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Fresh look at farm aid for little guy

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Just 7 cents of every \$100 in subsidies awarded by the U.S. Department of Agriculture in 2005 went to New Jersey farmers.

That's because federal policy subsidizes a handful of crops that mostly are not grown here, such as rice and cotton, but provides little or no support for the fruits and vegetables that help the Garden State live up to its nickname.

A New Jersey Democrat and an Indiana Republican are teaming up to try to change that system, but they face an uphill battle against the status quo.

Sens. Frank Lautenberg, D-N.J., and Richard Lugar, R-Ind., are trying to persuade colleagues to pass their alternative -- dubbed the Fresh Act for Farm Ranch Equity Stewardship and Health -- instead of a \$280 billion, five-year extension of current farm subsidies approved last week by the Senate Agriculture Committee.

Lautenberg and Lugar say the committee's bill continues to send federal payments to big agricultural corporations that don't need them, especially when crops are selling at or near record-high prices.

"It's about time America stepped up to stop feeding wealthy landowners, giant corporate farms, and started making sure we maintain farmland and farmers near the urban centers where transportation is minimized and where disappearing agricultural land is a serious problem," Lautenberg said in a recent interview.

The Fresh Act would scrap direct payments to farms and corporations and replace them with a free insurance program for nearly all farmers and ranchers. It would pay out when farm income drops by 15 percent to 20 percent, depending on the crop.

Since the insurance would be cheaper than the direct payments, the Fresh Act would be \$16 billion cheaper than the committee's bill.

Some of that money would go to cut the federal deficit and some would go to increase funding for such things as farmland conservation, state grants to promote local crops and nutrition programs such as food stamps and school lunches.

Peter Demarest, a Hillsdale farmer who grows peaches, apples, tomatoes, peppers and eggplant, currently qualifies for only an insurance program with high premiums and limited benefits.

"I don't take it. If you lose your crop, there's not enough of a benefit to keep you from losing anyway," he said. It's a gamble, however, and Demarest said he lost about \$250,000 four years ago when a localized hailstorm destroyed his entire apple and peach crop.

"It's great to help farmers in the Midwest where you might have one farm that's 10,000 acres owned by a corporation next to another one that's another 10,000 acres, but if [the Fresh Act] happens, it's definitely going to help a lot more farmers," he said.

Fellow produce farmer Jim Abma of Wyckoff agreed, but questioned whether taking subsidies from other crops was appropriate.

"I think it's a great idea, but I'd tread lightly on where they pull the money from," he said.



CHRIS PEDOTA / THE RECORD

▲ Wyckoff produce farmer Jim Abma favors attempts to provide local farmers with federally subsidized crop insurance, but not if it means merely transferring aid from existing programs.

N.J. is 16% farmland

The bill also would help New Jersey farmers by focusing school lunch funding on more locally grown crops, including fruit and vegetable snacks, according to state Agriculture Secretary Charles Kuperas, who worked with Lautenberg on the bill.

"From our standpoint, there's a sense of urgency," he said. "We need national policy to recognize that, yeah, agriculture is something that's still very needed in states like New Jersey."

While there's little farmland remaining in North Jersey, about 16 percent of the state's 4.8 million acres is still agricultural. New Jersey was the nation's second-largest producer of blueberries in 2006, and third-largest producer of cranberries, spinach and peaches.

"We're a major player when it comes to produce in the marketplace," Kuperas said. "But when you talk about farm policy and what different farmers can avail themselves of, there's not that much there."

According to the Congressional Research Service, 85 percent of cash payments from 2002 through 2006 went to growers of five crops: corn, cotton, soybeans, wheat and rice.

These subsidies have been provided even though farmers were experiencing "boom times" with crop prices at or near record prices, according to Bruce Babcock, director of the Center for Agricultural and Rural Development at Iowa State University.

"If there was ever a time to wean farmers from subsidies, the time is now," he said.

He noted corn prices, for example, are very high because of the demand for ethanol, but the government still pays subsidies to corn growers.

In 2005, more than half of the \$21 billion the federal government paid out in subsidies went to just seven states, according to a database maintained by the Environmental Working Group. New Jersey's share was just \$15 million.

"We're wasting money giving it to people who don't need it where prices are not maintained in a competitive arena," Lautenberg said. "We're giving them a handout and in my view it's not fair."

The White House has warned that some farm subsidies could run afoul of international trade treaties, and Rutgers University farm economist Edmund Tavernier said the payments can sometimes thwart other foreign policy goals.

"On the one hand, we have countries we want to help with foreign aid being urged to export crops on the world market, and on the other hand we have subsidies for farmers [in the United States] that lead to overproducing the same crops," said Tavernier, an associate professor with Rutgers Department of Agricultural Food & Resource Economics.

Despite the situation, Babcock had little confidence Lautenberg and Lugar would prevail because of the political power the recipients of the subsidies have built up over the years.

"The South protects its own and cotton subsidies are one thing they have," said Babcock, the Iowa State professor. "There are a lot of people who feel the cotton industry could not survive without subsidies."

He noted it was ironic that some of the same people fighting to defend the subsidies are "so-called free-market conservatives" who oppose government subsidies for businesses that would otherwise fail.

While the Fresh Act may not pass intact, it has attracted Democrats and Republicans who are questioning the current subsidy policy, and supporters are hopeful it will lead to improvements to the bill the Agriculture Committee approved.

"Dick Lugar represents the ninth most agricultural state in the country and he's stepping up to the plate," Lautenberg said. "And there's other people from states that get farm subsidies who are ready to get rid of this anchor that hangs around everybody's neck. We want to do the right thing."

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Agriculture in N.J.

Few New Jersey farmers benefit from federal crop subsidies. Here's a look at farms in the region.

Crops Livestock

Farms Acres sold* sold*

Bergen 91 1,283 \$7,293,000 \$271,000

Passaic 70 1,526 \$5,981,000 \$92,000

Hudson 0 0 \$0 \$0

Morris 407 17,233 \$40,842,000 \$1,037,000

New Jersey 9,924 805,682 \$657,494,000 \$92,378,000

*Market value prices; crops include nursery and greenhouse products

Source: 2002 Census of Agriculture

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