

## The Reality of the US Farm Bill at Home By Mark Muller, IATP

- The most important impact of the U.S. Farm Bill is that it has driven prices very low for many of the primary grain and oilseed crops.
- The Farm Bill and other federal legislation also guides public research and development in agriculture, which subsequently impacts private investment.
- This has contributed to the loss of diversity in the Midwest landscape, which has resulted in some environmental problems.
- Federal agricultural policy also impacts the types of foods that are available to US consumers. The per capita consumption of sugars and fats have grown substantially, and it appears to correlate with pricing.
- The growing biofuels market provides some opportunities to correct some of these issues, and it also presents some perils for exacerbating the environmental and social problems in Midwest agriculture.
- Policy solutions are challenging, in large part because an enormous agricultural and food processing infrastructure has been created around the current system.

### Biofuels: Potential Positive and Negative Consequences

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- Farmers are enjoying the best corn prices that they have seen in more than a decade, but if the past is any indication, it could be very temporary.
- Many Midwest states that are the center of U.S. corn production could experience corn deficits in the near future, and may need to import corn from other states.
- Water consumption will become more and more of an issue, particularly in the western corn belt.
- The high price of U.S. corn, if sustained, may have several impacts on Midwest agriculture, including:
  - A reduction in exports as more corn is used domestically
  - Pressure on the livestock market, which may increase the cost of meat and dairy, induce more imports, or create an advantage for grass-fed livestock production.
  - Increased use of distillers grains as a feed or energy source
  - Increase investment in using alternative crops for biofuel production.
- A reduction in US exports of corn and soybeans is likely, but the direct impact that reduced exports and higher prices has on the poor is unclear.
- For addressing poverty issues, the most important outcome is that biofuels enhance the productive capacity of U.S. agriculture. As petroleum sources become increasingly depleted and populations grow, agricultural lands will need to produce more food and more energy. Biofuels need to be incorporated in a manner that enhances soil and water resources.