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Farm Subsidies in America

The United States government has been actively intervening in the free market for over a century, from political sanctions to taxes swaying consumers' decisions. This level of intervention is a large role of the government in any market economy, but it is easily and often taken advantage of. One method of government financial assistance comes in the form of long-term subsidies. These are when the market price of a good is so low that the government artificially interferes by paying the producer extra to continue producing that good at the same price. This, by the principle of supply and demand, causes the market to remain focused on that good, as opposed to finding innovation and greater efficiency in other goods or methods of production. A common complaint about subsidies is that they tend to divert government and market funds to less productive uses—which considerably reduces its economic efficiency. Verily so, subsidies and other government involvement in the economy have for better or worse reduced efficiency to stifle the innovative, yet cutthroat nature of the global free market.

The agricultural industry has been a large recipient of government subsidies since the 1920s. In fact, the industry has remained rigid or increased since then, primarily for political reasons. Due to the Republican party's role in the midwestern states' national Senate and House of Representatives positions, the farmers' votes have always taken a great role in public policy. "Farm policy isn't really about policy. It's about farmers getting their money. And the agriculture committees in Congress are there to make sure that farmers get their money," (Charles, 2016). In recent times, "The Republican Party controlled the House of Representatives from 1995 until January 2007, and for ten of those twelve years it controlled the Senate as well, making it difficult to pass changes to farm-subsidy programs," (Ford & Flynn, 2015). This shows just how difficult introduction of government funding can be to reverse, and how prone politicians are to resort to it for votes.

The introduction of the US taxpayer into commodity agriculture began with land grants in the late 19th century and subsidies (with some futility) in the 1920s. Subsidies in the prosperous time of the Roaring Twenties were enacted as an effort to "protect farmers from the annual ups and downs of their income due to fluctuating market demand and farm production," (Ford & Flynn, 2015). In other words, they were enacted to keep small farmers from being ruined in the case of crop failure.

This issue of economic failure truly became a problem, however, in the 1930s when agricultural subsidies truly took off. During the Great Depression, Franklin Delano Roosevelt began his New Deal program, which had a large part catering to the farmers. Beginning the New Deal, Congress passed the Agricultural Adjustment Act (AAA) and created the Commodity Credit Corporation (CCC). "New Deal programs included commodity price supports and production controls, marketing orders to limit competition, import barriers, and crop insurance," (Edwards, 2016). These programs were enforced for five years until the AAA was declared unconstitutional and was revised in 1938.

The implementation of agricultural subsidies has steadily continued since the 1930s and has radically shaped agriculture. The culture within agriculture has also developed in many ways and in some has been hurt. Farms in the early 20th century were vastly smaller than they are today. The first tractor was invented in 1892. Low horsepower and affordability made farming much harder than it is today. Farms were typically family-owned and were not much larger than 10 acres. Today, tractors have reached hauling power up to 682 HP and many are affordable and long-lasting. This made large-scale farming possible, in fact the average size of farms in Iowa 345 acres. Making way for these massive farms meant buying land from less competitive or retired farmers and making agriculture a deeply commercial industry over the past twenty years. As a result, it has

also become very impersonal—"A calorie delivery system rather than a nutrition program," (Imhoff, 2007).

This sort of calorie delivery system immensely benefitted from corn's increase in popularity. Corn, a vegetable rich in starch and calories, also serves as the United States' primary source of sugar. High-fructose corn syrup is a cane sugar substitute found in almost all sweetened beverages and foods. It was popularized because of trade costs importing cane sugar from Central and South America. This sort of popularity has put corn in just about everything, including meats and animal products. Animals in captivity have recently begun to be fed primarily with corn feeds, affecting marbling and nutritional content of meats (King Corn, 2007). Paired with the increasingly less mobile way of life that large-scale farm cows face, the meat they produce becomes much fattier. These meats have gradually raised America's blood pressure, cholesterol, and body mass index to a critical point—where without a drastic change the average lifespan will continue to decline.

In 2014, more than 1 in 3 adults were considered to have obesity. The Standard American Diet (aptly abbreviated SAD) has a disconcerting number of corn-related products in daily consumption. These products can have indigestible ingredients, abnormal amounts of sweetening, and large amounts of trans fats that raise bad cholesterol and lower good cholesterol. The consequences are not exclusive to weight gain though, despite America being among the forerunners worldwide in heart disease and diabetes. Even the produce Americans eat is genetically modified for flavor and quantity, as opposed to nutrients and vitamins. Corn, since its genetic selecting began, has come to bear many more kernels, yet has lost many of its vitamins it once held. This sort of trend has in turn created a rise in immune disorders and osteoporosis because of vitamin deficiencies.

In addition to miserable health problems resultant from consuming processed corn-related products, the process of making them has dismal effects on the environment. Partly consequent of the sheer size of the farms and the genetic modifications in each individual seed, the topsoil and remaining ecology of US farmland is threatened. The constant seasonal tilling of farms has been causing a drastic amount of soil erosion diminishing the topsoil. Additionally, blanket pest management, through the constant spraying of generalized pesticides and rainwater runoff, contaminates groundwater globally. In less-developed countries this has caused a great number of birth and mental defects that are less potent in America. Generalized pesticides also kill off many benevolent species of insects as well as harmful ones in the farm environment. These sprays are most often done on large farms that experience a larger biodiversity. Farmers layer the crops that are genetically modified to be immune to the toxic effects of the aforementioned pesticides. The result is a crop without any life around it, and a great deal of harmful chemicals in life's stead.

There are a few, but an increasing number of solutions to these ecological debacles. One method of farming, no-till, has been increasing in popularity. In this method, soil erosion is reduced almost to none through planting a layer of transition plants before the consumer crop to replace plowing a field at the beginning of every planting season. Another sustainable solution to the contamination issue is organic produce. Organic crops are defined by organic.org to be grown "without the use of pesticides, synthetic fertilizers, sewage sludge, genetically modified organisms, or ionizing radiation." This guarantees a more watchful eye over the upbringing of these crops, and saves the environment from pesticide and fertilizer contamination. The devotion to knowing where food comes from and investing in sustainable or organically grown foods is the consumer's responsibility, unfortunately.

Corn has not been organically grown at all in many years—economically, at least. “The government spent $41.9 billion on corn subsidies from 1995 to 2004” without signs of stopping since. “We can't make up the difference in the export market, and the taxpayers are on the hook,” (Barrionuevo, 2005). The US government has been pushing a great amount of money into the corn industry to encourage overproduction. This has been partly explained as a way to create an export good, but it has been extremely unsuccessful at that. Overproduction of corn has made it cost next to nothing for businesses to purchase, explaining its prevalence in almost every American good. Corn farming also almost always results in a significant net loss to the farmer before government payouts (King Corn, 2007). This is a red flag that recurrently proclaims how against the grain and inorganic the circumstances have become. What had begun in the 1920s to safeguard family farms in case of a bad crop has become the cushioning of mass producing industry farmers’ pockets. The road to hell is paved with good intentions, and the evolution of subsidies shows a sinister corporate takeover of agriculture and a simultaneous parasitic suckling of tax dollars as an unjust reward.

The sympathy to subsidies is also often under false preconceptions. “Economists generally agree that government subsidies and price caps distort free markets. [Agriculture] subsidies combined with price control can reduce supply when producers do not have a profit incentive to increase supply,” (Morgan, 2016). For corn to have become such an important crop without government aid, the majority of the entire food industry in the US would be required to have a vested interest in the corn industry and be calling for increasingly more corn. The case is that there is such an overproduction that corn is worth nearly nothing, and corn farms, regardless of size, would either go under or be forced to change their crops entirely if subsidies ceased.

A question many economists ask is, ‘is that such a bad thing?’ “American taxpayers currently spend more than $20 billion per year on farm subsidies, the vast majority of which flow to the largest and wealthiest farming operations,” (Smith, 2013). The argument that the subsidies act as a safeguard in case of crop failures is also, with current technology and biochemistry advancements, a farce. “The annual failure rate for farms is 0.5 percent. The annual business failure rate, at 7 percent, is 14 times greater…The average debt-to-asset ratio in farming is currently 10 percent…This indicates that farmers generally face very little financial risk, and as a result, even [some of the] less-efficient farming operations are able to survive,” (Smith, 2013). Statistically, it is unnaturally easy to stay in business as a farmer. It is also profoundly lucrative, yet remarkably easier to do than in years past.

Had the government intervention in agriculture ceased at any point, the cost of food would numerically be higher. However, the taxpayers would have their $20 billion per year back and an innovative and competitive agriculture market. In fact, in sparing the cost of bureaucracy, the taxpayer would have more assets for food and more options concerning them. Businesses are all but forced to buy subsidized goods for how cheap they are on the market alone, and in turn the consumer has very little choice in the content of their groceries. Removal of government subsidies in corn and overarching inefficiencies throughout would allow creativity in trading, innovation in production, and a start for a balanced budget to manage the rampant national debt. This future, all things considered, is still only possible through the organization and actions of the civilians. In the words of John Dalberg-Acton, “Power tends to corrupt, and absolute power corrupts absolutely.” Regardless of party, the innate tendency of government as a whole will always be to grow larger when it can. It takes free market values and educated consumer decisions to begin to alter the daily course of a system doomed to fail.

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