Producers upset about subsidy rates

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Congress gave Byron Lanttoye what he wanted. Then, he says, the U.S. Department of Agriculture took it away.

Dry pea and lentil producers who had farmed for years without the benefit of government subsidies finally got a boost when Congress included a marketing loan for the crops in the new federal farm bill.

Marketing loans set a floor price for a crop, guaranteeing farmers a minimum income. Now, farmers and lawmakers are accusing USDA of writing rules for the program that strip potential benefits for producers.

"We felt we had done the right thing on this thing," said Lanttoye, who farms near Churches Ferry and is president of the North Dakota Dry Pea and Lentil Association. "We had it all set up with the senators, the senators advised USDA what to do, and USDA took it upon themselves to rewrite it.

"Somebody in Washington, they were just shifting the budget down and they used us as one of the pawns in the project," he said.

Barbara Feese, a USDA agricultural economist in Washington, D.C., who helped write the loan rate program for lentils, dry peas, and chickpeas, said the agency followed the same procedure for those crops as it did for others.

"To my understanding, we're not changing the rules for the 2002 program," she said.

The dispute is not over whether dry peas and lentils should be subsidized, but over how the program should be structured.

USDA rules for the program maintain the loan rate levels set out in the farm law passed by Congress earlier this year. But the rates apply only to top-grade peas and lentils used for food, with less favorable rates for lower-quality crops used for livestock feed.

The industry wanted the loan rate levels to apply to the lower-grade crops.

Paul Thomas, a Karlstad farmer and executive director of the Dry Pea and Lentil Association, said the USDA rules could render the program meaningless for farmers who have crops that are not of top quality.

"It's significantly different from what we intended and what Congress intended," he said.

Sen. Byron Dorgan, D-N.D., said he has worked with Sens. Pat Roberts, R-Kan., and others to draft legislation that would force USDA to change the program rules. The legislation has not yet been introduced.

"USDA officials just say, 'Well, we think we have the authority to do this, this is what we want loan rates to look like,'" Dorgan said. "They're just dead wrong.

The Congressional Budget Office estimates it would cost the government $87 million over 10 years if the loan rate rules were changed. Dorgan said, however, that money already was factored into the overall cost of the farm bill.

USDA, by its interpretation, has taken away that money from farmers," he said.

The Agriculture Department has scheduled two public meetings to talk with farmers about loan rates for dry peas, lentils and small chickpeas, Feese said. The first is in Spokane, Wash., on Wednesday; the other is in Minot on Oct. 24.

"Every year, we're going to gather the most recent data and re-evaluate the situation. That's what we're having these meetings for, to see if new ideas come up," Feese said.

Program rules for the 2003 crop year likely will be announced sometime during the winter, she said.

Thomas said he is glad that USDA will at least listen to farmers. But Dorgan said he does not think USDA will change the rules without congressional action.

"They seem unstoppable here," he said.

Pea and lentil acreage in North Dakota is small compared with other crops such as wheat, but farmers have been planting more of the crops in recent years because of healthy prices and rotational benefits.

The crops help break disease and weed cycles in small grains and also put much-needed nitrogen back in the ground.

Thomas said North Dakota farmers could plant 70,000 acres of lentils next year, up from 45,000 acres two years ago, and 170,000 acres of dry peas, up from 65,000 in 2000.

"We expect the market factors will continue to drive the acreage numbers up," Thomas said. "If we fall back into depressed prices, then peas and lentils will most likely lose a lot of acreage because they won't have an adequate safety net."