

De-FARMization - Climate Bill Makes Tree Planting More Lucrative Than Farming

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Agriculture Secretary Tom Vilsack has ordered his staff to revise a computerized forecasting model that showed that climate legislation supported by President Obama would make planting trees more lucrative than producing food.

The latest Agriculture Department economic-impact study of the climate bill, which passed the House this summer, found that the legislation would profit farmers in the long term. But those profits would come mostly from higher crop prices as a result of the legislation's incentives to plant more forests and thus reduce the amount of land devoted to food-producing agriculture.

According to the economic model used by the department and the Environmental Protection Agency, the legislation would give landowners incentives to convert up to 59 million acres of farmland into forests over the next 40 years. The reason: Trees clean the air of heat-trapping gases better than farming does.

Mr. Vilsack, in a little-noticed statement issued with the report earlier this month, said the department's forecasts "have caused considerable concern" among farmers and ranchers.

"If landowners plant trees to the extent the model suggests, this would be disruptive to agriculture in some regions of the country," he said.

He said the Forest and Agricultural Sector Optimization Model (FASOM), created by researchers at Texas A&M University, does not take into account other provisions in the House-passed bill, which would boost farmers' income while they continue to produce food. Those omissions, he said, cause the model to overestimate the potential for increased forest planting.

Mr. Vilsack said he has directed his chief economist to work with the EPA to "undertake a review of the assumptions in the FASOM model, to update the model and to develop options on how best to avoid unintended consequences for agriculture that might result from climate change legislation."

The legislation would give free emissions credits, known as offsets, to farmers and landowners who plant forests and adopt low-carbon farm and ranching practices. Farmers and ranchers could sell the credits to help major emitters of greenhouse gases comply with the legislation. That revenue would help the farmers deal with an expected rise in fuel and fertilizer costs.

But the economic forecast predicts that nearly 80 percent of the offsets would be earned through the planting of trees, mostly in the Midwest, the South and the Plains states.

The American Farm Bureau Federation and some farm-state Republican lawmakers have complained that the offsets program would push landowners to plant trees and terminate their leases with farmers.

The model projects that reduced farm production will cause food prices to rise by 4.5 percent by 2050 compared with a scenario in which no legislation is passed, the department found.

A department spokesman declined to comment about how quickly the review would take place or whether Mr. Vilsack would revise the department's economic-impact projections.

The Senate has not taken action on climate legislation, although the Senate Environment and Public Works Committee passed a bill similar to the House's last month. That measure did not include agriculture provisions.

Sen. Blanche Lincoln, Arkansas Democrat and chairman of the Agriculture, Nutrition and Forestry Committee, has said she will hold hearings on climate provisions but has not indicated when those will take place.

The ranking Republican on the committee, Sen. Saxby Chambliss of Georgia, and his counterpart on the House Agriculture Committee, ranking Republican Rep. Frank D. Lucas of Oklahoma, wrote to Mr. Vilsack and EPA Administrator Lisa P. Jackson earlier this month to ask for new economic analyses of the House and Senate bills.

"EPA's analysis was often cited during debate in the House of Representatives and the study had a great impact on the final vote. If there was a flaw in the analysis, then it would be prudent to correct the model and perform a more current and complete analysis on both [bills]," they wrote.

In a statement, the EPA said: "EPA looks forward to working with USDA and the designer of this particular computer model to continue improving the analytical tools that all of [us] use to predict the ways that different climate policies would affect agriculture."

Allison Specht, an economist at the American Farm Bureau Federation, said other studies have largely confirmed the results of the EPA and Agriculture Department analysis.

"That's one of the realities of cap-and-trade legislation. The biggest bang for your buck for carbon credits is planting trees," she said.

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