

## It's Time to Dismantle Failed Farm Programs

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The agricultural “oil boom” is creating a prime opportunity to dismantle failed farm programs. Ethanol plants are sprouting up all across the Midwest like mushrooms in springtime and farmers are harvesting near-record profits for their 2006 corn crop. The current farm bill is set to expire in 2007, during a rare period of optimism among mainstream American farmers. The consensus among policy wonks had been that Congress would simply extend the current farm bill, perhaps with few minor adjustments. With the Democrats now in control of Congress, however, advocates of conservation and rural development programs see an opportunity to shift USDA funding priorities in their favor. But ethanol is changing the policy landscape of agriculture.

Higher corn prices may well boost the prices of other program crops, as farmers shift more land from soybeans, wheat, and other feed grains to corn production. Higher prices for crops will be quickly bid into higher prices and rental rates for farmland. It will be very difficult to justify continuing generous commodity-based government payments to wealthy landowners during a period of such obvious prosperity. Livestock feeders may clamor for emergency assistance to offset losses due to higher costs of feed grains. But, most livestock are fed today under comprehensive contracts written by agribusiness corporations, meaning government payments invariably benefit corporate investors far more than livestock feeders. Producers of basic agricultural commodities may have a difficult time finding a place at the public trough in 2007.

Taxpayers are becoming increasingly aware that most government farm programs no longer serve any legitimate *public* purpose. Popular articles and media exposés documenting waste and fraud in government farm programs are becoming commonplace and may be even more so, as the farm policy debate heats up. With the Democrats new “pay as you go” approach to the federal budget, and growing pressure on American trade negotiators to dismantle all trade-distorting subsidies, 2007 just might be an opportune time to do away with all commodity-based farm programs.

The new farm bill may also provide an opportunity for sorely needed changes in soil and water conservation programs. Many farmers likely will be taking environmentally fragile land out of the Conservation Reserve Program (CRP) as their contracts expire, to produce more corn, wheat, or soybeans. A fundamental flaw in the CRP program should then become readily apparent. When their 10-year CRP contracts are completed, most farmers will have been paid enough money to cover the full market value of the land. Why should taxpayers pay the full value of land to protect it from exploitation, only to see it again exploited at the first opportunity for profit? The CRP should be transformed into a program for purchasing *permanent conservation easements* on environmentally fragile farmland. The land could then be *kept* out of production, unless needed for some legitimate *public* emergency.

The Conservation Security Program (CSP) needs full funding rather than significant revision. The CSP rewards farmers for environmental stewardship practices, but fewer farmers will be interested in signing up for the program over the next couple of years, given the new economic

incentives to plant fencerow-to-fencerow and even tear out the fencerows. Full funding of CSP might not take a whole lot of money with fewer farmers willing to participate. But funding the CSP as an entitlement program, as was intended, would make it available to all farmers when crop prices plummet and farmers are again scrambling for economic survival. CSP could then become the foundation for a new non-commodity approach to farm policy, as many had hoped it would be when it was enacted.

Eventually, American taxpayers must come to understand that food security is the only legitimate justification for government involvement in agriculture. There would be no need for government programs if people could be assured that markets would provide dependable access to adequate supplies of safe and wholesome food at reasonable costs for all people and for all times. Public policies affecting agriculture have persisted in virtually all countries around the world because governments have not been willing to leave the food security of their constituents to the impersonal forces of the marketplace, and no responsible government ever will.

Government price support programs were first justified as means of keeping farmland in the trusted care of family farmers who are committed to passing their land to the next generation as fertile and productive as when it was passed to them. Commodity-based price and income support programs have since been justified as a means of stabilizing prices at levels that will ensure consumers with a stable and affordable supply of food. However, these government programs no longer serve either of these legitimate public purposes. Instead, they have become subsidies to landowners, many of whom have no personal commitment to caring for the land, and to multinational corporations, that will produce and market their products wherever in the world they can make the greatest profits.

Soil conservation and water quality programs have been justified as means of protecting the agricultural resources necessary for long run productivity. Regulations of pesticide and animal health have been justified as means of ensuring food safety. Even government subsidies for development of technologies that enhance agricultural productivity were justified as means of making food less costly and more available to more people. All of these programs have been diverted from their legitimate public purposes. They have been converted, to one extent or another, into government incentives to industrialize and corporatize American agriculture. All need to be shifted back to the more solid conceptual foundation of food security.

Markets simply do not value the ecological and social resources – the land and society – needed to ensure long run food security. Economic costs and benefits accrue to individuals, not to societies, and accrue only during the lifetime of individuals, not over generations. It makes no economic sense to incur economic costs to help maintain civility within society by ensuring that no one goes to bed hungry. It makes no economic sense to protect the productivity of the land for the purpose of feeding some future generation. The food security of a nation cannot be left to the marketplace; it must be ensured through the collective actions of the people, through government. Eventually, farm policies must be shifted from land-based programs to people-based programs, allowing farmers who *choose* to farm sustainably to make a decent living without exploiting either the land or other people.

Periods of prosperity have been fleeting in agriculture and this one will be no different. The “oil boom” of the 2000s is shaping up to be similar to the “export boom” of the 1970s. In the ‘70s, the USDA encouraged farmers to plant fencerow-to-fencerow to feed a hungry world. Today farmers are being encouraged to plant fencerow-to-fencerow to reduce our dependence on foreign oil. In the ‘70s, USDA encouraged farmers to borrow against the growing equity value of their land to mechanize, modernize, and expand their production capacity. Today, USDA is encouraging farmers to borrow against the growing equity in their land to invest in ethanol and bio-diesel plants. Like in the ‘70s, when sales of farm machinery, fertilizer, and pesticides boomed and farm communities prospered, agribusiness again is banking on a surge in sales and profits and farm communities are banking on bio-fuels to propel them to prosperity.

In the 1980s, US exports collapsed under the weight to a global economic recession. Farmers were caught with large debts at high interest rates, with too little profit to even make interest payments. Farm foreclosures and bankruptcies became commonplace and farmer suicides weren't all that rare. The “farm financial crisis” became regular fare in urban newspapers and on TV network news programs. Government farm programs had seemed obsolete during the ‘70s, but now everyone seemed to agree that the government simply had to do something or there wouldn't be any farmers left. Then, where would we get our food?

Within a couple of years, if not sooner, petroleum products will begin to come onto energy markets from alternative sources less costly than bio-fuels. Tar sands, oil shale, and coal are all relatively abundant alternative sources of petroleum and all are about twice as energy efficient as bio-fuels, in terms of kcals of energy produced for each kcal of energy used in the production process. Eventually, net energy ratios will be reflected in relative market prices, meaning that bio-fuels could well be about twice as expensive as the other petroleum alternatives. Technological advances in bio-fuels – including alternative energy crops – likely will be matched or exceeded by advances in the more promising alternatives. It's just that ethanol plants can be built with far smaller investments and shorter periods of time than energy production can be brought on-line from other sources. Once cheaper fuels from these cheaper sources come on-line, however, the agricultural energy “boom” likely will become a “bust.”

Obviously, neither I nor anyone else can foretell the future with certainty. But history has a way of repeating itself, particularly when people refuse to learn from it. Regardless, 2007 is shaping up to create a rare opportunity to dismantle some obsolete and outdated farm policies and to replace them with policies that have legitimate promise for ensuring long run national food security. If nothing else, we need new farm policies that will ensure that farmland remains capable of producing food after it has been ravaged to produce fuel for SUVs. Also, it would seem wise to create a new ecological safety net to catch American farmers – just in case. Without farmers on the land who care about the land, eventually there will be no food for people.