



Cato nukes the crony capitalism of farm subsidies

Tom Rogan

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A report published on Thursday by the Cato Institute think tank explains why farm subsidies should be gutted.

Cato begins by making the moral case for action.

First up here is the fact that farm households are getting paid by government even though they are already wealthy. The think tank explains that the average income of "all farm households was \$117,918 in 2016, which was 42 percent higher than the \$83,143 average of all U.S. households."

Cato also notes that "A recent analysis by AEI scholars found that 60 percent of subsidies from the three largest programs (insurance, ARC, and PLC) go to the largest 10 percent (by sales) of farms."

The report also shows how many farm households take advantage of the federal tax code to reduce their taxable income rate so that they can extract even more from the government. And who can blame them? The responsibility is on government to close these loopholes.

The next major takeaway comes with this gem of a quote:

Perhaps the biggest scandal with regard to farm subsidies is that agricultural committees in Congress include members who are active farmers and farmland owners. Those members have an obvious conflict of interest whenever there is a vote on subsidies. There are 32 current members of Congress who have received federal farm subsidies.

Welcome to the swamp.

Cato explains that this swampiness of subsidies and political patronage also produces outside negative effects at home and abroad. That's because it limits the ability of U.S. consumers to purchase more affordable agricultural products from abroad (thus reducing the wallet weight of American families), while limiting free market opportunities around the world.

It's all good and well to speak about "America First", but what's America First about asking Americans to pay more for their food so that wealthy farmers can get richer?

In that regard, Republicans who support continued subsidies must be asked what is more important: a better deal for Americans, foreign exporters and capitalism, or crony capitalism?

As Congress prepares to pass a major new farm bill, it is incumbent on members to pay heed to Cato's research. The current situation is unaffordable, unjust to taxpayers and consumers, and devoid of free market merit. Indeed, it is a textbook example of socialist patronage. The farmers and their special interests might like it, but it's time for a change.