

November 15, 2011

The Honorable Debbie Stabenow
Chairwoman
Committee on Agriculture, Nutrition and Forestry
328A Senate Russell Office Building
Washington, DC 20510

The Honorable Frank Lucas
Chairman
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Pat Roberts
Ranking Member
Committee on Agriculture, Nutrition and Forestry
328A Senate Russell Office Building
Washington, DC 20510

The Honorable Collin Peterson
Ranking Member
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

Dear Chairwoman Stabenow and Chairman Lucas, Ranking Members Roberts and Peterson:

The undersigned organizations, representing more than 70 percent of the nation's field crop acreage, write today to express clearly and unequivocally our positions with regards to farm policy proposals that the Agriculture Committees hope to submit to the Joint Committee on Deficit Reduction.

We know you and your staffs have been working intently on crafting an appropriate and well-functioning farm policy proposal. Agriculture is known for its history of working in a bipartisan fashion, and we appreciate your efforts to work together in this trying time.

Fundamentally, we believe farm policy should help protect a stable food supply for the nation by ensuring responsible farm businesses stay in operation in the worst of times. One of the most important policies reflected by farm programs in recent years has been to provide farmers with greater flexibility in making planting decisions. By "decoupling" program benefits from production, farmers have been able to respond to market signals and receive more of their income from the marketplace. We also hold as mutual goals that the next generation of farm policy should build on the foundation of crop insurance and recognize the important role of the global marketplace in today's farm economy.

The space between crop insurance protection and when a farm business is no longer viable is individual to that particular operation. Therefore, any revenue program established should provide protection at the farm level. Historically, the commodity title has provided fixed price support. Rather than setting an immovable reference price, it is more appropriate in today's farm economy for any new revenue program to moderate volatility in prices through a cap and a cup over a five-year average of national market prices, which will smooth price movements while still allowing price protection to move with the market. Our organizations strongly support a revenue-based program such as described above -- one that complements the existing crop insurance program -- as the program that will best enable producers of our commodities to manage risk.

We understand and accept that some other commodities have determined that a revenue-based program may not provide adequate support or protection for producers of their commodities, and that they prefer a target price based system or a STAX program in the case of cotton. We do not object to a target price or STAX program being offered to only those commodities so long as the support offered is rational and does not distort planting decisions or crop production. However, as we have emphasized to your staff in recent days, we have grave concerns that the target price program being contemplated will do exactly that. If target prices are raised as proposed and farmers are not limited to receiving target price protection for a specific crop to that crop's historical base acreage and program yield, the program certainly will distort market signals for basic commodities and disincentivize rotational practices that are essential to proper land stewardship. We strongly urge you to correct these deficiencies and remove the target price option for our commodities before submitting a proposal to the Joint Committee.

We will not support a farm policy that distorts planting decisions and incentivizes producers to plant for a farm program rather than the marketplace. We know this is bad policy – costly, ineffective and simply unacceptable to our members and the American public.

We appreciate your willingness to take these points into consideration, and your longtime support of American agricultural producers. We look forward to working with you to craft the best possible farm policy in this uncertain time.

Sincerely,

American Soybean Association
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Sunflower Association
U.S. Canola Association
USA Dry Pea & Lentil Council

cc Members, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate
Members, Committee on Agriculture, U.S. House of Representatives