

Farm Policy and Lobbying in the US

- 1900 - 35% of workers in the US were employed on farms.
- 2012 - fallen to 1.8%, due both to increased farm efficiency and to imports of agricultural products.
- Small sector, yet receives \$11 billion in **direct support** from the federal government each year.
 - direct subsidy payments to farmers.
 - price supports (guaranteed minimum prices for crops), which raises average price of food products for American households.

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- Both these subsidies cost American household about \$201 per year on average.
- Average recipient of the direct subsidies receive \$10,124 per year on average, **which is larger than the amount paid to many individuals that receive payments from the social insurance programs in the country.**

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- Why do American families pay so much to support the farm sector?
- Typical political answer: “to preserve the American ‘family farm’ from larger agriculture companies and foreign competitors”.
- Dick Gephardt (2003 Democratic presidential nomination): “With each passing year, we lose more and more family farms to corporate agriculture.”
- President Bush (2002 farm bill): “This bill will promote farmer independence and preserve the farm way of life for generations.”
- Problem: this is at odds with the facts!

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Facts are:

- Only 20 out of (roughly) 400 crops grown in the US are eligible for subsidies.
- Amount of subsidies increases with the amount of crop produced \implies larger farms benefit more from subsidies than small farms.
- $\frac{2}{3}$ of all subsidies accrue to about 11% of the recipients, most of whom earn more than \$100K per year.
- In 2010 - top 10% farmers received on average \$38,411 while the bottom 80% received \$1,494 per year.

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Why is this happening?

- \$201 is **much smaller** than \$10,124!
- Gains to a few outweigh the losses to many.
- Farms are able to effectively organize and lobby for the maintenance of the subsidy and price support programs, and the large group of taxpayers hurt by these programs is not.
- Also: candidates in presidential primaries have their first trials in Iowa....