

Relax, milk is not going to \$8 a gallon. Not yet, anyway. "I don't see a major upheaval in food prices because I don't see Congress or the administration allowing that to happen," said Oklahoma Agriculture Commissioner Jim Reese. For two years, the Democrat-controlled Senate and Republican-controlled House have not been able to come to an agreement on a farm bill. Instead, they have resorted to extensions of the 2008 bill — the last of which expires at the end of the month. Third District Congressman Frank Lucas, chairman of the House Agriculture Committee, said this week he will ask for another 30-day extension while House and Senate conferees work out a deal. Senate Majority Leader Harry Reid, though, says he won't allow a vote on such an extension. With the House due to recess for the year on Friday, it is virtually certain another year will pass without a farm bill. Technically, the farm bill is mostly a series of amendments to what is known as permanent law, which in many cases extends back to the 1940s or even 1930s. These amendments typically expire every four or five years, which means they must be renewed or policy reverts to 70- or 80-year-old provisions. Most of those provisions are so outdated, experts say, they would be difficult if not impossible to implement, and in many cases would also be counterproductive. Which gives us the scare stories about \$8 milk. Permanent dairy law, written in 1949, sought to guarantee dairies a price that would cover the cost of production. When the market price falls below the target price, the federal government is required to buy up enough dairy products to raise the market price back to the target price. The problem is that the 1949 price support formula assumes far higher inflation-adjusted production costs than exist today. The resulting target price — in dollars per hundredweight — would translate into \$8 a gallon milk. Putting the antiquated farm policy into motion, said Reese, would be "a monumental task. And Congress doesn't want it to happen." He doesn't think the Obama administration wants it to happen, either, although "at times, when the administration wants to put

pressure on Congress, it threatens" to put the rusty old machinery in gear. Reese, a former officemate of Lucas' in the Oklahoma House of Representatives and still a close friend, said he believes it is possible the deal being worked out will finally supersede existing permanent law. The old law, left in place as an incentive to complete new farm bills, is no longer effective in that regard because no one takes it seriously anymore. "The 1949 law is not ever going to happen," Reese said. "(Lucas') position has been that if we get a good farm bill, that should be the baseline." Congress' inability to reach an agreement on a farm bill the past two years is mostly a product of growing dissatisfaction with what are loosely called "farm subsidies" and nutrition assistance such as food stamps. Food stamps — Supplemental Nutrition Assistance Program, or SNAP — and other food programs account for 75-80 percent of farm bill spending. Assistance to producers, chiefly in the form of direct payments and crop insurance subsidies, account for less than 15 percent. Most of the rest of the spending is for energy and conservation programs and regulation of the commodity markets. Reese said many Americans do not understand that consumers benefit as much as producers from what he calls the country's "cheap food policy." Federal programs such as price supports, crop insurance, conservation projects and farm loans have stabilized markets and assured ready supplies at affordable prices. "Throughout our history, we've always had the cheapest food," he said. Randy Krehbiel 918-581-8365 Farm bill Q & A I've heard about \$8-per-gallon milk. Could that really happen? It could, but it isn't likely. If, as now appears likely, the current farm bill is allowed to expire on Dec. 31, farm policy will revert to "permanent law" from the 1930s and 1940s. These laws are based on assumptions about production costs and other factors that are no longer valid, and which, if used, could cause some commodity prices, including milk, to rise sharply. Insiders, though, say that just isn't going to happen. What is the farm bill? The farm bill is a massive piece of legislation that sets federal

agriculture policy. Broadly, it has two components: commodities and nutrition. The commodity component deals with the production and marketing of agriculture products. The nutrition component, which includes about 80 percent of the spending, deals with food assistance such as the Supplemental Nutrition Assistance Program (food stamps). I don't live on a farm or work on a farm. How does the farm bill affect me? If you eat, you're affected by the farm bill. Since the 1930s, the United States has pursued what might be broadly defined as a cheap food policy. That is, it has adopted policies designed to stabilize food supplies at relatively low cost to consumers. Americans spend less of their disposable income on food than any other nationality. But affordable food comes with a price - subsidized crop insurance, price supports, farm loans, conservation projects and other government programs. Why has the farm bill become such an issue in recent years? Farm subsidies and food assistance. Some people think farm programs have become too expensive, disproportionately benefit those who need help the least and violate the spirit of free markets. There are also those who think food assistance programs, especially SNAP, help people who don't deserve it and encourage dependency.