

Richest Farms Reap Fattest Subsidies, Database Shows

(May 5) — Last year the U.S. government paid out \$15.4 billion in farm subsidies in a sweeping program designed not only to cut prices to consumers, but also to provide financial security to farmers. According to figures released Tuesday, however, those subsidies may be leaving most small farmers in the dust.

According to a database published by the Environmental Working Group, a consumer advocacy group and subsidy opponent, the top 10 percent of subsidy recipients collected 74 percent of all subsidies from 1995-2009. The top subsidy recipient in the database, Riceland Foods in Stuttgart, Ark., received more than \$550 million.

Ed Andrieski, AP

Combines harvest the winter wheat on a farm near Roggen, Colo. Lawmakers crafting a sweeping farm bill in 2008 promised it would cut government payments to wealthy farmers. Two years later, little appears to have changed.

Chuck Hassebrook, executive director of the Center for Rural Affairs in Lyons, Neb., worries that the current subsidy system is endangering family farmers.

“When we spend this money on such perverse purposes as subsidizing the biggest farms, we don’t have the money left to spend on the future of rural America,” he said in a teleconference.

The notion of agricultural subsidies developed during the 1930s as a way to give U.S. farmers a safety net in an industry highly vulnerable to shifts in both commodity markets and the weather. The system as it exists today, however, was shaped in the early 1970s by Earl Butz, director of the USDA under President Richard Nixon, to encourage greater crop production.

Critics, like noted author Michael Pollan, feel the switch to emphasizing direct payments for commodity production encouraged farm expansion without concern for economic or environmental stability. Further, proponents of farm subsidy reform argue that the current system has helped put marginal lands into development and increased the ability of large farms to buy out smaller ones.

While supporters of agricultural reform typically lean to the left of the political spectrum, the libertarian notion of smaller government has made for strange bedfellows. The Cato Institute, a noted

free-market think tank, has allied itself with subsidy reformists. And with the release of its latest figures, the Environmental Working Group aims to win the support of America's most high-profile supporters of smaller government, the tea party.

The farm bill that controls subsidies comes under congressional review every four years. While the 2008 farm bill promised to cut payments for top recipients, the situation has not changed much in two years.

Debate for the 2012 bill is beginning in the midst of one of the worst budget crises in years, which is sure to influence the discussion. However, congressional agricultural committees consistently tend toward members from subsidized states. One of them, Congressman Earl Pomeroy of North Dakota — which received \$421.9 million in farm subsidies last year — told Bloomberg News that the Environmental Working Group's data were "sensational but shoddy."

"The family farmers I represent have their extraordinary financial risks offset somewhat by a farm program that helps when production fails or when prices collapse," he said.

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