

The New Farm Crisis Calls for New Farm Policy¹

John Ikerd²

American agriculture is in crisis. Crisis is most frequently considered something negative, something to be avoided, such as pain, distress, or disorder. However, crisis can be defined more generally to be either positive or negative. A crisis is a decisive moment, a critical time or state of affairs whose outcome will make a decisive difference for either better or worse. In fact, the Chinese have a word for crisis that is used to mean both threat and opportunity. The current crisis in agriculture most certainly is a time of pain, distress, and disorder for farmers and rural communities. However, it is also a time of opportunity – a critical time and state of affairs that will make a decisive difference, either for better or for worse.

The current crisis in agriculture is not a consequence of world trade problems, global recession, domestic recession, or even of unwise government policies. These things have only magnified the symptoms of problems that are rooted in causes far more fundamental. Crisis is a chronic symptom of the type of agriculture we have been promoting in this country for at least the past fifty years. Reoccurring financial crises are the consequence of our encouraging farmers to industrialize – to become more specialized, standardized, and ever larger – to make American agriculture more economically efficient. We have rationalized the industrialization of agriculture as a means of reducing the cost of food for American consumers.

The promise of profits is the bait that keeps farmers in a never-ending race to make their farms more specialized, more mechanized, and ever larger in scale. Farmers are continually offered new cost cutting technologies from both public and private research, which promise increased profits. Invariable, these technologies require more capital, but reduce labor and management, allowing each farmer to reduce per unit costs of production while increasing total production. However, as more and more farmers adopt these new technologies, the resulting increases in production cause prices to fall, eliminating the profits of the early adopters and driving those who refuse to adopt, or adopt too late, out of business. This “technology treadmill” has resulted in chronically reoccurring overproduction. Whenever government programs prevent commodity prices from falling, land rental costs rise instead, with the same net impact on farm profits and displaced farmers.

1 Prepared for presentation at the Missouri Farmers' Union Annual Conference, G.W. Carver Conference Center, Jefferson City, MO, January 5, 2002.

2 John Ikerd is Professor Emeritus, University of Missouri, Columbia, MO – USA.

E-mail: JEIkerd@centurytel.net web site: <http://faculty.missouri.edu/ikerdj/>

This “technology treadmill” has been driving farmers off the land for decades. Those remaining on the treadmill after each crisis must run faster each time just to survive until the next round. So, they don't have time to be overly concerned with the ecological health of their land. They don't have time for their families, let alone their communities. They can't afford to care too much about their neighbor, for they know soon, that in order to survive, they will have to have their neighbor's land.

Those who fail are labeled as poor managers or as laggards. However, inefficiency and reluctance to change are not the causes of failures among American farmers. Farm failure is an inherent part of the system. Some must fail in order for others to “succeed.” After each “crisis” there is room for fewer and fewer survivors. And, there is always another round of cost-cutting, output-increasing technology “waiting in the wings.” Thankfully, a new type of agriculture is emerging to address the crisis in American agriculture. A group of creative, innovative, entrepreneurial farmers are seizing the opportunities within the necessity of change – they are creating the *New American Farm*.³ These new farmers may claim the label of organic, low-input, alternative, biodynamic, holistic, permaculture, eco-farmer, practical farmer, or just plain farmer. But they are all pursuing the same basic purpose by the same set of principles. They are trying to build farming systems that are not only profitable, but also are ecologically sound and socially responsible, and thus, will be economically viable over time.

These new farmers pursue their self-interest – after all, they are human. However, they realize that quality of life has social and ethical, as well as economic, dimensions. They pursue a “broader” self-interest – recognizing that our quality of life is enhanced by positive relationships with others, regardless of whether such relationships bring us any economic advantage. We humans are a social species – we need each other. It is not a sacrifice to be socially responsible; it is a privilege. They pursue a “higher” self-interest – recognizing that our quality of life is enhanced by ethical and moral behavior, beyond any economic advantage such behavior might bring. We are spiritual beings – we find purpose and meaning within some higher order of things. It is not a sacrifice to be stewards of the land; it is a privilege. They pursue a “more enlightened” concept of self-interest – recognizing that life is mental and spiritual as well as physical and that life is interpersonal and intergenerational as well as personal. They are pursuing a more enlightened concept of quality of life that includes the social and ecological as well as economic dimensions.

They farm for long run sustainability, not out of some sense of self-sacrifice, but as a matter of common sense. A sustainable agriculture must be ecologically sound, economically viable, and socially responsible. This is not a matter of formal definition or legal precedent, but instead, a matter of common sense. If the land loses its ability to produce, the farm can't be profitable over the long run – such a farm is not sustainable.

3 For 50 real life examples, see “The New American Farmer – Profiles in Agricultural Innovation,” the SARE Program, USDA, Washington DC. (\$10 US – call: 802-656-0484 or e-mail: sanpubs@uvm.edu , also available free on line at <http://www.sare.org/newfarmer>)

On the other hand, if the farmer goes broke in the short-run, there is no long run – such a farm is not sustainable. And, if a farm fails to provide for the needs of society, as consumers or producers, it will not be supported by society, and thus, such a farm is not sustainable. The economic, ecological, and social dimensions of sustainability are like the three dimensions of a box. All are necessary but none is sufficient. A box that is lacking in height, width, or length, quite simply is not a box. A farming system that is lacking in ecological integrity, economic viability, or social responsibility, quite simply is not sustainable.

Today, literally thousands of new sustainable farmers, all across the continent, are creating new and better ways to farm. They are on the frontier of a better kind of agriculture, an agriculture capable of meeting the needs of the present while leaving equal or better opportunities for those of the future – a sustainable agriculture. These farmers face struggles and hardships and there are failures along the way. Life is rarely easy on any new frontier. But, a growing number are finding ways to succeed. These farmers are succeeding with very little help from their public institutions, including the Land Grant Universities or USDA. However, sustainable farming clearly benefits the “public,” as well as individual farmers, and thus legitimately deserves “public” support. At a very minimum, our public institutions should stop subsidizing the exploitation of the land and of people by subsidizing the industrialization and corporatization of agriculture. Virtually all government programs in place today, from commodity-based direct payments to government-insured loans, were designed to help farmers specialize and become larger, and now, are subsidizing the corporatization of agriculture. Sustainable farmers need and deserve at least a “level playing field” upon which to compete with industrialization.

Restoring competition in the agricultural market place is a primary responsibility of government. The government is the only entity with the power and authority to ensure competition. A large numbers of buyers and sellers, freedom of entry and exit, adequacy of quality information, and protection of consumer sovereignty; all are necessary to ensure economic competitiveness. None of these conditions exists today – not for agriculture or for any other major sector of the economy. The government has the clear legal authority to correct these deficiencies – it must accept its responsibility and act upon that authority.

In the early 1800s, Alex De Tocqueville, a Frenchman, wrote of his impressions of the new American democracy. So many of the observations in his Democracy in America have proven to be correct that the book has become a classic among scholars of political science. Tocqueville warned of the tendency of a democracy to drift toward a strong central government. He saw this as a potential threat, in that he considered dispersion of power among people at local, state, and federal levels to be a major strength of democracy. However, Tocqueville also warned of the tendency toward excessive wealth and power in the “manufacturing” sector – today’s “corporate” sector. He thought the American society might well evolve toward a “manufacturing” aristocracy – with the wealth arising out of industry creating a new upper class of aristocrats. Apparently, he did not anticipate the corporate aristocracy’s eventual control of

government, because he didn't believe that the American people would allow it to happen.

Tocqueville believed that survival of the American Democracy was critically dependent on deeply rooted religious beliefs, which constrained early Americans' pursuit of self-interests. He reasoned that if these strong religious beliefs were ever to erode, they would have to be replaced with a strong sense "that man serves himself in serving his fellow-creatures, and that his private interest is to do good." He wrote of early Americans who believed strongly "that men ought to sacrifice themselves for their fellow-creatures... that such sacrifices are as necessary to him who imposes them upon himself as to him for whose sake they are made." Tocqueville believed that "self-interests rightly understood," i.e. an enlightened self-interest, would reflect the fact that people benefit from fulfilling their proper role in the larger society in ways that could never be linked directly to one's narrowly-defined, individual self-interest.

Over the years, the deeply rooted religious beliefs of which Tocqueville wrote "have" been eroded, and religion "has not" been replaced with a strong sense that "man serves himself in serving his fellow-creatures." Instead, religion has been replaced by a belief that "man serves his fellow-creatures by serving himself." In the blind pursuit of "self-interests, not-rightly understood," Americans not only have neglected to care for our fellow-creatures, but we have neglected even our responsibilities to govern ourselves. We have allowed the corporate aristocracy to gain control of our government – the only institution capable of restraining corporate exploitation of people and of nature, in their blind pursuit of their narrow, individual self-interests.

If we are to restore competitiveness to markets for agricultural commodities – or restore competitiveness to any other sector of the U.S. economy – we must first restore to the people the control of their government. Perhaps we should be concerned about the tendency toward a strong central government within our democracy, but the problem today is not that the government is too strong. Instead, government is too weak. Once we have restored the power of government to control the corporate aristocracy, we can then turn our concerns to limiting the powers of government.

Beyond eliminating "corporate welfare" and restoring competition, government farm programs need to be re-thought and re-built from the ground up. Government programs should be limited to providing legitimate "public goods and services" – not to subsidizing "private" business ventures. Many private business ventures result in benefits to the public, such as employment, income, and taxes to fund public services. However, the markets provide adequate incentives to ensure that most such ventures take place. Expenditures of "public funds," i.e. taxpayer dollars, should be limited for those things that are clearly in the "public interest," but for which private market incentives either "do not exist or are inadequate." Most would agree that such activities as national defense, police protection, interstate transportation, and basic education are legitimate "public services." Private market incentives to produce such things are either absent or inadequate to ensure that "public interests" will be served. Public goods and services are defined most clearly as those things to which "all people" have "equal" right to

access regardless of their “ability to pay.” Markets, by definition, will not ensure “equal” access for all. Markets provide goods and services only to those who are willing and able to pay. Thus, the public, through government, must accept responsibility for ensuring equality, in those cases where equality is a right of all.

All Americans have a right to life, liberty, and the pursuit of happiness. This doesn't mean all will be equally happy, but each must be given an equal opportunity to pursue happiness. According to our Constitution, the government has responsibility not only to “provide for the common defense and ensure domestic tranquility,” but also to “promote the general welfare” of society – in those cases where private incentives are absent or inadequate.

Agriculture produces many legitimate “public benefits,” but today's government programs focus on those benefits for which adequate market incentives already exist. Adequate profit incentives exist to provide for the food and fiber needs of those who are willing and able to pay the cost. Today, agribusiness corporations are exceeded only by the pharmaceutical industry in returns on stockholder investment. Most so-called farm programs today simply transfer wealth from taxpayers to corporate stockholders and wealthy landowners, leaving legitimate farmers with the “crumbs” that fall along the way. Many farmers continue to support such programs because they don't know how they would survive without those “crumbs,” but such programs produce little of true “public benefit.” Existing farm programs should be eliminated, with public funds shifted to fund programs that will serve legitimate “public interest.”

“Pursuit of happiness” and the “public welfare” demands that every American have access to sufficient food, clothing, and shelter to ensure survival, growth, and development. Anything less is not acceptable. Thus, the assurance of “food equity” is a legitimate public service. Every American must be given an opportunity to develop their human capacities to think and to work and to be productive, successful members of society. Anything less is not acceptable. Thus, “employment security” is a legitimate public service. All people have an equal right to a clean and healthy natural environment. It is by this principle, that “environmental protection” is defined as a public service. And, every nation has both a right and a responsibility to protect its people and its resources from exploitation from outside forces. “Food security” is one aspect of this public service responsibility. Private markets will not ensure any of these things; thus, these are legitimate “public service” responsibilities of the government.

Agricultural policy should be re-built upon a new foundation of “public support for public goods and services.” This is not a radical concept. It has been pursued by the Europeans for several years in world trade negotiations. They have argued that agriculture is “multifunctional” – that it performs social and ecological functions, in addition to its economic functions. They have argued that each nation should be allowed to maintain government programs necessary to ensure that their agricultural sectors continue to provide those social and ecological benefits. They have argued that only the truly “economic” restraints should be removed if “free trade” is to be of benefit to global society. Governments have both the right and responsibility to ensure that

“public benefits” of agriculture continue to be provided to the people, in Europe, in America, and in all countries of the world.

The government should reward farmers for “public services,” because they will not be rewarded for those things by the private markets. A legitimate means of rewarding for their contribution to the public good would be to provide farmers with “employment security” – similar to the security provided to others who serve the public good. Today's farm programs are based on commodities produced or acres farmed – possibly appropriate for past times when the public benefit from agriculture was reflected in a reduced cost of food. Today, however, consumers only spend a dime out of each dollar on food, and the farmer only gets a penny of that dime – the rest goes for purchased inputs and marketing services. There is virtually nothing left to be squeezed from the “farmer's penny” for the benefit of the public. It is time to shift program benefits from production to people – to the people who are willing to produce true “public benefits.” And farmers who make major contributions to the public good at least should be secure in their employment.

The cornerstone of a new farm policy should be the concept of agricultural sustainability. An ecologically sound agriculture provides clear benefits to the public, both now and in the future, beyond the economic benefits to farmers. A socially responsible agriculture provides clear benefits to the public, both rural and urban, beyond the economic benefits to farmers. An economically secure agricultural sector provides clear benefits to the public, in terms of food security, beyond the economic benefits to farmers. The quality of life benefits to farming sustainably will compensate farmers for most of their ecological and social contributions. However, they have to be able to survive economically in order to realize the ecological and social benefits of farming. They need employment security, particularly during the early stages of transition to sustainability. Many currently conventional farmers might well be willing and able to make the switch to sustainability, if they had some assurance of economic security during the transition.

A government farm program based on sustainability would be fundamentally different than the farm bill that is destined to be passed by the U.S. Congress in 2002. First, with respect to ecological integrity, government farm programs eventually must recognize that no one has the “right” to degrade the natural environment. Thus, any farmer who receives government payments, of any kind, should be required to meet environmental standards that conserve the soil, protect the quality of water and air, and in general, ensure the integrity of the natural resource base. New programs, providing for government “green” payments, should be limited to rewarding farmers who “rebuild” soil fertility,” restore” water quality, and “enhance” the natural environment.

A socially responsible agriculture must provide farmers, as people, with opportunities to lead productive, successful lives. This doesn't mean that everyone who chooses to farm has a right to do so, regardless of their ability or willingness to apply themselves to the occupation. However, those who choose to farm, to farm sustainably for the public good, should be given an opportunity to do so. To support such opportunities,

government benefits should be limited to individually owned and operated farms and to family farms. And, the benefits should be paid only to “real” people, not to corporations. The objective should be to provide self-employment opportunities for farmers and others in rural areas, not to subsidize the landowners and corporations that threaten the sustainability of agriculture.

The first question likely to arise is how would the government pay for such programs? The answer, with the same dollars currently used to support current farm programs, although the total cost could be considerably less. And in contrast to existing programs, a sustainability based farm program could be completely phased out over time. The second question, how would the government administer such a program? The answer: as simply as possible. Willard Cochrane, long-time agricultural policy expert, has proposed that each “family farm” be awarded an annual payment of \$20,000 per farm. I would amend Dr. Cochrane's proposal to provide for a \$20,000 “tax credit” to go to each “family farm that is implementing an acceptable plan for moving toward sustainability.” Farmers who are approved for the “tax credit” would also have an “alternative” farm tax rate – possibly, 50 percent of total farm income. Thus, as total farm income increases, the advantage of the “alternative” tax rate and tax credit would diminish. At a net farm income of \$40,000, for example, the taxes owed (50% of \$40,000) would completely offset the \$20,000 credit. At some higher level of income, probably \$60,000-\$80,000, it would be advantageous for the farmer to give up the special, farm tax credit, and be taxed as any other business. At this point, however, the sustainable farming operation would be sufficiently profitable to ensure its sustainability without any further government support.

Such a program could be called an “alternative farm tax” program rather than a “farm program.” The “alternative farm tax” would provide many of the employment security benefits available to other public workers – minimum wages, unemployment benefits, and workers compensation. The farmer would have the assurance of the tax credit to tide them over in years of crop failures, depressed prices, times of ill health or other economic set backs on their way to achieving sustainability. Over time, farmers would be required to show progress toward sustainability to remain eligible for the “alternative tax.” If after some specified number of years, they fail to achieve economic sustainability, they could be helped to find employment elsewhere, freeing up their farm for a beginning farmer, who would then be eligible for the “alternative farm tax” program. Other government programs, including publicly funded research and education, could be redirected to support sustainable farming – to provide true public benefits rather than corporate subsidies. State and federal programs could also be targeted to developing the physical and informational infrastructure needed to support local, niche markets needed for “sustainable-sized” farms – connecting local consumers with local farmers. Federal, state, and local governments could be required to purchase agricultural products from local farmers supported by the program to enhance their chances for success. The justification being to provide maximum total public benefits, rather than minimizing the cost of one food security program at the expense of another food security program. Government stocks of grains and other storable commodities could

be held in farmer-owned facilities to keep them in the local community, as well as enhance farm income.

As such programs are implemented, the economic viability of farms will rise, and the costs of government farm programs will fall. As ecologically sound and socially responsible farms become economically viable, without government assistance, a sustainable agriculture will have permanently displaced an unsustainable system that is based on industrial exploitation of people and of nature. People, once rewarded with the quality of life that comes from sustainable farming, will not revert to the pursuit of narrow, individual self-interest – as long as government fulfills its responsibilities to maintain competitive markets and to eliminate corporate welfare. The balance between economics and democracy will have been restored and Alex De Tocqueville's optimism of the early 1800s will have been well founded.

American agriculture is in crisis. Crisis has been chronic in American agriculture, but this crisis is different. It could spell the end of farming in America, as least farming as we know it, as the multinational corporations take control. But in crisis, there is opportunity. A crisis is but a critical point in time, at which change occurs – for either better or worse. There are new opportunities for change in agriculture today. A new kind of American farm is emerging from farmers' search for agricultural sustainability. The farm financial crisis, coupled with new agricultural opportunities, provide farmers with both the incentive for change and a promising new direction for the future. Now is the time for farmers to get off the industrial technology “treadmill,” that has left them without time for family, for community, or even for themselves, and ever closer to “falling off” each day. There is no future for farmers in a corporately controlled, industrial agriculture. There is a better way to farm and a better way to live. But first, farmers must find the courage to change.

Farmers need not “jump” off the “treadmill” all at once, they can slow down a bit before they “step” off. The change to a new type of sustainable farming doesn't have to come all at once. Conventional farmers can take some time to get reacquainted with their land, with their families, and with their community. They can try growing different things, involving the family in the decision and the work, maybe, marketing a few things at the local farmers' market, beginning to find out what they do well and what they really like to do. They can begin build relationships with other like-minded farmers and with potential customers and supporters – they can begin searching for their niche in the local economy and in their local community. And they can begin reaping the rewards of a better quality of life – economically, socially, and spiritually. Farmers, anywhere, can begin doing these things – today.

Farmers, individually and through their organizations, can begin building support for “the next farm bill” – a farm bill that will reward the “public benefits” of agriculture. They can start building public support for change by helping voters understand the threats of a corporately controlled agriculture to food safety, food quality, food equity, food security, environmental integrity, and the future of family farms and rural communities. Farmers can start building a consensus for dramatic and radical change in farm policies –

change built on a new foundation of economic, ecological, and social sustainability. American farmers have a rare opportunity to re-create American agriculture. There is opportunity in the current crisis in American agriculture. Now is the time to seize it.