

## **Farm Subsidies Benefit Landowners**

Via Tad DeHaven, research from Barry K. Goodwin, Ashok K. Mishra, and François Ortalo-Magné tries to assess who derives the ultimate benefit from farm subsidies and discovers that much of it accrues to owners of agricultural land rather than farmers as such:

Farm subsidies make agricultural production more profitable by increasing and stabilizing farm prices and incomes. If these benefits are expected to persist, farm land values should capture the subsidy benefits. We use a large sample of individual farm land values to investigate the extent of this capitalization of benefits. Our results confirm that subsidies have a very significant impact on farm land values and thus suggest that landowners are the real benefactors of farm programs. As land is exchanged, new owners will pay prices that reflect these benefits, leaving the benefits of farm programs in the hands of former owners that may be exiting production. Approximately 45% of U.S. farmland is operated by someone other than the owner. We report evidence that owners benefit not only from capital gains but also from lease rates which incorporate a significant portion of agricultural payments even if the farm legislation mandates that benefits must be allocated to producers.

Highly regressive transfer, in other words.