

Sustainable Agriculture

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Farm Programs Need Major Changes

Many people think U.S. farm programs need a major overhaul. Highlighting this issue are comments from three applied economists at the University of Minnesota. Do you agree? Disagree? Let us know and we'll publish your ideas.

A Limited Land Payment Would Help The Environment, Rural Areas

A new "Limited Land Payment" (LLP) to replace existing farm programs would help preserve the environment, family farms and rural communities, says a University of Minnesota professor.

Willis Peterson of the university's Department of Applied Economics says existing price support and cropland diversion programs have been detrimental to the environment. His proposal would base payments on land rather than specific crops. Payments would not depend on the quality of the land, its agricultural or forestry use, or how much each acre produced. "As a result, there would be no incentive to produce specific crops or to apply more fertilizer or chemicals in order to increase one's payment," he says.

"Farm programs have contributed to less diversification between field crops and small grains and hay, as well as to heavier applications of fertilizer and chemicals," Peterson says. Existing farm programs have increased corn and soybean acreage in the Corn Belt by about 12 percent, and increased fertilizer and chemical use per acre by about 18 percent, according to his study.

"Granted, farmers have become more conscious of the environment, adopting minimum tillage techniques and exercising greater care in applying fertilizer and chemicals. Chemical manufacturers also have developed new, more environmentally benign products. But further gains could be made by adopting a farm program that was at least environmentally neutral," Peterson says.

Under his proposed land payment program, small, low-income farms would benefit more from a larger payment per acre, with payments limited to fewer acres per farm. For example, a \$100 per acre payment on 40 acres would be \$4,000 per farm. There were slightly over two million farms in the country, according to 1987 census data, and a \$4,000 payment per farm would have cost \$8.351 billion. Actual farm payments in 1987 were \$9,646 billion.

Peterson says \$4,000 wouldn't make much difference to the largest farmers, but could more than double the net incomes of small farmers on low quality land or those who suffered a crop failure.

Peterson says a program of this kind would be largely neutral in its effect on production, land use and commodity prices. There would be no special incentive to produce specific crops or products or to apply heavier doses of chemicals or fertilizer.

"Rural communities would benefit because more families would receive payments than with past programs--about three times the number. And, there's evidence that small livestock farmers spend their money closer to home than large feedlot operators. With this program, about 50 percent of the total payment would go to small farms with less than \$10,000 in annual sales."

Costs of administering the program should be less than now because of its simplicity, Peterson says. His article, *Farm Programs and the Environment: The Case for a Limited Land Payment*, is available from the Waite Library, Department of Applied Economics, University of Minnesota, St. Paul, MN 55108, (612) 625-1705.

Farm Policy Needs Major Reform, Article Says

Crop subsidies should be discarded, most production controls cut and foreign trade expanded to overhaul farm policy, says an article published by the Progressive Foundation.

The publication, *Ending Agricultural Entitlements--How to Fix Farm Policy*, was written by C. Ford Runge, University of Minnesota professor; John A. Schnittker, head of an economic research and policy group; and Timothy J. Penny, representative in Minnesota's First Congressional District from 1982-94. Penny now works with Runge in the University of Minnesota's Humphrey Institute and Center for International Food and Agricultural Policy as a senior policy fellow.

Present farm subsidies of \$10 billion a year are "out of control and go mainly to farmers with an average net worth of \$300,000 or more and incomes above the national average," their article says.

"Reform should be led by both political parties because it is attuned not only to new budget and economic realities, but also to Democratic and Republican plans for smaller government."

Their study proposes three key reforms of current policy:

- Scrap crop-by-crop price and income supports in favor of a single farm income safety net, which slashes budget obligations and removes these programs from the entitlement category altogether. Money saved by cutting crop subsidies could be offered as credits to help rural communities invest in critically needed infrastructure, such as schools, roads, communications, water treatment and health facilities. Such measures would help rural areas maintain a critical mass of population.
- Eliminate all production controls except those specifically targeted to environmentally fragile lands, enhancing the productivity of America's heartland and helping revitalize rural areas.
- Accelerate the elimination of export subsidies and import restrictions, which NAFTA and GATT have already cut.

If their "progressive agenda" is carried out, the authors say we'll have "a country in which commercial agriculture, including many large efficient producers, continues to prosper and compete effectively in an increasingly global marketplace.

"The cuts we have proposed are not designed to harm U.S. agriculture or single it out for criticism in a government rife with examples of unnecessary and costly expenditures devoted to special interests. Yet the unfairness and inefficiency of current agricultural policies calls out for reform. A growing consensus believes agricultural policy is broken.

"Opposition to these changes will come in the name of the small family farmer but will be designed to preserve a grant welfare system for mostly large and well-to-do farmers and landowners. Farm policy has few benefits for small farmers today."

The 34-page publication is available for \$5 from the Progressive Foundation, 518 C Street, N.E., Washington, D. C. 20002. Tel. (202) 546-4482.

Cuts in Farm Subsidies Won't Devastate Minnesota Economy

While cuts in farm subsidies could be painful for individual recipients, the Minnesota economy won't notice the loss, says University of Minnesota agricultural economist Steve Taff.

"The numbers paint a clear picture," Taff says. "A reduction in federal agricultural subsidy programs will have very little impact in Minnesota because only about half of our farmers get subsidies. And, only a small percentage of those who do get a subsidy receive more than \$5,000."

Minnesota residents receive approximately \$1.5 billion each year in federal agricultural subsidies. About 20 percent of this total goes to food stamp recipients, while approximately 50 percent is received by farmers. If, for example, these subsidy programs are reduced by 20 percent, Minnesotans would lose approximately \$300 million.

"A \$300 million loss in a \$150 billion state economy is only a 0.2 percent loss," Taff points out.

If farmers shoulder half of this \$300 million loss, the total Minnesota agricultural economy of approximately \$25 billion would lose only \$150 million—a 0.6 percent loss.

"We should be concerned about the individual farmers and food stamp recipients who will suffer this loss," Taff says. "But claims that reductions in federal agricultural aid will harm Minnesota's economy are not supported by the facts." Contact Taff at Applied Economics, University of Minnesota, St. Paul, MN 55108, (612) 625-3103.

Conservation Reserve Program Merits Renewal With Modifications

Congress is considering continuation of the Conservation Reserve Program (CRP) in the 1995 Farm Bill. The Council for Agricultural Science and Technology (CAST) has released a background document, *The Conservation Reserve: A Survey of Research and Interest Groups* for the debate.

The publication provides a summary of research literature on the CRP, a program to retire highly erodible cropland, and a detailed survey of 18 interest groups in agriculture, agribusiness, conservation, and the environment. It outlines three options for the program: renewal, termination, or modification.

"Bringing together materials from over 400 studies and the positions of those surveyed will provide policymakers with information relevant to making decisions on the future of the CRP," said Jennie Hughes, a researcher at Colorado State University and coauthor of the report.

Participants in the CRP are pleased with the program because it provides income stability, decreases the need for credit and in some instances allows farmers to retire early.

Positions of 16 of the groups surveyed are as follows:

- All support a CRP renewal.
- Groups recommend very different levels of acreage enrollment.
- All favor multiple targeting.
- All favor use of contracts while some support a mixture of short and long-term land retirement options.
- A majority favors economic land use options, of which haying and grazing is the most controversial.
- All support more localized control of the program.

The groups surveyed were the American Farm Bureau Federation, American Farmland Trust, American Soybean Association, Ducks Unlimited, The Fertilizer Institute, National Association of Conservation Districts, National Association of Wheat Growers, National Audubon Society, National Cattlemen's Association, National Cotton Council, National Corn Growers Association, National Farmers Union, National Grain and Feed Association, National Grain Sorghum Producers, National Pork Producers Council, The Nature Conservancy, Soil and Water Conservation Society, and the Wildlife Management Institute.

For information contact authors Dana L. Hoag (970) 491-2067, Jennie S. Hughes (970) 491-6872, Terry E. Nipp, (202) 675-4511, or CAST executive vice president Richard E. Stuckey, (515) 292-2125. ASCII text of an interpretive summary is available. To receive a copy by electronic mail, send a request to: cast@netins.net.

We can use your story ideas

Keep the story ideas coming. Send them to the editor: Jack Sperbeck, 405 Coffey Hall, University of Minnesota, St. Paul, MN 55108, Tel. (612) 625-1794. E-mail: jsperbeck@extension.umn.edu. Other editorial board members are Phil Larsen (612) 624-7451, Don Olson (612) 625-9292 and Helene Murray (612) 625-0220.

Our mission statement: To help bring people together to influence the future of agriculture and rural communities to achieve socially, environmentally and economically sustainable farms and communities.

Calendar of Events—Sustainable Agriculture Field Days and Tours

July 31, 1 p.m. Alternative Agriculture for Future Markets, Brett Pearson, Cottage Grove, (612) 458-9760.

Aug. 3, 9:30 a.m. Bus Tour for Ag. Professionals, DeEtta Bilek, Aldrich, (218) 445-5475.

Aug. 9, 10 a.m. Farming Practices for Improving Soil Quality, Brian & Carol Schultz, Wells, (507) 553-3931.

Aug. 12, 1 p.m. Beginning Beef, Tom Coffield and Pat Schiltgen, Webster, (507) 744-2146.

Aug. 12, 2 p.m. Graziers Circle: Cow/Calf Grazing, Marshall and Bev Herfindahl, Boyd, (612) 955-2542.

Aug. 12, 3 p.m. Weed Control & Fertility Benefits/Mulches and Winter Rye Cover Crop, Gary & Maureen Vosejka, Dundas, (507) 645-4182.

Aug. 19, 10:30 a.m. No-till Barley & Peas/Developing Pasture on Bare Acres, Jerry & Kim Wiebusch, Lake City, (507) 753-2754.

Aug. 19, 9:30 a.m. Living Mulch/Organic Mulch/Bare Ground Comparison, Dan & Gilda Gieske, Sauk Centre, (612) 352-6255

Aug. 19, 2 p.m. Outdoor Hog Production, Jim and LeeAnn VanDerPol, Clara City, (612) 847-3432.

Aug. 20, 2 p.m. Community Shared Agriculture/Season Extension in NE Minn., John & Jane Fisher-Merritt, Wrenshall, (218) 384-3356.

Aug. 23, 9:30 a.m. Rotational Grazing Improves Pastures, Dave Minar & MISA Biomonitoring Team, New Prague, (612) 758-3540.

Aug. 24, 9:30 a.m. On-Farm Forest Utilization/Processing Demonstrations, Hiawatha Valley RC & D, Caledonia, (507) 281-1959 or (507) 724-5261.

Aug. 26, 1 p.m. Produce/Soil Building Tour at the Gerry and Ana Wass "Field Song Foods" north of Little Falls, (612) 745-2593.

Sept. 6, 1 p.m. Establishing Trees in Pasture Paddocks, Dave & Diane Serfling, Preston, (507) 765-2797.

Sept. 6, 1 p.m. Seasonal Dairying/Value Added Enterprises in SW Minn., Robert & Sherril Van Maasdam, Westbrook, (507) 274-5149.

Sept. 8, 12 p.m. Pasture walk at the David and Rochelle Cook farm near Clarissa, (218) 756-2692.

Sept. 9, 2 p.m. Graziers Circle: Pasture Planning, Craig Murphy, Morris, (612) 392-5176.

Sept. 9, 11 a.m. Buffalo—Animal From the Past, Key to the Future, Richard Brobjorg, Pipestone, (507) 825-5049.

Sept. 12, 10:30 a.m. Low-Input Pasture Establishment, Ralph Lentz, Lake City, (612) 345-2557, followed at 1 p.m. by a Base Saturation of Calcium demonstration at the Randy Meyer farm, Lake City, (612) 345-4925.

Sept. 13, a.m. Legumes as a Protein Supplement in Fall-Grazed Corn Stalks, Grant Herfindahl, Benson, (612) 843-2523.

Sept. 13, 8:30 a.m. Corn & Soybean Field Day, U of M Southwest Experiment Station, Lamberton, (507) 752-7372.

Sept. 14 Corn & Soybean Day, U of M Southern Experiment Station, Waseca, (507) 835-3620.

Sept. 15, 9:30 a.m. Grazing Techniques in SW Minn., Dennis Schentzel, SW Tech College, Canby, (507) 223-7252.

Sept. 15 Grazing Stockers, Joe Rolling, Arco, (507) 487-5742.

Sept. 16 Rotational Grazing Sows and Gilts, Byron Bartz, Barrett, (612) 528-2301.

Sept. 22, 1 p.m. Marcia Rapatz and Greg Nolan farm near Browerville, (612) 594-6317

Oct. 13, 12:15 p.m. Sustainable Agriculture in the Schools, Jim Postance/Toivila-Meadowlands, (218) 427-2564. Community meeting at 7:30 p.m.