

# Around The Beltway: Ag Policy in Trump's Term

Wyffel's Hybrids  
Spencer, IA

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Life in 2017:



# Policy in the 115<sup>th</sup> Congress:

- Farm Bill (expires in 2018)
- Tax Reform
- Affordable Care Act
- Environmental Regulation

# Some very important things...

- Single-party government is not the same as unified government.
- 111<sup>th</sup> Congress: (2009-2011)
  - DNC had House majority and 60 in Senate
  - POTUS had to negotiate for ACA very hard and make significant concessions to win Lieberman & Nelson's Senate votes.
  - 35 Ds in House voted against ACA.
- 103<sup>rd</sup> (1993-1995)
  - DNC had House majority, 57 in Senate
  - HillaryCare didn't make it out of committee.
  - No significant partisan D 'win':
    - FMLA
    - RFRA
    - NAFTA



# Single-Party Congresses, cont'd:

- 107<sup>th</sup>, 108<sup>th</sup>, 109<sup>th</sup> (2001-2007)
  - GOP had House majorities, 50-55 Senators
- 107<sup>th</sup>:
  - Pre 9/11 tax cuts
  - Sarbanes-Oxley
  - Patriot Act
- 108<sup>th</sup>:
  - Medicare Schedule D benefit
- 109<sup>th</sup>:
  - Bankruptcy Reform
  - CAFTA
  - Energy Policy Act of 2005

# The Problem with Single-Party Rule:

- Compromises are still required, and both parties have many factions.
- This means that cross-cutting legislation, like Farm Bill, might be easier to pass than partisan laws.
  - Farm Bill has some natural D constituencies, and some staunch GOP opponents.
- Same can't be said for tax reform, regulatory relief, ACA repeal, etc.
  - None of these get through Congress.

And maybe that's a good thing.  
When has economy grown fastest?

- 1995-2000: Gridlock in DC, enmeshed in Lewinsky Scandal.
- 2003-2007: From 2004 on, Bush 43 got nothing done—public & congressional opposition to the war, etc.
- 2013-2016: Completely obstructionist Congress.
- Stability matters.

# What is a likely scenario?

- DC becomes consumed with the lint in its own belly button.
  - Special Counsel
  - GOP-on-GOP violence
- Important things get done (as they did in prev yrs)
  - For example, sentencing reform
- Modest regulatory rollbacks via Executive Branch
  - Some banking, EPA, labor regulations
  - Ultimately relatively little actual changes.



# So what *are* Trump's (Ag-related) Goals?

- 2018 USDA Appropriation Level
- Tax Reform
- American Health Care Reform
- EPA/Labor Regulatory Rollbacks

# How much do Trump's Goals Matter?



Trump wants wins,  
not policies.

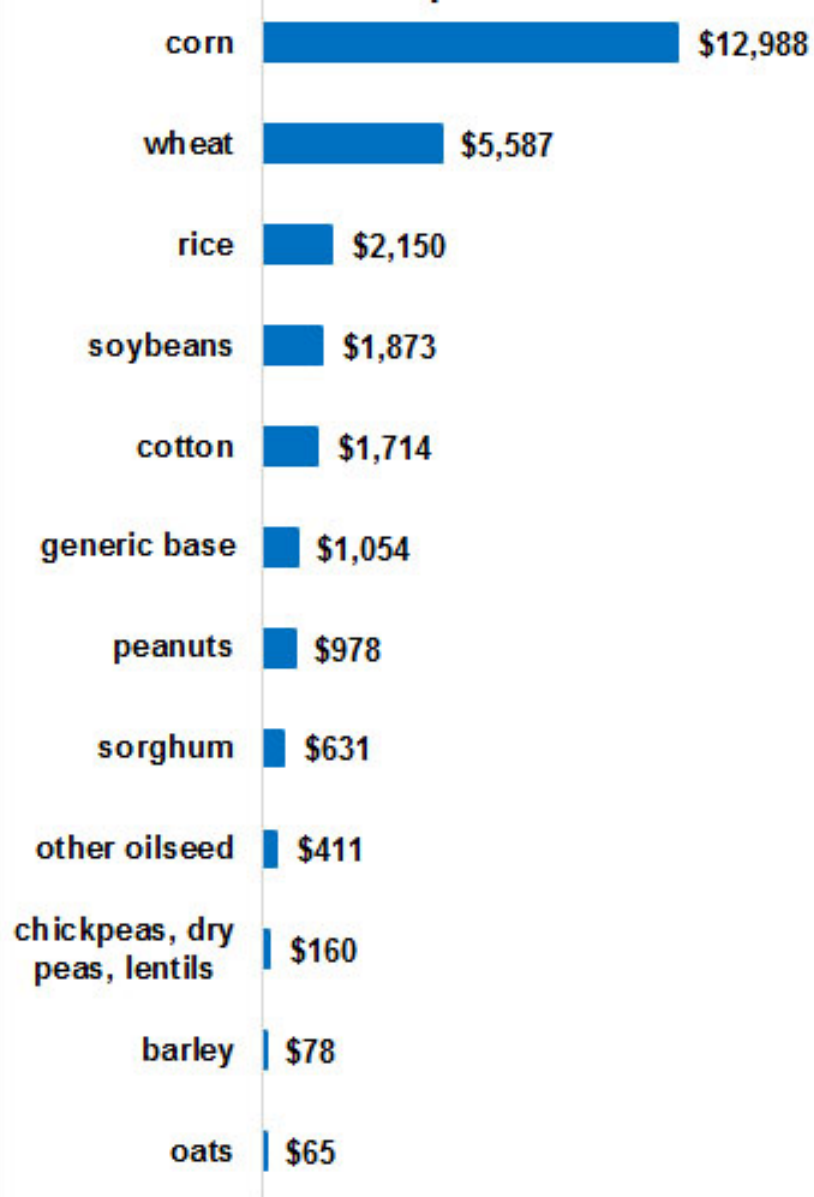
# Then who *does* matter for the Farm Bill?

- House & Senate Committee Members
- Farm State Democrats
- Freedom Caucus/Tea Party Republicans

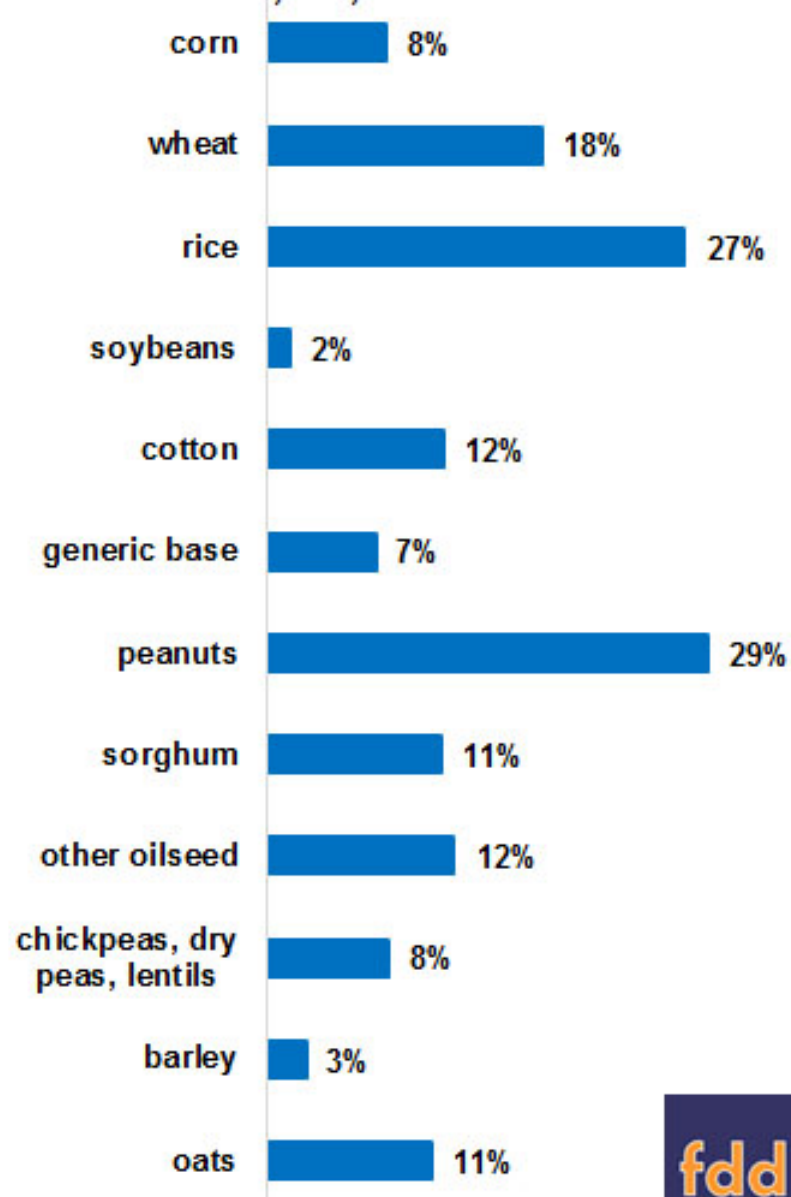
# Midwest Farm States...

- Have less power in committees
  - 11 of 45 in House
  - 6 of 21 in Senate
- Southern/High Plains have different priorities
  - Need price supports for wheat, cotton & rice
  - 'Risk Management'=price support
  - Crop Insurance "doesn't work for us"
- How well is current Farm Bill working?
  - For MW, probably as expected
  - For South, less so
  - For dairy & cotton, poorly.

**Figure 5. Total Farm Safety Net Payment, Million \$, U.S., 2014-16**  
**Crops**



**Figure 6. Total Farm Safety Net Payment Share of Production Value, US, 2014-16**



# So what changes to expect?

- 2018 Farm Bill will be minor update of 2012.
  - 2012 Farm Bill is largely working.
- SNAP won't change if Ds are needed for passage.
- Mild, easily circumvented insurance payment limits.
- Most of the pressure on Title I is from southern and dairy-producing states.
  - But where do additional \$\$ come from?
- CRP is unlikely to grow
  - Simply due to \$\$ constraints



# When will the Farm Bill happen?

- 2012->2014
- 2007->2008
- 2001->2002
- Farm Bills are not commonly passed before expiry of previous legislation.
- 7 Senate Ag Cmte Ds are up in 2018—will GOP let them have a victory?

# What About Trade?

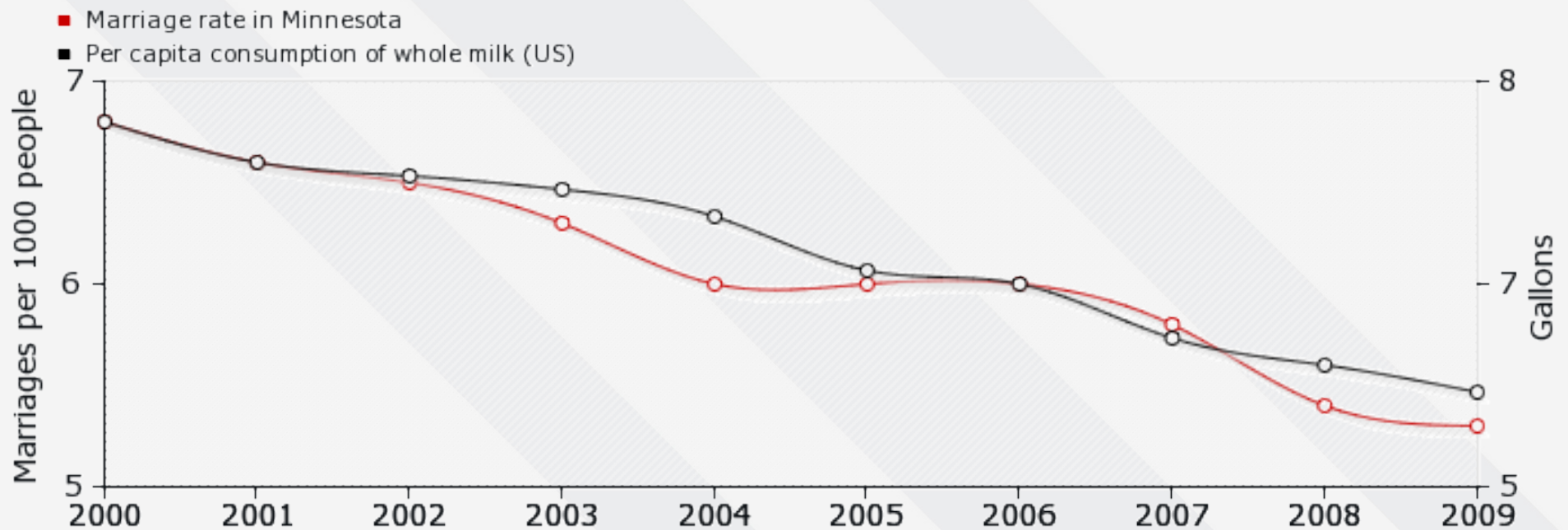
- Agriculture is highly trade-dependent.
- Candidate Trump:
  - Hated TPP
  - Tough on China
  - Renegotiate NAFTA
- President Trump:
  - Pursue main points of TPP, but passed bilaterally(?)
  - China is a friend,
  - Canada, Mexico, Australia are trade adversaries.

# Banking Regulation: Financial Choice Act of 2017

- Repeals Most of Dodd-Frank
  - Orderly Liquidation Authority
  - CFPB
- Passed House on Party Line vote.
  - Senate?

# Because economists need graphs...

Marriage Rate in Minnesota & Per Capita Whole Milk Consumption have a 98.3% correlation



I am an optimist...

# Maybe gridlock is a good thing...

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# Questions?

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