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Your Subsidized Holiday Feast

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Holiday decorations, Christmas gifts and Caribbean vacations aren't the only indulgences racking up your credit card bills this December. One of the season's necessities is also to blame: the holiday feast you put on the table.

Farm subsidies - a government allotment paid to farmers to support the sector and manage the supply of agricultural commodities - can distort the price of food. Recent figures reveal that the U.S. spent over \$15 billion last year to supplement the income of the farming industry.

Not to ruin the holiday cheer, but most of your season's favorite munchies are heavily subsidized - and in many cases, the protectionist policies of the U.S. government have driven up the cost of everything from your gingerbread cookies to your prime rib. (For a related reading, see *What Are The Economic Implications Of Government Subsidies On Fuel Costs?*)

IN PICTURES: [10 Ways To Cut Your Food Costs](#)

Holiday Cookies, Candy Canes and Fruitcake

Sugar is the main ingredient of candy, cookies and other goodies prepared in abundance over the holidays, and though it seems cheap, Americans pay a pretty penny for sugar compared to other countries around the world.

Longstanding U.S. policies - dating back to Congress enacting import tariffs on sugar in 1789 and regulating sugar production since 1934 - work to create artificially high prices. According to the CATO Institute, a Washington, D.C.-based think tank, U.S. sugar prices have consistently been two to three times higher than world prices for the past few decades.

And sugar subsidies are a double-whammy for American consumers. Guaranteeing prices, imposing trade restrictions and controlling production quotas props up sugar farmers, but it costs the U.S. taxpayer money. Over 2,200 jobs in the sugar sector are saved by government intervention, at an annual cost of close to \$850,000 per year, says a report by the International Trade Administration.

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Creamed Corn, Pot Roast and Whipping Cream

From corn oil to cornstarch to high-fructose corn syrup, corn is a common component or additive to casseroles, puddings, gravy, salad dressings and other sweets. And most of the corn grown, about 80%, is used to feed livestock and, in turn, affects the retail price of meat and dairy products.

The U.S. - the world's largest producer of corn - spends roughly \$8 billion a year to support the corn industry, making it the nation's most subsidized commodity. Though historically cheap, corn subsidies have created a price floor for demand and pay farmers for every bushel. But in 2010, extreme weather tightened supply and caused corn prices to spike 29%. Experts forecast that escalating corn prices are likely to have a direct impact on food prices, especially meat, poultry and dairy into 2011- if not already.

Pecan Pie, Stuffing and Yorkshire Pudding

Flour is one of the most ubiquitous cooking essentials used in practically everything from baked goods to sauces and starches. Next to corn, the wheat industry rakes in the second biggest subsidy, a figure that has accumulated to roughly \$31 billion in government aid from 1995 through 2009 according to the Environmental Working Group. In 2010, federal payments are projected to be around \$71 million to wheat farmers, the same amount as last year, says the Farm Service Agency.

For some, this amount of aid is a controversy given the year's wheat crop is boasting its highest production numbers in a decade and wheat farmers are benefiting from soaring prices. In 2010, the price of wheat jumped 71%. That means you will be forking over more for your baked cookies and turkey stuffing. (For more, check out *22 Ways To Fight Rising Food Prices.*)

Eat Up

Given the not-so-rosy forecasts for food prices, you may want to eat well this holiday season. Food costs are expected to rise 3-4% in 2011, according to the United States Department of Agriculture.

For the latest financial news, see *Water Cooler Finance: FBI Insider-Trading Bust.*

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