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UNITED STATES FARM BILL 2012: WHAT'S AT STAKE?



A Risky Proposition

CROP INSURANCE IN THE FACE OF CLIMATE CHANGE

By Julia Olmstead and Jim Kleinschmit

In the last year, the U.S. has experienced some of the most severe floods and droughts in recent history. According to climate scientists, the future holds more droughts, more floods and more heat waves. Perhaps it's not surprising, then, that in the run-up to the 2012 Farm Bill most farm lobby groups have made clear they are willing to sacrifice direct and counter-cyclical payments (federal crop subsidies long considered untouchable) in order to hang on to and expand federal crop insurance. While high crop prices in recent years have eroded political will to continue direct payments (which farmers receive whether crop prices are high or low), the increase in extreme weather in recent years and predictions that a changing climate will continue and perhaps worsen that pattern have made the need for risk-management support for farmers very clear.

This acknowledgement of increased risk for agriculture has not, however, been coupled with any specific acknowledgement of its primary cause—climate change—or of farmers' need to take steps to make their cropping systems more resilient to extreme weather. Yet such adaptive measures are not being talked about in the current Farm Bill debate. Creating a federal crop insurance system with no limits on federal outlays without simultaneously giving farmers the tools to adapt to the effects of climate change is incredibly irresponsible from both a food security and fiscal perspective. It's like offering a home owner a fire insurance policy, but not even requiring the most basic preventative measures, such as smoke alarms or fire extinguishers.

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in a series

2105 First Avenue South
Minneapolis, Minnesota
55404

(612) 870-0453

iatp.org

Managing risk and increasing resiliency

Federal crop insurance programs were created in 1938, when farmers were reeling from the impacts of the Great Depression and the Dust Bowl. Given the importance of a secure food supply, it makes sense that the federal government subsidizes financial risk-management tools for farmers. However, it also makes sense that the government should provide tools, support and incentives to farmers to help them minimize risk and build resiliency in the field.

Diversified farming operations offer real advantages to farmers for building resiliency to extreme weather. A mixture of crops and the inclusion of a livestock buffer against catastrophic loss: if one crop fails there are other revenue streams to fall back on. The incorporation of livestock into a farm system creates an alternative market for some of these crops in circumstances where lower quality reduces cash grain market value. Livestock production also creates the opportunity for planting perennial fodder, which has a much higher capacity for holding onto soil and remaining rooted in the ground in the case of flooding. Depending on the species, perennials can also have lower water requirements. Increased crop rotations, cover crops, perennials and other components of agroecological farming systems help improve soil organic matter and require fewer synthetic inputs, all of which reduces farmers' financial risk, particularly as fertilizer and energy costs climb.

Protecting farmers: A multi-pronged approach

Farmers are facing unprecedented risk today from volatility in the market and the field. Financially stable farmers are better able to make changes on the farm that lead to improved resiliency. For that reason, we must continue to provide reliable risk-management products that work for all farmers and allow for diverse income opportunities on the farm.

For farmers to continue to reliably produce food, however, we must also directly support their transitions to agriculture systems that help them adapt to and mitigate climate change. The Farm Bill already has programs that could help farmers make those transitions. The Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP) are two of the best examples of the right path for climate-friendly agriculture. They are working-lands conservation programs, meaning they reward and support farmers not for setting land aside, but for making improvements to productive land.

Conservation programs, however, are voluntary. If, in the face of climate change, we decide to base our farm support system primarily on risk-management products, and offer publicly subsidized financial risk mitigation to farmers, it is only fair that we ask them to take steps to reduce on-the-ground risk. In the same way that farmers must comply with soil conservation standards ("conservation compliance") in order to receive current federal farm payments, the Farm Bill should link "climate compliance" with eligibility for federally subsidized crop insurance policies. Climate compliance would require that farmers develop and follow a USDA-approved climate adaptation and mitigation plan (either as a stand-alone plan or incorporated into an existing conservation plan) that is adapted to local conditions. In drought-prone regions this might mean selecting drought-tolerant crop varieties, changing grazing or irrigation management, or other strategies. In flood-prone areas this could mean incorporating more perennial crops, utilizing cover crops, or planting buffer strips. Just as climate change will not affect all farms equally, there will not be a one-size-fits-all prescription for adaptation. After creating a climate compliance plan, farmers can receive support from Farm Bill programs such as EQIP to offset the costs of these transitions.

Farm policy for the future

Although there would be costs associated with expanding Farm Bill conservation title programs and creating new compliance provisions, those costs would likely be more than offset through reduced insurance indemnities. Refusing to address climate adaptation, while creating a bottomless crop insurance program, is a far riskier proposition for farmers, food security and U.S. taxpayers. If anything, this is a cost savings plan. We believe that the extreme weather associated with climate change will make insurance programs much more expensive in future years.

Getting crop insurance right is only the first step in creating farming systems that can provide a stable food supply for a growing population facing climate change. For farmers to implement changes to become more resilient, they'll need to be able to make long-term decisions and to have the confidence that markets for a diversity of products will exist. The Farm Bill, in its current form, presents only a limited, short-term vision for agriculture. If we care about sustaining farmers and our food supply, we need to begin a series of conversations about the kind of agriculture we want in the future, and the policy actions we need to take to get there. Tinkering with crop insurance will get us only so far down that road.