

On farm subsidies, Donald Trump is throwing stones from inside a \$17-billion glass house

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The disastrous G7 summit that ended with the U.S. accusing Prime Minister Justin Trudeau of “betrayal,” kicked off with complaints from U.S. President Donald Trump about Canadian milk.

“Canada charges the U.S. a 270% tariff on dairy products! They didn’t tell you that, did they?” Trump tweeted on Friday.

On farm subsidies and tariffs, Trump is right. But he’s throwing stones from multi-billion dollar glass house.

It’s true that Canada holds tight reins on the amount of dairy products produced in the country, which keeps prices high for domestic sellers — and customers.

To fend off lower-priced foreign products, Canada also limits imports with hefty tariffs: nearly 300 per cent for butter and cream, and 240 per cent for cheese, whole milk and yogurt.

Economists have criticized the program, which was a flashpoint in recent Conservative and Liberal leadership races. When Andrew Scheer edged Maxime Bernier for the Conservative Party’s leadership, Bernier blamed a highly motivated cadre of milk producers for his loss. In 2013, Martha Hall Findlay argued against supply management while running for the Liberal leadership.

So Trump’s arguments against dairy subsidies and government aid are something Canadians have heard before, and something on which many surely agree with Trump — but what the president doesn’t mention is that U.S. farmers are also awash in subsidies.

American farmers received about \$17.2 billion in subsidies in 2016, according to the Environmental Working Group, an organization that has tracked farm subsidies since 1995. That amounts to about \$349 billion since the database was created.

Although politicians in both countries like to talk about family farms, the libertarian Cato Institute says the largest 15 per cent of farm businesses received about 85 per cent of the subsidies in the United States, meaning they “redistribute income upwards.”

By a long way, U.S. corn growers come out on top. About half a million producers receives nearly \$6.5 billion in various kind of subsidies. Soybean producers are in second place, with about \$2.3 billion.

Dairy producers — the subject of Trump’s consternation in Canada — are way down the list, receiving about \$10.5 million, although the money is shared among fewer than 5,000 producers.

Trump has made hay by attacking Canadian farm subsidies and ignoring the money doled out in the U.S. but that spending has been controversial for as long as Congress has been writing farm bills.

But despite increasing urbanization and a dwindling number of farmers each year, the farm lobby in the U.S. has successfully fought off reform attempts.

In 2008, Congress overrode a presidential veto on farm legislation that boosted subsidies, meaning two-thirds of its members had to OK the bill. The Reagan administration proposed cuts in the 1980s but, in the wake of an agricultural downturn, quickly reversed itself and boosted aid to farms.

Now, the farm bills includes food stamps, meaning even legislators in highly urban areas have little incentive to consider reform on the subsidies.

And for members of Congress, who face re-election battles every two years, the chance to shovel some pork-barrel spending into an unwieldy farm bill may be too tempting pass up.

The first legislation referred to as a “Christmas tree bill,” a quirk of the U.S. legislative system, where unrelated spending items are tacked onto a bill, was a 1956 farm bill. At the time, a U.S. senator described it as a bill that had “something on it for nearly everyone.”

With billions flowing out every year, the programs are ripe for mismanagement. A 2013 audit revealed the government was sending millions of dollars to farmers who had been dead for years.

In the New York Times, food writer Mark Bittman wrote that the current system “is a joke.”

“It’s become so bizarre that some homeowners lucky enough to have bought land that once grew rice now have subsidized lawns,” he wrote.