

Benefits to the public of funding agriculture-related conservation

In last week's column (<https://tinyurl.com/2pvkvmn8>) we discussed the two "Build Back Better" infrastructure bills currently before Congress: the \$1.0 trillion bipartisan bill that has the support of at least 10 Republicans and the Democrat-only \$3.5 trillion infrastructure bill.

We pointed out that farmers and rural communities would benefit from the \$110 billion in the bipartisan bill designated for road and bridge improvements, \$65 billion in broadband investment, \$55 billion for water and sewer systems, and \$83 billion for freight rail and port improvements.

We also talked about the \$3.5 trillion plan of the Democrats and general ways in which this level of investment would have a positive impact on rural America.

In this column we want to drill down and look more closely at the roughly \$135 billion set aside to address various conservation issues including climate change, the effects of which are being felt by farmers in many regions of the country.

To focus our thoughts this week, we will look at an August 4, 2021 letter sent to Chuck Schumer, Majority Leader in the Senate and Nancy Pelosi, speaker of the House in the House of Representatives (<https://tinyurl.com/txsjkhj>) sent by a broad coalition of 218 agriculture, sportsmen, conservation, and wildlife groups.

In that letter they called for increased support for conservation-type programs that are currently underfunded by the Farm Bill. Historically, there have been many more farmers interested in participating in these conservation, climate-mitigating programs than there is money available.

The letter asserts that "Increasing baseline funding for the Farm Bill conservation programs and ramping up conservation technical assistance on the ground will enable landowners to mitigate the impacts of drought and flood, improve habitat, improve soil health and long-term food security, create new job opportunities for rural economies, and galvanize the agriculture sector to lead the charge in our fight against climate change."

Rather than looking at the environmental benefits of an increase in baseline funding for Farm bill conservation programs, we want to look at the economic implications of such a program.

In this column we have talked about positive and negative externalities of economic activities. In the Dirty Thirties, a negative externality of farmers' practice of clear plowing the land to prepare the field for next year's crop was the massive dust cloud that sent farmers indoors and forced small town and urban residents to close their windows. Farmers benefited by preparing their fields for the new crop while everyone else paid the price of dirty air and a layer of dust on almost everything they had.

Net negative emissions of carbon dioxide equivalent gases (CO₂E) from farming operations contribute toward global warming. On the other hand, if farmers engage in activities that contribute to the net reduction of CO₂E gasses (mostly CO₂ and methane) we have a positive externality.

Given the economics of farming it is often very difficult for farmers to bear the costs of eliminating the externalities created by their economic activities. Farmers generally experience long periods of time when the prices they receive for their crops and animals are well below the

full cost of production. Profitability would often be negative if it weren't for government farm program payments.

As a society we depend upon the production of the land to feed our nation and provide a positive export balance—in terms of value, we export more food than we import. This provides a positive boost to the whole economy.

Without government programs, any on-farm conservation activities are paid for by farmers while most of the benefits are felt by a wider group of people in terms of cleaner air, carbon sequestration, water retention in the soil (reduce runoff and flooding). One way to balance out the farmer's cost to provide the positive externality is for the public, through the USDA's conservation programs, to cover the additional costs of conservation activities

The benefits to the public of funding agriculture-related conservation include:

- Cleaner air,
- Carbon sequestration – making a positive contribution to the impact of global warming by reducing the amount of CO₂E in the air,
- Reducing methane releases which are an inevitable part of animal raising,
- Cleaner surface and sub-soil water, and
- Increased water retention in farm soils and reduced flooding.

To engage in conservation activities that result in positive externalities farmers need technical assistance to design and manage these activities. Farmers are not necessarily well versed in the details of climate change and global warming or the technical aspects of how to mitigate the impact of their day-to-day activities and practices, thus the need for technical assistance from the USDA.

The increase in the number of people providing technical assistance to farmers who want to adopt carbon mitigating or carbon-negative practices also provides rural areas with a core of higher paying jobs, reducing the population outflow from rural areas.

Farmers have a lot at stake in the debate over the \$3.5 trillion Democrat-only infrastructure bill and the \$1.0 trillion bi-partisan infrastructure bill. Both have provisions that will significantly improve their situation and reduce their risk from global warming. At the same time there are undoubtedly items in these bills that others like and to which they object.

From our perspective now is the time to compromise—not by each side giving up something, but by each side recognizing the needs of the “other.” It is time to pass both infrastructure bills so that people in the US and around the world reap the benefits.

From an economic perspective, the long-term benefits to the economy of passing both bills significantly outweigh the 10-year price tag.

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