

# BOZEMAN DAILY CHRONICLE

## Why the U.S. does not need a farm bill

By: GLENN MONAHAN - January 1, 2013

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Fiscal cliff discussions are forcing Americans to evaluate where taxpayer dollars are going, with the realization that tough decisions need to be made. While Americans are being asked to consider Social Security and Medicare cuts, and neglecting crumbling infrastructure, a strong case exists for eliminating unnecessary farm subsidies, amounting to \$247 billion from 1995-2009 – a cost of \$119/year per taxpayer.

America's farmers are important, as are our teachers, carpenters, and police, but it's a difficult case to argue that taxpayers should continue borrowing money from China, and from future generations, to fund this demonstrably unnecessary and expensive entitlement program for an industry that is thriving during these hard times.

The conservative think tank, The Cato Institute, reports that from 2009-2010, farm income increased by 34 percent – in the midst of a serious recession – when most Americans experienced stagnating and declining wages! In 2011 farm income reached a record high level. Nationally, farmer household income is 26 percent higher than the average American household. Such income levels argue strongly against the need to subsidize farms.

Neither are farmers experiencing the declining real estate values that are impacting most Americans. During a recession, farmland values in the Midwest have increased 70 percent since 2009 (Federal Reserve Bank), and is selling at record levels as land is scooped up by cash-flush farmers and investors.

Do farm subsidies truly benefit American consumers, and provide American's with cheap food? With crops being sold on international markets to the highest bidder, the answer is NO. Montana wheat farmers recently enjoyed a record \$1.4 billion harvest, but very little of that crop is feeding Americans – 85 percent of Montana's wheat is exported to foreign markets.

Nationally, the export picture is similar for most subsidized crops. USDA statistics show U.S. export figures of: 76 percent for cotton, 59 percent for wheat, 43 percent for soybeans, 50 percent for rice, and 20 percent for corn. With such a demonstrated international demand for these crops, why should taxpayers subsidize crops that are not directly benefitting Americans?

Clearly these are good times for farmers across the U.S., and farmers should be saving for the next rainy day, rather than continuing their dependence on taxpayer subsidies to help them survive market fluctuations and vagaries of the weather. It is a violation of free-market principles for any industry to depend so heavily on subsidies for an extended period, and represents a failed business model.

The conservative Cato Institute strongly supports farm subsidy cuts, and has published a list of “Ten Reasons to Cut Farm Subsidies,” which include lower food prices for consumers... “innovation and productivity gains on the farm,” and “...more economic diversity and dynamism in rural communities.”

Anyone interested in researching where farm subsidy payments are going can visit the [Environmental Working Group’s Farm Subsidy Database](#) which posts farm subsidy public records from 1995-2009, and is searchable by state, county, and individual farmer. Search results reveal staggering dollar amounts of farm subsidies, and raise questions of how this program became so bloated.

Montana, from 1995-2009 received \$5.52 billion in taxpayer-funded farm subsidies. A dramatic example of the perverted levels of agricultural subsidies is eastern Montana’s Daniels County, where from 1995-2009 payments equaled \$175 million – a yearly subsidy amounting to \$6,850 for every resident (not farmer) of that county (EWG Farm Subsidy Database). Similar figures exist for many other Montana counties. Local economies should flourish on their own merits and strengths – with private entrepreneurship and innovation – not a perpetual infusion of federal subsidies.

House Speaker Boehner has stated that all options are on the table to reduce our nation’s budget deficits, but the discussions unfortunately focus on important social programs – like Medicare, Social Security, national infrastructure, cancer research, consumer protection, and environmental safeguards – with 88 percent of federal spending, including farm subsidies – off the table. Eliminating farm subsidies is an idea whose time has arrived.

*Glenn Monahan, of Bozeman, has closely followed agricultural issues in Montana for many years.*