

The 2012 Farm Bill Debate; Not Just a New Farm Bill but New Farm Policy¹

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Over the years I have been involved in various discussions leading up to several different farm bills. However, I probably have become too radical to be considered relevant in the discussion of the farm bill scheduled for 2012. During the 2008 farm bill debate I came to the conclusion that *meaningful* changes in the farm bill will require *radical* changes in farm policy, beginning with elimination of all commodity-based programs. There is no way to have a rational farm program with so much of the U.S.D.A. agricultural budget devoted to programs that are in direct conflict with the legitimate public interest in agriculture. In fact, if Americans really understood how their tax dollars were being used, they would probably demand that the Department of Agriculture be abolished. In fact, public opposition to farm subsidies is growing, as evidenced by numerous critical editorials and comments in the mainstream media. However, a carefully orchestrated propaganda campaign has thus far succeeded in maintaining strong public support for farm programs. The only way to fix farm policy is to “kick the corporate pigs away for the trough” – corporations including special interest groups, such as Farm Bureau and commodity associations, as well as corporate agribusinesses.

More recently, I have begun to realize that I am not the only policy radical around. Gustave Speth, was the founder of the World Resources Institute, co-founder of the Natural Resource Defense Council, advisor to Jimmy Carter & Bill Clinton, and author of *Red Sky in the Morning*. In his new book, *Bridge at the Edge of the Earth*, he wrote, “All and all, today's environmental movement has not been succeeding. We have been wining battles, some critical ones, but losing the war.”¹ He has concluded that environmental policy groups have been systematically depleting their resources and energy in battles over specific details of environmental policies designed to appease their supporters and taxpaying public rather than address the important environmental issues. I see exactly the same thing in Farm Policy. The various advocacy organizations stake out positions on “pet programs” where they think they have some chance for success and focus their efforts on achieving successes they can report to their supporters and taxpayers. They don't tackle the real issues, because they need to at least record some small victories to maintain financial support.

That said, some agricultural organizations seem to be catching on. For example, Brian Snyder is Executive Director of the Pennsylvania Association for Sustainable Agriculture – a major policy advocacy organization. He recently wrote in the PASA newsletter, “I think we may need to give up, at least for now, all Farm Bill programs aimed at supporting sustainability and

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instead concentrate on totally eliminating the subsidies that distort the free markets we really need for farms to be viable. To put it another way, we will never be able to redesign the federal pie as currently formulated unless we're willing to step up first and renounce our sacred piece of it.”ⁱⁱⁱ He advocates tax credits for sustainable farmers as a replacement for farm programs.

It's time to tell American consumers and taxpayers the truth. Farm programs of at least the last 50-years have been an absolute failure. The only legitimate justification for farm policy is domestic food security. Food security requires that everyone have access to sufficient safe and nutritious food to support an active, healthy lifestyle. No nation can afford to trust domestic food security to the marketplace. Markets respond to consumers' ability to buy, not to their need for safe and nutritious foods. That's why virtually every nation in the world has government farm programs or one kind or another. Markets respond to money, not to human need.

The historic strategy for food security in America was to keep enough farm families on the land, farmers who were committed to caring for the land, to produce enough food for the nation. The government would provide food security for the poor by distributing some part of what was produced to people who were unable to buy enough food to meet their needs. These early farm policies made sense. In the early 1900s, America was still an agrarian nation. Farm subsidies provided badly needed income to rural areas during the Great Depression of the 1920s and 1930s, preserving a way of life for farm families as well as food security for the nation.

However, the focus of farm policy shifted from preserving family farms to increasing productivity during the 1960s and early 1970s. A more efficient agriculture would make an adequate quantity of wholesome and nutritious food affordable for everyone. Larger farms were more economically efficient than small farms, so a transition from small family farms to large commercial farms seemed to be a logical objective of farm policy. In addition, farmers still made up about a quarter of the workforce at the time and a more efficient agriculture would also free unneeded farmers to work in the factories and offices of a growing industrial economy. Higher incomes from industrial employment also would reduce claims of food on consumers' incomes leaving more money to buy the better things of life produced by the new industrial economy.

The rhetoric of farm policy remained “preserving the family farm,” because that theme was politically popular, even though each new farm bill resulted in fewer farms. Virtually every significant farm policy during my 40-year career as an agricultural economist has promoted the industrialization of agriculture. They have subsidized specialization, standardization, and consolidation of control – first into larger farms and more recently under corporate control – all in the name of economic efficiency. The idea was that if we made food cheap enough everyone could buy enough good food to keep them healthy. We could have food security for all through the marketplace with a more economically efficient agriculture.

However, such farm policies simply don't make sense anymore. So little of consumer income is spent for food and so small a portion of food costs are associated with farming, that the *efficiency* of farming no longer makes much difference in public well-being. There are few people left on farms to be moved into factory and office jobs, even if those kinds of job opportunities still existed. In addition, the industrial farming methods supported by government programs are now the source of rising public concerns ranging from environmental pollution to

mistreatment of animals and exploitation of farm workers. The industrialization and corporatization of American agriculture are creating far greater ecological and social costs than can be justified by any possible remaining public benefits.

The agricultural establishment continues to defend current farm programs as being necessary for national food security. To the contrary, current farm programs, with their industrial agricultural bias, are helping to bring American agriculture under the contractual control of a handful of multinational food corporations. These corporations are not people; they have no family, no community, and increasingly, no nationality. Their primary responsibility is to their global stockholders, not American consumers. Eventually, these food corporations will produce agricultural commodities wherever in the world they can produce at the lowest possible cost. Increasingly, that will be somewhere other than America. Our land costs and labor costs are too high to be competitive in the global economy. U.S. commodity producers are competitive today only because of the generous government programs. A nation that depends on global markets for its food security has no food security. That's why no nation in history has willingly traded its domestic food security for the ability to compete economically in the global market for food.

We need to tell American consumers and taxpayers the truth. The industrialization of agriculture and the farm policies that have supported it are absolute failures. The American “cheap food policy” has worked, but it has not increased domestic food security. Americans, on average, are spending only half as much of their disposable income for food today as they were in the 1960s. However, a larger percentage of the American population is hungry today than at any time since the 1960s – about 16% in total and 22% of children.ⁱⁱⁱ An industrial agriculture only provides food for people who have money. Americans are still hungry because they don't have enough money, not because American farmers can't produce enough food.

In addition, as the percentage of income spent on food has dropped by half, the percentage spent on health care has doubled, now accounting for nearly 20% of the total GDP.^{iv} A large portion of total health care costs are diet related – including obesity, diabetes, hypertension, heart disease, and various types of cancer. A Robert Wood Johnson Foundation report projected that 20% of all health care costs by 2020 would be related to obesity.^v If we include the health problems related to contamination of food and water with pesticide residues, antibiotic resistant bacteria, growth hormones, salmonella, and E-Coli, the American diet probably accounts for closer to half of all health problems in the U.S. The RWJ report estimates if current trends continue, health care will claim more than one-third of the total economic output of the nation by 2040. We simply can't afford the high costs of continuing the current cheap food policy.

Current farm programs are not just a blatant waste of tax dollars; they are destroying the physical and economic health of the nation. Too many people are still hungry; too many people who can afford to eat are getting sick. Instead of providing domestic food security they have become welfare programs for wealthy landowners and corporate investors. The biofuels programs, for example, are a total perversion of any logical approach to farm policy. These programs are diverting land needed to produce food to produce fuel, raising global food prices, and starving people around the world, while providing only a minimal addition of total fuel supplies. The 2012 farm bill should be a single-page piece of legislation that eliminates the

budget for all existing farm programs within 5 years, abolishes the original farm legislation, and mandates that farm policies be radically redesigned to ensure domestic food security.

I have suggested shifting food related programs from the Department of Agriculture to a new Department of Domestic Food Security. The biofuels programs should be shifted to the Department of Energy. All regulatory authority over agricultural chemicals and livestock wastes should be shifted to the Environmental Protection Agency. Farm subsidies should be shifted to the IRS in the form of tax credits for farmers who are willing to make the transition from industrial to sustainable agriculture. Only individual farmers should be eligible for farm tax credits, not landowners or investors, and the credits should be phased out entirely as individual farm incomes rise to average income levels for U.S. taxpayer. This would leave the U.S.D.A free to promote agriculture exports and other corporate agribusiness interests, as it does today, without compromising its responsibilities to the public. It's time to rethink farm policy from the ground up and to start over from scratch.

A nation's only real food security is where it has always been, in the productivity of its farmland and in family farmers who are committed to caring for that land for the benefit of themselves and the others of *their* nation. The only real food security any nation is in sustainable agriculture: an agriculture that is capable of maintaining its productivity and value to society indefinitely into the future. Thankfully, thousands of creative, innovative, entrepreneurial farmers and ranchers all across America are rising to the challenge of providing domestic food security, with very little help from their government. This new breed of farmers and ranchers may claim the label of organic, ecological, biodynamic, holistic, permaculture, practical farmers, innovative farmers, or just plain family farmers. But they are all pursuing the same basic purpose. They are committed to taking care of the land and helping build strong communities, while making a decent economic living and providing a good quality of life for their families. They are committed to ways of farming that are ecologically sound, economically viable, socially responsible, and thus, will be sustainable over time.

The initial government program dealing with sustainable agriculture was included in an "agricultural productivity" provision of the 1985 farm bill. The program emerging from this provision was called Low Input Sustainable Agriculture (LISA). The program was retained and expanded in the 1990 farm bill. Its name was changed to Sustainable Agriculture Research and Education (SARE) and it has continued to receive minimal but continually increasing funding in each farm bill since, including the Food, Conservation, and Energy Act of 2008. Sustainable agriculture was defined by the LISA and SARE programs as integrated systems of crop and livestock production that: conserve natural resources and protect the environment, maintain the viability of the agricultural economy, and preserve a desirable quality of life for farmers, rural residents, and society as a whole. The National Organic Program expanded the sustainability agenda in 2002 by providing USDA standards for certification of organic foods with modest funding to support research on organic farming methods. Organic farming has received increased funding in recent years but remains a very minor portion of the USDA farm program budget. Various other government programs have provided indirect support for sustainable agriculture, including small programs to promote farmers markets and other local food initiatives. The "Know Your Farmer Know Your Food" program, which was initiated by the Obama administration, seemed to be legitimate cause for optimism. This program was to permeate all

aspects of USDA. However, rumors place it near the top of the Congressional “hit list” for program cuts, even though USDA funding for sustainable and organic agriculture remains an insignificant aspect of the USDA agricultural budget.

Several significant government programs have focused on soil and water conservation over the years. However, such programs have done little more than slow the agricultural industrialization process. Lands taken out of production and diverted to conservation under programs such as the current CRP have invariably been brought back into production during times of production shortfalls and rising prices. We are seeing this again as an increasing portion of the U.S. corn crop is diverted to ethanol production. Funds from some environmental programs such as the current EQIP have been diverted to uses that actually subsidize agricultural industrialization. The Conservation Stewardship Program showed some promise in that it rewards farmers for ecologically sound farming practices. However, it was adamantly opposed by industrial agriculture advocates for years and was one of the first programs targeted for large budget cuts by USDA.

Most of the new sustainable farmers pay little attention to national farm policy. Most of them don't qualify for government commodity programs, many of the other programs require a lot of paperwork, and many farmers just seem to have a basic distrust of government. This attitude is understandable, even though the new sustainable farmers should be the logical beneficiaries of conservation and environmental programs, as well as the organic farming and sustainable agriculture research and education programs. Recent federal budget cuts targeting conservation, environmental, and sustainability programs have validated the reluctance of sustainable farmers to become dependent on government programs.

My basic point is that those who are committed to domestic food security, including sustainable farmers, would have little to lose if current government farm programs were completely eliminated. Advocates of domestic food security should join forces with those who want to reduce government spending to completely reform existing farm policy. This seems a far better strategy than continuing to expend time and energy trying to hang on to the minimal food security benefits have been gained through farm policies over the past several decades,.

Over the longer term, the best hope for ensuring agricultural sustainability and national food security is to rethink U.S. agricultural policy from the ground up. I support Brian Snyder's suggestion that current farm programs linked to specific commodities be replaced with a farmers' *tax credit*. Currently authorized spending levels for farm commodity programs – including direct payments, various price supports, and crop insurance subsidies – would allow every full-time farmer in the U.S. to receive a payment of at least \$20,000 per year to be credited against any tax liability. Under my proposal, farmers would have to submit a whole-farm plan, such as required for the new Conservation Stewardship Program, for transitioning from conventional farming to sustainable agriculture in order to qualify for the farm tax credit.

If a farmer had a break-even year or lost money, they would receive government payment of \$20,000 to help tide them over for another year. Farmers who were approved for the tax credit would pay a higher *tax rate*; I have suggested 50% of net farm income. So, if a farmer had \$20,000 in net farm income, they would owe \$10,000 in taxes, but their \$20,000 credit would

leave them with a \$10,000 government payment to supplement their \$20,000 farm income. As net farm income increases, the advantage of the individual farmer's tax credit would diminish. At a net farm income of \$40,000, for example, the taxes owed (50% of \$40,000) would just offset the \$20,000 tax credit. Farmers would owe no taxes and would receive no government payment. (A smaller tax credit and lower tax could achieve the same result.) At some higher level, probably between \$60,000 and \$80,000, the farmer would be better off to give up the special farm tax credit, and pay taxes 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.

Farmers and ranchers would be free to own, rent, or operate as many acres and to produce as much as they choose, but the tax credit would be limited to a specific amount for each full-time, independent farmer and ranchers. Tax credits would be proportional for those for whom farming is their “primary occupation” even though they are not full-time farmers. Farmers with primary occupations other than farming would not qualify. No one would dictate who should produce or what products or how much should be produced. Those decisions would be made by farmers and ranchers, not by the government, and not by the multinational corporations.

Farmers and ranchers who chose not to participate in the farmer's tax credit program would not be required to have a sustainability transition plan but would not be allowed to exploit their land or degrade the natural environment. They would be subjected to current conservation requirements but would not receive government subsidies, other than those available to other industries that are similarly regulated. In general, such farms would be classified as industry, rather than agriculture, and would be subject to the same environmental regulations as any other industry. No one, either American or foreign, has the *right* to exploit either the land or the people for economic gain.

The tax credit program would provide farmers and ranchers with many of the employment security benefits similar to those available to other public workers – minimum wages, unemployment benefits, and workers compensation. They would have the assurance of the tax credit to tide them over in years of crop failures, depressed prices, and times of ill health or other economic setbacks on their way to achieving sustainability. Over time, farmers and ranchers would be required to show progress toward sustainability to remain eligible for the tax credit. 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 farm tax credit. The new sustainable farmers don't need a government handout; they just need a fair chance to prove their worth.

Other government programs, including publicly funded research and education, could be redirected to support sustainable farming – to provide true public benefits rather than support private/public partnerships. 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 this program to enhance their chances for success. 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. The justification for local purchases would be to provide maximum total “public benefits,” rather than minimizing the cost of one public program at the expense of another.

Skeptics in the Agricultural Establishment will question whether we can afford to abandon public support of large-scale, corporate agriculture in favor of sustainability. Surely, food costs will go higher, they claim, and consumers will revolt. However, such contentions are not supported by facts. Americans spend little more than ten-percent of their disposable income for food – a dime of each dollar. Equally important, less than two-cents of each dime they spend goes to the farmer who produces the food – eight cents goes for packaging, transportation, advertising and other marketing services. Even if farmers received fifty-percent more for their crops and livestock, food prices would only need to be ten-percent higher.

The primary difference is that sustainable farming is more “management intensive” than industrial farming, meaning that will take more thoughtful, caring farmers to feed the world sustainably. And, what's wrong with having more thoughtful caring farmers? Admittedly, it will cost a bit more to support these farmers. If it takes three times as many farmers to produce the same amount of food sustainably, for example, the dollar amount of US food expenditures going to net farm income would need to triple to compensate farmers for farming sustainably. Based on USDA farm income statistics for the 2000-2010, tripling total net farm income would have added less than 10% to total food expenditures. That may sound like a lot, but US food expenditures actually have risen more than 12% since 2006, primarily as a result of the various biofuels program. If Americans can afford biofuels for very minimal added energy security, Americans can surely afford agricultural sustainability to provide long term food security. Regarding the larger question of whether sustainable agriculture can feed the world, some of the most credible global food studies indicate that sustainable farming practices are in fact the best hope for hungry people in the poorest and most densely populated areas of the world.^{vi} But more important, with greater corporate control of the food system, food prices in the future are far more likely to be higher with a corporate agriculture than with sustainable agriculture.

In addition, as sustainable farms grow in numbers, the sustainable food system in total will become more efficient, the economic viability of family farms will increase, and the costs of government farm programs will fall. As ecologically sound and socially responsible farms become more productive and profitable, without government assistance, a sustainable agriculture will permanently displace the current unsustainable industrial food system. As industrial agriculture runs out of cheap fossil energy and fertile land and productive people to exploit, it will be surpassed in productivity and profitability by the new sustainable systems of farming. Over the long run, a sustainable agriculture will feed more people far better at a lower cost than has industrial agriculture. By redirecting farm policies to focus on the “public benefits” of agriculture, Americans will have ensured their long run food security.

Necessary changes in farm policy such as these are not likely to occur without a rebellion of consumers and taxpayers against the current industrial food system and the government programs that support it. Those feeding at the “corporate trough” aren't going to give up their place without a fight. Farmers, ranchers, consumers, and tax payers all need to become involved in a revolution if we are to truly reform farm policy. We need find the courage to tell the truth.

The food security of American remains where it has always been; in the productivity of the land and the farmers who care for the land. The future food security of the nation depends on farmers who are committed to passing their land to the next generation even more healthy and productive as when it was passed to them. There can be no higher priority for the 2012 farm bill than a commitment to establishing a fundamentally different approach to farm policy to support such farmers. If that kind of thinking is too radical to be relevant to the 2012 farm bill debate, then I will just continue to be irrelevant.

End Notes

ⁱ Gustave Speth, *The Bridge at the Edge of the World*, (New Haven, CT: Yale University Press, 2008), p. xii.

ⁱⁱ Brian Snyder, "Passages, Newsletter of Pennsylvania Association for Sustainable Agriculture," April/May 2011, p. 6, http://www.pasafarming.org/resource/Passages_89.pdf

ⁱⁱⁱ Food Research and Action Center, *Food Hardship in America – 2010*. http://frac.org/wp-content/uploads/2011/03/food_hardship_report_mar2011.pdf

^{iv} Center for Medical and Health Services, *NHE Fact Sheet*, https://www.cms.gov/NationalHealthExpendData/25_NHE_Fact_Sheet.asp .

^v Robert Wood Johnson Foundation, *F As In Fat; How Obesity Threatens America's Future*, http://www.pbhfoundation.org/pbh_direct_new/jul09_2010/Obesity2010Report.pdf .

^{vi} International Assessment of Agricultural Knowledge, Science and Technology for Development, *Agriculture at a Crossroads*, Synthesis Report, 2009. Available at: [http://www.agassessment.org/reports/IAASTD/EN/Agriculture%20at%20a%20Crossroads_Synthesis%20Report%20\(English\).pdf](http://www.agassessment.org/reports/IAASTD/EN/Agriculture%20at%20a%20Crossroads_Synthesis%20Report%20(English).pdf).