

## Plow under the farm bill

*There's no reason to subsidize agriculture.*

May 17, 2013

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American farmers are the most productive in the world. So, why do they need \$940 billion in new subsidies over the next five years?

That's the number in the bill passed last week, by a bipartisan 36-10 vote, in the Agriculture Committee of the House of Representatives: H.R. 1947, the Federal Agriculture Reform and Risk Management Act of 2013. With the orange groves long paved over, no Orange County representatives sit on the committee, but our taxpayers surely will pay for the bill.

It wasn't supposed to be this way. The 1996 Freedom to Farm Act, signed by Democratic President Bill Clinton, phased out subsidies over seven years. But the Farm Security and Rural Investment Act of 2002, signed by Republican President George W. Bush, continued many subsidies.

Food stamps now officially are called the Supplemental Nutrition Assistance Program, which currently feeds one in seven Americans, a level critics say is creating a "culture of dependency." Despite the economic recovery, SNAP has expanded by "70 percent since 2008, to a record 47.8 million [recipients] as of December 2012," reported the Wall Street Journal.

The real problem is the centralized nature of the SNAP program itself, which should be shifted to state and local governments, Sallie James told us; she's an agriculture policy analyst at the libertarian Cato Institute. If it's continued, she said, "It shouldn't be a part of the agriculture bill," but a separate bill voted on by itself to separate it from farm issues.

H.R. 1947 also continues price supports, a relic of the Dust Bowl days of the 1930s. Reported Reuters, "However, the Senate and House farm bills set peanut supports slightly above the projected market price and raise the 'target' price for rice by 27 percent to 33 percent." Of course, price supports mean higher prices for consumers. And, in any other industry, price rigging brings intervention by the Federal Trade Commission.

Another problem, Ms. James told us, is that price supports violate the World Trade Organization and international trade agreements because they "distort global trade." Potentially, the subsidies could lead to WTO sanctions, or even retaliatory limits on U.S. agriculture imports to some countries. These trade agreements have been hammered out over decades, and it would be foolish to tamper with something working generally well.

Reuters also reported, "While the bill expands crop insurance spending by \$9 billion over a decade, it would cut traditional subsidies by \$22 billion, according to the Congressional Budget Office." Cutting subsidies is great. But subsidized insurance distorts risk calculations.

The bill now goes to the full House, where we encourage Orange County's representatives to work for much bigger cuts to SNAP, and an end to crop insurance and other subsidies.

After passage, the House bill then will have to be reconciled with the \$955 billion farm bill passed by the Senate Agriculture, Nutrition and Forestry Committee.

Although the federal budget deficit has declined, to an expected \$642 billion this year, that's still a lot of red ink. We can't afford to waste money on subsidizing a successful industry, like farming.