

10 reasons the farm bill makes no sense

By: Chris Edwards - June 18, 2013

Congress is gearing up to pass a major farm bill for the first time since 2008, and this year's bill threatens to be much larger than the last one.

Farm subsidies make political sense for many members of Congress. But they make no practical sense because they damage the economy, hurt the environment, and are grossly unfair.

So in the hopes that the practical will prevail over the political, here are 10 reasons why both the House and Senate should go back to the drawing board with their legislation:

- 1.) The farm bill is far too costly. George W. Bush vetoed the 2008 farm bill because it “would needlessly expand the size and scope of government.” Unfortunately, Congress overrode his veto and enacted that bill, costing \$640 billion over 10 years. Today, the House is considering a farm bill that would cost taxpayers \$940 billion over 10 years — 47 percent more than the one that even big-spending President Bush couldn't stomach.
- 2.) Food stamp costs have exploded. About four-fifths of the cost of the farm bill is for food stamps. The House bill would trim food stamps by about \$2 billion a year — but the costs of food stamps have quadrupled over the last decade from about \$20 billion to \$80 billion a year. The cut in the House bill is far too tiny after such a huge expansion.
- 3.) Farm subsidies are reverse Robin Hood. Farm subsidies transfer the earnings of average taxpaying families to well-off farm businesses. In 2011, the average income of farm households was \$87,289, or 25 percent more than the \$69,677 average of all U.S. households. Farm subsidies even go to millionaire farmland owners such as Mark Rockefeller and Ted Turner.
- 4.) Subsidies are very concentrated. Although politicians love to discuss the plight of small farmers, the vast majority of farm subsidies go to the largest farms. In recent years, the biggest 10 percent of farm businesses have received three-quarters of farm subsidies, according to the Environmental Working Group.
- 5.) Subsidies damage the economy. In most industries, market prices balance supply and demand and encourage efficient production. By short-circuiting the market mechanism in agriculture, subsidies cause overproduction, land price inflation, and other distortions.
- 6.) Subsidies harm the environment. Farm programs draw marginal farmland into production and encourage the overuse of fertilizers. Lands that might otherwise be used for forests or wetlands get drawn into farm use. Florida sugar cane cultivation, for example, causes substantial damage to the Everglades, yet it thrives because of import protections.

7.) Farm programs harm free trade. U.S. farm subsidies are a hurdle to promoting free markets around the world, and this year's farm bill could increase international trade distortions. U.S. farm programs also hinder the ability of poor countries to achieve stronger economic growth with farm exports.

8.) Some farm programs harm consumers. Federal controls on the dairy and sugar industries raise prices and are costly to U.S. consumers.

9.) Farm subsidies are scandal-prone. As in all federal subsidy programs, a substantial share of farm subsidies are wasted on fraudulent and improper payments. Subsidies also go to farmers who haven't suffered substantial losses.

10.) Farmers don't need subsidies. If farm subsidies ended, U.S. agriculture would face some short-term adjustments, but it would thrive over the long term. Farmers would adjust their planting and land use, cut costs, and diversify their sources of income. A stronger and more innovative agriculture industry would emerge, as occurred in New Zealand after that nation repealed virtually all its farm subsidies in 1984.

Farm bills usually benefit from substantial political momentum, but this year's bill isn't a done deal yet. In the House, there are many members who weren't in office when the 2008 farm bill was enacted and who see themselves as fiscal conservatives. They know that the federal debt is far higher today than it was in 2008, and hopefully they understand that passing a farm bill that is 47 percent more expensive than the last one is the wrong way to go.

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