



Republicans back agribusiness with the farm bill

By: Reihan Salam - July 12, 2013

This week, House Republicans passed a farm bill that reauthorizes and expands a wide range of federal subsidies for the agricultural sector. The bill, which is expected to cost \$195 billion over the next decade, is far smaller than an earlier \$939 billion version that went down to defeat last month, in what was widely seen as yet another blow to House Speaker John Boehner.

Conservatives and libertarians are outraged. Heritage Action for America, the advocacy wing of the Heritage Foundation, has issued a scathing denunciation, as has policy expert Sallie James of the Cato Institute, who warns that even the modest savings promised in the farm bill are likely to prove illusory.

And liberals are also furious, as the House GOP, in an effort to paper over internal disagreements, decided to separate out the nutrition programs that had been in an earlier version of the bill, to be dealt with at a later date. Under the earlier version of the farm bill, nutrition programs — which include SNAP, the food stamp program that currently enrolls 47.6 million people — were expected to cost \$743 billion over the next decade, \$20.5 billion less than under the status quo. Congressional Democrats opposed the cuts on the grounds that they were too steep, while conservative GOP rebels insisted that they were too small.

The expectation is that House Republicans will propose nutrition-only legislation that will be considerably less generous than what came before it, thus bringing the rebels back into the fold. The debate over nutrition programs is obviously crucially important. David Armour and Sonia Sousa, policy scholars at George Mason University, have documented the extraordinary growth of SNAP over the last decade, and there does appear to be room to curb its growth while protecting the interests of the very poor. Whether or not Republican lawmakers choose to take that path remains to be seen. One thing we do know, however, is that the farm bill that has passed represents a serious step backwards for a party that was once committed to rolling back the agricultural welfare state.

The new farm bill makes for a striking contrast with “Freedom to Farm,” the landmark agricultural reform passed by House Republicans in 1996, when the Gingrich-led party was still full of revolutionary zeal. Eric Patashnik, a University of Virginia political scientist, documents the rise and fall of Freedom to Farm in his 2008 book *Reforms at Risk*. Then as now, right-of-center intellectuals were convinced that farmers needed to be weaned off of federal subsidies while also being freed of market-distorting restrictions on planting decisions. Rather than simply extend existing farm subsidies, congressional Republicans devised a seven-year schedule during which payments would be steadily reduced. The GOP commitment to curb giveaways to agribusiness flowed in part from a recognition that if conservatives wanted to overhaul welfare,

Medicaid and other programs aimed primarily at the poor, it had to ruffle the feathers of at least some Republican-aligned constituencies as well.

Freedom to Farm was far from perfect, as it left a number of politically popular price supports in place. The legislation shrewdly sought to buy off farmers by boosting farm payments in the short-term in exchange for eventually phasing them out. Yet it also failed to change the incentives facing legislators. Lawmakers still have much to gain from doling out favors to farmers, and there was nothing in Freedom to Farm to prevent or even discourage them from doing so. When agricultural commodity prices fell, Congress kept boosting payments to farmers to stave off a political backlash. As Patashnik observes, Republicans and Democrats entered into a series of bidding wars, in which the parties duked it out over which could promise a bigger “emergency” farm aid package. This isn’t to say that Freedom to Farm was a complete failure. While it failed to end subsidies, it did allow for much greater planting flexibility, which in turn freed farmers to make investment decisions with an eye towards the market.

Now, however, federal agricultural policy is careening in the other direction. In recent years, Congress has placed a much heavier emphasis on subsidizing crop insurance, which in turn has shielded agribusiness interests from the kind of foolhardy decisions that would get punished in a free market. As my colleague Andrew Moylan of the R Street Institute has observed, the beneficiaries of these subsidies tend to be large, lucrative agribusiness firms. During the debate over the farm bill, Reps. Jason Chaffetz (R-UT) and Earl Blumenauer (D-OR) proposed phasing out premium subsidies for crop insurance for farms earning \$250,000 or more. Other proposals aimed at capping premium subsidies at \$50,000 per beneficiary and ensuring greater transparency in the program. Yet these and other perfectly sensible amendments were ruled out of order by the House leadership, and so the House never had an opportunity to vote on them.

One gets the impression that a majority of Republican lawmakers are utterly unperturbed by the fact that the farm bill represents corporate welfare at its worst. A cynic might suggest that for all its vaunted ideological purity, the House GOP caucus is simply looking out for its core constituents, namely the agribusiness interests that play an outsized role in the economic and political life of Rural America. And in a democracy, it is perfectly fair that a party will be responsive to the interests of its members. But why, you have to wonder, would the party devote so much effort to giving agribusiness interests such a big leg up while neglecting the middle-income parents and retirees who represent the bulk of the Republican rank-and-file? If ideological purity is why some conservatives oppose GOP efforts to craft a substantive, coverage-expanding alternative to President Obama’s Affordable Care Act, why wouldn’t this farm bill also be a bridge too far?