

## More on the new US Farm Bill

### USDA's Penn on U.S. Agricultural Trade Policy

Speaking February 21 at the Agriculture Outlook Forum 2002 in Virginia, Under Secretary for Farm and Foreign Agricultural Services Dr J.B. Penn said the United States was especially concerned about restrictive biotechnology regulations China plans to implement in March.

He also said Russia's accession to the World Trade organization (WTO) was a U.S. priority.

Penn said a \$73,500 million (AUD\$144.1 billion) farm bill soon to be taken up by a congressional conference committee is the first multi-year agriculture legislation to be developed at a time when international trade considerations are seen by the administration as "extremely important."

"It's going to define the policy landscape of our industry for next year and for the next several years," he said.

Having access to growing foreign agriculture markets is essential to U.S. farmers who produce far more than domestic buyers can consume, he said.

**The full text of the address given by Dr Penn can be found at Agribusiness Online – follow the Home Page link.**

### Comment

At the current US\$ to AUD\$ exchange rate, the level of support allowed for in the new farm bill is roughly AUD\$29 billion per year over 5 years.

To put the level of US Farm Bill into some context, the oft-quoted value of farm sector production in Australia is around the \$30 billion per year mark. So, give or take the odd few billion, support for US farmers under the new bill will be roughly equivalent to the total value of Australian farm production per annum.

In Agribusiness Volume 86 – 25 January 2002 – an article reproduced from the Washington Post detailed how iniquitous and corrupted the current farm payments systems is.

USDA figures indicate that 60% of American farms get no crop subsidies and 47 percent of commodity payments go to large farms that make up 8 percent of the nation's 2.2 million farms.

To Australian eyes, the speech by Under Secretary Penn to the Agriculture Outlook Forum 2002 contains a number of fundamental contradictions. One could consider lauding the merits of increasing domestic subsidies on one hand and calling for freer international trade on the other, to be inconsistent at best and outright hypocritical at worst.

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However not all of the US Farm Bill money is for direct commodity payments.

The new bill allocated about US\$40 billion for direct crop payments, with the balance for conservation, nutrition and rural development.

The US administration is less fundamentalist in its approach to issues of economic policy than its Australian counterpart. Successive US administrations appear to prioritise rural development, conservation, employment, wealth generation from exports, etc higher than adherence to economic dogma. This leaves them room for a bit of 'wealth re-distribution', which, from a strict economics perspective, is the effect of the US Farm Bill.

Similar re-distribution occurs in Australia but on a much smaller scale. Hundreds of millions of dollars are spent each year in Australia on rural and regional initiatives but this money is not packaged as 'farm support' as it is in the US.

Should Australian governments repackage their rural development, rural environment and nutrition programs and deliver them, like they do in the US, under the banner of a Farm Bill?

The political, economic and social ramifications of such a move would be interesting to monitor. On the positive side, such a move would more actively acknowledge the central role of agriculture in regional areas and more closely link production to socio-economic and environmental initiatives.

One result from such a move would be to boost the morale of an industry that is convinced that its importance in the economy and to society in general is continually being eroded.

We have to remember that production, production inputs, food processing, food service and food retailing, when considered as a chain, is the single largest sector of Australian industry, worth about \$140 billion PA.

Perhaps one of the best ways of boosting development in this sector is to start to address policy and economic issues from a systemic perspective, rather than the current sectoral approach?

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### **Why 'Silver Bullets' Don't Work.**

For the first time, corn rootworms--the most damaging pest of corn in the United States--recently changed their behaviour and foiled crop rotation strategies long counted on to break their destructive cycle.

Now Agricultural Research Service scientists hope a soon-to-be- completed 5-year cooperative research agreement with Monsanto Company, St. Louis, Mo., will help them regain the upper hand against the pest. In the study, the scientists are using a 2- in-1 cornfield strategy--a mix of transgenic and non-transgenic corn plants--against the rootworms. The transgenic plants have been genetically engineered to produce *Bacillus thuringiensis* (Bt) insecticide.

For many years, farmers could confidently reduce rootworm numbers by switching their cornfields to soybeans every other year, planting corn elsewhere on their farms. The rootworms would starve to death after hatching in a soybean field the next spring.

But, in recent years, farmers noticed that adult western corn rootworm beetles were flying out of the cornfields to lay eggs in soybean fields that would become cornfields the next spring when their hungry worm offspring hatched in the soil.

To make matters worse, more eggs of their northern brethren started taking two years to hatch, timing their offspring perfectly for a 2-year, corn-soybean-corn rotation. And western rootworms have developed resistance to insecticides applied in fields planted to corn every year.

To counter the pests' ability to adapt to various control tactics, ARS scientists are studying the resistant-insect management strategy of inter-planting regular corn plants among transgenic corn plants.

The idea is to delay possible development of resistance by giving any adults that fed on the transgenic corn plants--and survived--the opportunity to mate with other, non-Bt-challenged beetles, which fed on regular corn.

### **Comment**

Stating the obvious -agricultural and horticultural production occurs within an extremely complex system – the natural environment. Eco-systems are dynamic and have the ability to react to changes, either natural or those induced by man.

The example of the corn rootworm and the way it has adjusted to agronomic practice provides us with a very good case study into why 'silver bullets' don't work in agriculture and why promoting any technology as a silver bullet is ill advised.

In this case, the rootworms had the genetic variability to enable selection for pesticide resistance. They also have the behavioural ability to vary their egg gestation period.

By doing so, the rootworms have successfully circumvented both chemical and managerial control strategies when used in isolation.

Control of pests and diseases has become a battle, not against individual insects, weeds, bacteria or viruses, but of methods to combat the evolutionary mechanisms of weeds, insects, bacteria and viruses.

Single control strategies are no longer effective. Complex combinations of technology and management have to be applied to be successful in the long term (i.e. To be sustainable).

If we are to capture the benefits of agri-biotechnology for the long term, we have to get away from the 'silver bullet' mentality and adopt more sophisticated management strategies.

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