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GOP Hypocrisy and the Farm Bill

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Whenever Republicans attempt to cut spending for some social welfare program or another, Democrats are quick to claim that it is not unaffordable spending that the Republicans dislike, but poor people. By passing the farm bill this week -- after stripping out spending for the food stamp program -- House Republicans showed that that stereotype is largely true.

Make no mistake, the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, is out of control, and should be cut. Since 2000, spending on SNAP increased from just $17 billion per year to more than $78 billion in 2012, while the number of recipients rose from 17 million in 2000 to more than 48 million today. Nearly one out of every six Americans receives SNAP.

In the previous iteration of the farm bill, Republicans had attempted to cut SNAP spending by $20.5 billion over 10 years, paring the program back to 2010 levels of spending. Democrats opposed those cuts, while some Republicans didn't believe the cuts were deep enough. As a result, the farm bill went down to well-deserved defeat.

In response the Republican leadership split the bill into two pieces, allowing Republicans to vote for agricultural subsidies without having to vote for any funding for food stamps at all. With the Republican leadership whipping the vote, including threatening wayward committee chairmen, the welfare-for-farmers-only version passed 216-208, entirely on the strength of Republican votes. In fact, only 12 Republicans voted against it.
But in passing the farm bill, Republicans demonstrated that they are just fine with bloated welfare programs as long as those welfare payments go to well-healed special interests.

In 2011, the last year for which full data is available, the average farm household had an income of $87,289, 25 percent higher than the average for all U.S. households. And about a third of the farm subsidies go to the largest four percent of farm operators. If you want to see real "welfare queens," look no further than Pilgrim's Pride, Tyler Farms, and Riceland Foods.

This version of the farm bill would cost taxpayers more than $195 billion over the next 10 years. And while some Republicans have tried to portray this as a cut, which is only according to the Washington-game of measuring increases relative to CBO's projected baseline. In many ways this bill is to the left of proposals from President Obama. Any Republican who voted for this bill and then claims to care about the debt or deficits should be laughed off the stage.

It is true that this farm bill takes some small steps toward reforming some of the worst aspects of farm policy, notably by reducing (but not eliminating) "direct payments" to farmers if there is a decline in commodity prices, regardless of how much they actually planted or how much they would sell their crops for. But the savings from direct payment cuts are simply shifted to an increase in crop insurance programs.

Under this bill, taxpayers would subsidize roughly 62 percent of the premium costs for farmers who buy insurance to shield themselves against sharp fluctuations in prices. The insurance effectively enables farmers to lock in high prices no matter their crop size. The farm bill doesn't just maintain this program for traditional beneficiaries such as wheat, soybean, cotton, rice, peanut, and dairy farmers, it expands the subsidies to include the fishing industry or "seafood harvesters," alfalfa grower and the producers of biomass and sweet sorghum. In addition, the bill includes special peanut revenue insurance, funds to study extending insurance to cover losses dues to food recalls or health advisories related to contamination, and protection against business interruption of poultry producers.

The bill would also spend $3 billion to cover farmers' deductibles before their crop insurance kicks in, in part to offset the end of the direct payments scheme. As a result, farmers will be almost completely insulated from any potential losses.

Unsurprisingly, the bill preserves loan programs and protectionist trade barriers for sugar growers. While the trade barriers drive up sugar prices by keeping out less expensive foreign sugar, the Agriculture Department implements a Soviet-style five-year plan, deciding what total sugar production should be, allotting 54 percent of that production to beet sugar and 46 percent to cane sugar, then giving each sugar company a specific production quota.

The House version of the farm bill also maintained a dairy program, similar to the sugar program. The GAO found that, due to this provision, between 1998 and 2004, U.S. butter prices were more than double international prices and that U.S. cheese prices were up to 58 percent higher than international prices The House bill also created a dairy supply management programs that would tax milk producers who produce "too much" when prices are low. According to the CBO, the new Dairy Market Stabilization Program could also cost the private sector up to $100 million annually just to comply with its information and reporting requirements.

Tree farmers received their little bit of welfare too. The Tree Assistance Program (TAP) allows the Secretary of Agriculture to use funds from the Commodity Credit Corporation to provide assistance to orchardists and nursery growers for losses of trees due to natural disaster.

And House Republicans actually made this version of the farm bill even worse than the one defeated earlier by eliminating the provisions that allowed some the costliest and most indefensible programs no longer expire after five years

In the wake of this bill, Republican claims to stand for free markets or fiscal responsibility are risible. Their complaints about welfare are merely hypocritical.

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