

# Farm Bill 2002: Corporate Welfare or Farmer's Friend?

By [Dave Aftandilian](#), [Conscious Choice](#). Posted [August 29, 2002](#).

The 2002 Farm Bill is a mixed-bag offering that perpetuates corporate control of farming, while offering money for conservation and renewable energy to please environmentalists.

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Seventy years ago, 25 percent of Americans lived and worked in rural areas; today less than 2 percent of Americans farm. The number of farms has also decreased dramatically, from seven million in 1935 to two million today, while average farm size has increased from 150 to more than 500 acres. Vast corporate-owned monocultural factory farms have come to dominate America's countryside. And while U.S. farmers produce more crops on fewer acres today than ever before, that efficiency has driven prices so low that many farmers have to take part-time jobs to support their farms. A New York Times article from December 2001, for instance, reported that it costs farmers as much as fifty cents more to grow a bushel of corn than they can sell it for.

What can we do to save America's farms and farmers? Congress's answer is the Farm Security and Rural Investment Act of 2002, which was signed into law by President Bush in May. The bill continues and expands a system of farm subsidies that dates back to Dust Bowl days, while also providing record-level appropriations for a number of land conservation, water quality, and rural energy efficiency and renewable energy programs. This represents an about-face from 1996's Republican-sponsored Freedom to Farm Act, which attempted to wean farmers off the subsidy system, assuming that expanding overseas markets for agricultural goods would raise prices. For various reasons (including Asia's economic downturn), those markets have not materialized, and a series of expensive emergency payments to farmers have been made since the 1996 bill was passed, totaling \$20 billion last year.

Reactions to the 2002 Farm Bill have varied widely. When he signed the bill, President Bush said that "it will promote farmer independence, and preserve the farm way of life for generations." Environmental Defense believes the bill will give large farmers "unprecedented funds to swallow up their smaller neighbors."

Carl Pope, executive director of the Sierra Club, accused the bill of "hand[ing] taxpayers the bill for cleaning up the mess made by giant corporate-owned farms." The League of Conservation Voters praised the Farm Bill as "the first piece of strong environmental legislation since before the Republican revolution of 1994," and the Environmental Law and Policy Center called the bill's new Clean Energy Title "a terrific victory for clean energy and sustainable agriculture advocates."

But Brian M. Riedl of the conservative Heritage Foundation attacked the bill's enormous subsidies, saying that "far from serving as a safety net for poor farmers, farm subsidies comprise America's largest corporate welfare program."

So who's right? In a sense, they all are. Let's start with the most important part of the 2002 Farm Bill, its subsidies to farmers, which are expected to total

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between \$80 billion and \$190 billion over the next ten years (the higher-range estimates are about the same as what the United States spends on family welfare payments). The largest subsidies will go to the mainly Midwestern and Southern crops of cotton, rice, wheat, corn, and soybeans. Farmers who raise honey, wool, and mohair will get a share, as will Northeastern dairy farmers and farmers who produce peanuts, lentils, and chickpeas. Growers of fruit, vegetables, and other nuts, however, will receive no subsidies at all.

The main problem with farm subsidies, though, is not the amounts but the way they are allocated. Low crop prices trigger subsidies, which are paid on a per-acre basis to farmers, who are required to produce certain crops, regardless of the low prices they will receive. This, in turn, causes overproduction, which leads to lower prices, which begins the cycle all over again. Because subsidies are paid according to the number of acres planted, rather than by farmer need, land becomes overvalued. Rents rise to the point where small farmers cannot afford to increase their income by farming more land. The end result is that the wealthiest farmers profit most from farm subsidies, while many smaller farmers reap few if any benefits.

In a study of subsidy payments to farmers from 1996 to 2000, the Environmental Working Group (EWG) found that two-thirds of the funds went to 10 percent of the eligible recipients -- many of whom already had incomes of \$200,000 a year or more. According to EWG, these "big government checks have enabled big producers to buy neighbors' farms or out-compete them in the farmland rental market."

Small wonder, then, that small farmers wanted the government to place a meaningful cap on subsidy payments. As Tom Buis, vice-president of the National Farmers Union, put it, "It's one thing to help a guy farming two thousand acres in central Illinois, trying to make a full-time job of it and support his family, versus helping someone with ten thousand or twelve thousand acres to get bigger and bigger and bigger." Although the 2002 Farm Bill did lower the cap on subsidy payments from \$460,000 per person to \$360,000, that limit has "enough exceptions to make it a symbolic compromise," according to a recent New York Times article.

The Heritage Foundation cites a particularly egregious example of a wealthy corporation taking advantage of loopholes in the subsidy limits: Tyler Farms of Arkansas collected nearly \$32 million in farm subsidies between 1996 and 2001 by dividing one large farm into sixty-six legally separate corporations and signing up numerous individuals as subsidy recipients.

So that's the bad news. The good news is that the Farm Bill "also contains record-level support for environmental stewardship, a renewed commitment to renewable fuels programs, and ... food stamp assistance for low-income Americans," according to Agriculture Secretary Ann M. Veneman. The bill increases conservation spending 80 percent over current levels, and most of these funds -- more than \$17 billion -- are accessible to all farmers, not just those eligible for subsidies. Conservation funds will be available for protecting productive farmland from development, preserving wetlands, increasing wildlife habitat, improving water quality and soil conservation, and more.

These funds will be administered through both old and new programs. Among the old programs, the Conservation Reserve Program, which makes annual rental payments and cost-share assistance available to farmers who plant long-term "conservation covers" such as grass and trees on eligible land, will be expanded from a maximum of 36.4 million to 39.2 million acres.

The similar Wetland Reserve Program, for farmers who agree to restore or preserve wetlands on their property (especially for wildlife habitat), is being dramatically expanded, from a maximum of 1.075

to 2.275 million acres. And the newly created Grassland Reserve Program will provide up to \$254 million from 2003 to 2007 in long-term contracts or easements to help landowners restore and preserve up to two million acres of grasslands. Up to \$700 million will be made available to farmers who want to develop or improve part of their lands for wildlife habitat through the Wildlife Habitat Incentives Program.

Another new initiative, the Conservation Security Program, will provide payments for farmers to adopt or maintain a wide variety of management, vegetative, and land-based practices that address specific conservation goals on working lands.

In what American Farmland Trust president Ralph Grossi called "a major breakthrough for the future of our nation's farmland," the Farm Bill committed nearly \$1 billion over the next ten years to purchase development rights on productive farmland through the Farmland Protection Program, which ensures that the land will remain rural. At a time when the United States is losing more than a million acres of farm and ranch land each year to development, this program is especially welcome. And because it's a matching program, states and local governments can leverage federal funds to make their own farmland protection dollars stretch further.

On the downside, "this Farm Bill transforms EQIP [the Environmental Quality Incentives Program], a program that helps farmers protect drinking water, into a multi-billion-dollar giveaway to a few industrial-type livestock companies," according to Carl Pope, executive director of the Sierra Club. Formerly, large livestock producers could not use cost-sharing funds from this program to build animal waste management facilities. Not only can they now do so, but the Farm Bill requires that at least 60 percent of EQIP funds go to livestock producers. "These largest producers will continue to overproduce and destroy habitat and water quality, while farmers who want to participate in voluntary conservation programs are turned away because the money is not there," Pope said.

People working to protect Lake Michigan's water quality will be happy to hear that the Farm Bill also contains a provision that authorizes (but unfortunately does not guarantee) up to \$5 million a year from 2002 to 2007 through the Great Lakes Basin Program for Erosion and Sediment Control to improve water quality in the Great Lakes. Some potential uses of these funds might include project demonstration grants, technical assistance, and public information and education programs.

Finally, the 2002 Farm Bill also contains more than \$400 million in funding for renewable energy, energy efficiency, and biobased fuels. For instance, farmers will now be allowed to install wind turbines for renewable energy production on Conservation Reserve Program lands, providing a lucrative source of nonpolluting income. Low-interest loans, loan guarantees, and grants will be made available from the USDA for purchasing and installing rural renewable energy systems and making rural energy efficiency improvements.

Producers of value-added agricultural products, including renewable energy systems, can apply for competitive grant money to fund their projects. Federal agencies will be required to purchase biobased items when "practical and available" and when the cost exceeds \$10,000 (if aggressively pursued, this provision could give a real boost to plastics made from biodegradable agricultural products instead of irreplaceable fossil fuels). And research and development programs on sequestration of carbon dioxide and other greenhouse gases in agricultural soils are also authorized (but not funded) in the bill. For more details on these clean energy and energy efficiency provisions, see the Environmental Law and Policy Center's [detailed analysis](#).

### **A Better Way?**

The 2002 Farm Bill is a mixed bag. There's enough money for conservation, renewable energy, and energy efficiency in the bill to please many environmentalists, and enough crop subsidies to please many farmers. But the bill perpetuates a system of overproduction on

mammoth corporate-owned farms at the expense of small farmers and the environment. How could we make it better next time?

One obvious answer would be for us all to pay farmers what it really costs to grow our food, including the hidden costs to the environment, such as soil erosion, poor water quality due to pesticide and fertilizer runoff and animal-wastes leakage from CAFOs (confined animal feeding operations), transportation costs (in fuel and labor) to ship food across the country and around the world, and so on. Prices would rise at the supermarket, but small farmers would have a fighting chance at survival; pollution would be decreased; and incentives would be provided for buying locally grown food. Failing that, real limits should be placed on subsidies, and they should be assigned by need and by farm, rather than by acre or by individual. That would eliminate some of the loopholes exploited by large, wealthy factory farms. Allocating more funds for conservation rather than for subsidies would also be an option, as conservation funds tend to be allocated more equally among small and large farms.

Finally, we ought to be providing subsidies and other incentives for organic farmers. Organic farming has a lower yield per acre than conventional factory farming, but according to a study just published in *Science* magazine, it also requires between 34 and 53 percent less fertilizer and energy input, and a whopping 97 percent less pesticide. Organic farming also tends to use resources more efficiently, producing more for each unit of energy and other inputs consumed. And organic farming is also much friendlier to the microorganisms that are crucial to soil formation, to pest-eating insects such as spiders and beetles, to earthworms, and to other wildlife that uses farm fields. Organic farming is much more labor intensive, but it involves more people in the process of growing our food, and therefore in caring about the land that produces it.

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