Fiscal Responsibility, Food Stamps and the Farm Bill

The Farm Bill, likely one of the most politicized pieces of legislation to cyclically appear every five years on the docket on Capitol Hill, is a political leviathan rife with fiscal irresponsibility and expensive solutions to problems to the production and appraisal of our nation's food supply. These problems, which are largely speculative forecasts, are not effectively dealt with in the embodiment of the Farm Bill, rather it can be demonstrated that the cure is worse than the disease. Therefore, the Farm Bill should be repealed and free market solutions should be allowed to work. The topsoil on the North American continent is among the best in the world. While Mexico to the south and Canada to the north do share similar agronomy characteristics, the United States has more sun exposure than Canada and more rain fall than Mexico on average, making the bread basket of America, in fact the agricultural envy of the world. This does not go unnoticed either by those at the political levers of power in Washington DC nor the rest of the free world that trades with America, because agriculture is to an economy what bricks are to a building. Due to America's robust economy, our nation has enjoyed superpower status on the world scale largely because of the caloric surplus that has been able to be generated by our nation's unsung heroes, the farmers. For it is inconceivable that anyone can be building ships, producing textiles, engineering cars or developing new medicines if they were primarily concerned with living hand-to-mouth.

While it may not be a topic of discussion at most dinner tables in America, the Farm Bill and its secondary effects certainly impact every home in America and many others outside of America. Until very recently, the one-size-fits-most Farm Bill only covered so-called “row crops” (generally things that can be farmed via mechanized methods) and as large holding livestock operations, leaving small holding livestock producers and non-staple crop farmers (blueberries, apples, almonds, etc.) outside of the radial spray of money irrigation system. While Americans only eat so much corn as a vegetable proper, they are still reliant on the items in the “center aisles” of the grocery store that are composed of subsidized staple crops such as corn product/biprocess derivatives (i.e. corn syrup, high fructose corn syrup, dextrose, maltose, food starch, corn starch, maltodextrin, etc.) as well as the “perimeter aisles” of the grocery store which contains milk/dairy, meats and bread. In America, most corn and soybeans are utilized for animal feed, “so those subsidies keep costs down for the farmers and the livestock producers who buy feed for their beef cattle, hogs and chickens. . . . The steak, rice and bread you buy are all most likely to be cheaper because of the law, as are sweet corn and edamame, the corn and soybeans that people eat” (Jalonick, “Main Course”).
While the legislation as written certainly has ill effects, the way that it is brokered then applied is a story of political charades, arm twisting and contrived (read: “false”) dilemmas, “Feed the children or pay the farmers” (Robinson 6). This is evident with stalwart conservatives like Mike Pence R-IN, “[He] used to quip that he was 99% capitalist but 1% socialist, and that turns socialist 'when it comes time to vote on a farm bill.’ At least he was honest” (Investor’s Business Daily). It is not only the right that bends left when the tallies are taken for the Farm Bill, everyone seems to find their fulcrum somewhere on the other side of the aisle. “As it turns out, Republicans who came to Washington to keep government out of their constituents' backyards see things differently when those backyards are filled with rice or peanuts. And Great Plains Democrats who defend the safety net turn into market cheerleaders when it helps lock in record prices for wheat, corn, and soybeans. That's why the battle over the farm bill looks a bit like a reflection in a fun-house mirror” (Snell and Terris).

The history of the Farm Bill legislation helps to illuminate the reasons for this partisan job sharing. Started as a Depression Era emergency measure bearing the name the “Agriculture Adjustment Act,” the original law was a good faith effort to solve two concurrent problems: to keep small family farmers from losing their assets (to include the farms themselves) and as a vehicle for the disposition of food surpluses. All of these measures were a part of FDR's New Deal and the hope was to stave off a nationwide collapse which would only further exacerbate the unemployment at that time. However, like most command economy measures, this proved to bear unintended consequences. In the mid-sixties an “unholy alliance” (Investor’s Business Daily) was formed when the Food Stamp Act (formerly a separate component of the New Deal) was merged with the Food and Agriculture Act to become what is known collectively today as the Farm Bill.

The United States Department of Agriculture (USDA) which oversees the execution of the modern legal juggernaut, deals in an entire subset of legal jargon revolving around acronyms (CCC, ARS, FmHA, FCA, CRP, EEP, ACR, etc. [Hurst]) which means that the modern Farm Bill can arguably be called the SNAP Bill. SNAP, which stands for Supplemental Nutrition Assistance Plan (formerly known as Food Stamps), is a $756 billion entity within the $856 billion Farm Bill (Zulauf). While $100 billion (11% of the Farm Bill) is not a small amount of money by any reckoning, it is the remainder of what is left to spend on agriculture research, forestry, crop disaster insurance, farmer subsidies, counter-cyclical payments as well as the volatile feature known as “direct payments.” For comparison purposes, it is interesting to note that the Farm Bill's original intent was to save family farms and to dispense with food surpluses, now the original farmer safety net is at a huge statistical disparity disadvantage when juxtaposed to its odd-bed fellow. Moreover, the Farm Bill's SNAP clients, if they were to spend their entire subsidy on US crops, would not be buying up the surplus, rather they would be buying advanced government auctioned food products from farmers yet to even produce them.

Blake Hurst, a farmer himself writes, “One reason farm subsidies have lasted so long is because they are totally incomprehensible to anyone outside agriculture.” It is not for a lack of good intentions that the plans are made, but “the more
the plans fail, the more the planners plan” (Reagan). The counter cyclical payments are meant to support food producers when market prices fall below the cost of goods to be sold. For example, if the price of dairy falls lower than the cost to produce it, then dairy farmers in lieu of losing money can apply for and eventually receive payments as an uplift to buoy them at a minimum guaranteed price. While this sounds like a well intended parochial countermeasure, it turns out to be quite ugly in application. For dairies to be profitable through the winter, they need corn and soybeans in the form of cattle feed, which in turn are also subsidized crops thus creating an end-to-end problem that is modern and here to stay. What is worse, if a late season dry spell wreaks havoc on the midwest, and the corn crops do not come in as projected, then not only does the price of corn and soybeans go up due to lack of supply, so does the price of milk (an indirect derivative of corn and soybeans) leaving the USDA to make up the difference to the farmers in the form of crop insurance. All of this circular liability creates “near unlimited exposure to taxpayers” (Investor’s Business Daily). And since it is the taxpayers which ostensibly consume this food, it makes the government’s oversight role one which there is very little margin for error, if the Farm Bill as found is not meant to appear like a house of cards.

As is universally true, economics is driven by supply and demand; so what good can come of engineering scarcity within a margin of error? The answer is found in price controls and by extension the ability to export American crops in the form of trade deficit balancing. Millenia before there were hedge fund managers, there were farmers or at the very least those who would hunt and gather food for others in exchange for something. This exchange is called an economy, and before there can be a government to manage a system, there needs to first be a system. Even in the most pessimistic Malthusian sense, the demand for food is constant and self-limiting. For example, if dairy farmer A wants to sell milk for $20 a gallon in a free market, before very long farmer B will show up to also get in on the action if there is that kind of money to be made in profits from milk. Inevitably before long, a price war will ensue and the price of milk will drop, and exponentially at that if farmer C, D, E, F & G show up to sell their milk too. In the end the price of milk, pork bellies, wheat, corn, soy, rice, citrus, etc. will settle profitably above what it costs to produce a unit of that food stuff. Economics, micro or macro are simplified when put in terms of production/supply and demand, but sometimes farming is best explained by a farmer, like Blake Hurst, “The rationale for farm programs is supply control: attempting to keep crop prices high by limiting output, which is done by paying farmers to keep land idle. But if large farms are outside the program, then the supply-control rationale is lost and farm subsidies begin to look like welfare payments.” And so the cure becomes worse than the disease, because the cost to the farmer to produce food (a commodity that sells itself the world over) comes in the form of paperwork and regulatory compliance. Exactly how much land lay fallow? What are the cow days per acre? What is the weight per bushel of that corn that the subsidy check was supposed to cover? Modern farming has a multiple hardships to overcome inherent to farming such as: materials handling, the cost of equipment, cost of labor, price of fuel and transportation of goods to market, so to add
to that the onerous process of regulatory compliance make the price of food a real bargain. “Farm programs . . . carry significant costs to farmers, and by describing exactly how I would react to a cut in farm subsidies I showed how I might actually farm more efficiently and profitably without the constraints of the present farm programs” (Hurst).

While scarcity drives prices up, a glut of any one, especially if it is subsidized, product causes the bottom to fall out of a market, and that is not always a domestic problem—although it can devolve into one. Take for instance corn production in Mexico, a country that has had maize as a part of their diet since before recorded history; when NAFTA opened up Mexican markets for trade, cheap US (subsidized) corn flooded Mexican markets. Farmers that had worked family land in small holdings for generations were forced into bankruptcy because they could not compete with the molested market price of US grown corn now sold in Mexico, a country whose economy is largely dependent on agriculture. Like watching a bad train wreck, the cascading cause and secondary, tertiary and quaternary effects of central command planning for agriculture production and valuation unfold like so: a small family farmer in Mexico is out of business and forced off of his land into unemployment and destitution, the land is bought up by a large (possibly even American owned) corporate farm that can afford the incorporation of mechanical and chemical accelerants into farming practices, the former farmer hopes to cross the US border illegally to get a decent paying job, the multinational farm now applying heretofore not used chemicals and pesticides pollutes local water supplies in Mexico, the former farmer sees a job posting in a border town for a job as a meat cutter in a packing plant in Iowa and if he is lucky, he can get a job packaging pork products from pigs fed with the same subsidized US corn that drove his farm under. Michael Pollan, a renown food writer sums up the all too familiar irony this way, “These migrants are moving north in search of decent paying work to support their families because of the low prices paid for commodities Mexican farmers have traditionally grown, such as coffee and food grains. The North American Free Trade Agreement has benefited only the multinationals operating in free trade zones and not the small businesses and farmers it was supposed to help.” If illegal immigration in America is a problem, the USDA is at least partially to blame for upending farms in Mexico and running skilled agronomist through the mill so that they come out as day laborer grist on this side of the border. The house of cards is indeed very delicate.

Domestically, a one-size-fits-most Farm Bill is the real issue since the same place the funding flows is also the seat of regulatory creation and oversight making the source of the problem and the enforcement of what is problematic ultimately homologous. One of the inherent impasses of having a tax payer funded oversight agency is that tax payers are needed, and in a productive configuration at that, to fund the agency in toto. In other words, for the golden goose to keep laying the golden egg, someone has to pet the goose once in awhile. “The new farm bill is bad for West Texas, according to the Lubbock County Democratic Party. . . . bill will not help the area's low-scale agricultural producers” (Musico). Generally, if you ask farmers how the government can help, they would just like to be left alone.
'Once one of Maine's most important agricultural industries, just 287 dairy farms remain in our state today, and they are threatened because of the way the Department of Agriculture sets dairy prices,' [Senator] Collins [R-ME] said in a statement. 'I authored a provision that was supported by Maine's dairy farmers and originally included in the Senate-passed farm bill last year that would reform this process. Unfortunately, this provision was not included in the final bill.' (Lynds)

This sentiment reaches across both sides of the aisle. Senators Kohl, D-WI and Feingold, D-WI, have testified about their frustrations with the Farm Bill in that it uses an outmoded algorithm to set the price of milk as originating in Eau Claire, Wisconsin, the once dairy capitol of the nation. Senator Feingold continues in his own words, “These days, there are vibrant dairies all across the country, but the Department of Agriculture seems not to have noticed. Sen. Feingold allowed [sic] as how Wisconsin farmers might rather operate in a free market than under the present system of centrally set prices” (Hurst). It seems self-evident that when two democratic senators are uncharacteristically calling for free market solutions to a problem entombed in over half a century of failed government policy, that the Farm Bill is ripe for repeal.

If the Farm Bill carries such a disaffectionate following, then why is it that all this ballyhoo perpetuates to prop up the bill? The root cause seems to lie squarely between the contemporary definition of the word “access” and the fear fueled, baseline budgeting pork addiction that is otherwise known as “the system,” add to that end the news media is simply not helpful. "The so-called fiscal cliff isn't the only hazard looming at year's end if Congress doesn't act. With failure to pass a Farm Bill comes what's been called the dairy cliff: reversion to a 1949 law that could double the price of milk overnight” (Hubbuch). Even more puzzling is if farmers provide food for people to buy and consume, when exactly did it become the government's job to be the guarantor of that provision? “This bill will result in less food on the table for children, seniors and veterans who deserve better from this Congress, while corporations continue to receive guaranteed federal handouts,” Sen. Kirsten Gillibrand, D-N.Y., said. "I cannot vote for it" (Jalonick, “Senate”). While no one, least of all farmers, wants to see anyone hungry, the concept of someone else paying for some item on one's behalf is in fact a devaluation of that item.

But the concept has caught on, if you need money you can hit up Uncle Sam, and to demonstrate this, consider this example, which is well outside of any definition of agriculture or welfare, the porn industry. "Two porn moguls, including Hustler magazine founder Larry Flynt, are seeking a $7 billion bailout from Washington... It's time for Congress to rejuvenate the sexual appetite of America' (‘Porn Moguls Hustle for Bailout’). It bears underscoring, that the request was for $7 billion (with a “B”). Moreover, in case the connection was missed there, something as naturally consumed as food evidently cannot work on its own without congressional input (read: “money”), and if Larry Flynt and Joe Francis are to be believed, evidently a limp erotica industry needs the same injection of federal money as anything else to rejuvenate something as self-perpetuating as the American sex drive. The trend of coming to Uncle Sugar seems to be a well practiced one.
If the solution of rubbing money on the problem of food, who gets food, who gets paid for producing the food and who has “access” to that food is in fact a solution at all, $856 billion ought to do the trick—if a lack of money were even the problem. While Senator Klobuchar’s (D-MN) staff visited discontented local farmers, Kevin Coss, of the Austin Daily Herald, reported this quote from that exchange, “[“They don't realize how much of the farm bill is food and nutrition,’ one attendee said. ‘They see a price tag and get nervous.”’] And their gripe is a legitimate one because the Farm Bill as applied means that farmers who are trying to stay competitive in their heavily regulated market, are competing for resources that are overwhelmingly earmarked as SNAP benefits for those deemed to be qualified to receive them in order to have “access” to nutritious food. While no one wants to see anyone go hungry, putting the government in a position to broker the “access” to another party’s productivity seems precarious. Put another way, it is farmers who are vying for “access” to these vast federal resources.

A brief history of contemporary legislative literature is beneficial to understanding the use of the word “access.” In recent history the word was used in a law put forth by Bob Dole R-KS in a piece of legislation known as Americans with Disabilities Act. An example of how the word “access” was used is that a person who is wheelchair bound has the right (i.e. a just claim) to be able to access their government buildings to conduct business. If a government building did not have a disability parking or handicap accessible ramps, that citizen would have a just claim to file a grievance with the government who operated the building for not being in compliance with the law. The use of the word “access” (per the ADA law) in as much as a blind person has the right to read a law in Braille written to govern them, is indeed different than the usage that can be seen today.

So how much for how much? What is the true cost to the system of the Farm Bill? "‘It’s mind-boggling, the sum of money that's spent on farm subsidies, duplicative nutrition and development assistance programs, and special interest pet projects,’ Sen. John McCain, R-Ariz., said” (Jalonick, “Senate”). While some advance the theory that our nation would likely notice a drastic price skyrocketing of food stuffs without subsidies, it is notable that those subsidies come from the federal government which must get them from the tax payer first (or simply print them in redeemable fiat currency). If the price of milk will hypothetically increase by a factor of two, what would the coefficient be on the price of milk without the system that taxes the consumers of milk to pay subsidies to the producers of milk to sell back to the consumer again? Unfortunately there is not any good data on that for comparison, but it could be deduced that there is some inefficiency in the overhead cost of such a system. Especially conspicuous by its absence is the cost of what milk would be to those Americans not receiving SNAP benefits. In order to get some scale, it is helpful to know how many people are being assisted. According to Mary Jalonick, “The majority of the bill's cost is food stamps, which supplement meal costs for 1 in 7 Americans” (“Senate”). Using the USDA’s Fiscal Year 2014 budget summary, the numbers are higher, “Over the course of a year, one in four
Americans will be served by one of the Department’s 15 programs designed to end hunger, reduce obesity and improve nutrition, and even more will be reached through our nutrition education activities” (54). By either set of numbers, the shared cost seems significant.

Examining the effects of national policy across borders, exporting US crops to balance trade deficits and the impact of a legislative behemoth is a lot of variables to control and isolate their correlative and causative data. Perhaps the best way to illustrate the complexity of resource distribution, regulatory burdens, the plight of the small scale farmer, brokering “access” and the whole concept of free market exchange principles in a contemporary case study would be to examine the local farmer's market. Until recently, the farmer's market was the last free exchange between those producing goods and those who wished to consume them. While antiquity does not clearly record when the first facsimile of the modern day farmer's market appeared in human history, likely it was very early on in the development of societies. Farmer's markets serve many key functions in local communities that are intangible, such as: the consumer can look the farm in the eye and get the facts on the how, where and what goes into the food being purchased and the local farmer can sell the food for the full retail price (direct-to-consumer) without having to endure “slotting fees” through food brokers selling food to grocery markets.

Where the farmer's market traditionally was the confluence of parties with food to sell and people with money to buy it, the modern farmer's market has a new feature—accepting SNAP benefits. As of the late 90's, the distribution of (referred to then as) food stamps is regulated to be conducted electronically with something called an EBT card. Farmer's markets were unable to accept these electronic payments because the infrastructure needed to pole the USDA data base to see if the credits were available, then to debit those credits to make the sale were simply cost prohibitive because of hardware and the installation of dedicated electricity and phone service. With the availability of a robust cellular infrastructure, less expensive solutions are available now with even more affordable solutions in development. If validating the consumer's ability to pay is the problem and the complexity of those systems exacerbates that problem, it begs the question why a simple medium like cash (universally accepted anywhere) is not distributed? “On top of growing in number, farmers' markets have been stepping up their efforts to make their food accessible to the food insecure” (Telesca). To close the “access” gap between those who are qualified to receive SNAP benefits and those who sell food at a farmer's market, the latest Farm Bill seeks to make that possible. “‘With more than 1.2 million Pennsylvanians at-risk for hunger, the state's agriculture industry is committed to ensuring access to nutritious food for our citizens,’ said acting Agriculture Secretary George Greig. 'Offering these EBT machines to our farmers market vendors makes it even easier for low-income Pennsylvanians to have convenient access to fresh produce”’ (PR Newswire).

The question arises again, not whether or not there is a need, but who should pay for it? A well researched study by
Kristin Krokowski from the University of Wisconsin Cooperative Extension Waukesha County sought to evaluate the cost benefit analysis of adding such infrastructure when the costs are distributed locally. Krokowski's data can be summarized to conclude that Wisconsin SNAP benefit recipients only spent $170,986 (0.015%) of the total $1,168,136,545 dollars allotted as SNAP benefits in Wisconsin at a cost to the farmer's market including the infrastructure to handle those transactions (wireless point-of-service (POS) device, monthly and per-transaction fees, wooden tokens) and eight to ten hours a week of staff time, marketing efforts plus signage (38). Furthermore, Krokowski maintains that it is demonstrable that the support for implementing the EBT system correlates to the cost borne by the sellers:

Although 93 percent of the surveyed vendors were supportive of continuing the EBT program at the market, only 13 percent would be willing to pay a fee to participate. Of those willing to pay a fee, 79 percent were willing to pay up to US$15, and 21 percent would pay US$16–US$25. No vendor was willing to pay a fee higher than US$25 to participate in the program. Reasons for being unwilling to pay a fee included the low profitability of the program, the extra effort for the vendor to accept EBT tokens and exchange them with the market, and the belief that vendors already pay enough in vendor fees. (41)

To be clear, the parties selling food at the farmer's market already are bearing a cost to rent a booth; the additional cost of facilitating EBT transactions is a topic of disagreement among sellers. But what is the cost structure like for the ability to accept SNAP benefits? “A machine costs about $1,000 to buy or about $40 a month to rent. An additional monthly service fee runs about $40 and some machines add a transaction fee of a few cents per swipe on non-SNAP credit and debit card transactions. Exact terms vary because different companies rent and sell the machines” (Fanney). This concern that a vendor must pay to expand service model at a time tested venue has widely voiced base. Dickson captures this sentiment from a farmer's market in Washington DC, “‘It was really frustrating for us,’ Segal explained. ‘There was a moment in history, about 15 or 20 years ago, when you have two things simultaneously going on: there were more markets and more fresh fruit available, and the doors were slamming shut on people who had these cards that we couldn’t process,’ he said” (16). On the upside of this, the cellular based technology such as that of Square, a smart phone app that can run credit or debit cards with a plug in external card reader, is bringing the ability to run EBT transactions closer to the point of sale at the farmer's individual booth. On the forefront of this ability to process EBT cards is a company out of Texas called Novo Dia which is testing their Mobile Market+ point-of-sale (POS) app in select farmer's markets in Michigan that claims to be able to pole the USDA data bases to facilitate the sale (Novo Dia).

Establishing need may define the contemporary use of “access” but it does not follow who has the onus to pay for it. Opponents would say that there would be no other way for poor people to eat, and this simply is untrue. Less eloquent critics would voice an ad hominem epithet, “You must hate poor people,” speaking personally, that is categorically false. Moreover,
if a cost-no-object Farm Bill were the solution, then certainly these problems would not exist making the remark off sides at best. The narrative does clearly emerge of resources, “access” to those resources and who brokers the deal for what was once “over there” should be made “accessible over here.” This shift in usage makes the word “access” equivocal to the word “provision,” which is truthfully what the Farm Bill (as applied) does in reality. In circumspect, the Farm Bill, once set up to help farmers and to feed those in need has morphed into an unwieldy, complex, politicized beast that has changed everything about the way Americans eat and how the rest of the world trades with America. This devolution of the natural exchange between farmer and consumer time out of mind and slowly regulating it then subsidizing it and finally overtly or covertly controlling the whole system through price fixing and controlling market supply and demand, is a good candidate for repeal. There are better ways to feed the poor, and for centuries charities in Western civilization have done this very well. Moreover, it is glaringly obvious that there is less money in the economy to voluntarily be given to charity (with the reasonable assumption that no one wants to see other people go hungry) than when it is forcibly removed by taxation and then redistributed wholly imperfectly only creating more regulations, disparity and problems for both consumers and producers. Moreover, the forcible removal of resources creates an apathy from the tax base with regard to the welfare of the poor in as much as it can be dismissed with the statement, “Why should I do more to help my fellow man in need, don't I pay taxes to solve that problem?” Perhaps that hypothetical perspective is the problem.

Farmers with America's rich natural resources can produce food to feed everyone in America and still have a surplus to export to the world in fair trade, but to have that be done with the auspices of the producer's coming to the USDA for the proverbial seed corn to first plant (or ask permission to plant) is a model that is wholly unproductive and un-American. ”You know, farming looks mighty easy when your plow is a pencil, and you're a thousand miles from the corn field” (Dwight D. Eisenhower Presidential Library, Museum and Boyhood Home). Moreover, the notion that the poor are only fed by the largess of a government that first extracts this charity by force of law to be distributed is analogous to a qualified SNAP beneficiary going to a farmer's market and compelling six other people (using Jalonick's data) or at least three other people (using the USDA's data) and having them pay for their purchases. This whole scenario has gone too far, farmer's should not be competing for federal resources so that they can farm and then bring their goods to market, when they can easily create a vast surplus by their own effort. Likewise, America's under resourced can be fed in spades with an unburdened, unregulated and unsubsidized scheme. “Government’s view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it. —Ronald Reagan” (Famous Quote).
Works Cited


