

# WHAT'S HAPPENING IN...

# WASHINGTON

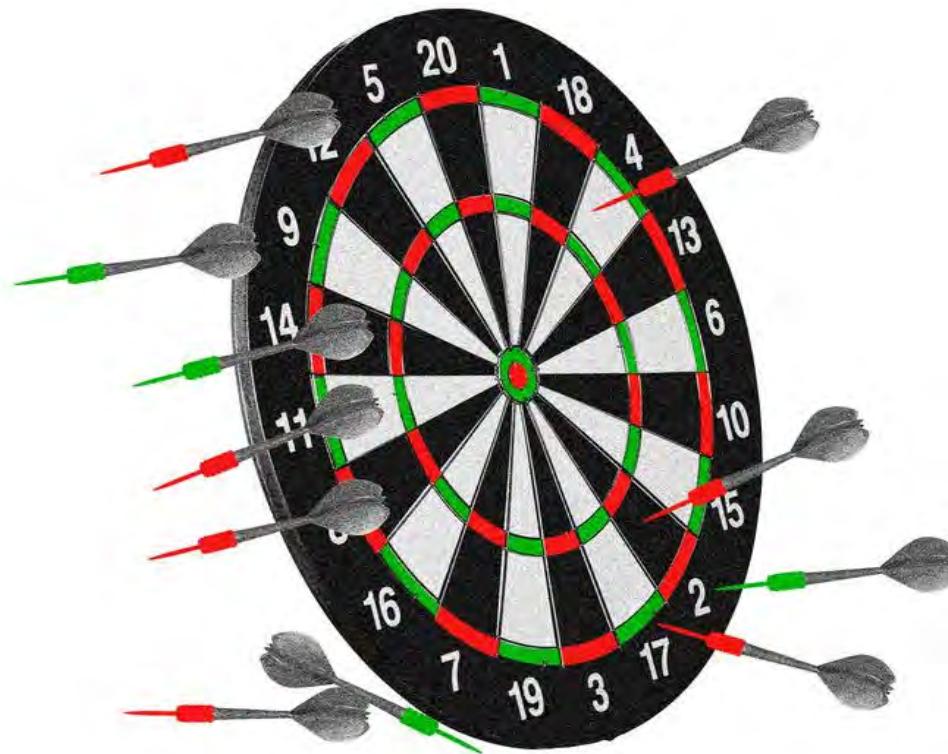
JIM WIESEMAYER 2023



# UNCERTAINTIES PREVAIL

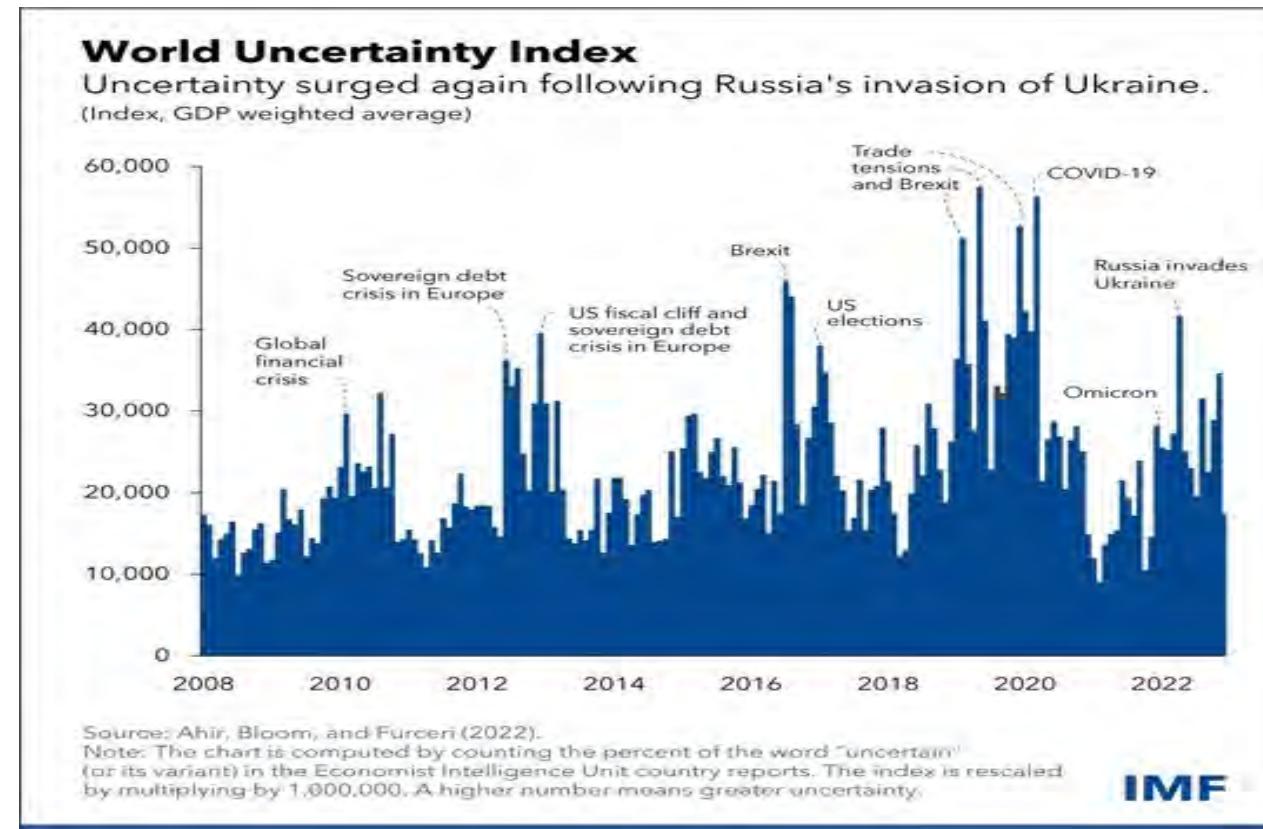
*Congress, policy, markets, weather, geopolitics*

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# UNCERTAINTIES PREVAIL

## *A look at world issues since 2008*



# DON'T GET TOO NEGATIVE

— *Some positive signals on economy, markets and China...*

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- **U.S. economy:** Once Federal Reserve stops boosting interest rates, focus on how long the “hold” pattern will continue. Once outlook for rates declining becomes clearer, markets will rise.
- **China** pivots beyond Covid. China’s is stimulating domestic demand and seeking to improve foreign relations. Emerging markets will key off China’s economic outlook. Unknown: Impact of China’s spy balloon in the U.S.
- **Another industrial revolution in the U.S. ag sector** is already underway.

# WHAT FARMERS ARE ASKING ABOUT

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- Farm bill timing?
- Biggest farm bill item needed?
- Will there be a world currency alternative to the dollar?
- Future of electric vehicles?
- Is USDA forecasting keeping up with the private sector?
- Will China continue as a big buyer of U.S. ag products?
- Is U.S. becoming a domestic market vs exports?

# WHAT FARMERS ARE SAYING

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- Farmers reluctant to sign carbon credit contracts**
- USDA's ERP Phase 2 getting lots of complaints**
- Anxious about what Supreme Court says re: WOTUS, Proposition 12**
- Crop insurance:** Fears it will be negatively impacted
- Crop insurance:** So many options, farmers need advice
- More funding needed for MAP and FMD** — ag trade promotion programs
- Farm equipment repairs** taking longer than usual in some areas

# IMPACTS

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# 2022 ELECTIONS

- **Fear won out over anger against Biden, Dems**
- **House:** Modest GOP majority: 222-213
- **Senate:** Dems retain control, add one seat: 51/49... BUT...
- **Sen. Sinema** now independent

# NEW CONGRESS: Leaders

## *Some changes*

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- **House Speaker...** Kevin McCarthy (R-Calif.)
- **House Dem leader:** Rep. Jeffries from N.Y.; Pelosi not part of leadership
- **House Rules package:** Will limit speaker control... Rules panel key
- **Senate Majority Leader:** Chuck Schumer (D-N.Y.). Mitch McConnell (R-Ky.) continues as minority leader.

# HOUSE GOP AGENDA | SENATE DEM AGENDA

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- **House investigations:** Afghanistan | Covid | Justice Dept. | Biden family
- **Economic policy:** Inflation | Interest rates | Possible recession | Energy
- **GOP:** Parents bill of rights
- **Senate Dems:** Judicial nominations | Stopping some House GOP-led bills

# AREAS FOR COMPROMISE

## *Sensitive issues*

- **Other topics:** Trade policy
- **International: Ukraine:** What is end zone?
- **Debt ceiling showdown?:** Some members on the far right are willing to risk default

Assessed Control of Terrain in Ukraine



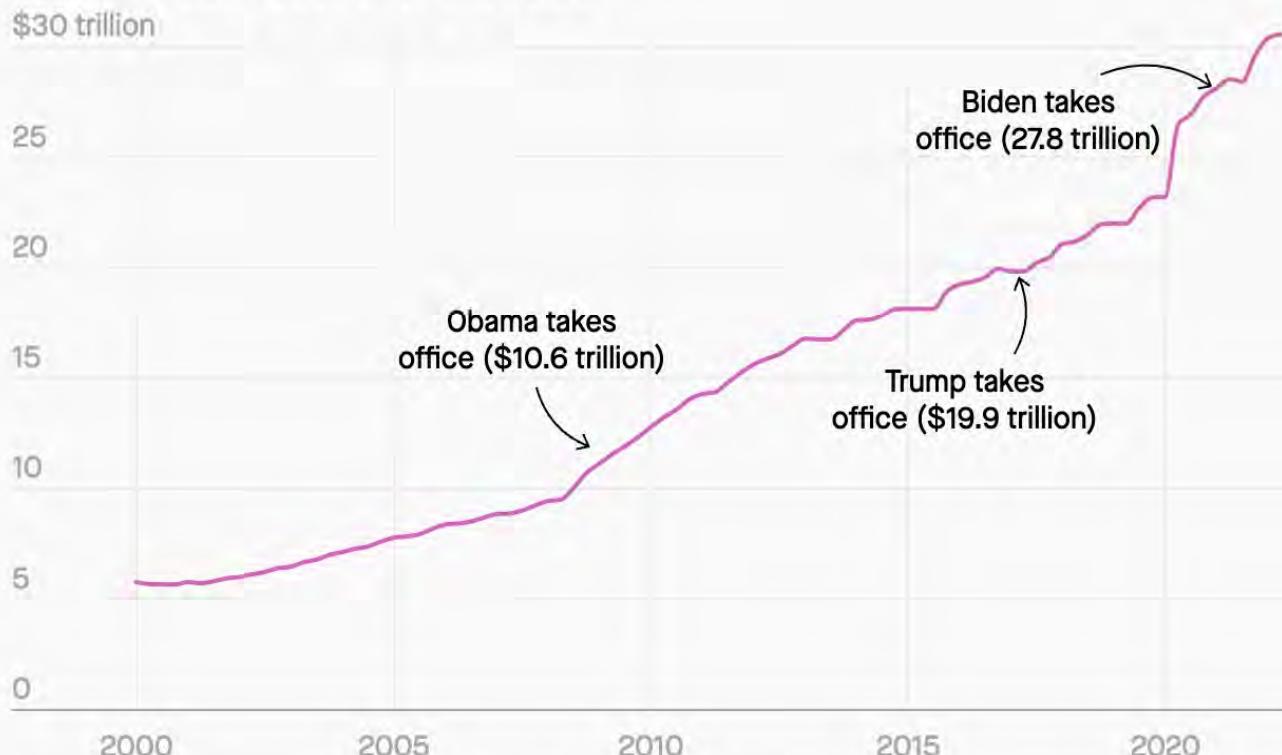
Sources: [Institute for the Study of War](#) and the American Enterprise Institute's [Critical Threats Project](#)

Note: Map shows control areas as of January 26, 2022.

Bloomberg

# America's growing public debt crisis

US total public debt over the years



Quartz | qz.com | Data: Treasury department | Note: Data is only available till April 2022

- *Debt is twice the level now than when the farm bill had to find billions of dollars in savings.*
- *Higher rates could add another \$1 trillion to interest payments this decade... besides record \$8.1 trillion in debt costs CBO projected in May. Interest costs could exceed national defense spending by 2029.*

# FARM POLICY: New Farm Bill

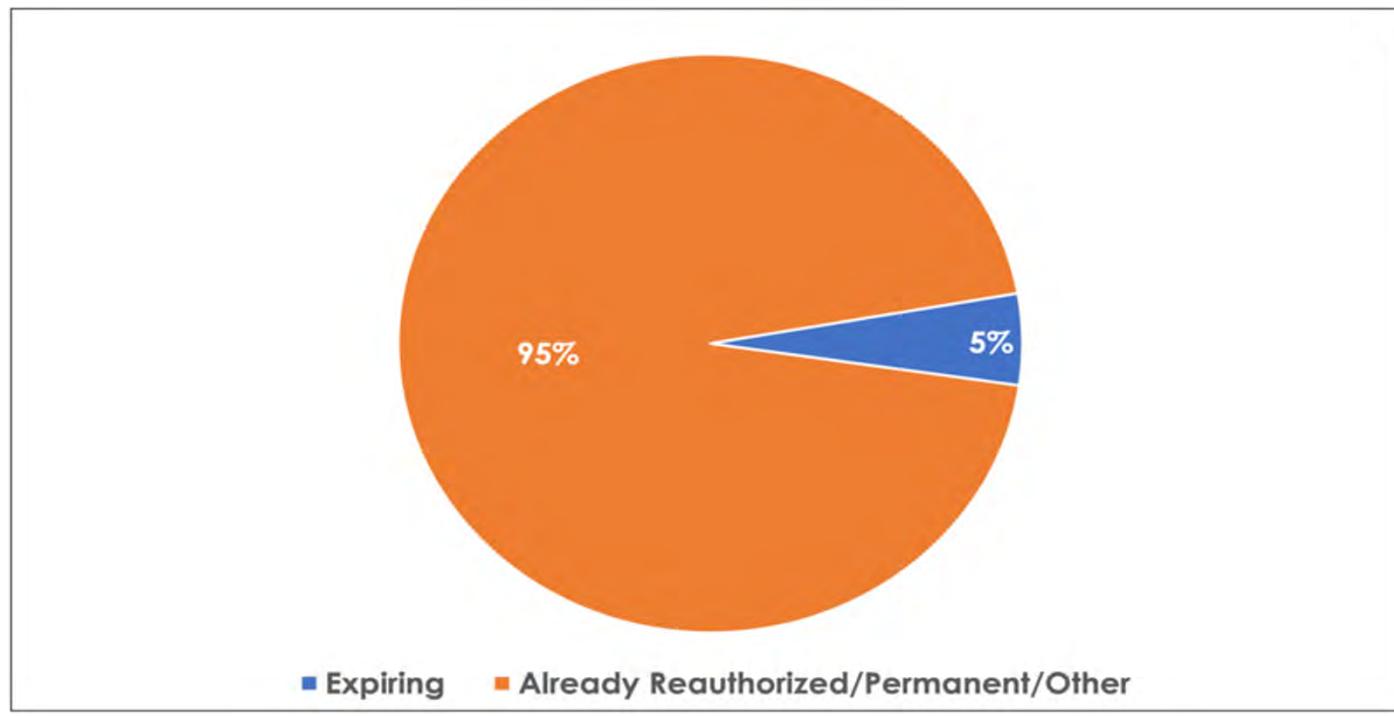
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- **19th Farm Bill in history.**
- **My 11th Farm Bill....** 1973, '77, '81, '85, '90, '96, '02, '08, '14, '18, and '23.
- **Before my farm bill coverage:** Generally considered 1933, '38, '48, '49, '54, '56, '65, '70. 1938 and 1949 remain permanent but suspended in part during duration of temporary 5-year bills.

# NEXT FARM BILL: Key Issues

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- Timing... What if we don't get a new bill in 2023?



# NEXT FARM BILL: Leaders

## Committee Leaders Seeking Action By Sept. 30



**Sen. Debbie Stabenow (D-Mich.)**

*Chairwoman, Senate Agriculture, Nutrition, and Forestry Committee*

- Only current leader to have led an agriculture committee through 2018 farm bill process
- Not seeking reelection in 2024
- Priorities include specialty crops, organic farming, and demand for locally-sourced foods



**Rep. Glenn "GT" Thompson (R-Pa.)**

*Chairman, House Agriculture Committee*

- Priorities include rural broadband expansion and crop insurance
- Pushing for reauthorization, said "extensions miss opportunity to make known and needed improvements"



**Sen. John Boozman (R-Ark.)**

*Ranking member, Senate Agriculture, Nutrition, and Forestry Committee*

- Priorities include the land-grant institutions, [high-quality food output](#), [market access](#) programs for US agriculture goods, and increased agricultural research funding for food innovation



**Rep. David Scott (D-Ga.)**

*Ranking member, House Agriculture Committee*

- Priorities include [farm safety net programs](#), especially for livestock producers, and rural broadband expansion

# FARM BILL: Spending

## Nutrition, Crop Insurance Programs Top Spending

### Projected farm bill mandatory spending from fiscal 2023 through 2032

Nutrition programs, and mainly SNAP, make up more than 80% of total spending



# NEXT FARM BILL: Key Differences

## Partisan Fights, Regional Alliances Ahead on Climate, Nutrition

- **The farm bill typically brings fights along regional lines – not just partisan ones**
  - Lawmakers from different regions have competing priorities for crop insurance and conservation based on which crops are produced in their region

Democrats' Priorities	Republicans' Priorities
Use conservation programs to mitigate climate change, such as planting cover crops for carbon sequestration	Support voluntary conservation programs but push back on incorporating climate-focused language in the farm bill
Expand SNAP and oppose Republican efforts to reinstate work requirements	Reinstate and tighten SNAP <a href="#">work requirements</a>
Expand other nutrition aid, including incentives to buy more fruits and vegetables under programs like <a href="#">WIC</a>	Remove nutrition provisions from the farm bill (far-right Republicans); similar effort failed in 2013

# NEXT FARM BILL: Key Issues

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- **Farmer safety net:** Is funding enough for true reform?
- **Crop insurance:** Improve without negative impacts
- **Sugar policy:** Watch program naysayers via amendments
- **Food and nutrition:** Big issue in past farm bills
- **Climate-smart programs**
- **Commodity Credit Corporation**

# BIDEN TRADE POLICY

## *Finally, a focus*

- **Ag trade officials:** Senate finally clears ag positions at USTR, USDA
- **USTR Tai:** Use of FTAs contributed to vulnerable supply chains, economic inequality & negative impacts on labor
- **Biden wants environmental trade accord with Mexico, Canada**
- **GMO corn clash with Mexico**



- ❑ **Lack of trade accords** does not bode well for export-dependent economy
- ❑ **Key: China and Taiwan**

# ENERGY POLICY: RFS

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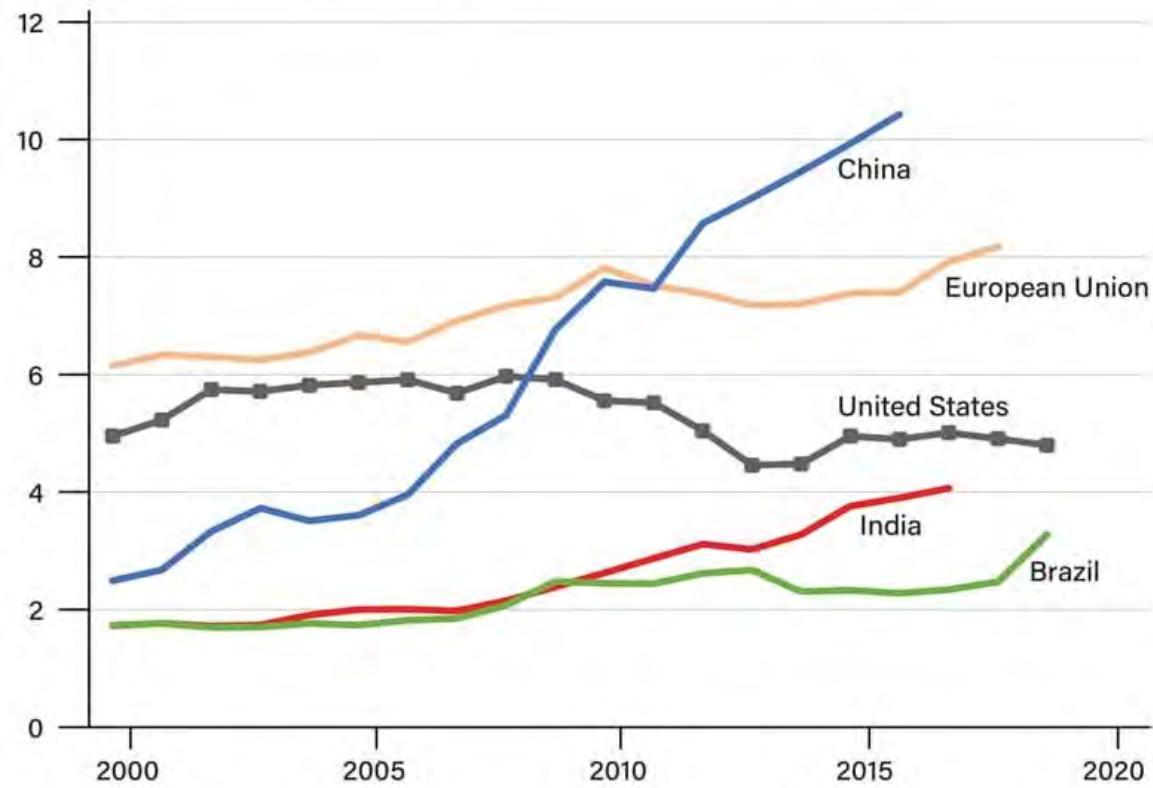
- ❑ **EPA proposed RFS levels** for 2023, 2024 and 2025, including implied levels for conventional biofuels at 15.25 billion gallons for all three years.
- ❑ **Timeline:** Comments on proposed levels due Feb. 8. Finalized June 14.
- ❑ **Advanced biofuel level** did not increase as much as hoped as that is where renewable diesel would be categorized. Food vs fuel concerns?
- ❑ **Clean fuels credit** starts in 2025: Does conventional ethanol qualify?

## Investment in public agricultural research and development, 2000-19



Economic Research Service  
U.S. DEPARTMENT OF AGRICULTURE

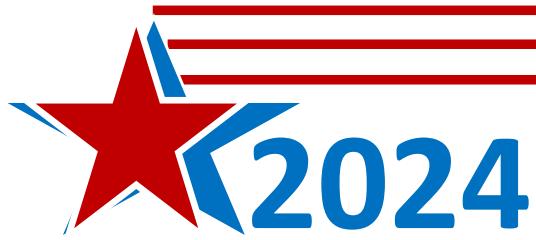
Inflation-adjusted 2015 U.S. dollars, billions





## Senate Elections

- **Dems defending 23 states**, three in states won by Trump in 2016 and 2020, and three states that swung between Trump and President Biden.
- **Republicans are defending just 10 seats**... all of them in solidly GOP states that twice voted for Trump.



# **PRESIDENT: Some Potential Republican Candidates**

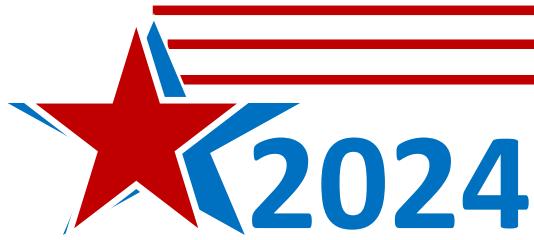


## Former President Donald Trump



**NYT columnist Jamelle Bouie:**

*“There is a real chance that Trump, if he loses the nomination, decides to run for president anyway. And if he pulls any fraction of his supporters away from the Republican Party, he would play the spoiler, no matter who the party tried to elevate against him. Republican elites might be done with Trump, but Trump is not done with the Republican Party.”*



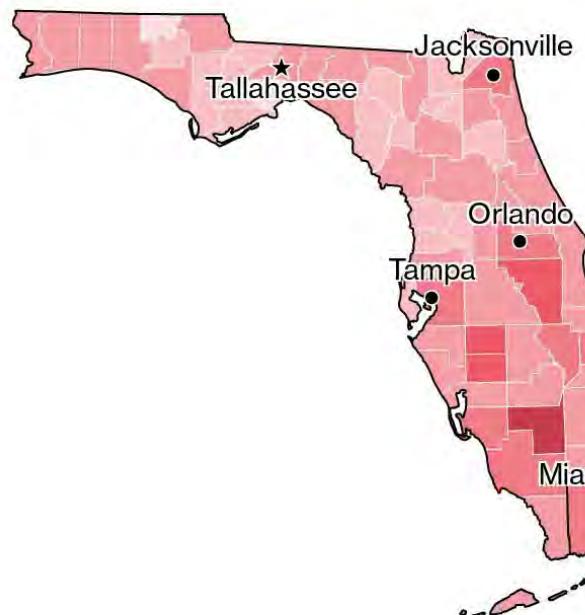
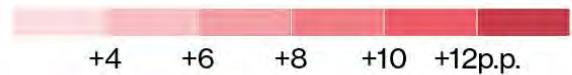
Florida Gov.  
Ron DeSantis



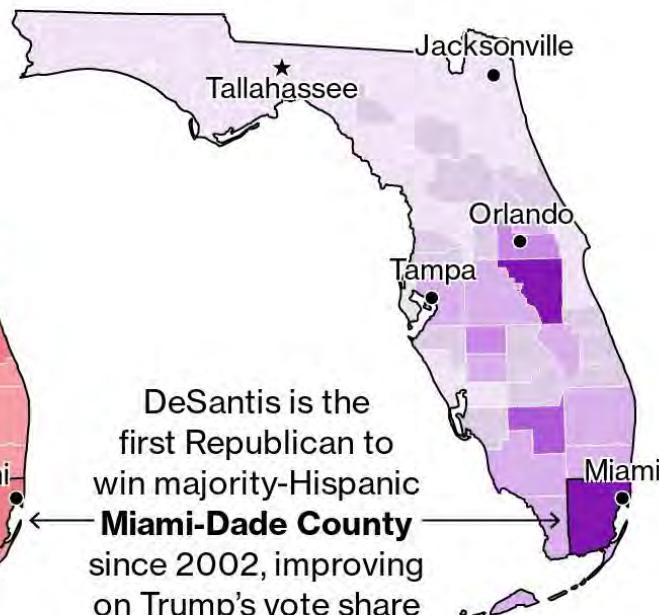
## DeSantis Outperformed Trump in Every Florida County

The governor's edge over Trump's 2020 vote share was highest in the state's Hispanic population clusters

Difference in vote share, in percentage points



Hispanic share of population 18 years and older



DeSantis is the first Republican to win majority-Hispanic **Miami-Dade County** since 2002, improving on Trump's vote share by 9.3 points

Sources: Bloomberg analysis of election data from the Associated Press and MIT Election Data and Science Lab, with 2022 results as of 11:15am ET; Hispanic population share is from the 2020 5-year American Community Survey

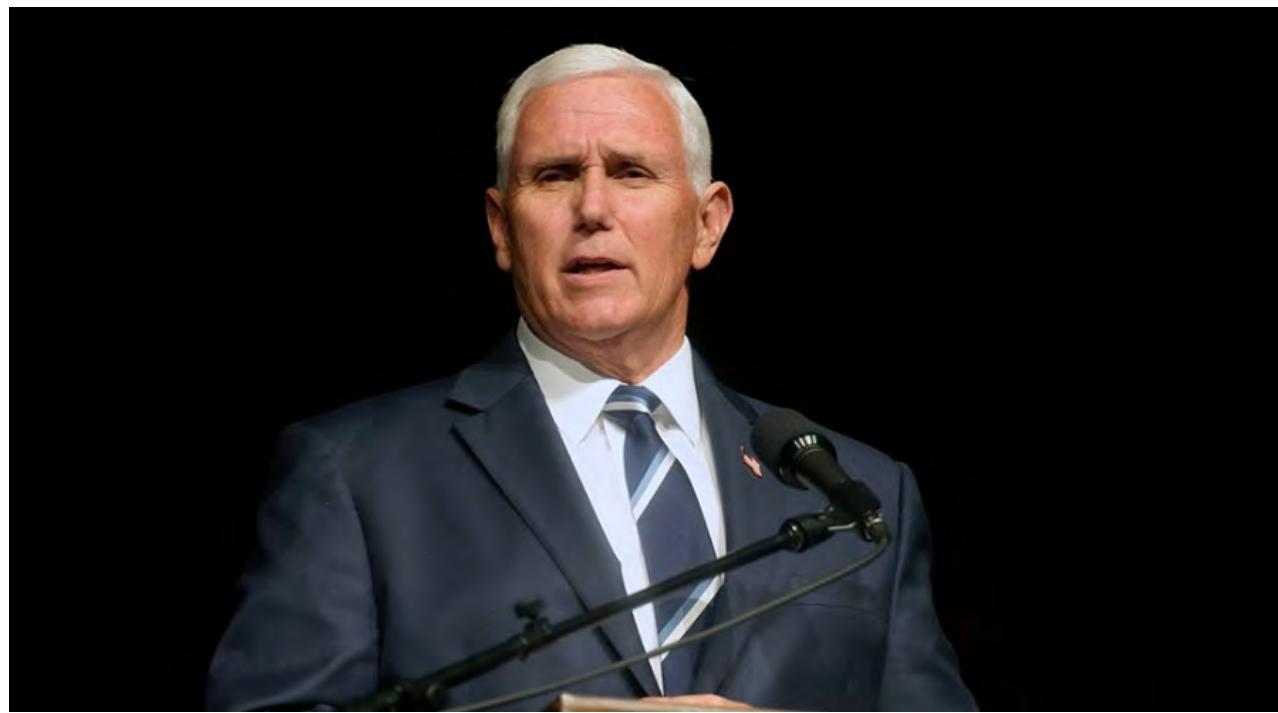


Senator  
**Tim Scott (S.C)**





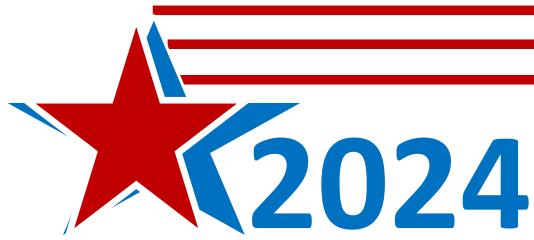
Former VP  
Mike Pence





Virginia Gov.  
Glenn Youngkin





Former Gov.  
**Nikki Haley**





Senator  
Ted Cruz (Texas)





Former Sec. of State  
Mike Pompeo





# **PRESIDENT: Some Potential Democratic Candidates**



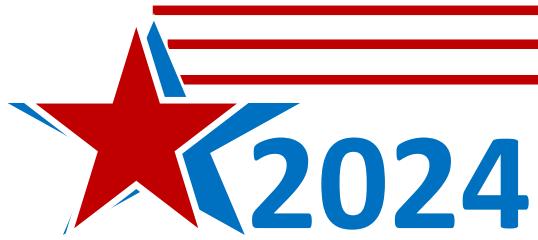
**President  
Joe Biden**





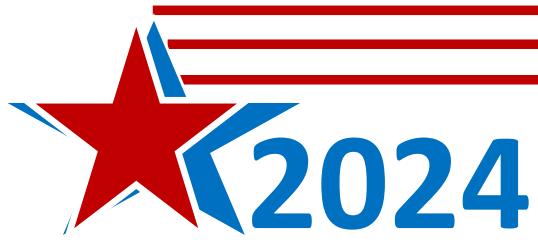
## Transportation Secretary Pete Buttigieg





Senator  
**Amy Klobuchar**





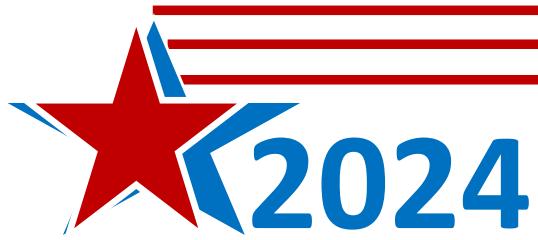
Calif. Gov.  
**Gavin Newsom**





Calif. Gov.  
Gavin Newsom





Senator  
**Elizabeth Warren (D-Mass.)**





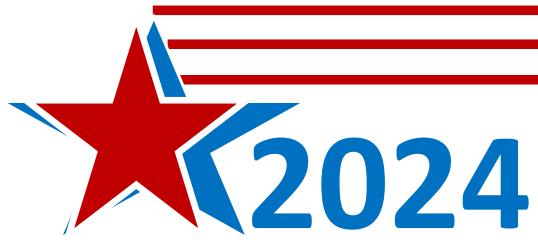
Michigan Gov.  
**Gretchen Whitmer**





Rep.  
**Alexandria Ocasio-Cortez**





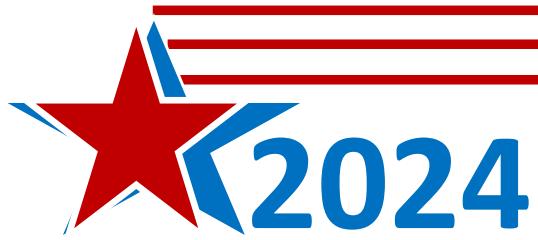
Illinois Gov.  
**JB Pritzker**





Senator  
**Bernie Sanders (I-Vt.)**





**Michelle Obama ???**





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