

GENERAL SESSION I

Washington Update: The Good, The Bad, and The Ugly

Sara Wyant, President, Agri-Pulse Communications

Sara Wyant is President of Agri-Pulse Communications, Inc., a diversified communications firm with offices in Washington, D.C., Little Rock, Arkansas, and St. Charles, Illinois. As a veteran farm policy reporter, she is well recognized on Capitol Hill as well as with farm and commodity associations across the country. Her newsletter and web site, Agri-Pulse, includes the latest updates on farm policy, commodity and conservation programs, trade, food safety, rural development, and environmental and regulatory programs. She served as 2007/2008 Chairman of the Farm Foundation's Board of Trustees, is a member of the Steering Committee for the 25 x '25 Renewable Energy Group, and serves on the MAB Advisory Board at K-State. Wyant received an Oscar in Agriculture in 2000 for excellence in agricultural reporting and in 1996, received the United Soybean Board's producer communications award. Sara gained first-hand knowledge of crop and livestock production while growing up on a farm near Marengo, Iowa, and is still involved with her family's farming operation. She and her husband, Allan Johnson, also own the farm where his grandparents' originally homesteaded near Almont, North Dakota, and where his brothers still farm.

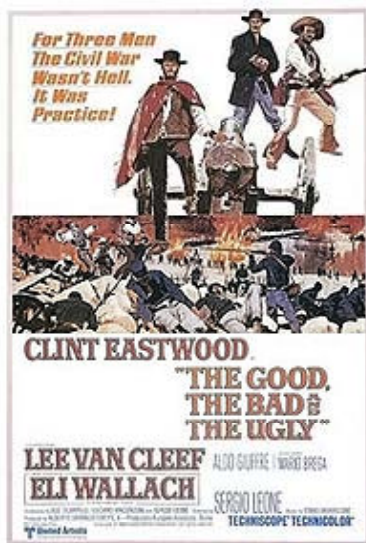
2010 Risk and Profit Conference

The Good, the Bad and the Ugly on Capitol Hill

K-State
Manhattan, KS.
August 19, 2010

Five Key Issues

- Political Turmoil and Uncertainty
 - Ugly, bad, and the good
- Mid-term Elections
 - How much will GOP gain?
- Federal Deficit Challenges
 - Current path is unsustainable
- Trade Policy (or lack thereof)
 - President's plan to double exports
- 2012 Farm Bill---Already?



Dems vs. GOP

"It is inexcusable and irresponsible for Republicans to once again block the extension of these (unemployment) benefits. Their excuses ring hollow to American workers who lost their jobs through no fault of their own and are trying to put food on the table, pay the rent, and take their children to the doctors."

Majority Leader Harry Reid (D-NV)

"I am amused with their comments about obstructionism. I wish we had been able to obstruct more. They were able to get the health care bill through. They were able to get the stimulus through. They were able to get the financial reform through. These were all major pieces of legislation, and if I would have had enough votes to stop them, I would have."

Minority Leader Mitch McConnell (R-TN)

Dems vs. Dems

“Waxman sees bright side to November: ‘Difficult’ Democrats won’t be back.”

“I think a lot of the House seats we’re going to lose are those who have been the toughest for the Democrats to pull into line — the Democrats that have been the most difficult,” Waxman said.

House Energy and Commerce Chairman Henry Waxman (D-CA)

GOP vs. GOP

Some members of GOP not conservative enough

Sen. Judd Gregg (R., N.H.) has signaled he could live with a 3-to-1 ratio of spending cuts to tax increases, only to be repudiated by the Club for Growth, a small-government lobby group.

“Our basic response to Sen. Gregg would be that the federal government is not a little too big, it's a lot too big.”

Mike Connolly, Club for Growth

2010 Mid-term Elections

- All House seats, third of Senate up for grabs
- Democrats' current 255-178 majority in the U.S., GOP needs 40 to reclaim majority
- In Senate, Republicans defending 18 seats and the Democrats defending 18, GOP needs to gain 10
- The party holding the White House typically loses seats in mid-term elections

Presidential Approval Ratings and Midterm U.S. House Seat Change for President's Party

Year	President/Political Party	% Approval, Final Gallup poll before midterm	Seat gain/loss in U.S. House for President's party
2006	G.W. Bush/Republican	38	-30
2002	G.W. Bush/Republican	63	+6
1998	Clinton/Democrat	66	+5
1994	Clinton/Democrat	46	-53
1990	G.H.W. Bush/Republican	58	-8
1986	Reagan/Republican	63	-5

Source: Gallup

Will Obama move to the center?

- Mid-term elections will influence direction
- Rep. Marion Berry on his discussions with the White House:
 - “They just kept telling us how good it was going to be. **The president himself, when that was brought up in one group, said, ‘Well, the big difference here and in ‘94 was you’ve got me.’** We’re going to see how much difference that makes now.”
- More focus on regulation, than legislation

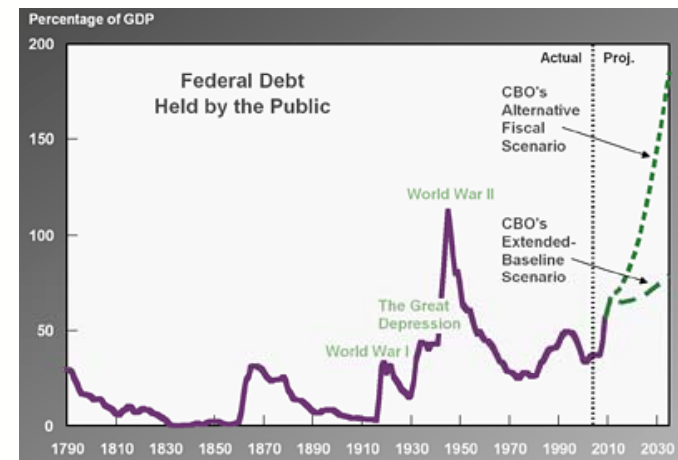
Expect more of these headlines

- Eight Iowa CAFOs under federal scrutiny for water pollution
- Court ruling may prevent genetically engineered sugar beets from being planted next year
- EPA Strikes at Crop Protection Tool for Farmers
- Ready for your next red-tape nightmare?

Federal Deficit

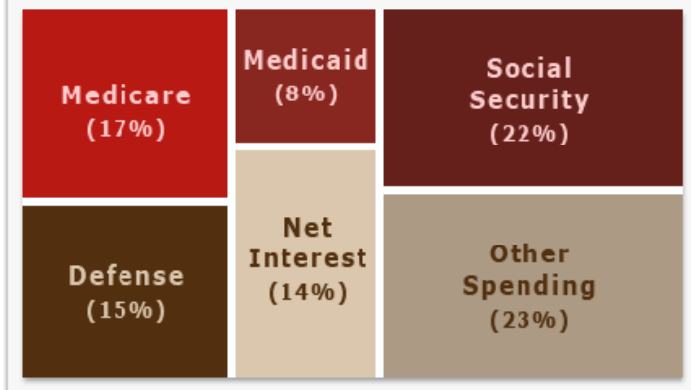
- The federal budget deficit was about \$1.2 trillion for the first 10 months of fiscal year 2010.
- ‘In sum, the outlook for the federal budget is bleak,’ says Congressional Budget Office Director Doug Elmendorf.
- The Bush tax cuts are scheduled to expire at year's end. Estate tax unresolved. Renewable energy credits.
- A bipartisan deficit commission is set to issue recommendations Dec. 1.

Debt Challenges



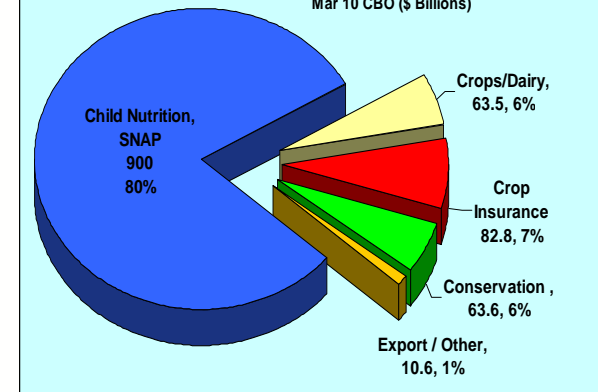
Entitlement Woes

Projected Federal Spending in 2020



The Farm 'Pie'

2011-2020 Farm Bill Spending (\$1.1 T total)
Mar 10 CBO (\$ Billions)



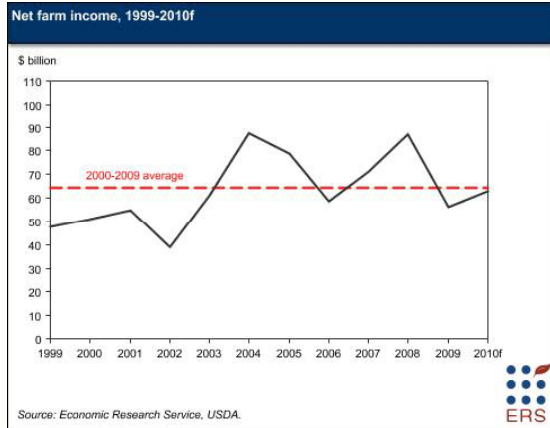
Trade Agenda?

- Obama pledged to double exports in 5 years
- Unions do not want a repeat of Clinton years
 - -"In 1992, workers voted for Democrats who promised action on jobs, who talked about reining in corporate greed and who promised health-care reform. Instead, we got NAFTA, an emboldened Wall Street -- and not much more." AFL-CIO President Richard Trumka on Jan. 11.
- DOHA Round going nowhere
- FTA's: Panama, South Korea, Colombia pushed off until after elections

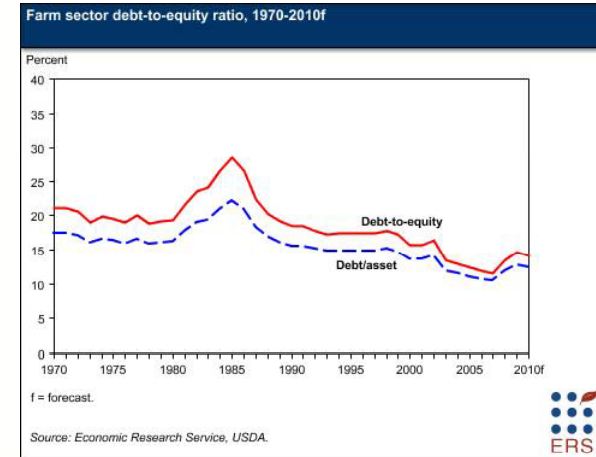
2012 Farm Bill

- If you think 2008 Farm Bill was tough....
- Chairman Peterson starting discussion
- Chairman Lincoln wants 2008 to be fully implemented first
- Budget reconciliation may be key driver

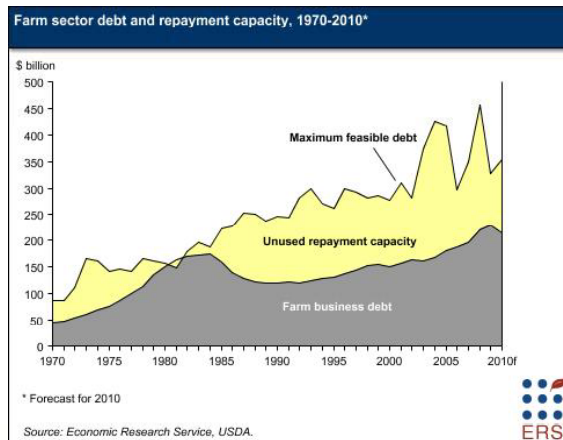
Net Farm Income Rebounds



Relatively Low Debt



More Investment Capacity



Three Rs Will be Key in 2012

- Risk Management
- Research
- Rural Development



Risk Management Challenges

- Direct payments: Politically sustainable
- ACRE: Too complicated
- SURE: Too complex and unworkable
- Disaster Assistance returns via White House Order
- Crop Insurance Changes
- Margin or Revenue Insurance under discussion

Research

Do we have what it takes to double food production by 2050?

Can we deal with global climate change and food shocks like in Russia?

NIFA: a move in the right direction



Rural Development

- More recognition in 2008 Farm Bill than ever before
- Vilsack's vision for Rural America
- What is your vision for rebuilding Rural Kansas?

Thank you!

Questions?

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