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How Corn and Soy Are Clearing America’s Grassland
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"2012 drought" (/full-blog/category=%222012+drought%22), "Conservation Reserve Program" (/full-blog/category=%22Conservation+Reserve+Program%22), "Environmental Work Group" (/full-blog/category=%22Environmental+Work+Group%22)

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As previously discussed on our blog, the drought of 2012 had devastating effects on the Midwest with more than 1,000 counties in 26 states declared natural-disaster areas.[1] And yet, farmers have seen business boom. Demand for food and biofuels have remained strong, pushing crop prices 20% higher in 2012 than in 2010.[2] For farmers unable to produce crops due to the drought, over $14.2 billion in crop-insurance payments have provided them a golden safety-net.[3] Overall, farm profits
Farmers are purchasing more farmland to meet this demand, leading to a 52% jump in prices of farmland in the Midwest between 2010 and 2012. [5] Additionally, many farmers are converting non-farmed land and putting it into cultivation. Typically, the federal Conservation Reserve Program pays farmers to protect wildlife by keeping land uncultivated, but funding for the program has been declining. [6] Farmers are pulling out of the program because they believe they can make more by farming than the $53 per acre average paid for conservation. [7] Unprotected by those government incentives, a recent study published in the Proceedings of the National Academy of Sciences showed that 1.3 million acres of grassland in North Dakota, South Dakota, Nebraska, Iowa and Minnesota have been converted to cropland between 2006 and 2011. [8] This grassland loss is occurring at a rate unsurpassed since the 1930s and is comparable to deforestation rates in Brazil, Malaysia and Indonesia. [9] As the author of the study, Christopher Wright, told NPR, "This is kind of the worst-kept secret in the Northern Plains." [10]

This news is problematic for a number of reasons. With respect to climate change, studies show that grassland holds carbon in their soil better than cropland. [11] This spells trouble for biofuel advocates. As one 2008 study in the journal Science explained, ethanol and soy biodiesel lose some of their carbon advantage over gasoline if the losses associated with farming on virgin grassland are accounted for. [12]

Secondly, grassland conversion causes wildlife and biodiversity to suffer. Corn and soybean fields are much less inviting for a wide range of animals, from ground-nesting birds to bees. [13] In recent years, these fields have been increasingly encroaching on the Prairie Pothole region across Minnesota and the Dakotas. The tall protective grasses in the region provide a key breeding habitat for waterfowl and other ground-nesting birds in North America. [14] As grassland is converted, bird populations are dropping. [15]

Finally, Wright reports that much of this conversion is taking place on hillsides, where soil is much more likely to wash into streams and ponds, in areas that don't drain well and in areas of the region much more vulnerable to drought. [16] Some suggest that farmers are willing to take these risks because the federal government subsidizes crop insurance to such a degree that a moral hazard is created. [17] In other words, the public bears most of the burdens of crop insurance but the farmer realizes all of the benefits. In this way, farmers are incentivized to take risks and gamble on grassland.

The Environmental Work Group has suggested that the federal government should reduce crop insurance for farmers who convert grasslands and wetlands to avoid rewarding farmers for their destructive behavior. [18] Farmers are obviously opposed to this move and suggest instead that Congress expand funding for conservation programs and provide larger payment incentives to allow the land to remain uncultivated. [19] This argument is unpersuasive and unrealistic considering current federal budget cuts, the massive subsidies that the industry already receives, and the record profits that farmers have secured in recent years. In contrast, reducing crop insurance would be a no-cost and effective solution to protect the wildlife and biodiversity of the grasslands, fight climate change, and minimize unnecessarily risky behavior of Midwestern farmers.

[3] Id.
[4] Id.
[7] Id.