

Conservation programs are not a substitute for commodity programs

The newly signed farm legislation has been touted as the “greenest” farm bill to date authorizing the expenditure of \$17.1 billion over the next ten years for conservation programs. And most certainly it is, with the inclusion of several new programs like the Conservation Security Program and the pilot Grasslands Reserve Program. In addition, funding for conservation programs is up 80 percent over the projected baseline expenditures for previously authorized programs.

This is good. Agriculture is facing real challenges as it struggles to respond to ever-advancing air, water and soil environmental standards. Both farmers and society-at-large have a stake in supporting ecologically-sound farm management practices. But the market often fails to provide individual farmers with the profit incentive to adopt the full set of environmental practices that are deemed to be in the best interest of society-at-large. With conservation programs such as those included in the new legislation, society can further encourage environmentally-related investments and more ecologically-sensitive farm practices. Only those against motherhood and apple pie would probably disagree with the objectives of increased conservation and environmental integrity.

Since the new legislation provides a number of new funding opportunities, I highly encourage you to talk with your local FSA office to see if any of the programs could be especially beneficial to your particular operation. You will need to be patient, however, since it will take some time before all the rules and regs reach your county office. As additional information surfaces, we will try to pass along some of the more interesting specifics.

As welcome as all this increased attention to conservation is, I do have one nagging feeling. Lest you think I am against motherhood and apple pie, be sure to notice that what follows contains not a disparaging word about conservation, per se.

I think I have this uneasy feeling because of what I have observed over the last couple of years among the most ardent supporters of conservation programs. Although seldom specifically said, I get the feeling that their secondary objective is to cause a switch in direct payment support from traditional commodity programs to a general transfer of money to agriculture tied however

tightly or tangentially to conservation. If that is true, it suggests a complete lack of understanding of commodity programs. To me such an objective would imply that the purpose of commodity programs is to annually send billions of dollars to farmers, just because they are farmers. Thus, by extension I wonder if the most ardent conservation supporters think of farmers as being on the public dole and should at least be required to do “more” conservation in return for all that money they receive from traditional commodity programs.

Commodity programs were not designed to solve rural poverty or support picturesque farm-viewing opportunities for city folks. They were not designed to allow all who want to farm the opportunity to farm. They exist for the same basic reason that society has agreed to share in the funding of conservation and environmental programs: market failure. There is a different reason for the market failure in the crop sector than for conservation practices, but it is a market failure just the same.

As we well know, markets correct by responding to prices—that is the magic of Adam Smith’s invisible hand. There is no other way (than price responsiveness) for the market using the perfectly competitive model to cause correction to the you-name-it disruption to crop agriculture supply or demand. The problem is: we know in spades that both total crop supplied and total crop demanded change very little in response to price changes, especially price declines.

While we have chosen a farm policy that tends to ignore this chronic lack of market self-correction in favor of continuously paying for the damage done, re-labeling the mammoth commodity-program payments as conservation payments only moves us further away from acknowledging and addressing the market characteristics of total crop agriculture. Both crop programs and conservation programs should stand on their own merit and ought to be designed to meet real needs.

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