Greening the Farm Bill: how the budget deficit and the health crisis can support green policy

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A CHANCE FOR REFORM
The Farm Bill, the single piece of legislation governing farm policy, agricultural conservation, and nutrition aid in the U.S. is due for renegotiation in 2012. For the first time, the future of direct subsidy payments to commodity producers is being challenged.

NEW CRIZES: THE BUDGET AND HEALTH
Potential reform of the Farm Bill is due in part to the budget crisis and the bipartisan push to reduce the deficit. It is also a function of health concerns and obesity crisis.

CUTS ACROSS THE BOARD?
While changes to the Farm Bill could reduce the economic, social, and environmental inefficiencies of the bill, it is possible that inefficient subsidies to commodity producers could continue under programs of a different name. In addition, conservation programs may be at risk if not properly constructed and integrated within the bill.

UNCERTAIN FUTURE
Passage of the Farm Bill is highly uncertain this year due to immanent political constraints regarding the budget and the fiscal deficit. This could result in a one-year extension of the current bill. Whenever the Farm Bill does pass, it is likely to significantly differ from its previous form.
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INTRODUCTION

The Farm Bill is the most significant policy directing agricultural practices in the United States. Typically, it is debated and passed every five years. The current Farm Bill, formally named the Food, Conservation and Energy Act of 2008, is due for renegotiation in 2012. In spite of the vested interests of big players in the sector to maintain the status quo, from which they benefit, the upcoming revision of the Farm Bill provides a unique opportunity for positive change towards sustainable agricultural practices. The importance of balancing the fiscal budget has created an accommodating atmosphere for policy change away from agricultural subsidies that some groups (environmentalists, but also health specialists and critics of the federal budget) consider inefficient. In addition to budgetary matters, certain public health issues have become increasingly important on the agricultural front. In particular, as the obesity epidemic has spun out of control, concern has been growing about government support of large commodities and the food industry. The first section of this essay provides a brief overview of the key sections of the Farm Bill, the important actors involved in the policy making process, and the environmental, public health, and global impacts of the Farm Bill. The second section addresses the two new issues gaining increasing relevance in the agricultural debate - the budget and health. The third section discusses how environmentalists can achieve a greener Farm Bill by placing environmental objectives in other policy arenas. While agribusiness retains a strong hold on agricultural policy, a coalition of public health and environmental advocates has considerable strength in a political environment that is highly sensitive to budgetary concerns.

1. THE 2008 FARM BILL: OVERVIEW, ACTORS, AND IMPACT

1.1. Overview

The 2008 bill is a 1,770-page maze that includes four primary sections: nutrition assistance, conservation, commodity support, and crop insurance subsidies. Out of a total of 15 titles of the Farm Bill, these four titles receive over 97% of the total budget of the bill (see Figure 1). While it may seem odd to include such overarching policy as crop insurance, environmental regulation, and nutrition assistance to low-income families in one bill, adding nutrition and conservation was a way for rural-state members of the Congress to gain support from urban-state members to pass the legislation. Urban members were able to satisfy their constituencies with food stamps and environmentally-minded policy while rural members appeased large commodity industries with subsidies. There is little integration between the four policy areas. The melding of seemingly distinct policy areas into one piece of legislation is the result of the structures and complications of American political process, and it relies on both rural and urban interests in passing legislation.

Nutrition assistance

Nutrition assistance is by far the largest part of the Farm Bill and in 2011 costs approximately $78 billion. This amounts to about two-thirds of the total spending of the 2008 Farm Bill from 2008 to 2011. The largest program in nutrition assistance

1. Monke and Johnson, 2011.
3. Congressional Budget Office (CBO).
is the Supplemental Nutrition Assistance Program, or SNAP. It is the main policy tool used to reduce or prevent hunger in the United States. This program allocates food stamps to qualifying individuals and families, providing a safety net for low-income households. The first food stamp program in the US was initiated in the late 1930s and has dramatically expanded since. The number of people participating in SNAP has grown from 26 million in 2007 to 44 million in 2011. During an average month in 2011, about one in seven US residents received SNAP benefits. The increasingly high participation rates and high costs of the program are partially due to the depressed economy, which has increased reliance on public aid in meeting basic nutritional needs (see Figure 2).

Since 2004 the program has been administered through the use of debit cards instead of paper-denominated coupons for all benefits. It is entirely supported by federal funding. Food stamps are used like cash to buy eligible items (food or plants to grow food or eat) at any store, supermarket, farmers market, or co-op approved by the USDA. There is no restriction on the type of food purchased, although SNAP cannot be used to buy alcoholic beverages, tobacco products, hot food to be consumed on site, or nonfood items such as vitamins or pet food.

### Conservation

The second main component of the Farm Bill is conservation policy. While conservation has traditionally represented a minimal part of the Farm Bill, the number of programs and the amount of money specified for mandatory conservation programs were significantly increased in the 2008 legislation. In 2011 these programs cost approximately $4.6 billion.

In the US conservation initiatives began in the late 1960s, however they did not become a part of agricultural policy until the Farm Bill of 1985. In the 1960s, conservation policy in agriculture was motivated by a need to address the commodity surplus rather than address environmental issues. Such policies provided an initiative for farmers to change production acreage into conservation land in an attempt to decrease supply. These policies were also a way for politicians to insert money into poor rural communities. In the 1970s the gains these policies achieved were thwarted as farmers were encouraged to produce as much as possible in order to take advantage of the high global food prices and demand for commodities. Increased public awareness about the environmental effects of agriculture produced a significant change in conservation policy in the 1980s. In the 1985 Farm Bill, conservation programs began to focus on conservation for the sake of conservation, rather than for supply control or rural development. These initiatives concentrated on conservation of highly erosive lands and biologically sensitive areas. Advancements in conservation policy continued in the 1990s, and new programs regarding wildlife protection, agricultural production operations, land management, and water quality were initiated. There was also a change towards targeting specific agricultural practices and location rather than generalized countrywide policy.

Before 1985 there were only two significant conservation programs of the Farm Bill. The current bill includes over twenty distinct programs that can be broadly categorized into four groups: i) working lands, ii) land retirement and easements, iii) conservation compliance, and iv) other programs and overarching provisions.

### Figure 1. Percent share of the main sections of the Farm Bill, 2011

<table>
<thead>
<tr>
<th>Section</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food stamps/STAMP</td>
<td>5%</td>
</tr>
<tr>
<td>Direct payments</td>
<td>5%</td>
</tr>
<tr>
<td>Crop insurance</td>
<td>5%</td>
</tr>
<tr>
<td>Other titles</td>
<td>2%</td>
</tr>
<tr>
<td>Nutrition</td>
<td>83%</td>
</tr>
</tbody>
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Source: Congressional Budget Office

7. CBO March 2012 Baseline for Farm Programs.
Working lands programs allow private lands to remain in production while implementing a range of conservation practices to address environmental concerns specific to an area. Land retirement and easements programs consist of payments to landowners for temporary or permanent land-use restrictions. These programs can halt agricultural production, alter production techniques, or prevent farmland from being developed for non-farm purposes in order to achieve environmental benefits.

The third section of conservation programs, conservation compliance, is the only non-voluntary section of the conservation title. Under these programs, producers are required to implement an approved conservation plan or they risk losing eligibility for other farm support programs, namely, direct payments. This is the only section of the conservation title that has a direct link to other titles of the Farm Bill. There are three main programs under conservation compliance: Sodbuster, Swampbuster, and Sodsaver. Sodbuster requires farmers that cultivate highly erodible lands to implement an approved conservation plan in order to receive farm support. Under Swampbuster, producers who convert wetlands into commodity production are ineligible for farm support. With Sodsaver, producers who plant an insurable crop on native sod are ineligible for support for the first five years of planting. Sodsaver, however, is dependent on state governors opting into the program, and to this date, no governors have chosen to participate.

The fourth section of conservation title includes various programs that are either geographically specific, such as the Great Lakes Basin program, or other programs that establish partnerships with non-federal funding agreements.

The majority of these four types of conservation programs were developed during the last decade, as the 2002 and 2008 Farm Bills largely increased funding for conservation programs. The 2008 bill especially saw a significant increase in mandatory funding. In spite of advances to the conservation programs, however, the demand for such aid significantly outweighs the supply. Due to the limited amount allocated to conservation programs, not all farmers who apply for voluntary programs are guaranteed support.

The USDA initiated a project called the Conservation Effects Assessment Project (CEAP). Such assessments are currently being developed for case studies regarding cropland, grazing lands, wetlands, and wildlife. Three reports on watershed cropland have been released. On the whole, these reports find that conservation initiatives have an effect on reducing sediment, nutrients, and pesticides from farm fields. They also find that conservation programs do not adequately address watershed issues in the cases that were studied. The case studies currently under investigation will provide more insight into the effectiveness of conservation programs in the coming years.

**Crop insurance**

After the conservation title, the third main component of the Farm Bill is crop insurance. Crop insurance subsidies cost the government about $4.7 billion in 2011. Federal crop insurance initiatives began as an experimental program in the 1930’s and became a chief element of agricultural policy in the 1980’s when it shifted to the private sector. Proponents of crop insurance argue that this form of support is vital to maintain a robust agricultural system and food security for the United States, while critics point to the fact that crop insurance guarantees farmers unjustly high income levels relative to the typical American household.

There are two forms of crop insurance: yield-based and revenue-based. According to Bruce Babcock, an agricultural economist at Iowa State University, farmers would only buy yield-based, not revenue-based insurance, if they did not receive subsidies. Producers buy the more expensive revenue-based insurance because it is almost completely covered by subsidies and they receive more money this way. For example, if prices are high when they buy the insurance but low when they harvest, farmers profit more than they would under yield insurance policies. While many critics point to the excessive profit farmers and crop insurance companies receive from insurance subsidies, others, such as Mike Torrey, executive vice president of the Crop Insurance and Reinsurance Bureau, counter that people have forgotten the importance of crop insurance because the United States has not experienced food shortages in recent memory. According to this view, crop insurance is vital not only to

10. Ibid.
12. CBO March 2012 Baseline for Farm Programs.
15. Ibid.
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Direct payments

While crop insurance remains a highly debated issue, the most oft cited and controversial element of the Farm Bill is direct payments to commodity producers. Direct payments go to five principal commodities: corn, rice, wheat, soybeans, and cotton, and cost $4.7 billion in 2011.17 “Specialty crops”, or fruits and vegetables, are not entitled to these benefits. Large producers and their advocates claim that direct payments and subsidized crop insurance provide a vital safety net that commodity farmers need in order to mitigate the risks of weather and price volatility. These safety nets allow farmers to invest in sound practices and maintain food security for the country and the “global community.” The assumption behind this argument is that global food security is in part dependent on US agriculture exports. Critics, however, argue that an unjustifiable amount of money is transferred to a select group of large farms that are not in need of government support.

A closer look at the implications and results of the Farm Bill reveal that while commodities may have once depended on extra public support in order to provide enough food for the growing urban population, the continuation of subsidies has allowed commodity producers to gain the political momentum needed to continue this unnecessary practice. As will be explored in further detail in sections 1.2 and 1.3, these inefficient policies are maintained by specific interests groups and negatively impact the environment, health, and global food security.

1.2. Primary actors

The most influential actors influencing farm legislation are the powerful interest groups in agribusiness, including commodity farmers, crop insurance companies, and the food industry. Environmentalists and health advocates have played a smaller yet not insignificant role in shaping policy framework. Over the course of the twentieth century agricultural policy in the United States embedded the interests of large farming businesses

17. CBO March 2012 Baseline for Farm Programs.
in several steps. First, in the 1950’s the government actively encouraged large-scale production due to the concern that not enough food was being produced to feed the growing city populations. Small and medium farms declined by over fifty percent as only large farms had access to the capital necessary to achieve economies of scale and implement new technological innovations in production. As previously mentioned, in the 1970s farm policy encouraged even more production and risk-taking in order to profit from the global food shortage and high commodity prices. Large-scale industrial production and commodity producers benefited from increased access to riskier capital and were encouraged by the department of agriculture to “get big or get out.” Commodity producers expanded their operations and gained more control of the market, while small farms continued to go out of business. As farms became larger and wealthier, the absolute numbers decreased while the remaining farms continued to acquire political influence.

The political strength of large farms, primarily those involved in commodity production, was initiated by agricultural policy and is maintained by the electoral system in the United States. Due to its financial strength, agribusiness has a hold over key congressional members through campaign support. Between 2001 and 2011 agribusiness donated over $26 million to members of the house and senate agricultural committees. The top contributors were commodities, dairy, and livestock. The continuation of direct payments in 2002 despite previous intentions to wean farms off such support demonstrates the political strength wielded by the commodity industry. The Farm Bill signed by President Clinton in 1996 introduced direct payments to farmers from the federal government that were intended to decrease gradually over a seven-year period until farmers no longer needed direct support. However, in 2002 when these payments were due to expire, the farm lobby managed to significantly influence congressional leaders and direct payments became a key component of the new legislation. Large producers were thus successful in ensuring the continuation of direct payments.

A theoretical model developed by Acemoglu and Robinson (2001) describing how inefficient policies are politically supported is useful when considering the continuation of subsidies in US agricultural policy. The model explains why policies support inefficient redistribution and specifically uses agriculture subsidies in the United States to demonstrate the point. According to the theory, inefficient redistribution (farm subsidies) provides incentives for benefiting individuals to stay with or join a group that receives this type of aid. When political institutions cannot commit to future redistribution policies, because current politicians may not hold office in the future, group size and inefficient redistribution become tools to sustain the power of the group in the future. The size, whether in number or financial strength, increases political power and ensures the group will have enough force over new politicians to continue to benefit from inefficient policy. This model helps explain why the farm lobby has traditionally been quite successful in encouraging these policies; they maintain a sufficient number of large and wealthy actors that cooperate to ensure the continuation of inefficient subsidies.

In the model it is evident that farm subsidies are inefficient for both social and economic reasons. They are socially inefficient because resources are misallocated to allow a group of wealthy farmers to sustain political power, and economically inefficient because they perpetuate market inefficiencies by supporting failing farms. Redistribution in this case is “simply a way to raise farmers incomes,” rather than a mechanism to address social justice or equity, or to correct for market failures.

While the agriculture industry has been able to amass political strength through historic farm policy and the structure of the American political system, environmental advocacy groups have been somewhat less successful in influencing the Farm Bill. The objectives of agribusiness often take precedence over the environment in public discourse and policymaking; “corn contributes so much to the economy that its reign is seldom questioned.” The economic and financial strength of commodities greatly influence agriculture policy, however environmental and conservationist voices have not been extinguished.

As previously mentioned, the inclusion of environmental practices and food stamps was a necessary step to pass the Farm Bill. This reveals that

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20. Ibid.
22. This figure only includes contributions from “agribusiness” as defined by the Center for Responsive Politics; they do not necessarily include contributions from all organizations or their employees within these sectors.
25. Ibid., p.649.
the interests of these actors are not insignificant, although the continued existence of inefficient direct payments exposes the differing degrees of influence between advocacy groups and the farm industry. The political compromise necessary to pass the Farm Bill also underscores how the policy addresses a collection of policy sectors—the environment, nutrition, and agriculture—without true integration of policies between sectors.

The addition of substantial conservation programs in the 2008 Farm Bill further testifies to the fact that environmental and advocacy groups have had increasing influence in farm policy: while they lack the financial strength of large commodity production, social networking and public awareness campaigns increase the environmental support base and influence in congress. This is demonstrated by the addition of substantial conservation programs in the 2008 Farm Bill. This achievement is highlighted by a number of environmental groups such as Environmental Working Group (EWC) and the National Sustainable Agriculture Coalition (NSAC), however these groups criticize the actual implementation of such projects, declaring them often underfunded and unfulfilled. They also point to the fact that, although the mandatory spending was significantly increased for the conservation title in 2008, actual funding for conservation programs was in reality capped or reduced every year between 2008 and 2012 through annual appropriations acts (see Figure 3).  

1.3. Critical evaluations of the impact of the Farm Bill

In spite of the conservation additions to the 2008 Farm Bill, many academics and conservationists argue that the bill is simply not designed to promote sustainability in agriculture, and in fact uphold harmful practices that lead to further deterioration of the environment. Although one of the three main sections of the Farm Bill is devoted to conservation, the bill in fact “has little to do with serious efforts to protect conservation of natural resources, supporting rural communities or promoting sustainable farming practices.”

On of the main arguments regarding the negative environmental impact of the Farm Bill is that, by supporting commodity agriculture through direct subsidies and crop insurance, the bill neglects to encourage diversified practices that lead to greater overall sustainability. Critics argue that

27. There are two types of program spending in the Farm Bill: mandatory and discretionary. Mandatory programs have

28. EWC; Reganold et al., 2011; Nestle, 2011; NSAC; O’Hara 2011.
over reliance on monoculture farming systems can harm the environment through intensive production methods that may lead to increased erosion, pollution from fertilizers, destruction of habitat, decreased biodiversity, and contaminated or overdrawn aquifers.31 Conversely, planting diverse crops, rather than one commodity, may generate ecological benefits, for instance through less reliance on pesticides. This is also the case for organic production and alternative livestock production methods, such as grass-fed and free-range.32 Potential benefits of such production may include the growth of natural predators to combat insect infestation, which keeps fertilizers and pesticides out of the soils and the water system.33 It also promotes biodiversity and healthy ecosystems. The Farm Bill, however, supports monoculture over diversified crops by encouraging a select group of large farms to focus on just one main commodity.

A second critical argument regarding the impact of the Farm Bill is the disconnection between conservation and farm support. Because the titles of the Farm Bill are juxtaposed together, rather than integrated, agricultural production may not be linked to conservation in practice. As mentioned in section 1.1, the only programs of the conservation title integrated with the rest of the bill are conservation compliance programs, which require basic compliance of conservation practices in order to receive direct payments. Crop insurance subsidies were contingent on conservation practices up until the 1996 Farm Bill, when they were decoupled from such requirements.34 Critics argue that the disconnect between farm support and conservation methods render programs less effective and ultimately put in jeopardy the sustainability of the land by allowing agricultural production that harms natural resources.35 An example of this disconnect is the Sodsaver program, which until this date has had no participants because it is linked to the preferences of governors, rather than to agricultural policy. While the framework for conservation exists in the Farm Bill, critics argue that these programs must be implemented through a connection with production in order to protect future resources.

In addition to the decoupling of conservation and production measures, a third argument against the current structure of the Farm Bill is that it supports large-scale and established agricultural production over small-scale production, favoring those with the means of accessing credit. In other words, large farms that have significant resources receive more direct payments than small production facilities, which have fewer resources. According to the USDA, since 1995 the top 10% of subsidized farms have received 74% of all subsidy payments, while 62% of all farms in the US did not receive any direct payments.36 The main recipients are the largest of the commodity farming operations. While a safety net is needed to protect food systems, the current structure of direct payments disproportionately prioritizes a small number of large farms. In this way, critics see farm support as socially inequitable, as public resources are inefficiently redistributed towards those with more resources.

A fourth criticized impact is that the Farm Bill encourages unhealthy eating habits among Americans. Agriculture and food industry advocates insist that the demand side is a critical component of what is being produced; people choose to eat less healthy food because it tastes better.37 Thus, the demand is exogenously fixed by food choices and preferences, and supply changes to accommodate this demand. Critics of the food industry, however, insist that price is a crucial factor in food choices, and that current food subsidies make junk food the most affordable option. According to this point of view, supply is driven more by Farm Bill policies and less by demand. As Dr. David Ludwig of Harvard Medical School explained at a recent forum at the Harvard School of Public Health, agricultural policy has made commodities, which are already cheap to produce, even cheaper, while fruits and vegetables, which tend to be more labor intensive, have become relatively more expensive.38 The results are a proliferation of calorie-rich and nutrition-deficient food products in the market, which is “driven by agricultural policies in general and… specifically by farm agriculture subsidies of commodities.”39 The implications on public health are increasingly profound, as can be seen in the obesity epidemic in the United States. Ludwig

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31. Reganold et al., 2011.
33. Reganold et al., 2011.
34. Conservation compliance programs are also linked to counter-cyclical payments, however due to high commodity prices, there are a negligible amount of these payments.
35. For example, NSAC report on Senate briefing: “NSAC Joins with Other Groups to Brief Senate,” 16 March, 2012.
37. Williams, Harvard Webinar.
gives the example of one of his patients, an eight-year old girl that weighs over 200 lbs. According to the US Surgeon General, this health crisis is not genetic; it is dietary.40

In addition to sustaining unhealthy eating habits, the Farm Bill impacts food consumption and agricultural practices on a global level. Not only does maintaining low commodity prices domestically prevent farmers in less developed countries from gaining access to the US market, it also impacts their access to their own markets. The over-production of commodities that occurs from subsidies forces the U.S. government to buy the excess that cannot be sold on the market and distribute it as food aid in developing countries.41 While food aid prevents certain groups from immediate starvation, it also decreases the prices of agricultural products within those countries and decreases the access farmers have to their own markets. This in turn leads to further poverty and less food production within those countries. This in itself shows the inefficiencies of agricultural policy in the domestic sphere, and the consequences of this inefficiency have lasting effects of production abroad. While WTO rules concerning agriculture subsidies attempts to correct for this distorting trade effect, growing evidence suggests that direct payments and subsidies “can affect production and trade, harm farmers in developing countries and cause environmental damage.”42

While some degree of agricultural support can be justified in terms of maintaining a proper safety net, critics argue that excessive amounts of support to American commodity producers reaches beyond equitable levels both domestically and globally. Economic inefficiencies result when funds are redistributed to large firms to maintain production, and even over-produce, whereas under ordinary market conditions they would be required to change production methods or close. Social inefficiencies occur as larger farms with more access to resources receive the majority of the public subsidies. Environmental inefficiencies result from the disconnection between conservation programs and agricultural policy, and by sustaining monoculture over diversification. While the smaller farms may be producing a public good by promoting sustainable land use through diversifying crops and producing healthy fruits and vegetables rather than a narrow selection of cereals, they are not entitled to the same large-scale direct support that commodity producers receive.

2. THE NEXT FARM BILL: CURRENT DEBATE AND NEW ISSUES

Two concerns have been gaining steam in the agricultural debate in the United States: the deficit and public health. The current focus on reducing the government deficit has changed the interests and leverage of key players in agricultural policy. Decreasing levels of health have put a spotlight on diet and food politics. While neither of these issues is new in public discourse, they are both becoming more politically significant and gaining more public attention as Congress struggles to agree on deficit reduction and as the public health crisis spins out of control.

2.1. The budget

With focus on the credit downgrading and the inability of congress to settle their differences in order to pass budgetary legislation, public opinion of the American Congress hit an all-time low of 11% in December of 2011. By February 2012 it had sunk to 10%.43 The continued failure of Congress to cooperatively address the deficit significantly impacts public opinion and will be in the forefront of debates in the 2012 election. While this could lead to a cut across all Farm Bill programs, including conservation and nutrition assistance, it could also lead to a paradigm shift away from direct subsidies and towards more efficient risk management schemes through crop insurance. However, a switch to crop insurance subsidies implies further considerations, as their structuring could potentially retain the inefficiencies of the previous system.

The politics of the American fiscal deficit experienced extensive worldwide coverage in June and August of 2011 as members of Congress struggled to agree on policy measures that would rescue the government from defaulting on payments. It was estimated that the debt ceiling, previously set by Congress, would be reached in early August 2011 unless Congress agreed to either raise the ceiling or reduce the deficit. The Budget Control Act of 2011 was a last-minute agreement that established a Joint Select Committee on

41. Melendez-Ortiz et al., 2009.
42. Ibid.
Deficit Reduction (or “Super Committee”) and narrowly avoided default. The Act simply handed the task of reducing the deficit to a smaller group with an extended deadline. The Super Committee was charged with the task of writing and passing a new budget that would be approved by Congress. Shortly after the agreement to establish the Super Committee, the credit-rating agency Standard and Poor downgraded the credit rating of the US government bond for the first time in history. A few months after, the Super Committee failed to meet their November 23rd deadline.

A closer look into the American legislative process is useful to understand why Congress continually fails to cooperate. In order to pass legislation in the US, a bill must pass both chambers of Congress - the House of Representatives and the Senate - before it is sent to the President’s office, where it is signed into law, vetoed, or sent back. Committees that consist of congressional members who specialize in specific policy areas commonly write legislation. For the case of the Farm Bill, it is the Agriculture Committee that writes the bill before presenting it to be voted on during congressional sessions. There is one agriculture committee for each chamber, as well as the joint agriculture committee, which unifies the two. Ideally, members of the joint committee collaborate to write the bill before it is passed in both chambers, however the House and Senate agriculture committees can also write their own distinct versions of the bill and hope that they pass in both chambers.

Collaboration, however, is at present quite difficult, as political differences between the two parties are proving too high to surmount. Currently, the House has a Republican majority and the Senate has a Democrat majority, thus, contentious bills that pass one chamber often fail in the other. In terms of budget legislation, one of the fundamental arguments between the political parties currently centers on taxes; the majority of Republicans refuse to agree to a deficit reduction strategy that raises taxes, favoring instead large spending cuts, while most Democrats favor increasing taxes and implementing smaller spending cuts. Another major roadblock in budget cooperation revolves around defense cuts. The majority of Republicans strongly oppose any defense cuts, while Democrats tend to view defense cuts as a balanced approach to overall spending cuts. These two issues were at the forefront of the debates preventing passage of budgetary legislation.

The failure of the Super Committee to agree on a deficit-reduction plan will most likely end in automatic across-the-board cuts, or sequestration, unless both chambers of congress agree to a new budget resolution that meets budgetary needs before January of 2013. Under sequestration, about $100 billion will be cut from the budget every fiscal year until 2021 in order to meet the budgetary goal. It will be applied to all government programs, projects, and activities beginning in 2013. A significant portion of the cuts will be in defense spending, and because of this, the House of Representatives wrote and passed their own Budget Resolution to avoid sequestration in March of 2012. This resolution rescinds sequestration and reduces net funding for all discretionary government programs by $19 billion more than mandated by the Budget Control Act. Under this proposal, funding for all discretionary programs will be reduced except for defense programs, whose funding would increase. The Senate, however, will pass their own budget resolution based on very different political priorities, including cuts in defense spending and fewer cuts to other programs, such as the Farm Bill. Thus, both chambers of Congress are passing very different budget resolutions that are likely to be dead on arrival to the opposing chamber. If neither side backs down, as happened in 2011, these budget bills will not be passed and instead sequestration will take place after.

Although the Super Committee did not succeed in reaching an agreement, the now-defunct Farm Bill negotiations reveal important changes in agricultural priorities. While the agriculture committee negotiated the new Farm Bill, all major commodity groups submitted and published proposals to the joint agriculture committee on the most appropriate way to accomplish these cuts. These documents reflect the political precedence of the budget. Realizing that the political current has at last shifted away from direct payments, almost all commodity lobby groups proposed eliminating direct payments. This was considered a significant and somewhat surprising move towards improvements in agricultural risk management by academics and researchers. A shift to reliance on crop insurance poses a different set of obstacles, however, as the structure of crop insurance could take many different forms and inflict many different consequences on farmers and taxpayers.

44. This excludes social security, Medicaid, Veteran’s benefits, and other essential benefits.
45. Also known as the “Republican” Budget Plan.
47. Zulauf, 2011.
In spite of the important shift in the playing field, many commodity groups are simply trying to regain lost ground through crop insurance programs, which currently constitute the majority of the debate of Farm Bill reform. The end of ethanol subsidies provides further evidence of bipartisan support for ending subsidies to commodity producers. In December of 2011 the Congress allowed a tax break for ethanol producers to expire. This ended an era of direct support to corn producers that had lasted over thirty years and cost the government almost $6 billion in 2001 alone. It is all the more remarkable that the end of the subsidy was possible during a peak political season for Iowa, where high economic reliance on the corn industry gives it significant leverage in national politics. One element behind the loss of the tax credit is high gas prices, which renders ethanol competitive and subsidies unnecessary for viable market distribution. Another key element is widespread political support for elimination of commodity support. A diverse coalition, including fiscal conservatives and environmentalists, joined to finally put an end to support for these subsidies. While Republicans and Democrats remain at odds on many critical policy issues, support for eliminating what are seen as economically inefficient subsidies for commodity producers is becoming one of the few things on which they can agree. Even though the budget bills underway in the two houses are likely destined to fail, the agriculture committees of the two chambers are still writing 2012 Farm Bills that include substantial funding cuts to many programs. In the House, many Republicans favor significant cuts across all areas of the bill, including dramatic cuts to farm support, conservation, and SNAP allocations. Such severe cuts to food stamps would be impossible for the Senate to pass. On the contrary, in the Senate, a preliminary draft of the bill eliminates direct payments and increases reliance on crop insurance. It “improves program integrity and accountability” for nutrition programs by tightening standards and closing loopholes, but does not significantly reduce SNAP funding. While there are some cuts to conservation programs, the senate draft rejects the administration's proposal to cut working-land conservation programs and significantly funds a new program for research in sustainable agriculture and education. On the whole, environmental groups approve of this draft, as it reinforces their voices in the policy process. Still, this fate of this draft is highly uncertain, as it will face significant opposition in the House.

Whether or not sequestration takes place, the widespread support to eliminating direct payments likely points to the end of commodity subsidies in exchange for strengthened crop insurance subsidies. However, the form that future crop insurance subsidies will take is unclear. The current system of crop insurance has been criticized for overlap among programs that leads to double payouts, and many believe that a simplified approach would be more effective, encourage adequate production, and discourage inappropriate risk taking. On of the primary concerns expressed by academics, environmentalists, and analysts is that the many complications of crop insurance will simply allow commodity producers to benefit in the same, inefficient way as before, only under the name of a different program. Currently, subsidies cover around 60 percent of the premium costs of farm insurance. Many farm groups advocate a “shallow-losses” program, which would compensate farmers for 90 to 95 percent of revenue losses on commodity crops. Several environmental organizations worry that shallow-losses will encourage farmers to undertake too much risk by over-planting, which would increase the price of land and negatively affect conservation practices. The American Farm Bureau Federation, the largest general farm organization in the US, shares this concern. Instead, the Farm Bureau proposes to continue crop insurance programs and add a Systemic Risk Reduction Program (SRRP) that would be triggered by price declines rather than revenue. Other proposals include subsidies that would cover varying amounts of insurance premiums based on revenue, price, or yield schemes, or a combination of the three.

Another concern of the transition to expanded crop insurance over direct payments is that it will not be accompanied by mandatory compliance with basic conservation practices in order to receive these benefits. This would cut the only tangible policy link between conservation and production practices. While most of the farms that would receive subsidized insurance currently observe the mandatory conservation practices necessary for 49. Peeples, 2011.

51. Shields and Schnepf, 2011.
52. Shields and Schnepf, 2011; EWC; Nestle, 2011; NSAC.
to receive benefits, the danger is that these farms will abandon these practices should insurance remain decoupled from conservation. Insurance, thus, will have a significant effect on conservation efforts. Conservation advocates are focusing their efforts on ensuring that crop insurance subsidies are contingent on conservation compliance. For politicians, conservationists, and agricultural producers, a key debate about the next Farm Bill will center on the structure of risk management for agricultural producers, as it has significant productive and environmental implications.

Budgetary concerns will affect the future of the Farm Bill, whether Congress is able to write a new version of the bill and pass it during a contentious election period, or whether there is a one-year extension of the bill. There will likely be cuts in all areas of the bill, including nutrition, conservation, crop insurance, and direct payments. Although the exact depth of these cuts is uncertain, the elimination of direct payments and a redefined crop insurance system is finally on the horizon.

2.2. Public health

In addition to heightened awareness of budgetary issues, the obesity crisis in the United States is becoming increasingly severe and gaining more public attention. Nearly two thirds of Americans are overweight or obese. According to the US Surgeon General, obesity is the fastest-growing cause of death and disease in the United States, and is now affecting an unprecedented number of children. Obesity causes a wide range of complications, including diabetes and cardiovascular disease, and obesity related costs place a huge burden on the US economy. While it is sometimes argued that genetics play a major role in determining body type, it is clear that the increasing weight problems of Americans cannot be explained by changes in genetic composition; the real problem is a combination of too little activity and too many calories.

As previously mentioned, public health advocates, including doctors, scientists, non-profits, academics, and producers of specialty crops, argue that support to commodities sustains the obesity crisis by decreasing the costs of processed foods. Conversely, the food industry, which generated almost $1 trillion in sales in 2000, insists that what drives the production and price of processed foods is the demand for such foods; people like junk food. Demand in such a scenario is determined by people’s choices, not by policy. It is clear, however, that commodity support does indeed reduce the price of processed foods and thus increases the consumer’s propensity to buy these items, especially during a period of economic recession. Supporting farmers of specialty crops, on the other hand, would encourage healthier production and consumption, potentially addressing health issues while steering agriculture in a more sustainable direction.

Reaction to the obesity epidemic has been quite different among members of Congress and the Obama administration, leading to a debate between healthy food and the freedom to choose food. Republicans and Democrats are clearly divided on the appropriate response to curbing the obesity epidemic. While the Administration and certain members of Congress have been pushing a plan supported by the Surgeon General and the USDA to make healthier school lunches and increase access to fruits and vegetables for low-income families, other political figures see this plan as an encroachment on family life and personal decisions regarding upbringing. The USDA has advocated increasing the amounts of fruits and vegetables served in schools and supporting farmers of specialty crops, yet the majority of Republicans remain unconvinced of the need to improve school nutrition. Sarah Palin made headlines when she brought dozens of cookies to a school in Pennsylvania, in direct response to Michelle Obama’s support of sustainable agriculture and healthy food in schools. “Who should be making the decisions about what you eat and school choice and everything else?” she asked, “should it be government or should it be parents?” The volatility of this debate was also seen in the legislative process in November of 2011, when Republicans blocked a proposal by the USDA to improve school lunches that receive public aid. Instead of mandating an increase in the amounts of fruits and vegetables served in lunch programs that receive public support, pizza was legally declared a vegetable. Although schools

55. For example, the National Sustainable Agriculture Coalition (NSAC), and Environmental Working Group (EWG).
58. Ebbling et al., 2002.
must comply with federal requirements in order to receive funding through Farm Bill programs, the requirements seem to allow considerable flexibility in what constitutes sound nutrition. Despite the successful re-categorization of pizza, there is a strong voice in the government advocating healthy food and support of small farms, organic farms, and specialty crops. The USDA is promoting “locavore” consumption and U.S. Agriculture Secretary Tom Vilsack declared that in a perfect world, everyone would eat local.63 Senator Chellie Pingree (a Democrat from Maine) and Representative Sherrod Brown (a Democrat from Ohio) have initiated a Local Farms, Food, and Jobs Act to promote local, sustainable food and improve access to healthy foods.64 These members of Congress and their allies are supported by small agricultural producers, health advocates, and environmentalists seeking to address the concerns posed by agricultural policy in the United States. In spite of the strong interest to maintain the status quo in nutrition and public health, the increasing severity of the health epidemic is forcing a reconsideration of priorities.

3. NEW COALITIONS: FARM BILL 2012/2013

The future of the Farm Bill is uncertain. A new bill could be passed through sequestration and deficit negotiation in 2012, or through the normal Farm Bill process some time in 2012. Whether or not sequestration takes place will surely influence the design of the next bill, however it is not certain that members of Congress will be able to overcome political costs to design new legislation in 2012. As it is an election year, it is quite likely that the already-controversial bill, which typically takes a year to negotiate, will not be written until 2013. Under this scenario, the current legislation would be extended until 2013.65 In spite of the murky future of the Farm Bill, the failure of the Super Committee to pass a deficit reduction plan will allow a more transparent political procedure inclusive of public discourse and concerns. The open process will provide an opportunity for sound policy change towards healthier, more efficient, and greener policy.

Given the new issues that have attained higher levels of importance in the political atmosphere, placing environmental objectives in other areas of concern, such as health and fiscal conservatism, may provide one way in which environmental aims can be accomplished without compromising the objectives of key players. An alliance between health, environment, small agricultural producers, and fiscal conservatives could create the momentum necessary to green the Farm Bill and reduce support of agricultural systems that have a negative environmental impact.

The synergies between public health and the environment are quite clear; supporting diversified agricultural production increases sustainability and access to healthier foods. Combining health and environmental concerns has already become the strategy of a considerable number of organizations, including the National Sustainable Agriculture Coalition, the Environmental Working Group, and the Union of Concerned Scientists. The combination of health and agriculture is not new; however the increasing severity of the obesity epidemic is forcing the link with agricultural policy into the spotlight. With increasing concern over the budget, addressing expensive and preventable diseases through smarter and more efficient agriculture policy could be one way to achieve environmental goals.

The sensitivity of budget issues creates an atmosphere in which harmful direct payments are likely to end. Farm groups have all but given up on direct payments, conceding to the need to change. Because crop insurance subsidies could provide a way for commodities to maintain their political and financial strength, simply upholding inefficient redistribution under a different name, the structuring of future crop insurance subsidies must undergo critical scrutiny in order to ensure progress. It is crucial that legislation regarding crop insurance be coupled with mandatory conservation practices, as they currently are for direct payments. This is one way to maintain the existing, if small, direct link between conservation and agricultural production.

While concern over the deficit could help steer agricultural policy away from the status quo and towards a fairer system of redistribution, tensions could also exist between budget-cutters and the environment. Attempts to cut the deficit could possibly result in substantial decreases in conservation and food stamps. Health and environmental advocates must work together to

ensure that appropriate policy is maintained and that inefficient policy is discarded.

Possible synergies also exist in trade politics. While trade conflicts with regards to the Farm Bill are not currently at the forefront of the congressional debates, the global element of agriculture policy could potentially gain momentum in the future as the rise of emerging markets puts pressure on the U.S. government to implement better agricultural policies. While direct payments do not violate WTO agreements, it is unclear whether the crop subsidy insurance will indeed have a trade-distorting effect. The many different possibilities of the structure of crop insurance subsidies create uncertainty with regards to WTO rules. Despite the potential for breach of WTO agreement, members of Congress do not appear particularly concerned by this occurrence.66

Although domestic interests are the current priority, foreign involvement is nonetheless a possible determinant of future agricultural policy. The potential influence foreign markets could have on the Farm Bill is quite evident in Brazil’s WTO case against U.S. cotton support. After years of negotiation and arbitration through the dispute settlement mechanism, the WTO panel found that U.S. cotton programs were indeed in conflict with WTO rules and allowed Brazil to proceed with retaliation. Because the retaliation of Brazil was a credible threat that would harm a sufficient number of U.S. interest groups, the U.S. was forced to reevaluate their position and agreed to remove the trade-distorting cotton policies from the 2012 Farm Bill.67 It is important to remember that concessions from the U.S. were dependent on the credibility of Brazil to retaliate and the amount of harm the retaliation would inflict, which in turn was the result of Brazil’s financial and political strength. Although the international front does not currently have significant influence over domestic policy, the shifting global climate may produce other/further synergies between foreign interests and environmentally sound agricultural policy.

4. CONCLUSION

While foreign influence towards free-trade practices could impact the domestic realm in the long run, their interests remain absent from the Farm Bill debates. Environmental and health advocates insist that is imperative to push an agenda that takes into consideration long-term environmental and health costs of conservation initiatives and subsidy schemes. Environmentalists assert that efforts should be concentrated on two specific policy initiatives; to ensure that crop insurance subsidies are coupled with conservation practices, and to ensure that cuts to the Farm Bill are concentrated in direct payments and not disproportionately placed on the conservation title. The bill is likely to remain an assortment of policies from different arenas rather than integrated policy measures, and placing the burden of deficit reduction on conservation, or leaving crop insurance subsidies decoupled from conservation, will only increase the negative effects of this disintegration. Requiring producers to practice basic conservation methods in order to receive public help will maintain the recent gains in environmentally sound production techniques. Redistributing public aid towards specialty crops and diversified production will benefit the public by increasing the accessibility of healthy food and promoting sustainable production methods.

Despite the rise of budget and health concerns in political discourse, significant challenges lie between current policies and a future Farm Bill that efficiently supports sustainable agriculture. Through the evolution of agricultural policy and the structure of the US electoral system, agribusiness has gained enough force to embed the inefficient and harmful policies of the Farm Bill in domestic policy. The debates of the next year will give agribusiness a chance to maintain their hold through careful structuring of crop insurance subsidies, however it also gives environmental and health advocates a chance to influence the political process. Inserting environmental objectives into budget issues and public health concerns may provide the momentum necessary to effect change.

66. Ibid.
REFERENCES


Zulauf, Carl. *Assessment and Comparison of Farm Safety Net Proposals.* American Farmland Trust and Ohio State University, October 2011.

ANNEX: USDA MAPS BASED ON 2007 CENSUS DATA

1. Acres of Harvested Cropland: 2007
   - 1 Dot = 50,000 Acres
   - United States Total: 305,907,501

   - 1 Dot = 5,000 Acres
   - United States Total: 38,547,000

Source: U.S. Department of Agriculture, National Agricultural Statistics Service
Greening the Farm Bill: how the budget deficit and the health crisis can support green policy

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