

Texas rice farmers steamed over farm bill

THEY OBJECT TO LOSS OF DIRECT PAYMENTS

By Dan Freedman
Hearst Newspapers

WASHINGTON — It is not the searing Texas heat, stink bugs or threat of sheath blight that worry rice growers Linda and L.G. Raun.

As they gaze over the 1,000 acres of submerged plantings on their farm outside El Campo, Texas, the Rauns are less anxious about natural disasters than what they view as the man-made one brewing on Capitol Hill: The farm bill now before the U.S. Senate.

"Most farmers are very conservative people," said Linda Raun, whose husband is a third-generation rice farmer. "We want to do our part in balancing the federal budget. But if you want to continue to have the most affordable, safest food in the world, we need a safety net, or folks cannot continue to farm."

The farm bill is a quadrennial ritual in which lawmakers scramble to protect home-state agricultural interests. The equation is a bit different this year with senators and House members in salvage mode amid cries from both right and left that government subsidies are the epitome of wasteful spending. The expiration of the current farm bill in September adds a ticking time-bomb element to this year's bill.

The bill under debate in the Senate aims at tailoring the agricultural subsidy system in place since the 1930s to better fit an era of shrunken federal budgets. But in weaning farmers away from direct payments whether or not they grow a particular crop, the Senate's farm aid formula leaves most of the nation's 8,000 or more rice farmers high and dry, according to Raun and rice-farming advocates.

The Senate bill is the result of a compromise between Democrats and Republicans, saving \$23 billion over 10 years by switching from direct payments to greater reliance on crop insurance and



NATI HARNIK | 2010 ASSOCIATED PRESS FILE PHOTO

Rice advocates say the farm bill before the U.S. Senate that replaces many subsidies with crop insurance would benefit major farm interests in the Midwest and Plains — such as corn in Nebraska, above, soybeans and wheat — and not those in the South such as rice and peanuts.

trimming \$4.5 billion through revisions of the formula for obtaining food stamps.

Some conservatives such as Rep. Ron Paul, R-Texas, whose district includes Wharton County, where the Rauns farm, are hostile to any kind of agricultural subsidy.

But the dividing line in Congress is less about conservatives versus liberals than major farm interests based in the Midwest and Plains — corn, soybeans and wheat — against those in the South such as rice and peanuts.

"We believe the Senate bill was written for two or three crops and one region of the country," said Reece Langley, head of government affairs for the USA Rice Federation. "Rice is losing more than any other crop."

With deficit reduction a top priority, both parties agree that \$5 billion a year in direct payments is a non-starter.

The Senate bill would replace it with a combination of beefed-up crop insurance, much of it paid for by Washington, and a revenue-based subsidy program to cover "shallow losses" that gives added assistance to farmers before insurance kicks in.

The "shallow loss" payments are based on a complicated formula aimed at measuring a farmer's income through

an averaging of commodity price and yield over a five-year period. Crop insurance, which cost the government \$7.3 billion last year, is designed to help compensate farmers for steep price declines or major crop losses from floods, hurricanes or drought.

Langley and other rice advocates say that while these programs work well for big soybean, corn and wheat farmers — enjoying high prices and a federal ethanol mandate for corn, but exposed to vagaries of natural disasters — they don't help rice farmers as much. Because rice fields customarily are flooded with water, they are less subject to weather fluctuations, they say.

Rice farmers typically operate with a narrow profit margin. Compared to corn, soybeans and wheat, prices for rice are modest and more subject to a downward spiral.

Langley noted that the United States produces only 2 percent of the world's rice, and market prices are driven by big players such as Thailand and Vietnam. "We haven't had high prices like other crops, so if you have five years of low prices and low yields or both, it's going to bring down your level of protection," he said.

Rice farmers want preservation of a system in which federal payments are triggered

when prices hit a "floor" of \$13.98 per hundredweight — up from \$10.50 under the current direct payment system.

Opponents counter that such price supports would distort commodities markets and make farmers more reliant on government, not less. "It's a hotly disputed point," said Ferd Hoefner, policy analyst for the National Sustainable Agriculture Coalition, which works with beginning farmers and local-food advocates.

Two GOP members of the Senate Agriculture, Nutrition and Forestry Committee — Sen. John Boozman from rice-producing Arkansas and Sen. Saxby Chambliss from peanut-rich Georgia — are trying to rework the Senate formula.

And notwithstanding its conservative makeup, the Republican-controlled House, which has yet to put forward its version of a farm bill, appears willing to consider the complaints of rice producers.

"We want a price-protection model that works over multiyear price declines," said Rep. Mike Conaway, R-Texas, chairman of the House Agriculture subcommittee that oversees commodities. "When cash prices are high, there should be no payments; when they're low, insurance kicks in and farmers get the help they need in bad times."

Senator pushes to restore cuts in food stamps

WASHINGTON — Sen. Kirsten Gillibrand, D-N.Y., is fighting an uphill battle to restore a \$4.5 billion reduction in food stamps, arguing that low-income families should not bear the burden of cutting the nation's budget deficit.

The 46 million beneficiaries of food stamps — 3 million in New York — "did not spend this nation into debt, and we should not be trying to balance the budgets on their backs," she said on the Senate floor this month.

The cuts to food stamps, now called the Supplemental Nutrition Assistance Program, or SNAP, are included in the farm bill now before the Senate. Gillibrand and food advocates in New York cite a Congressional Budget Office study that concluded the food stamp cut would shave \$90 a month off the benefits of half a million households and disproportionately affect 300,000 families in the state.

"To us it's a scandal that a country as rich as the U.S. wants to cut food stamps," said Mark Dunlea, executive director of the Hunger Action Network of New York State, which represents 3,000

food pantries statewide. "Cupboards are more bare than they've ever been." New York's population of food stamp recipients is the fourth largest behind California, Texas and Florida.

Gillibrand cites statistics showing that every federal dollar spent on food stamps puts \$1.71 back into the economy, with 16 cents of the dollar going to farmers.

Gillibrand's amendment to the farm bill restoring the \$4.5 billion cut would be offset by subsidy reductions to the crop insurance companies, which insure farmers against sharp price declines and losses from natural disasters.

But her effort faces steep opposition in part because it goes against a bipartisan agreement — Gillibrand was the lone Democratic vote against the farm bill when it won approval in the Senate Agriculture Committee in April.

Conservative Republicans are another source of headwinds, saying the cuts don't go deep enough. The budget of House Budget Chairman Rep. Paul Ryan, R-Wis., would cut an additional \$134 billion. HEARST NEWSPAPERS

YOU'RE INVITED To A Hearing Health Event

Have you been experiencing hearing loss, but have been putting off getting help due to budget concerns?

Now is a great time to learn about Ignite Wireless Technology! Ignite hearing aids are designed to: Greatly reduce annoying buzzing and whistling caused by feedback and reduces unwanted background noise, so you can focus on what you want to hear.

ignite
WIRELESS

Ignite hearing aids are compatible with the New SurfLink Mobile!

Appointments are limited during our Hearing Health Event, call us today to secure your time!

(859) 885-0150 • BluegrassAudiology.com



BLUEGRASS AUDIOLOGY
Hearing Aids

Kim Desmond Audiologist,
Hearing Instrument Specialist
100 John Sutherland Dr • Suite 4
Nicholasville, KY 40356

© 2012 Starkey. All Rights Reserved.

6/12 10437-12 S9751

CLOSE-UP

From Page A10

Mexico has essentially been at a standstill during the past 30 years," said a report issued in April, "A New Vision for Mexico 2042: Achieving Prosperity for All," produced by Centennial Group International, a strategic consulting firm in Washington, and México Evalúa, a public policy think tank in Mexico City.

If Mexico takes bold steps to unleash its potential, striving to match the growth of successful Asian nations, the report said, it could aspire "to become a country with an average per-capita income equivalent to that of Germany or France."

That means elevating per-capita annual output from \$13,800 today to about \$50,000 in 2042 in constant dollars, the report said. If Mexico muddles through with the kind of recent sub-par growth that has been the norm, its per-capita output will reach a little less than \$30,000, it added.

But getting there will require a complete retooling of the way Mexico operates, emphasizing opportunity for the 52 million of Mexico's 113 million people who live in poverty, instead of policies that enforce inequality and the lack of social mobility.

"You end up in the social strata where you were born," said Alejandro Hope, an analyst at the Mexican Institute for Competitiveness, a non-partisan think tank. "People need to believe they can make it to the top. Right now, they don't think they can."

Mexico's malaise comes despite conditions that ought to foster a boom. The market economy is open and stable. A champion of global commerce, Mexico has free-trade agreements with 43 countries, among the most of any country on Earth. The autonomous Banco de México keeps a tight lid on inflation. Mexico's beaches and Mayan ruins draw a steady flow of tourists despite crime elsewhere in the nation. The country also has made decisive steps

toward the sharing of power. Indeed, Mexico today is what it never really was before — a democracy.

But analysts say Mexico lacks a sense of purpose and is torn by the seeming relentlessness of the drug war, which has been the dominant feature of the current government, led by the PAN's Felipe Calderón.

More intractable are the political forces that block reforms. They include political parties, trade unions, private-sector monopolies in areas such as telecommunications, banking and transportation, and, perhaps surprisingly, state governors.

"The governors control the local media. They have a great deal of influence over the local election boards, (and) a lot of influence over state legislatures and state judicial systems," said Joy Langston Hawkes, a political scientist at the Center for Research and Teaching in Economics, a Mexico City think tank.

"You need stronger institutions at the state level to act as a brake on the powers of the governors," she added.

Monopolistic companies avoid competition and charge Mexicans premium prices, exacting a surcharge on the poorest citizens, experts say.

"The greatest tragedy of the PAN's 12 years (in power) was not taking on public and private monopolies," Langston said.

Lack of competition is partly why Mexico scores low

on the most recent Global Competitiveness Report, landing at No. 58 behind Brazil, Panama and Chile.

Despite the problems, pockets of manufacturing strength dot the country. Mexico this year will become the globe's fifth-biggest exporter of automobiles, topping 3 million units. Production of medical diagnostic equipment also soars.

The Bombardier plant here in Querétaro shows what can be accomplished if the will exists. To woo Bombardier, Querétaro built an aeronautical university to provide engineers and helped promote an industrial center for the company's suppliers. Bombardier's Querétaro operations now employ 1,800 engineers and technical people working on Learjet 85s and Global Express long-range aircraft.

"Mexico has developed very quickly in the aerospace industry for many reasons," said Real Gervais, a vice president for Bombardier Aerospace at its Mexican manufacturing center.

And behind companies like Bombardier, the aerospace sector booms. Mexico now tallies 249 companies in five major clusters making parts or engines for aircraft. Exports hit \$4.3 billion last year.

"If Mexico can make airplanes, what can't it make?" asked Manuel Sandoval Rios, head of the business intelligence unit at ProMexico, an export promotion agency.

START TO FINISH WINDOW & DOOR REPLACEMENT

\$150 OFF Per window AND **48 MONTHS INTEREST FREE**



Unrivalled style and performance at an incredible value.

Call for FREE in-home consultation: (859) 963-3344
Visit Our Showroom:
2551 Richmond Rd. Suite 4
(Just off New Circle Road behind Panera Bread)
M - F 10 to 5 and Sat 9 to 3
Renewal by Andersen
WINDOW REPLACEMENT an Andersen Company
RENEWALBYANDERSENLEXINGTON.COM

Offer expires 06/30/12. Not valid with other offers or prior purchases. Loans provided by EnerBank USA on approved credit, for a limited time. Repayment terms 48 months, 6% fixed APR, equal monthly payments.

HIGH GAS PRICES GOT YOU FEELING DOWN?



Dump the Pump Go Green, Save Green

Ride FREE on June 21st,
National Dump the Pump Day!

Visit lextran.com for more details!

Lextran