

# How Federal Conservation, Energy and Climate Policy Affects Western Agriculture

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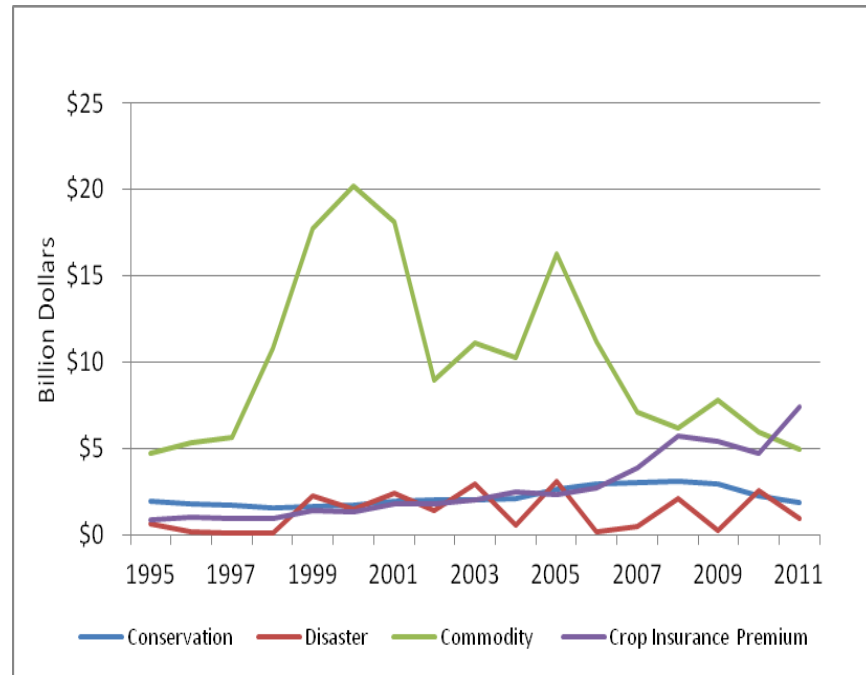
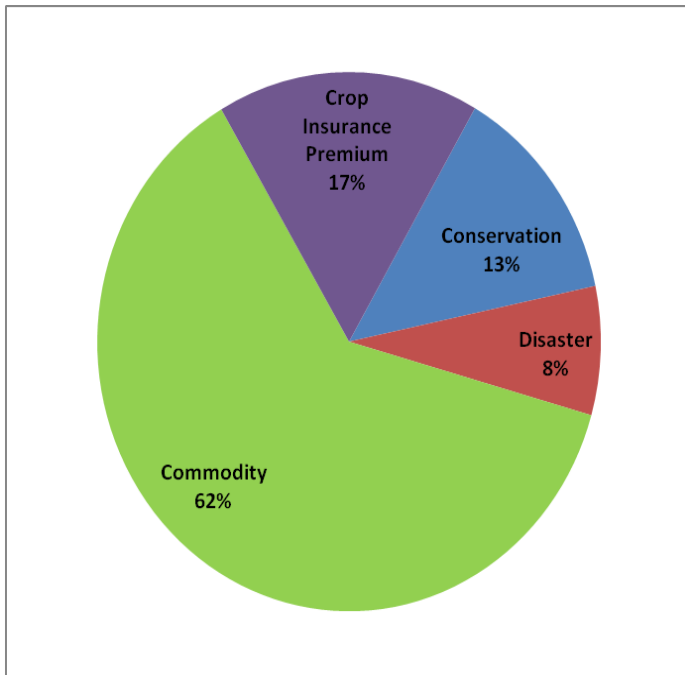
# Issues

- What have we got?
- Where are we going?
- Who benefits?
  - How might that change with the new farm bill?
- What would good policies look like?
- Would a new farm bill be a positive change?

# What have we got?

## US Farm Subsidies 1995–2011 (\$277 billion)

Source: Env Working Group database

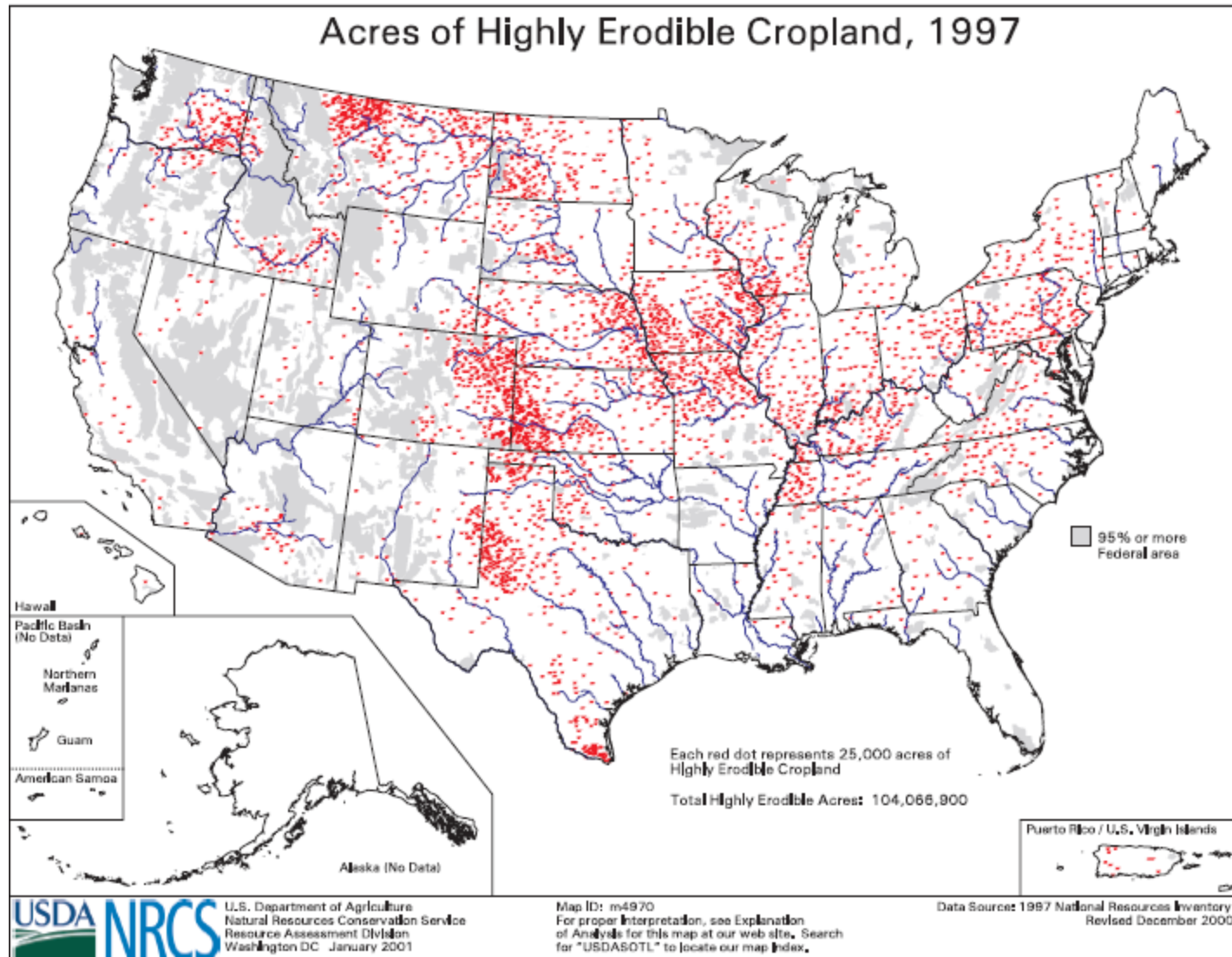


# *What have we got?*

## Conservation & environment

- Since 1980s, a growing mix of conservation programs
  - built on soil and water conservation tradition
    - CRP, EQIP, CSP,...
  - growing recognition of other environmental benefits
    - e.g., WHIP, new initiative to create wildlife habitat on CRP land
  - “conservation compliance” introduced in 1985
    - limits subsidies on land vulnerable to erosion
    - crop insurance removed from compliance in 1996

# Are soil erosion-based conservation programs relevant to Western Agriculture?



# *What have we got?* Energy & climate

- Energy title introduced in 2002
  - Various programs to subsidize renewable energy development and utilization of feedstocks, for grain commodities & by-products
  - 2008 extended to non-corn feedstocks, woody biomass
  - subject to conservation compliance
  - NOT the same as the Renewable Fuel Standard for gasoline & diesel mandated by the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007, enforced by EPA (from 9b gallons in 2008 to 36b gallons in 2022)
    - DOES include greenhouse gas performance standards
- Climate mitigation and adaptation NOT explicit part of 2008 bill or new bills
  - regional and state initiatives continue apart from federal
  - research funding is substantial part of USDA's competitive grants program (NIFA)
  - weather-related disaster programs, crop insurance address weather risks but not linked to climate adaptation
    - work against conservation, adaptation goals?

# *Where are we going?*

## Conservation and environment

- Consolidate programs
  - CRP, EQIP CSP reauthorized, others combined into new programs for easements and regional programs
- Reduce funding: \$6b over 10 yrs?
- Senate would add conservation compliance to crop insurance; House would not
  - proposal by conservation and environmental organizations supports inclusion
  - potential to substantially reduce incentives for soil conservation requirements with elimination of direct payments

# *Where are we going?* Energy & climate

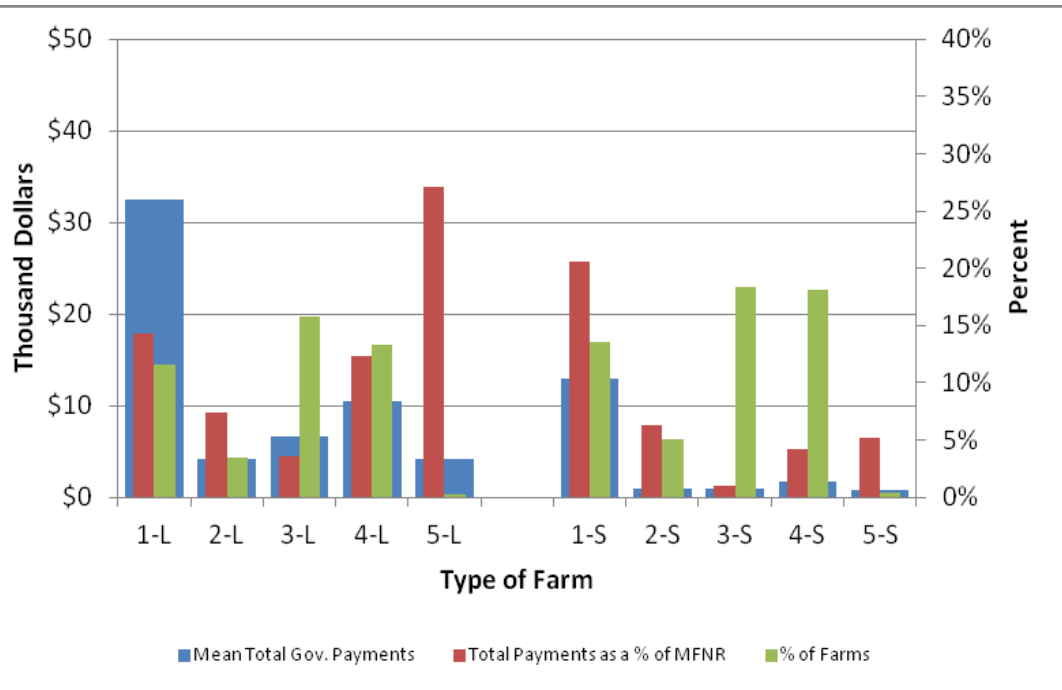
- Energy title maintained, with some provisions eliminated, some difference between Senate and House (e.g. forest biomass program, infrastructure study, ...)
- Funding is main difference in Senate & House
  - Senate: substantial mandatory funding (REAP, BCAP, biorefinery, biomass research)
  - House: no mandatory funding, authorizations subject to appropriations
- No explicit climate mitigation or adaptation funding; cuts in research funding?



# *Who benefits?*

- US ag census data, 2007
- Compare by type, size and profitability
- Five farm types:
  1. rainfed small grain-based
  2. corn, soy & other rainfed
  3. irrigated
  4. cattle
  5. other livestock

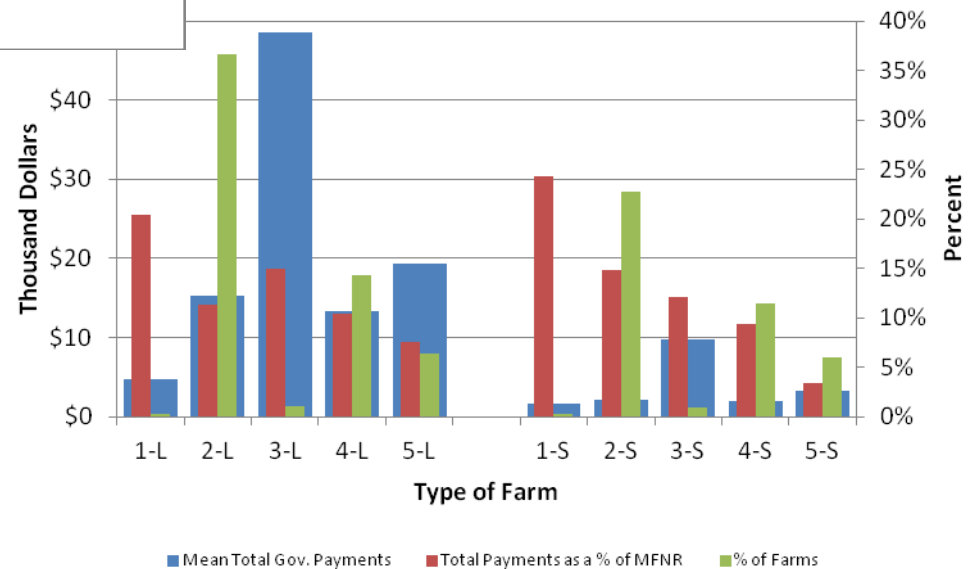
# Who benefits?



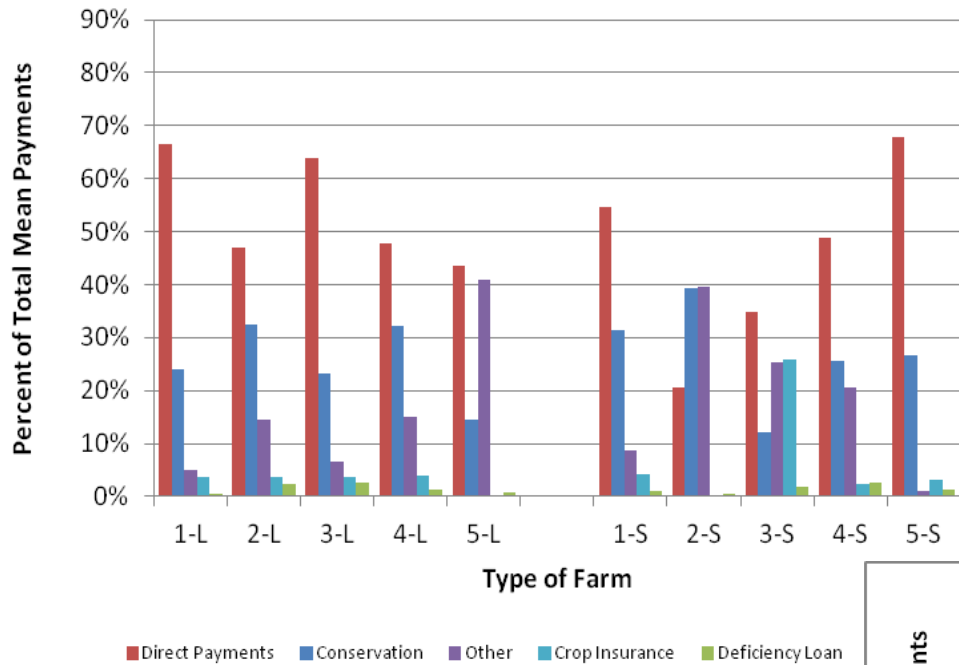
1. rainfed small grain
2. corn, soy & other rainfed
3. irrigated
4. beef cattle
5. other livestock

## Pacific Northwest (east of Cascades)

## Corn Belt



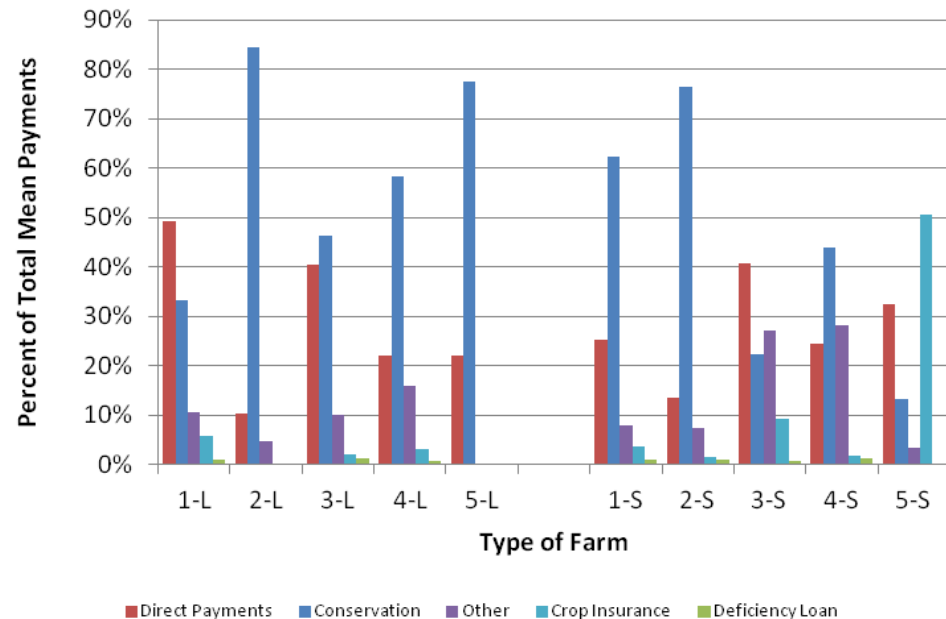
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PNW farms with negative net returns

PNW farms with positive net returns



# *What would good policies look like?*

- Two motivations for intervention
  - market failure
    - pollution
    - common property resources (water, climate)
  - public goods
    - research
    - ecosystem services
- How could – or should – we address these issues efficiently and equitably with *federal* policy?
  - what should be part of a “farm bill?”
  - combination of positive and negative incentives, regulation (Payments for Ecosystem Services? CSP?)
  - very different outcomes than current array of conservation programs

# *Is a new farm bill likely to be better?*

- Conservation: risk of diminished incentives for soil and water conservation
  - how effective are current policies?
  - research shows reductions in erosion, but value and cost unclear
- Energy: could encourage non-corn alternatives, or could be left with only RFS for ethanol
- Does not address agriculture's role (positive and negative) in climate change
- Does not prioritize environmental services according to benefit-cost criteria
  - Western communities & ag would benefit from such changes!