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Why Don't We Have Sustainable Agriculture Now?

Richard A. Levins
University of Minnesota Twin Cities

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Abstract
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Why has it been so difficult to bring about sustainable agriculture on a large scale in the United States? Or, for that matter, why don't we already have an agricultural system that would better fit most definitions of sustainable?

Judging by our university efforts, we would have to answer both questions with something like "We don't yet know how to do sustainable agriculture". From this, we assume that if we did, agriculture would then become more sustainable. In response, my friends in agronomy, animal science, and related fields busy themselves developing non-chemical weed controls, cover crops, rotation schemes, and hoop houses.

A person visiting our universities might also conclude that we have made relatively little progress in sustainable agriculture because farmers don't know enough about sustainable practices. In response, we have education and outreach programs to show conventional farmers the errors in their ways. There is an implicit assumption that once farmers know more about sustainable practices, they will adopt those practices.

And, of course, my colleagues in agricultural economics will remind us that no farming system will be adopted unless the farmer finds it profitable to do so. We therefore see the occasional study that compares this or that sustainable practice to its conventional counterpart. The assumption here is that any sustainable farming systems found to be profitable will be widely adopted.

I've been observing and studying agriculture for more than a quarter century and have, at long last, come to the conclusion that none of these approaches will get us where we need to be. Surely, there is more to learn, but I think most would now agree that perennials are better than annuals, that soil erosion is bad, and that factory livestock operations have their drawbacks. Surely, there is more to teach, but most farmers could learn about sustainable agriculture if they were so inclined. And, furthermore, we now and again find a sustainable farm that is as profitable, or even more so, than those run by more conventional neighbors.

So, again I ask, "Why has it been so difficult to bring about sustainable agriculture on a large scale in the United States? Or, for that matter, why don't we already have an agricultural system that would better fit most definitions of sustainable?"

I think we would be closer to answering these questions if we face the fact that farmers no longer sit in the driver's seat of our contemporary food system. We are entirely too quick to say, for example, that we have problems with farm chemicals because farmers use them, not because farm chemical companies develop, manufacture, and promote them. Clearly, farmers are not the decision makers in poultry production and much of hog production due to contracting. Beyond that, the economic environment in which farmers work is increasingly established by agribusiness and retailers, not by farmers.

I don't like to use numbers (a strange trait for an economist, I admit), but will make a quick exception here to accentuate what I am trying to say. In 2006, the farm products grown and sold in the United States sold for $881 billion at the retail level. The farm value of those products was $164 billion. The $717 billion difference went for processing and marketing. Of the $164 billion farm value, net farm income was $59 billion, $16 billion of which came from government payments. Input suppliers and landlords, like processors and retailers, accounted for vastly more economic activity in the food system than did farmers.

Let me put it even more bluntly. Which do you think was larger in 2006, net farm income, or the cost for food packaging materials? The materials in which farm products were packaged were valued at over $10 billion more than the income of the farmers that produced those products.

So we want to change the direction of an $881 billion dollar food system, and we look to a $59 billion component of that system to make the change. This flies in the face of the principal lesson I tried to get across when I was teaching ECON 101—"money talks."

Not only does money talk in our food system, more and more it shouts. It shouts when farm bills are discussed, when University research projects are established, and when global policies are determined. The reason is that the steady march of mergers and acquisitions throughout agribusiness and retailing have left the remaining players very powerful.

I recently heard my friend Mary Hendrickson speak at a convention. She talked about how decision making power has in large part left the farm sector. I won't embarrass myself here by trying, and failing, to do justice to her presentation of the levels of corporate concentration in our food system. Let me just say her case was convincing, and leave it at that.

Not only has decision making moved outside the farming sector, it has conformed to contemporary standards of any corporate decision making, that is, quarterly profits. I am at a complete loss to see how decision makers with a three-month planning horizon will somehow stumble on a food system that is sustainable across generations.

We implicitly acknowledge the shortcomings of unfettered corporate decision making by continuing to hope that somehow, some way, we can cook up a farm bill that leads to sustainable agriculture. We've been trying for a long time without much success, but that doesn't seem to cause anyone to give up.

I was particularly taken by the New York Times op-ed "A 50-Year Farm Bill" by Wes Jackson and Wendell Berry (January 5, 2009). Its insights into what must be done were offset by a somewhat naïve take on how those changes must take place: an appeal to "thoughtful farmers and consumers everywhere" ignored almost the entire decision making process in the food system. Adding that we also need a 50-year farm policy begs the question of how decisions based on quarterly profit and loss statements will ever get us one.

There is a good reason why we don't have a 50-year farm bill, and are not likely to get one any time soon. For as long as I can remember, agribusiness has driven the farm policy agenda. John Schnittker was Under Secretary of Agriculture in the 1960's when farm deficiency payments replaced farm price supports. Many, myself included, see this as the birth of our so-called "cheap food policy." He recalled his experience in Agro Washington (Winter 2007). The framework for the deficiency payments was brought forward by a Cargill lobbyist and "presented to the Secretary of Agriculture and was quickly adopted." Influence of this type is alive and well in today's Washington. The best we can hope for are so-called "compromises" that get us nowhere.

What to do? I know economists richly deserve their claim to the "dismal science", and so far I have laid solid claim to my share of that morbid tradition. I don't want to end that way, however.

My long-time friend Willard Cochrane was Chief Agricultural Economist under President Kennedy and one of the country's greatest thinkers on farm economics. During the 1950's, he slowly came to the conclusion that agriculture was best regarded as a public utility, something far too important to be left to the whims of a free market system. He was quickly branded a Communist for saying so, and didn't pursue the issue as much as he otherwise might have. But now is a good time to reconsider his idea.

We are looking at this very question in a different arena as I write this: banking. The nation's private banking system has made such a mess of things that the world economy teeters on the brink of collapse. The United States is in process of doling out hundreds of billions of dollars to prop up the system. Along the way, people naturally ask: "Isn't there an alternative to giving truckloads of cash to those who caused the problem to begin with?"

Alan Greenspan, former Chairman of the Federal Reserve System, took his turn before a Congressional Committee and tried to explain the mess banking had become. He, unthinkably, apologized for believing that the free market system would bring us a banking system that could sustain our economy. I would have paid quite a lot to have been there!

But now we have a grand dilemma. If the market doesn't work for banking, it makes no sense (at least to me) to pour more money into the broken system. I have heard similar discussions concerning our health care system. In both cases, we must consider fundamentally different systems for providing services.

During the 1950's, Professor Cochrane's masterpiece Farm Prices: Myth and Reality made the case that the free market could not work for agriculture, either. It was more than we could take at the time, so we have tried various ways to pour money into and tack regulations onto a system that was lurching toward its own version of the banking mess—a food system that was dangerously unsustainable.

The alternative view is one that I am a bit hesitant myself to consider, but the only one that seems to take us in a direction that will result in progress. What if Professor Cochrane was right all those years ago? What if our food system is so important that it must be regarded as a public utility? What if the free market system simply does not work for sustainable agriculture?

Many serious thinkers consider sustainable agriculture at the broad systems level, not as the occasional island of sustainable farming in an ocean of conventional agriculture. Professor Cochrane evolved into such a thinker. In his latest book, The Curse of American Agricultural Abundance (University of Nebraska Press, 2003) he outlined an ambitious plan: "…converting the High Plains cropland back to grass and grazing operations and by transforming intensive cropping areas like the Corn Belt to diversified farming areas...”

I am not necessarily advocating Professor Cochrane’s approach here, but it does well illustrate the scale at which sustainable agriculture must be accomplished to meet important goals. At this scale, individual actions, guided by Adam Smith’s invisible hand, will not likely be up to the task. In fact, we may continue to get exactly what we are getting now, that is, a food system guided by powerful players in agribusiness.

And yet, the principal means we have chosen to advance sustainable agriculture: production research, farmer education, and studies of farm-level profits, all have this in common: they assume individual action will get us where we need to be. I disagree.

As ambitious as the task of bringing about system-level change might seen, it is in some ways no less ambitious than rural electrification or building the interstate highway system. These projects did not wait for, or rely on, individual initiative, however. They were based on broad, well-focused collective action.

This brings me back to the “thoughtful farmers and consumers everywhere” that Wes Jackson and Wendell Berry appealed to in their article on farm policy. I agree that these are the people most likely to guide us toward a sustainable agriculture, but they must have decision-making power if they are to do so. We cannot pretend that they do when they are mere ants among elephants in our food system. Rather, we must contemplate an economic structure in which they have real and substantial control.

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Richard Levins is Professor Emeritus of Applied Economics at the University of Minnesota. He is the author of *Market Power for Farmers: What It Is, How to Get It, How to Use It* and *Willard Cochrane and the American Family Farm*.

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