

## The Green Giant: Conservation Policies of the 2008 Farm Bill

By Nadine Lehrer

### In Brief...

- The farm bill creates dual incentives for both crop production and conservation. Frequently, these two goals pull in opposite directions; subsidies lead farmers to focus on crops that depend heavily on water, contribute to run-off, or tax the land in other ways.
- The 2008 farm bill incorporated several new conservation measures. Policymakers approved cellulosic ethanol research provisions; increased mandatory conservation funding; expanded incentives for farmers to institute conservation efforts on active, rather than set-aside, lands; and enhanced funding for fruit and vegetable crop producers, cooperative conservation projects, and sustainable and organic agriculture research.
- Many groups pushed for “green payments” in the 2008 farm bill to reward farmers for protecting soil, water, and biodiversity rather than producing commodity crops. The spike in gas prices and the push toward corn-based ethanol, however, made this proposed course of action less appealing to policymakers by the time the bill was passed.
- The debate over the 2012 bill will begin in earnest in 2010. Suggestions for improving “green” policies include paying farmers for conservation efforts on working lands; maintaining the Conservation Reserve Program; capping payments for farm subsidies; advancing cellulosic ethanol technology and other “second generation” biofuels; increasing the focus on cooperative conservation projects; and providing more support for beginning and limited-resource farmers.

*This analysis is based on a review of published literature, newspaper articles, interest group position papers detailing groups' farm bill views and strategies, participant observation at 28 farm bill related conferences and meetings, and 56 informational interviews with agricultural policy-related groups. These sources were compiled between March 2004 and February 2009, with special focus on sources from late 2006 to early 2008.*

As the country seeks to expand its investment in a “green” economy, one of the key places that it can begin to really make headway is with the U.S. farm bill. The 2008 farm bill (titled “The Food, Conservation, and Energy Act of 2008”) is a 1,700-page document that represents a vital part of our nation’s commitment to environmental conservation, not to mention the food we grow, the nation’s nutrition programs, and rural development policy activities.

The bill authorizes nearly \$300 billion in mandatory spending and is reauthorized every five to seven years, giving advocates and others a frequent window for reshaping farm-related policies. This issue of *Rural Realities* provides an overview of the 2008 farm bill, giving special attention to how conservation fared in the most recent iteration and the implications for the advancement of sustainable land use activities. Moreover, it identifies missed opportunities for environmental conservation in the bill, as well as new gains and prospects for environmental and social sustainability in agriculture for the longer term.

## **Conflicting Incentives in the Farm Bill**

Farm policy was created in a piecemeal fashion over time with an ever-expanding pool of stakeholders and concerns. As a result, various incentives found in the farm bill are at odds with one another. For example, farm policy:

- Promotes specific commodity crops whose production is associated with increased soil and water pollution. The bill then funds conservation programs to mitigate these environmental impacts.
- Takes land out of agricultural production for conservation set-asides while helping retain land in production with commodity subsidies.
- Looks to keep the “family farmer” in business with financial subsidies, while effectively targeting higher payments to larger operations (who produce more). Economies of scale benefit larger farms, making it difficult for small and mid-size farms to compete.
- Seeks high crop prices for farmers and low food-prices for consumers. Crop subsidies thus tend to encourage production and increase supply (lowering prices), while food aid and export programs expand demand (raising prices).

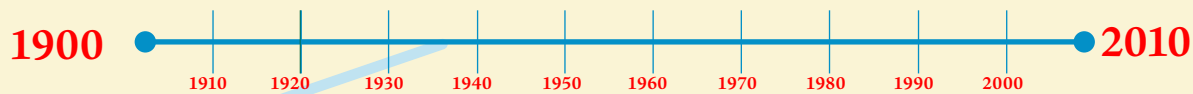
## **In the 2008 Farm Bill: Gains for Conservation**

Despite these contrary incentives and much wrangling, the 2008 farm bill saw major gains in conservation. First, policymakers passed cellulosic ethanol research and development provisions, increasing the likelihood that future (if not current) biofuels production would use perennial grasses and agricultural/forestry byproducts for biofuels. These materials require less fertilizer, pesticide, and water than the currently-used corn, and sequester carbon alongside their significant energy gains.

Second, policymakers increased mandatory conservation funding by nearly \$4 billion, with funding for the reformulated and streamlined working lands conservation programs (the Conservation Stewardship Program or CSP) and the Environmental Quality Incentives Program (EQIP) to constitute one-half of the funds for conservation programs by 2012. Producers can now qualify under EQIP to improve their

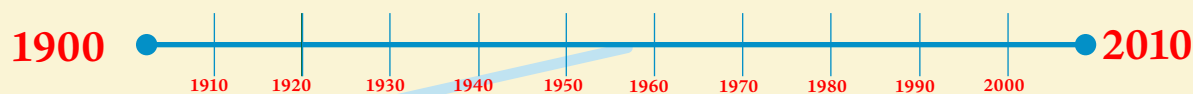
## The Politics of the Farm Bill

The following provides a brief historical overview of the farm bill, showcasing the genesis of some of the seemingly conflicting incentives present in the 2008 version of the bill.



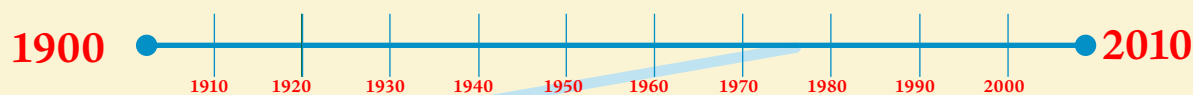
### 1933: Managing the grain supply

- Early farm bills moderated agriculture's tendency to overproduce commodity crops and keep crop prices below the costs of production.
- The 1933 farm bill created acreage reduction programs to pay farmers to keep part of their land out of production, reducing excess supply and raising market prices.
- Price support loans, with grain as collateral, were instituted to absorb excess grain (and later feed it back into the market) if prices were low and farmers defaulted.



### 1950s: Absorbing excess supply with food aid, limiting production with conservation

- 1954: P.L 480 promoted sales and donations of excess crops to foreign governments as food aid, again absorbing excess grain supply.
- 1956: Conservation Reserve Program (CRP) paid farmers to keep erodible land out of production in grass/tree cover to conserve soil and reduce production.

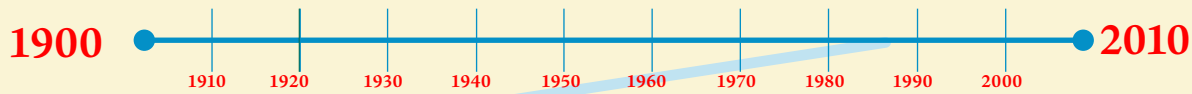


### 1970s: Decreased supply management and increased market expansion

- 1973: Guaranteed target prices and direct payments were made to farmers when market prices fell below target values. Farmers began to sell rather than store crops even when prices were low, since the payment made up for lost income.
- 1973: Inspired by unusually high crop and food prices, a federal directive to plant "fencerow to fencerow" encouraged increased production.
- 1977: The Food Stamp program was incorporated into the farm bill, providing another market for excess crop production.

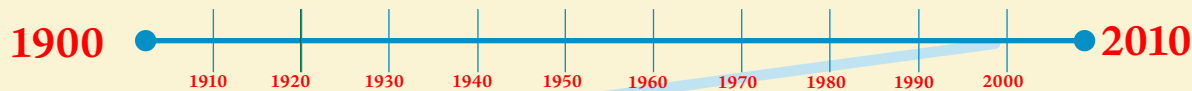
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## The Politics of the Farm Bill (continued)



### 1980s-1990: Conservation to mitigate environmental impacts of crop overproduction

- 1985: Revamped CRP paid farmers to keep land out of production to mitigate soil erosion and water pollution as a byproduct of fencerow to fencerow agriculture.
- 1990: Wetland, water quality, and sustainable agriculture provisions were inserted to expand environmental and social protections as monoculture crop production and agricultural pollution increased.



### 1990-2000s: Trade provisions and “working lands” conservation

- Trade and subsidies
  - 1996: Farm payments were separated from crop production in efforts to phase out subsidies considered trade distorting by international partners.
  - 2002: Farm payments were recoupled with production through “counter-cyclical” mechanisms in response to a crash in farm prices, restrengthening subsidies.
- Working lands conservation
  - 1996: Environmental Quality Incentives Program (EQIP) protected natural resources on working farmlands (rather than set-aside lands as previously).
  - 2002: Conservation Security Program increased environmental protection on working farms with emphasis on whole farm “stewardship.”

As traced in this outline, farm policy has shifted from a focus on keeping crop prices high by managing supply to one of increasing production and market access to support farmer livelihoods. Although commodity policies have provided an important safety net for both farmers and consumers, they have also become institutionalized alongside pervasive agricultural overproduction and associated environmental and community impacts. In response, farm bills now include conservation (as well as rural development, trade, and nutrition).

However, the production incentives that the environmental policies were designed to correct have not disappeared. As such, the tensions associated with inclusion of both commodity supports and conservation programs have become a basis for some significant struggles between groups that are aligned with each of these two components of the farm bill, with the 2008 bill being no exception.



# America's Farm Bill 2008

baseline farm sustainability and then transition to CSP for a more intensive whole-farm stewardship model. These changes signal not only an increased commitment to conservation but also a shift from emphasizing land set-aside programs such as CRP (which commanded 90 percent of conservation funding prior to 2002) to one of incorporating incentives for conservation into active farms.

The 2008 farm bill also increased funding for beginning and socially disadvantaged farmers and ranchers, rural entrepreneurs, fruit and vegetable crop producers, cooperative conservation projects, and sustainable and organic agriculture research. These provisions succeeded because of diverse coalitions with new strategies for conservation goals, alongside congressional and public support for environmental initiatives. Although policymakers did not pass sweeping commodity reforms as suggested in early debates, they did open the door for future commodity reform, with pilot programs that allow “planting flexibility” or the ability to plant fruits and vegetables on commodity crop land; a revenue-based farmer support net; and the possibility of capping certain government payments to higher-income farms. These programs have the potential to stimulate active discussions on substantive areas of com-

modity reform and integrated conservation in the future.

## ***Not in the 2008 Farm Bill: Missed Opportunities for Conservation***

The 2008 farm bill debate saw “green payments” proposed in conjunction with a push towards reform of commodity crop subsidies, but various dynamics ultimately worked against such payments. Green payments would have rewarded farmers for protecting soil, water, and biodiversity rather than producing commodity crops along with separate conservation incentives.

A key push against green payments emerged as rising gas prices, political instability, and fossil fuel depletion encouraged farmers to grow more corn to support the expansion of ethanol and other biofuel production. With more corn devoted to ethanol, prices rose on the threat of limited supply. High crop prices automatically reduced spending on commodity subsidies, in turn reducing pressure to reform these subsidies. Thus, the situation in 2008 shifted from a climate favorable to integrated subsidy reform and green payments to one more focused on standard commodity policy with energy and biofuels

## Gains and Misses for Conservation and Rural Development in the 2008 Farm Bill

Gains	Misses
Conservation Funding	Commodity reform
Working lands conservation programs	Green payments
Cellulosic ethanol provisions	Corn ethanol sustainability
Rural Development, beginning farmer, and specialty crop provisions	

additions. With reduced pressure to reform subsidies and increasing interest in biofuels capturing public attention, green payment plans did not become part of the 2008 farm bill. Similarly, the new focus on corn-based biofuels represented a challenge for environmentally and socially sustainable agriculture, acting almost as an “anti-green” payment: U.S. corn acreage increased almost 20% between 2006 and 2007, reducing crop diversity and sustainability, and increasing fertilizer and pesticide use to replenish nutrients and stave off crop loss.<sup>1</sup> Although corn acreage declined somewhat in 2008, corn nevertheless promises to remain a larger part of crop rotations in the near future, in part due to the demand for and policy incentives underwriting corn-based ethanol. Even though biofuels production provides important environmental and social benefits over petroleum-based gasoline, especially if encouraged by new cellulosic incentives, its negative (corn-based) impacts currently include high-energy use, water consumption, and an extension of monoculture cropping and associated pollution.

### Conservation & Rural Development for 2012

The 2008 farm bill is set to expire in 2012, and Congress will once again have the opportunity to reformulate the bill. Farm bill debate cycles will begin in earnest in 2010 and indications are that commodity reform could once again become a topic for debate, although for different reasons this next time around.

In early 2009, President Obama declared his intention to reduce direct payments to agribusiness and expressed interest in replacing direct payments with green payments. Traditional farm and commodity groups quickly opposed this shift. Nevertheless, these statements signal the possibility that these ideas might be on the agenda when the 2012 farm bill discussions are begun in Congress.

As the 2012 farm bill debate approaches, policy-makers and stakeholders will be urged to consider the larger shape of U.S. agricultural policy, including ways to streamline and resolve some of the farm bill’s historical contradictions. Following are several possible avenues for more fully integrating conservation into agricultural production (see Sustainable Agriculture Coalition 2008 for additional ideas):

- **Continue pursuing green payments.** One of the merits of gradually replacing commodity subsidies with green payments is its potential to streamline the farm bill. By paying farmers for environmental efforts on working lands rather than larger commodity crops, a green payment-based policy could sidestep the tension between paying for crop production and paying for land set-asides, in turn increasing farm sustainability.
- **Maintain conservation set-asides** such as CRP alongside working lands conservation to protect marginal lands and limit crop overproduction.
- **Cap payments for farm subsidies.** Currently, the top 10 percent of farms collect two-thirds of federal

farm subsidies, with the top 15,000 collecting an estimated \$44,000 per year in direct payments.<sup>ii</sup> Payment caps would encourage more equal access to government support for small and large farms and allow for greater diversity of farm size and type.

- **Continue to develop cellulosic ethanol technology** and other “second generation” biofuels and renewable energy sources as an improvement to corn-based ethanol.
- **Increase the focus on cooperative conservation projects**, such as the new Cooperative Conservation Partnership Initiative, where farmers and agencies collaborate to alter conservation practices on larger contiguous areas of land, thus multiplying conservation impacts beyond individual producers.
- **Provide more support for beginning and socially disadvantaged farmers.** With the majority of farmers approaching retirement, and many new farmers interested in smaller-scale sustainable operations, policies that help new farmers with start-up costs and barriers could improve agricultural sustainability.

Policy changes are rarely sweeping. Incrementalism rules the day. Thus, advocates and others should develop both broad goals for reorganizing farm policy and smaller practical changes that can together promote agricultural conservation and sustainability.

## Further Reading

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## About the Author

Nadine Lehrer is a post-doctoral research associate at Washington State University. Based at the Tree Fruit Research and Extension Center in Wenatchee, Washington, her current focus is on evaluation and extension of sustainable pest management in orchard systems. Nadine completed her PhD in Natural Resources Science and Management at the University of Minnesota, researching political and social drivers of the 2008 farm bill conservation, commodity, and energy policies. Her interests include agricultural and natural resources policy, transitions to sustainable agriculture, environmental conservation, and agricultural labor issues.

## Notes

- i. S. D. Donner and C. J. Kucharik, "Corn Based Ethanol Production Compromises Goal of Reducing Nitrogen Export by the Mississippi River." *Proceedings of the National Academy of Sciences* 105(11) (2008): 4513-4518.
- ii. Environmental Working Group, "Subsidies On Autopilot. EWG Direct Payment Analysis: Projected Payments 2008-2012. (Washington, DC: EWG, November 2007), available at: <http://farm.ewg.org/sites/farmbill2007/autopilot.php>.



## Greetings from the New Co-Editors!

We (Deborah Tootle and Mark Brennan) are the new co-editors of *Rural Realities*. We began our new term this past fall and were fortunate to have the opportunity to work with Bo Beaulieu as he brought some closure to his editorship. Over the years, we have learned to work with rural stakeholders and policy makers. We maintain a strong belief that almost all of the research we conduct as rural sociologists is policy relevant. However, we also believe that packaging our research findings appropriately is critical to how our work is perceived and used by rural stakeholders. Our vision for *Rural Realities* is embedded within a deep seated belief in building visibility and demand for public sociology and policy relevant publications.

It involves three major steps. First, we would like to continue growing the *Rural Realities* audience. Second, we would like to attract writers from other social science-based organizations (be they academic or non-academic) that are dedicated to rural development outreach and policy to contribute to *Rural Realities*. Expanding and strengthening these relationships would have the added benefit of increasing the visibility of RSS among key rural development organizations and stakeholders. Third, we would like to work more closely with the Rural Sociological Society's Professional Communications

Committee to implement more effective mechanisms for not only monitoring the impact of *Rural Realities* on our target audiences, but also ensuring that this product is aligned with the needs of these audiences.

*Rural Realities* is innovative and reflects a commitment by the RSS to inform policy and contribute to public rural sociology. It is intended to help rural sociologists (and our other social sciences colleagues) find an avenue to highlight their research and outreach efforts in a manner that proves meaningful and relevant to our rural stakeholders. The hope is that *Rural Realities* can help strengthen the ties between social scientists and those on the frontlines and those in policy circles who are constantly working to improve the well-being of rural people, organizations and communities.

We are looking forward to working with you all.

Thanks!

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- Mark Brennan, Penn State University
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## About *Rural Realities*

*Rural Realities* is a quarterly publication of the **Rural Sociological Society (RSS)**. Its purpose is to: (1) Provide valuable insights on the current and emerging issues impacting people and places in rural America and beyond; and (2) Offer policy and program options that might prove effective in addressing important rural challenges and opportunities. Articles showcased in the series draw upon high quality social sciences-based studies conducted by researchers and practitioners located within universities/colleges, government, philanthropic, and nonprofit organizations.

The **Rural Sociological Society** is a professional social science association that promotes the generation, application and dissemination of sociological knowledge. The Society seeks to enhance the quality of rural life, communities and the environment through research, teaching, and outreach/extension education.