

# Down on the farm: The problem with government subsidies

by [Amy Frykholm](#) in the [April 22, 2008](#) issue

A breakfast frequently served at my son's school—where over half the children receive government-supported meals—consists of commercially produced French toast sticks and syrup. The list of ingredients on the package for this meal is as long as this paragraph. It includes not only partially hydrogenated soybean oil and high fructose corn syrup, but also more mystifying additives like gelatinized wheat starch, calcium caseinate, lecithin, guar gum and cellulose gum. The story of how these items arrive at a school cafeteria and are designated as food is a long and complicated one involving the interaction of farmers, government policy makers and the food industry.

The modern story of why we eat what we eat begins in the 1930s, when President Franklin Roosevelt faced the challenges of the Depression. He saw that many farmers were poor and that one in every five people in the country was undernourished. Farmers and other Americans were too vulnerable, he believed, to the cycles of boom and bust. When crop production was high, prices were too low to support farmers. When crop production was low, farmers didn't have enough to feed themselves, let alone the rest of the nation.

Farmers' vulnerability was the impetus for Roosevelt's reform. "An unprecedented condition calls for new means to rescue agriculture," Roosevelt said as dust storms devastated fields in Oklahoma. The program included a subsidy system to ensure farmers' income and to "reduce the gap between huge surpluses and disastrous shortages." This system was designed to create greater reserves of food that could "help iron out extreme ups and downs of price." Originally more than 100 distinct crops qualified for support.

When Roosevelt signed the Agriculture Adjustment Act and Farm Relief in 1933, he believed he was saving the family farm. At the time, 21 percent of Americans earned their living from farming and one in four Americans lived on a farm. Today that

number is less than 2 percent.

In the decades that followed, the industrialization of farming changed the subsidy system dramatically. In the 1970s, under Secretary of Agriculture Earl Butz, farm policy sharpened its focus on creating cheap raw materials. It turned farmers from tenders of the land into managers of agribusinesses. Due largely to Butz's reforms, today the bulk of farm subsidies go to producers of only five crops: wheat, soybeans, corn, cotton and rice, and the food economy is based on processed foods and additives derived from corn.

The subsidy program is not so much a means of stabilizing family farms as a way of supporting agribusinesses. Seventy percent of the \$21 billion in subsidy payments goes to 10 percent of farmers. In 2005, Riceland Foods Inc. received almost \$16 million. Some family farms receive as much as \$700,000. Eighty percent of eligible farmers receive an average of \$704. In other words, a lot of the money goes to subsidize a very small number of farmers.

American farmers are, as Michael Pollan, author of *The Omnivore's Dilemma*, puts it, "the most productive humans who have ever lived." A small number of farmers grow the food that feeds a nation and many other people around the world. Yet we do not eat much of the food they grow in the form in which they grow it. More than two-thirds of farm products go into livestock feed, and much of the rest must be transformed through manufacturing into the products we consume.

The rise of processed food is linked to what the surgeon general has called an "obesity epidemic" and the rise of lifestyle-related diseases such as heart disease and diabetes. Processed foods offer cheap calories and little nutrition. Our bodies have long been good at digesting apples but hardly know what to do with guar gum or partially hydrogenated vegetable oil. The problem has perhaps most directly affected the poor: calorie-rich food is inexpensive, while the price of fresh foods is increasing. As Kimberly Burge of Bread for the World aptly puts it, "Calories are cheap in the United States—it's nutrients that are expensive."

We can see, then, how and why a rather unhealthy breakfast is prepared at my son's school. The production of the wheat and corn in his breakfast are subsidized by the government. The elements are processed and then sold back to the government as part of a nationwide nutrition program.

Schools that attempt to bring high-nutrient food to children can find themselves scolded by the Department of Agriculture for failing to deliver enough calories. Activist and writer Bill McKibben is one of many who sees something wrong here. “Having ‘nutrition’ programs ride on the back of an unsound agricultural policy—basically, tossing the scraps of a crappy food system to the poor—is in nobody’s interest in the long run,” he says.

Besides encouraging the use of processed food, the subsidy program has had surprisingly negative effects on rural areas. Supporters of subsidies—especially members of Congress—argue that subsidies bring much-needed funds into economically struggling areas. But subsidies do little to stop the trends affecting those areas. As large farms become larger and small farms disappear, the population dwindles. Corporate farmers have little incentive to shop locally, so local economies begin to disappear too. Tamela Walhof, a regional organizer for Bread for the World, says many rural residents have to drive an hour and 15 minutes to the grocery store and bus their children two and half hours to school. Poverty in rural areas outpaces that of urban areas. And poverty in rural areas is more intractable—90 percent of persistently poor counties (counties with high poverty levels for 30 years or more) are rural.

The subsidy program is not only problematic for Americans. It also disrupts the global food economy. By selling corn below cost in the 1990s, the U.S. destroyed about a third of Mexican agriculture, putting a million Mexican farmers out of business. Not incidentally, Mexican immigration to the United States increased 123 percent over the same period. A change in the U.S. pricing and subsidy system might not make enormous differences for small farmers worldwide, but with many of the world’s farmers living on less than \$1 per day, small differences turn out to be significant. The World Trade Organization has repeatedly reprimanded the U.S. for its practice of subsidizing cotton growers, and it has given Brazil and other countries the right to retaliate.

Finally, the current system does not put a priority on environmental protection or on sustainable agriculture. Industrialized farming means that land is worked harder than it should be. Soils are depleted and the water supply undermined. Perhaps most disturbing, the agricultural system rests, as Pollan observes, “on a sinking sea of petroleum.” Food is transported an average of 1,500 miles from the place where it is grown to where it is eaten. Farmers rely on petroleum for pesticides, fertilizers and manufacturing.

Many of these issues were discussed when Congress debated the farm bill last year. It was evident then that an increasing number of people see the subsidy program as an untamed monster. Major reports on the topic appeared in *Time*, the *Washington Post* and the *New York Times*. Yet legislators have little incentive to enact major reforms. What senators in their right minds would oppose subsidy payments that bring money to their regions and their constituents?

One of the reform proposals most hotly debated in the Senate, but ultimately defeated, was the Lugar-Lautenberg Amendment, which would have shifted subsidies to fruit and vegetable growers and cut overall spending on subsidies in order to shift money to conservation, biofuel and nutrition programs. The amendment would have replaced a number of subsidies with an insurance program for farmers. Several other amendments—also defeated—would have capped payments to individual farms (the proposed caps ranged from \$250,000 to \$750,000). In the end, debate yielded very little in the way of reform.

The exact nature of the reauthorized farm bill has yet to be decided. Disagreements in the Senate and the House as well as disagreements between Congress and the White House make the most likely scenario an extension of the 2002 farm bill for at least a year. This could very well mean that even the small number of reforms and slightly increased funding levels for nutrition fought for in the 2007 legislation will not be enacted.

In earlier years, when mainline churches and parachurch organizations like Bread for the World lobbied on the farm bill, they emphasized the importance of nutrition programs. During debate on the 2007 farm bill, however, they took a broader approach. They urged a change in the commodity payment system, arguing that subsidies should go to smaller farms and smaller farmers. They also wanted an end to the trade-distorting subsidies that have devastating consequences on people worldwide. And they wanted to see a redistribution of funds to address conservation, nutrition and global hunger. Leslie Woods of the Washington office of the Presbyterian Church (U.S.A.) says that church groups are now grappling with the lack of success in their reform effort.

Daniel Imhoff, author of *Food Fight: A Citizen's Guide to a Food and Farm Bill*, thinks the debate on farm policy would be more productive if nutrition programs were taken out of the farm bill. The equity and benefits of the subsidy system would be clearer if legislators did not negotiate nutrition programs at the same time that they

discussed farm policy. As it is, legislative bodies are “held hostage,” he says, with some legislators arguing, “If you don’t support my region’s subsidies, we won’t support your region’s nutrition programs.” Woods agrees, arguing that the food stamp program helps everyone—it is not an issue that should divide rural areas from urban areas.

Woods, Imhoff and McKibben all argue for a dramatic change in the way that subsidies are allocated. Subsidies should be redirected, McKibben says, toward small farmers and new farmers. “At this point we grow far more corn and soybeans than we need, and far less good food than we should; we have far too few people on the farm; and it’s all the result of government policy favoring industrialized agriculture.”

McKibben proposes that church groups, which have long been interested in food and hunger issues, start to take malnutrition seriously and link up with farmers’ markets and local-food movements in order to begin to create a more equitable system for the distribution of healthy food. Church and parachurch organizations are uniquely poised to make the local, national and global connections that need to be made to create real reform. They have congregants who are educated about world hunger and who are active in local communities.

Some of the most useful proposals come in the form of pilot programs that can be groomed to fit local circumstances, local farmers and local consumers. Such experiments include support for organic farming, for a greater diversity of crops, for changing distribution systems and for supplying nutritious food to institutions. Churches and nonprofit organizations can also be important in this effort because they can offer small grants and loans to support not only direct food services (food pantries and soup kitchens, traditionally), but also the development of sustainable agriculture.

If there were any successes in the debate over the 2007 farm bill, they came in the development of what Imhoff calls literacy. People all over the country started to debate farm policy. “We succeeded in changing the debate,” Woods says. “Folks in congregations are more knowledgeable than they were about the effect of farm policy on both local and global markets. Even though we were not able to find a satisfying answer to the problems posed by farm legislation, the conversation is continuing.”

To face the challenges of contemporary farming, Americans have to think both locally and globally. We have to connect the food put on our tables and in our lunch

sacks to the fields we drive by on our vacations and to fields and feedlots we will never see. The challenge of creating an equitable farm policy that serves farmers and consumers is just as great as it was in the 1930s. The consequences of not facing up to the challenge may be even more dire.