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Dry grass provides limited security in a risky world
By Curtis Seltzer

BLUE GRASS, Va.—Extra bales of hay are coming today. I will stack them in the barn, wall-to-wall and floor-to-roof.

Farming is a risky business. For many, the basic model is to borrow every year to buy what's needed to make a crop. Hope is wedded to the expectation that things will work out; some of these marriages don't.

Over the years, Washington and Wall Street have devised many ways for farmers to manage environmental and market risk—crop insurance, guarantees, cost-shares, price supports, counter-cyclical payments, options, futures, forward contracting and subsidies for certain livestock, commodities, wool, conservation and disaster relief. Large farm operations take advantage of these programs; small outfits roll the dice.

The 2007 Census of Agriculture found that less than six percent of America's 2.2 million farms produced 75 percent of our total agricultural value.

The top 10 percent of all farms collected 74 percent of all federal agricultural subsidies, amounting in total to almost $166 billion between 1995 and 2010. Sixty-two percent of farmers collected no subsidy payments, including me. In 2010, $13.6 billion was distributed through 20 farm subsidy programs. (www.farm.ewg.org)

About $5 billion in 2010 was given as direct cash payments to producers of 10 crops, mainly corn, wheat, soybeans, cotton and rice. These payments are not related to current production or prices, but to a farm's historical record of acres devoted to production of these crops.

I feel that writers should have an entitlement program just like this one. I would be paid today for the number of hours I devoted to writing in past years.

Large farms are genuinely profitable; small ones are genuinely not. Even the IRS knows this.

Risk from both natural forces and market volatility is hedged by a safety net of public and private programs that provides workable stability and sustained production. Debt-ridden farmers can go under, but overall agricultural production is reasonably predictable and generally sufficient, year in and year out.

It's hard to think of other industries where containment of risk to guarantee production is so embedded in private-sector and public-sector practices—and so successful. Maybe publicly regulated electric utilities is one.

While farm employment -- both proprietors and hired help -- has declined over time, production in most agricultural sub-sectors has continued to increase. Rising output and declining employment go hand in hand as long as the rate of productivity gain from better machinery and crops exceeds the rate of production gain.

In addition to containing risk and increasing productivity, American agriculture's formula for success is to keep labor costs low, maintain access to borrowing, strengthen the safety net of federal programs and manage regulation through lobbying, campaign contributions and elections.

This model has produced cheap food, more export value than all other American industries combined and significant returns for the largest farm operations. It has, however, not increased farm employment, because some portion of its success directly depends on eliminating on-the-farm jobs.

On the other hand, production agriculture has created jobs in much of the network of industries and services that supports it. For every one direct farm job (proprietors plus wage earners), the USDA finds about 6.75 jobs in related agricultural employment, such as services, inputs, processing, indirect agribusiness and wholesale/retail trade. Three million farm jobs -- a number that's tending down -- lead to more than 20 million related jobs—a number that's increasing.

Hello up there in Washington! Efforts to increase agricultural output and direct farm employment would, dare we imagine, create more than a few new jobs in many related industries.

And in the much-maligned "thinking-bigger" mode, could we devise a 50-50 cost-share job program with farmers directed toward unemployed young adults? They would produce food and fuel, and work on soil conservation, erosion-control, pollution cleanup and mitigation, and improving the productivity of agricultural and forest soils. Two or three small farmers could share the cost of a single job.

Two hundred thousand new jobs at $15,000 each could be created for a one-year cost of $1.5 billion in federal money, paid for by cutting direct cash-payment subsidies by less than one-third.

And while this brazenly simple idea will go nowhere owing to its brazen simplicity, I am containing my own agricultural risk by stockpiling more hay than I figure I will need.

While security is never certain, perpetual or comprehensive, extra hay makes me feel that I'm holding my own with uncertainty.

Perhaps Uncle Sam will send me money this year for the barn space I've used to store hay in the past.

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