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Budget Committee Chairman Kent Conrad (D-ND)
Gang of Six Budget Proposal and Agriculture

July 22, 2011

SENATOR KENT CONRAD: Keith.

MR. KEITH GOOD: Senator Conrad. I was just watching your comments on the Senate floor discussing the House ["Cut, Cap and Balance"] proposal, and I certainly appreciate you taking time to speak with me today.

SENATOR CONRAD: You bet.

MR. GOOD: I kind of wanted to focus on the ag portion of the Group of Six proposal.

SENATOR CONRAD: Yes, sir.

MR. GOOD: We've heard a lot about that proposal in the last few days, and it's receiving a lot of favorable attention, and at \$11 billion in cuts over ten years, it looks like the best treatment for agriculture in any of the ideas we've heard so far, certainly better than the House [budget] plan [that passed in April]. My understanding is that the ag committees would get to make all the decisions about those cuts. Is that correct?

SENATOR CONRAD: Yeah, that is absolutely correct. And I think that's very important because the Agriculture Committee has the expertise to make the decisions on where the savings could be made with doing the least damage. And you're quite correct, the Group of Six has proposed \$11 billion in savings out of agriculture over the next ten years. That is about one-quarter of what the House proposal includes in terms of their cuts to farm programs, to conservation, and to crop insurance. The House proposal would really cripple agriculture. I think there's no more direct way to say it.

The Group of Six has closely followed the Fiscal Commission proposal, the Fiscal Commission that I also served on, where 11 of the 18 members supported that plan, five Democrats, five Republicans, one Independent. The Group of Six, as you know, is three Democrats, three Republicans from the Senate. And both of those plans had about 11 billion of savings for agriculture over ten years.

And while you know all of us would like to keep the resources we have, I think agriculture understands full well that we've got to be part of the solution. Our country is borrowing 40 cents of every dollar we spend, and that can't continue, so all of us are going to have to contribute to savings. But no one sector should be asked to

take a disproportionate share of the savings, as the House demanded of agriculture, a hugely disproportionate share of the savings coming from agriculture, and that's not fair, that's not right, that shouldn't be the ultimate result here.

MR. GOOD: Chairman Lucas has said that he would like to begin any required reductions in farm programs after the 2012 crop year to let farmers finish out the farm bill terms they were promised in '08. Will that be possible under your plan?

SENATOR CONRAD: Yes, that would be possible, and I think that's an entirely reasonable approach. In effect, farmers were promised, back in 2008, a certain level of support, and to pull the rug out from under them prematurely I think would be especially unfair. So yes, our plan would permit that.

MR. GOOD: And by what date would the ag committees have to finish writing their budget reducing legislation? Is that something you know yet?

SENATOR CONRAD: Yes. Under our plan it's really a two-step process. The first step is a down payment of some \$500 billion in savings government-wide. And then the committees are given six months to report how they would achieve the assigned savings they are given. So that would be the timetable under the Group of Six plan.

MR. GOOD: Very good. Will each committee write and pass its own separate bill with the budget cuts, or will all the committees submit the cuts from their jurisdiction to a single large deficit reduction bill?

SENATOR CONRAD: A very good point. The way the Group of Six plan is written, the committees would each get an assignment of what their savings are to be over ten years, they would come back with a plan to achieve those savings, and that would then be put in one large deficit reduction bill.

MR. GOOD: Okay. What would be the potential farm bill implications of that? Would that be something that a whole farm bill could be included in?

SENATOR CONRAD: I think it would be unlikely that the whole farm bill would be put into the deficit reduction bill. I think the savings aspects of it would be what would be included in the deficit reduction bill. But it would be entirely appropriate and acceptable for the farm bill to run on a parallel track. In other words, you could have the farm bill implementing policy that also achieved the savings passed separately with the provisions that save the money as part of the deficit reduction package.

MR. GOOD: I see. And has your plan been scored by OMB or CBO yet? I know there was, as you mentioned earlier, a lot of overlap with the President's Fiscal Commission, but has it been scored yet?

SENATOR CONRAD: No. We have a draft of the legislative language of the bill. That draft has not been yet submitted because it's not been finalized. It has not yet been submitted to CBO for scoring. But you're quite right, it closely follows the approach of the Fiscal Commission, and all those provisions have been analyzed and

scored repeatedly. Many of the key elements of the Gang of Six plan have been scored separately, and so we have a very clear idea what the scoring would show.

And it does exactly what we have asserted that it would do. It would save three trillion, seven hundred and thirty billion dollars over ten years. It's a lot of money. That would stabilize the debt and begin to bring the debt down. It would lower the deficit from 9.3% of GDP down to 1.9% of GDP over the ten-year period, so a dramatic reduction in the deficit, and actually start to bring the debt down. And it's balanced. It includes spending cuts and significant spending cuts. It also includes reform to entitlement programs and reform to the tax system.

And I think most people would say this tax system is in very serious need of reform. It's just a hodgepodge now of special interest breaks that are actually costing us more per year than all appropriated spending. That's one of the things that I think was so striking in the findings of the Fiscal Commission and the Group of Six, that the tax expenditures in this country now total \$1.1 trillion a year. That's more than all of appropriated spending.

MR. GOOD: Well, thank you very much for your time this morning.

SENATOR CONRAD: Yeah.

MR. GOOD: And on a larger note, I know you're not seeking reelection, and you've been a long friend of agriculture, and your service on the Ag Committee and in developing farm and rural policy, and your leadership in the deficit will be greatly missed.

SENATOR CONRAD: Well, you're kind to say it.

MR. GOOD: We certainly appreciate your service.

SENATOR CONRAD: It's been my honor. I've enjoyed these years. I'll have served 26 years in the Senate. Only about 5% of senators in history have served that long. And I have loved, loved serving on the Agriculture Committee and working hard on farm bills that I think advance the economic interests of farmers across the country and I think advance the interests of the United States. And I appreciate so much the allies I've had in the agriculture community from every corner of the country.

So I'm going to miss that part of it, and I've certainly done my best to help get the country back on a more fiscally responsible course. And I think in agriculture we can be proud. The last farm bill completely paid for. We didn't add a dime to the deficit. And those who now say somehow agriculture is responsible for contributing to the deficit obviously have not read the history of what the agriculture community did.

MR. GOOD: Yes, indeed that's true. Thanks again very much, Senator.

SENATOR CONRAD: You bet.

MR. GOOD: And have a great day. Bye-bye.

SENATOR CONRAD: You too. Bye-bye.

[End of recording.]