

# THE WEEK

## **The only winners in the Farm Bill are farmers (and Big Insurance) So much for reform: The poor get the shaft, but so do taxpayers and consumers**

By Peter Weber | 12:30pm ET

Late Monday, House and Senate negotiators finalized a bipartisan compromise on the five-year farm bill, a warm-and-fuzzy-sounding Frankenstein-like amalgamation of crop subsidies, food stamps, and various handouts to industries loosely related to agriculture. The 949-page House-Senate compromise, two years in the making, will likely go up for a House vote on Wednesday and a Senate vote next week.

"We've got a bill that makes sense, works for farmers and ranchers and consumers and families that need help, and protects our land and water and our wildlife," Sen. Debbie Stabenow (D-Mich.), chairwoman of the Senate Agriculture Committee, tells *Reuters*.

Stabenow may be correct that the farm bill will make it to President Obama's desk — "it's expected to sail through the House and Senate in the coming days — mostly because lawmakers want to get it over with already," says *The Washington Post's* Ed O'Keefe. But it's not exactly great for farmers and families that need help or other consumers.

The bill cuts spending by about \$23 billion versus current funding levels, with more than \$8 billion of that coming from cuts to food stamps, formally called the Supplemental Nutrition Assistance Program (SNAP). It amounts to roughly a \$90-a-month cut to 850,000 households. That's far less than the \$40 billion in SNAP cuts in the House version, but roughly twice the reduction in the Senate bill.

Another \$6 billion comes from combining 23 conservation programs into 13. Other programs being cut include the "Red Meat Safety Research Center." But the biggest supposed saving — \$19 billion — is from ending direct payments to farmers (and some landowners who don't actually farm), which cost taxpayers about \$5 billion a year.

So that sounds like shared sacrifice, right? Not exactly. Most of the money from the direct payments is being shifted to subsidized crop insurance programs. "It's a classic bait-and-switch proposal to protect farm subsidies," Vincent H. Smith, a professor of farm economics at Montana State University, tells *The New York Times*. "They've eliminated the politically toxic direct payments program and added the money to a program that will provide farmers with even larger subsidies."

On the other hand, the farm lobby is lining up behind the package. "The bill is a compromise," says Ray Gaesser, president of the American Soybean Association. "It ensures the continued success of American agriculture, and we encourage both the House and the Senate to pass it

quickly." The American Farm Bureau Association — the big muscle of the farm lobby, employing 52 Washington lobbyists — urged quick passage of the bill.

The House and Senate conferees also loosened limits on how much individual farmers can receive in subsidies and loans in a given year, to \$125,000 per person from \$50,000 in the earlier bills. "If what we've heard proves true, the deal will result in virtually unlimited farm program payments continuing to inure to the nation's largest and wealthiest mega-farms," says Traci Bruckner at Nebraska's Center for Rural Affairs.

For an in-depth look at the politics of the farm bill, read Molly Ball's excellent article at *The Atlantic*. Her thesis is that the big losers here are Republicans, since rural Red State GOP stalwarts are feeling betrayed by the intra-party fighting over the bill between the "more urban, libertarian, ideological strain" of the party represented by the Tea Party and the traditional faction that represents rural and farming interests. But it's also pretty clear who the winners are: Farmers and insurance companies.

When America's programs of crop subsidies began during the Great Depression, more than 20 percent of employed workers made their living on farms, earning a third of what Americans pulled in for non-farm work, Ball notes. Now, farmers make up only two percent of the U.S. workforce, and farming households earned \$84,400 on average in 2010, 25 percent higher than the national average.

"Farm subsidies are welfare for the well-to-do," argued the Cato Institute's Tad DeHaven and Chris Edwards at *The Hill*. Farmers booked record profits in 2012, despite severe droughts, thanks largely to federally supported crop insurance. According to the Environmental Working Group (EWG), taxpayers pick up 62 percent of the average farmer's crop insurance premiums. And the feds pay insurers directly, too, to the tune of \$1.3 billion a year.

"In 2012, the Corn Belt's unprecedented drought led to an insurance payout of \$18 billion in crop indemnities — \$14 billion of it taxpayer-funded," Ball adds. "The insurance companies, in what should have been a terrible year for them, made a profit." This has created a strange coalition that includes Cato and the conservative Heritage Foundation plus liberal groups like the EWG. They disagree on food stamps, she says, but "left and right alike charge that programs billed as a safety net to protect farmers from the vicissitudes of nature are instead an increasingly cushy hammock."

The outlook is mixed for consumers. Efforts to stabilize or boost prices for farmers isn't great for shoppers in the short run — a program to limit sugar imports and domestic production is designed to keep sugar prices artificially high. But new rules will force meat packagers to say where the animal was raised and slaughtered, a boon to label-watchers.

And in the long run, as Agriculture Secretary Tom Vilsack told the Farm Bureau's annual meeting last week, the one percent of Americans who grow the nation's food supply "ought to be celebrated." Their toil lets the rest of the country pursue other work, he said. "The country ought to be reminded of it, and every farmer in this country should be valued, appreciated, and thanked."

I like farmers and am glad when rural America gets the tools it needs to survive. But the Farm Bureau and other members of the farm lobby appears to have gotten their money's worth in this Congress. On the other hand, it's called the farm bill — so it's not exactly a breach of truth in advertising.