Updated: **January, 2024**

Agriculture

Summary and Key Talking Points

Policy Proposals

1. Eliminate the federal sugar program, which falsely inflates sugar prices, hurting consumers and manufacturing jobs.
2. Oppose tariffs and non-tariff trade barriers that prevent farmers from reaching new customers through exports and keep Americans from having access to agricultural imports.
3. Separate food stamps from agricultural programs.

Quick Facts

1. The federal sugar program costs consumers about $3.7 billion a year, with a disproportionate impact on the poor because they must spend a greater share of their income on food than higher-income households.
2. From 2014 to 2016, just six commodities (corn, wheat, soybeans, cotton, rice, and peanuts) received 94 percent of the farm program support, while accounting for only 28 percent of farm income.
3. According to the Economic Research Service, agricultural exports created an additional $162.9 billion in economic activity and more than 1 million full-time jobs in 2018.

Power Phrases

Fight Inflation

- Excessive regulations can hinder food production, reduce farm revenue, and cause food price inflation for Americans.
- Taxpayer assistance should only be given when a disaster occurs; it should provide a true safety net, not create a corporate welfare system.
- The interests of taxpayers and consumers should not be ignored, as they often are, when providing assistance to farmers.

Respect Americans' Choices

- Americans should have the freedom to make their own decisions about what they eat. Federal intervention to influence or restrict personal dietary decisions holds Americans back from making the best choices for their own health and lifestyle.
- Excessive environmental regulations trample property rights and discourage farmers from using their land even for ordinary farming activities. A federal one-size-fits-all approach to regulation ignores both the role of states and farmers' natural incentive to be good stewards of their land.

The Issue

Agricultural policy does not merely affect farmers. It is a broad, sweeping issue that affects Americans who have to buy food for their families and the businesses that produce and distribute that food to consumers. Federal government intervention in the food and agricultural sector is far too prevalent, thereby limiting competition, raising prices, stifling innovation, and creating waste.

One of the primary issues in agricultural policy is federal farm subsidies. There is a misconception that these subsidies exist primarily to help farmers when they experience crop losses—a "safety net" for major losses connected to natural disasters. In fact, these subsidies are an out-of-control corporate welfare system that primarily insulates a small number of large agricultural producers from competing in the marketplace. It is easy to see that agricultural producers can flourish without such harmful government intervention: Most U.S. agricultural producers, just like other businesses, do not receive special taxpayer handouts to help them to compete.

Excessive federal intervention in agriculture and food production does not end with farm subsidies. Recent trade disputes, such as those with China, have led to significant retaliatory tariffs on agricultural goods. This makes it more difficult for farmers to export their goods and reduces the range of high-quality and low-cost food options available to consumers. In addition, major environmental regulations trample on the property rights of farmers and ranchers and continue to hamper their ability to produce food. (For more on these regulations, see the "Environment" section.) These regulations often reflect federal agency overreach that can block ordinary farming activities or discourage farmers from even trying to engage in such activities out of fear of civil and criminal penalties.

Increasing federal control of the food that people eat (even to the extent of hindering food innovation that would better meet consumer demand) is an alarming trend. Federal policymakers have unduly influenced or restricted personal dietary decisions, imposing overly stringent and often arbitrary standards on how food can be produced and labeled, failing to respect the basic individual freedom of choosing which foods to eat. This intervention reflects an arrogant assumption that federal bureaucrats know what other people should eat, without regard for rising food prices, the complexity of individual diets, and respect for individual choices.

Too many policymakers simply defer agricultural policy to legislators serving on agriculture committees or to those with large farming constituencies. If the country is going to reduce this federal intervention, which distorts markets, wastes taxpayer dollars, and limits freedom, then *all* policymakers should take a proactive stand to promote the principles of free enterprise and limited government in agriculture.

Recommendations

In order to allow Americans—consumers, farmers, and business owners—to purchase and grow the food that is right for them, Congress should:

Stop paying farmers twice for revenue shortfalls *and* for price losses in the same year. Agricultural producers can receive support from the Agricultural Risk Coverage (ARC) program or the Price Loss Coverage (PLC) program *and* the federal crop insurance program to cover price declines and revenue shortfalls in the same year. In years during which farmers receive a crop insurance indemnity to help with revenue, the U.S. Department of Agriculture should not also provide an ARC or PLC payment. It is duplicative, unnecessary, and wasteful to force taxpayers to provide those same producers with more than one federal revenue-related payment in the same year.

Reduce the premium subsidy rate for crop insurance from an average of 62 percent to 47 percent or lower. Taxpayers should not pay more for the cost of premiums than the farmers who benefit from crop insurance policies are required to pay. The Trump Administration, the Obama Administration, and the Government Accountability Office have recommended reducing the premium subsidy. The Congressional Budget Office (CBO) has identified reducing the premium subsidy to as low as 40 percent as an option for reducing the federal deficit. When analyzing a 47 percent premium subsidy, the CBO found that it would save taxpayers $8.1 billion over 10 years. It would also have very little impact on crop insurance participation—a reduction in insured acres of just 0.5 percent, and only 1.5 percent of acres with lower coverage levels.

Shutter the Commodity Credit Corporation (CCC). A relic of the New Deal era, the CCC's statutory authority is deliberately broad and vague, allowing it to function as a de facto agricultural slush fund. This leads to a lack of transparency for the public, a lack of proper control for Congress, and allows abuse by the executive branch. An excellent example is the Biden Administration's Partnerships for Climate-Smart Commodities program, which is poised to deliver billions of dollars in corporate welfare benefits based on dubious environmental claims. There is no direct statutory authority for any program along these lines, let alone a program of such size, yet the CCC's authorizing language is so poorly crafted that the Biden Administration is abusing the program. Congress should end the CCC and only retain programs that Members are willing to reauthorize directly.

Eliminate the sugar program. The federal sugar program intentionally drives up food prices by limiting the sugar supply. As would be expected, American sugar prices are consistently higher than world prices, which negatively affects American consumers and workers in industries that use sugar to manufacture goods. The program costs consumers about $3.7 billion a year, and there is a disproportionate impact on the poor because a greater share of their income goes to meeting food needs than in higher-income households. Sugar producers and processors should compete in a free market as other businesses do without price guarantees, supply restrictions, import quotas, and other government interventions.

Separate food stamps from agricultural programs. For decades, Congress has passed farm bills by combining food stamps with agricultural programs. This unholy alliance has existed entirely for political purposes to promote the enactment of legislation, with rural legislators presumably pushing for farm subsidies, and with urban legislators presumably pushing for food stamps. Real reform requires that these categories be separated because, like food stamps, agricultural policy needs to be addressed on its own merits. Congress should therefore consider food stamps and agricultural programs in two separate bills, and these programs should be authorized on staggered schedules so that there is no potential for overlap in the future.

Free agricultural trade from government intervention. Trade is often discussed in connection with how it affects countries, but trade as a general matter is about the freedom of individuals and businesses to exchange goods and services voluntarily. American farmers and ranchers, like those in other businesses, should generally be free to sell to customers all over the world. Likewise, consumers should generally be free to purchase goods and services that best meet their needs, regardless of national origin. Government-imposed barriers, such as tariffs, undermine these freedoms. To address unfair practices, the United States should rely on the World Trade Organization's (WTO's) dispute-settlement system instead of relying on tariffs. One of the most important benefits of membership in the WTO is having a legal venue through which to challenge foreign trade barriers.

Stop federal efforts to control or change individual dietary choices. Federal government intrusion into the dietary choices of Americans is growing. Underlying these mandates is the arrogant presumption that the government must guide or even compel the public to make the "right" choices. Congress should respect the most basic and private aspect of Americans' lives: food choices. This should include stopping the Food and Drug Administration's (FDA's) overreach in implementing Obamacare's menu-labeling law. Even though the law applies to "restaurants and similar retail food establishments," the FDA is using it to regulate grocery stores, convenience stores, movie theaters, and other businesses that no reasonable person would think are the same as restaurants. Congress should also clarify that the FDA's role in food safety does not include micromanaging nutritional information.

Refrain from blocking food and agricultural innovation. Congress ignored science when it mandated the adoption of misleading food labels suggesting that foods using genetically engineered crops are somehow less safe than their non–genetically engineered counterparts. Efforts at the state and federal levels (including at the FDA) are making it difficult for producers of new products, such as plant-based dairy alternatives and plant-based and cell-based meat alternatives, to convey the nature of their products accurately to consumers. For example, almond milk producers, who have long included the term "milk" in their product name, might no longer be able to use the dairy-related term due to FDA concern over non-existent consumer confusion. Congress needs to repeal the genetically engineered food labeling law and ensure that the government is not creating protectionist schemes, such as name restrictions, to hinder the sale and development of food products that appeal to consumers.

Facts + Figures

FACT: While agricultural special interests try to perpetuate the myth of the struggling small farmer to help to justify government intervention, farm households in general are much better off than non-farm households. According to the Economic Research Service, in 2020:

- The median household income for all family farms was $80,060, which is 19 percent greater than the median income for all U.S. households ($67,521).
- The median farm household wealth for all family farms was $1,048,208, which is 8.5 times greater than the median household wealth for all U.S. households ($123,358).
- Commercial family farms (a classification that includes midsize, large, and very large family farms), which received 70 percent of commodity-linked program payments and 76 percent of crop insurance indemnities, had a median household income of $167,000 or more.
- Large family farms, which received 36 percent of commodity-linked program payments and 41 percent of crop insurance indemnities, had a median household income of $375,000—almost six times the median income for all U.S. households.

FACT: Most farmers and most commodities receive very little or no subsidies, and if they do receive assistance, it is generally to help to offset actual crop losses.

- A small number of farmers growing a small number of commodities receive almost all the farm handouts, generally for revenue and price protection, not for actual crop losses.
- Entire sectors of the farm economy, such as livestock and specialty crops (fruits, vegetables, and nuts), receive few if any subsidies, especially when it comes to revenue-protecting subsidies, and they thrive without them.
- According to the Congressional Research Service, from 2014 to 2016, just six commodities (corn, wheat, soybeans, cotton, rice, and peanuts) received 94 percent of the farm program support while accounting for only 28 percent of farm receipts.

FACT: For many American farmers and ranchers, agricultural trade is a necessity because they produce more than they can sell domestically.

- According to the U.S. Department of Agriculture, 95 percent of the world's food consumers live outside the United States.
- From an economy-wide perspective, according to the Economic Research Service, agricultural exports created an additional $162.9 billion in economic activity and over one million full-time jobs in 2018.

- The Economic Research Service has stated that "U.S. consumers benefit from imports because imports expand food variety, stabilize year-round supplies of fresh fruits and vegetables, and temper increases in food prices."

Resources

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