

NO: They Keep Farming Profitable and Stable

By W. Robert Goodman

Modern society is far removed from agriculture. With only a small percentage of the population engaged in food production, few understand the fragile nature of modern farming and why government farm subsidies are necessary to protect the public from scarcity and high food prices as the world's population expands to a projected 11 billion people by 2100 from seven billion now.

Government subsidies help keep farming profitable and stable, allowing for the commercial finance of modern agriculture, the development of products and technologies that help farmers produce more food at a lower cost, and the preservation of production resources in case of future need.

Today's farm subsidies don't "pay farmers not to plant." Instead, they come in the form of insurance. Under the 2014 farm bill, farmers buy crop insurance, and the premium is subsidized by the government. Fewer payments are made in years of normal yield and price, thus subsidy cost can be very low. But the insurance provides farmers with the income security necessary to secure the loans they need to produce crops.

Contrary to what some say, farming is "risky business": Growing a single acre of corn in Iowa can cost over \$500. With projected yield around 160 bushels and corn price around \$3.30 per bushel, depending on weather, the profit margin farmers earn is small. But a farmer planting 1,000 acres of corn this year will need a "crop loan" of a half-million dollars. Getting a crop loan without insurance is like getting a loan without collateral. U.S. farmers will plant 89 million acres of corn in 2015. Financing this single crop will require about \$45 billion. This is one reason why crop insurance, and crop-insurance subsidy, is necessary.

Nobel Peace Prize winner Norman Borlaug, known as "the father of the Green Revolution," insisted that continuous increases in world food production must come through adoption of more efficient technology, not through increased acreage. It is this increased productivity that has allowed for the preservation of significant amounts of ecologically sensitive acreage around the world. Agriculture subsidies have promoted rapid advances in productivity by encouraging the development and adoption of modern farming methods and materials by farmers who may not have been willing to take the financial risk otherwise.

Farm subsidies also have resulted in a significant decrease in the rate of soil erosion from crop production. Since 1985, wind and water erosion rates of farmed land in the U.S. have declined more than 40% and are still trending downward, thanks to the development and widespread adoption of agricultural technology such as conservation tillage, establishment of streamside protection zones, and grass waterways and buffer strips. Farmers must agree to comply with these erosion-limiting practices to qualify for subsidies.

Even at \$20 billion a year, the cost of farm subsidies is modest compared with federal spending. And much of that cost is offset because as agriculture subsidies keep food prices low, they

become transfer payments made by taxpayers to consumers of agriculture commodities—or, in other words, themselves.

Like many products of the political process, agriculture subsidies are deeply flawed, in that farm policy hasn't always kept up with rapidly changing economic and environmental conditions. But to those who complain that farm subsidies go to big companies and millionaires, my question is this: Shouldn't those who produce the bulk of our food receive the bulk of farm payments? The fact is, large, efficient farms benefit the public by producing food at a much lower cost than would otherwise be possible.

We must continue to craft agriculture policy that provides incentives necessary to ensure world food security, while constantly seeking to improve the fairness, equity, and efficiency of those policies. In Franklin D. Roosevelt's 1937 inaugural speech, he defended his proactive efforts to bring the country out of the Great Depression when he said, "We refused to leave the problems of our common welfare to be solved by the winds of chance and the hurricanes of disaster." That sentiment is apt here