

## **2012 NFU Special Order of Business Market-Driven Inventory System and the Farm Bill**

The 2008 federal farm bill is set to expire in 2012. It is essential that the U.S. Congress pass a new federal farm bill in the interest of the food and energy security of the United States and the economic viability of the rural and overall United States economy.

Farming and ranching have high, uncontrollable risks due to weather such as disasters and disease, so the new federal farm bill must include provisions that both maintains current farm income and reduces the cost to the federal government.

A study by the University of Tennessee's Agricultural Policy Analysis Center found that if a Market-Driven Inventory System (MDIS) had been in place for corn, wheat and soybeans between 1998 and 2010, government payments to farmers would have been reduced by 60 percent, exports would have increased, average commodity prices for farmers would have been higher, damaging price volatility would have been substantially reduced and overall farm income would have been left effectively unchanged.

NFU supports the inclusion of a strong and effective safety net that mitigates the extreme volatility of agriculture markets, including wild variation in prices, yields and cost of production.

NFU supports implementation of MDIS to ease the costly volatility in commodity prices, a system that will be beneficial not only for farmers but also for livestock producers, the biofuels industry, the environment, and consumers worldwide.

NFU calls on Congress to enact a new federal farm bill that uses MDIS as its central component to maintain a return on the cost of production plus an opportunity for reasonable profit for farmers and ranchers.