

GOP field split over more ag subsidies

WASHINGTON — Seldom have things been this good in agriculture, and farmers don't want the next president to mess it up.

Don't touch the biofuels mandates. Don't impose new regulations on farms. Seek to increase exports of grain and meat. Continue subsidies to protect farmers from price declines or losses in yield.

“Change could bring something that's much less acceptable,” said Dennis Friest, who said the ag economy is the best he's seen in four decades of farming near Radcliffe, Iowa.

The Republican presidential candidates divide along fairly sharp ideological lines in agricultural policy.

Most of the candidates support trade liberalization and have pledged to limit or roll back regulations that affect farmers.

Former U.S. House Speaker Newt Gingrich, who long has backed government subsidies and other incentives for fuel ethanol, has been the most supportive of agribusiness interests and their policy positions along with former Massachusetts Gov. Mitt Romney and former Pennsylvania Sen. Rick Santorum.

“As other countries around the world continue to similarly support their

agricultural sector, America cannot unilaterally disarm,” the Romney campaign said in a response to a survey on the issue by Gannett's Washington Bureau.

Perry, Texas interests draw skepticism

Texas Gov. Rick Perry, a former state agriculture commissioner, is viewed skeptically by many in Iowa agribusiness because of his 2008 effort to roll back the federal ethanol mandate on behalf of Texas cattle producers whose grain costs have risen because of higher prices for grain. He now is committed, he said, to phasing out all energy subsidies and mandates.

Bachmann, Paul opposed farm bill

Minnesota Rep. Michele Bachmann, a tea party favorite, and libertarian Texas Rep. Ron Paul, generally dislike government subsidies and have voted against ethanol i

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incentives in Congress. They have done little to assuage the concerns about them among farm and biofuel producers in Iowa.

Bachmann and Paul both voted against the current farm bill.

“Farm subsidies should be phased out,” the Paul campaign said in its survey response. “They are unconstitutional, and we can simply no longer afford them.”

Nationally, net farm income is up 28 percent this year and expected to top \$100 billion for the first time ever, according to the U.S. Agriculture Department. This fall, with corn prices soaring to around \$6 a bushel, farmers harvested a crop worth more than \$12 billion.

Ethanol's role in price of corn

Economists say government mandates for fuel ethanol have played a role in driving up the price of corn. That in turn has forced up prices for other commodities such as wheat and cotton as farmers who traditionally grew those crops started planting more corn instead.

“These are extraordinary times,” said Mark Maslyn, Washington policy director for the American Farm Bureau Federation.

But the farm lobby is pushing Congress to continue subsidies for corn, soybeans and other crops. The current farm bill, enacted in 2008 as commodity prices were on the way up, expires next year.

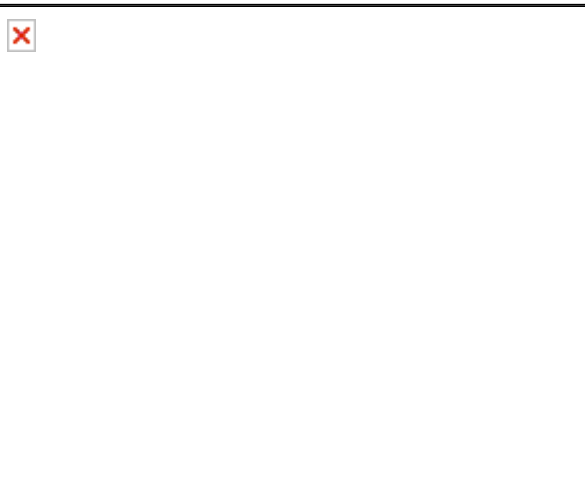
Dropping fixed annual payments

Congress is expected to scrap a system of fixed annual payments to farms that was put in place in 1996. Some of that money is expected to go toward reducing the federal deficit, but farm groups insist that most of it be used to create new programs to protect growers against declines in yields or commodity prices.

“There will be times ahead when things will be more difficult,” Maslyn said. “You want to have a farm policy that provides a safety net for those truly difficult times.”

For conservatives who don't like government subsidies, the strong farm economy makes this an ideal time to dismantle such programs, not continue them. But Sallie James, a policy analyst for the Cato Institute, a libertarian think tank, doesn't think much is going to change, given that the Republican front-runners in national polls, Gingrich and Romney, both support farm interests.

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Romney hasn't taken firm subsidies stand

The sharpest differences among the Republican candidates are over whether to continue subsidizing farmers and mandating the use of corn ethanol.

Romney has at times hedged as to whether he would fight cuts to farm subsidies, including crop insurance.

"I'm not running for office based on making promises of handing out money," he said in October.

Ethanol debate shapes up for 2012

The ethanol industry's 45-cent-per-gallon subsidy expires at the end of the year, so it won't be an issue for the next president. But critics of corn ethanol, including livestock producers, are urging Congress to make it easier for the federal government to waive the annual usage mandate, which guarantees a market for the biofuel. Refiners are required to use 12.6 billion gallons of ethanol in 2012 and 15 billion gallons by 2015. There are separate mandates for biodiesel and for biofuels made from corn cobs, grasses and other nonfood sources.

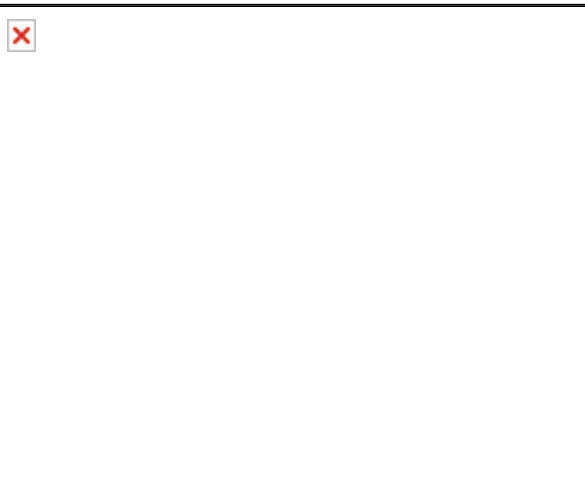
Romney has said he supports the increased use of ethanol but has been less clear about the mandates. Asked specifically in the survey whether he supported the targets, the campaign said

that the ethanol industry "has made important strides in reducing America's dependence on foreign oil" and the biofuel "should continue to have prospects for growing its share in transportation fuels."

Paul wants the mandates repealed, while Bachmann has said renewable energy producers should "stand on their own" without government incentives.

Perry backs continued subsidies for farmers. They need a "viable safety net," he said in his survey response, "for the sake of domestic food affordability and availability."

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