was probably my biggest disappointment. And there are others, but, you know, at this point there's so many I can't remember them all.

**Mr. Adams:** On country of origin labeling it seemed the line was drawn in the sand on the Senate side, that they weren't going to repeal it. Is that—

**Rep. Peterson:** I told people that, and I have—

**Mr. Adams:** —is that the way it played it out?

**Rep. Peterson:** Yeah. I have the Canadians outside my office right now. They're waiting. I put them off five minutes to talk to you. I told them two months ago that the Senate wasn't going to do this, and that's the way it played out. I got some calls from some of the livestock groups on Saturday. They had been in a mode of not compromising, and they wanted to get rid of it altogether. Saturday they called and say, oh well, we're willing to compromise. Well, that was a little late, so it is what it is. The Senate had taken a pretty strong position and that's where they were.

**Mr. Adams:** Is there enough savings in this bill, especially in nutrition, that you can get the votes you're going to need?

**Rep. Peterson:** Well, you know, I think the whole nutrition thing, more was made of that than should have been made, and I'm not sure it's as big a deal as everybody wants to make it out to be. From what I'm hearing from my Republican colleagues, they feel pretty confident that they're going to have a big vote on their side. I went to the caucus this morning.

I think we're going to get a decent vote out of the Democrat side. We had all but one of our conferees sign the report, and we have a very diverse group of

conferees on the Democrat side. In spite of the fact that these livestock groups have come out and are putting pressure on members, I think that's a bigger problem than food stamps, the fact that, especially in the South, the poultry people are putting pressure on the Southerners over GIPSA concerns me.

But the thing that's playing in our favor, and it's kind of what played out with the budget, is that people are tired of this gridlock. They're tired of never resolving things. And I've heard from a lot of Republicans that are not wild about this that they're going to vote for it because it just needs to be over with, and that it's probably as good as we're going to be able to get. So I hope that attitude prevails through tomorrow. Then we can put an end to this saga that's gone on way too long. I just tell people this bill isn't perfect, but it's frankly the best that we can do under the circumstances, and it needs to be over with.

**Mr. Adams:** I'll ask you one more question. Some of the critics have said it's not market oriented enough. Would you agree with that?

**Rep. Peterson:** No. This market oriented ideology is what got us into direct payments in the first place, and it came back to bite us. Apparently they're complaining about the target prices that we put in the bill that are still substantially below the cost of production.

And I guarantee you, and I have talked to I don't know how many farmers all over the country, that there isn't anything in this bill that is going to change the way people make planting decisions. And frankly, even if we'd have kept planted acres, in my opinion, and most farmers that I've talked to, what was in this bill was not going to change what they do.

So I believe farmers are going to make decisions based on the marketplace. I think a good example of that will be, we'll see in the next year. With corn prices down right now I think you're going to see a big shift to soybeans, and then next year soybeans will be eight dollars.

So I think farmers are market oriented. They're going to do what they think is best for their bottom line, and for their situation and their land, and I don't buy it. I just think people that are saying that are off on an ideology that I don't agree with.

**Mr. Adams:** Congressman Collin Peterson, Ranking Member of the House Ag Committee. Again, the farm bill passed in the House today, 251 to 166.

*[End of recording.]*