Corny (but not Funny) US Agricultural Policy

The [mission statement](http://www.usda.gov/wps/portal/usda/usdahome?navid=MISSION_STATEMENT) for the US Department of Agriculture states, “We provide leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management.” While that doesn’t immediately send the masses rolling on the ground in hysteria it should. That statement is pretty funny when you compare it to what the USDA actually does. Maybe “sound public policy”, “best available science” and “efficient management” are supposed to be code phrases for “policy in the interests of Archer Daniels Midland”, “best available science funded by domestic ethanol producers”, and “efficiently adding people to the food stamp line”.

[Food stamp use climbed to a record 46.7 million people in June](http://www.bloomberg.com/news/2012-09-04/food-stamp-use-climbed-to-record-46-7-million-in-june-u-s-says.html). Food stamp costs have more than doubled in the last five years to $75.7 billion a year. What kind of economic recovery has more people on food stamps than there were at the trough of the recession? It is the kind of recovery that wants to expand the number of people on the government benefit wagon. If everyone gets benefits from the US government then everyone will vote for the party that supports bigger government (and thereby bigger benefits for themselves).

Only in America can the same country have the largest number of people on food assistance and have the highest obesity rate in the industrialized world. Food producers lobby for more food assistance to increase their sales, not to increase the health of Americans. The push to [accept food stamps at fast food chains](http://www.usatoday.com/money/industries/food/story/2011-09-05/More-restaurants-are-targeting-customers-who-use-food-stamps/50267864/1) illustrates this point. The fact that the [USDA food pyramid](http://americannutritionassociation.org/food-pyramid-politics-what-optimal-food-diagram) is designed by the political influence of food producers rather than by the health effects of the food should give people pause about letting the government interfere with the food industry altogether.

This year drought has hit US crops hard, but that does not mean lower farm income. In fact, [some farmers will make more money in the drought](http://www.cnbc.com/id/48782861). The US Department of Agriculture estimates that farm incomes will rise 3.7% over last year to their [highest ever level](http://www.ft.com/cms/s/0/f477ac96-f149-11e1-b7b9-00144feabdc0.html?ftcamp=published_links%2Frss%2Fworld_us_politics%2Ffeed%2F%2Fproduct#axzz24xHpS4ij). Farmers will raise fewer crops but earn more cash. Part of this is because the US taxpayer will cover $14 billion for crop losses on top of $11.1 billion in direct farm subsidies. If farmers grow lots of crops they get paid. If they grow few crops, they get paid. In some cases, if they promise not to grow crops they get paid as well.

No wonder the rest of the world has [trouble digesting our agriculture policy when discussing “free trade”](http://www.cato.org/publications/trade-policy-analysis/boxed-conflicts-between-us-farm-policies-wto-obligations) deals. Their free market farmers have trouble competing with our government subsidized ones. And the subsidies keep getting larger. The cost of crop insurance programs have increased from [$2 billion a year in 2002 to $9 billion a year in 2011.](http://www.ewg.org/agmag/2012/04/2012-farm-bill-crop-insurance-the-new-subsidy/) Here is a sample of where the US Department of Agriculture is [sending your money](http://farm.ewg.org/region.php?fips=00000). It spent $277.3 billion in farm subsidies between 1995-2011 with 10% of farms earning 75% of the subsidies and 62% of American farms receiving no subsidies. Anyone can look up individual subsidy information on the [2012 farm subsidy database](http://farm.ewg.org/).

This year’s drought is [driving up crop prices](http://www.bbc.co.uk/news/world-us-canada-18893859). That means that consumers will have to pay more to eat, the government will have to pay for more food stamps so more people can eat, people will have to pay more for gasoline infused with ethanol, and meat producers will have their cost of production increase. Meat producers do not have the political clout that grain farmers have in Congress, so they are mostly forced to cope with higher grain prices on their own. No wait, President Obama directed the Department of Agriculture to buy millions of dollars of pork, chicken, and lamb to [store in the government’s many freezers](http://www.bloomberg.com/news/2012-08-13/obama-to-urge-agriculture-bill-as-usda-buys-170-million-of-meat.html). Now consumers can pay more for their grain *and* their meat. Now that’s efficient management if I’ve ever seen it – just increase the food stamp rolls some more and we’re all good.

Oh, wait. Gas prices hit record [Labor Day highs](http://www.politico.com/news/stories/0912/80594.html) this week. [Twenty five US Senators asked](http://supermarketnews.com/meat/senators-ask-ethanol-mandate-reprieve) the EPA (to no avail yet) for a reprieve on ethanol requirements due to the drought. The US government’s “sound public policy” states that scarce corn should be used to burn as fuel rather than as food or feed for animals. That same “sound public policy” places a huge tariff on ethanol imported from Brazil to make sure that we burn scarce corn instead of plentiful sugar to run our cars (which would run more economically and environmentally efficient on gasoline).

Yes, US agriculture policy is pretty funny, just not in a ha-ha sense. The joke is on American consumers and taxpayers.