

# Farm Subsidies

**George Campbell**

From July 1, 1958 through June 30, 1959 the United States Department of Agriculture was responsible for spending about \$4½ billion for "civil benefits." During the same time other departments of the federal government spent an additional \$12 billion, also for "civil benefits."

Of this \$12 billion, veteran services and benefits cost \$5 billion; labor and welfare activities about \$3½ billion, commerce and housing about \$1½ billion, and natural resources another \$1½ billion. All together these domestic programs for civil benefits cost almost \$100 for each man, woman and child in the U.S. These are subsidies.

## Aimed To Aid All

The Congress of the United States decides what the amounts and kinds of government subsidies will be. These billions of dollars are intended to benefit all the people of the United States.

Every person in the United States is benefited either directly or indirectly by the \$4½ billion spent by the United States Department of Agriculture in the 1959 fiscal year. Contrary to what many people believe, the total Department of Agriculture budget appropriations are not a "subsidy to the farmers." Many people other than farmers get direct benefits from money spent by the federal Department of Agriculture.

Some of these activities that serve and benefit the total public include:

1. The farm commodity export program costing over \$1 billion, of which Secretary Benson has said "it is helping keep the free world free. It is an ambassador of good will."

2. About half a billion dollars go annually for Rural Electrification loans. These are repaid with interest and repayments are over \$100 million ahead of schedule.

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3. A market research and service program, costing \$35 million and financing over 600 projects, the results of which are already benefiting industry and the public as well as farmers.

4. Federal Meat Inspection, which costs about \$19 million annually. Its purpose is to assure the public of a clean, wholesome supply of meat.

## A Public Health Measure

5. Eradication of brucellosis in livestock. It costs around \$22 million annually and its primary goal is public health protection.

6. The International Wheat Agreement, which cost about \$113 million this year. This helps provide farmers a higher price for wheat, but also helps members of the grain trade expand their export business.

7. The school lunch program. In 1957 the Department of Agriculture spent about \$100 million for this program. Several million school children shared its benefits.

8. Supervision and operation of 181,000,000 acres of national forests. These are maintained and managed for production of timber, regulation of stream flow, flood control, water power, irrigation, navigation and municipal water supply—all in the interests of the public. In 1959 total appropriations for the Forest Service exceeded \$158 million, or about \$3.40 apiece for the 45 million citizens who enjoyed the recreation facilities of national forests.

The most costly and the most criticized government programs are those designed to bring farmers' net incomes more nearly in balance with the incomes of the rest of the U.S. workers. Cost of these programs has increased from less than \$¼ billion in 1953 to about \$3 billion in 1959. The Department of Agriculture itself has been responsible for much of the publicity about these costs.

## Farmers Aren't Overpaid

In contrast to the flood of critical publicity about these programs, there are only small trickles of publicity about the good these programs have done. Farm income is low—no matter what modern yard-

stick is used. Farm operators on the 2,213,000 highest production farms had an average income of \$5,415 in 1956 while all nonfarm families, including those in the slums and on public relief, received an average income of \$6,900. The hourly "wage" of farm labor and management was only 69 cents an hour in 1957 while workers in manufacturing industries received \$2.07 an hour.

Farm income would have been even lower were it not for the price-supporting government programs. It has been estimated that without these programs realized net farm income would have been 20 to 55 per cent lower than it actually was in the years 1937-1939, 14 to 43 per cent lower in 1940-1942, 24 to 34 per cent lower in 1948-1949 and 28 per cent or more lower in 1952-1958.

## Benefit to Public

Indirectly, the public has benefited from farm price programs. In the two decades preceding these programs, farm output increased 6 per cent. In the two decades of price programs farm output increased 40 per cent. The increased stability and higher level of farm income resulting from farm price support programs has been a major factor in causing this increased production and efficiency.

Largely because farmers have been unable or unwilling to balance output with available markets, their income gains from price support programs have resulted in gains for other sectors of the economy. These gains are of two types—additional workers released by investment in labor saving machinery and increased output of food and fiber in subsequent years.

It is highly probable that the aggregate influence of increased stability, and the higher level of farm income resulting from price support programs has accelerated technological progress and increased efficiency in agriculture, more than offsetting the inefficiencies in resource use caused by specific commodity programs.

## Still Merits Critical Appraisal

The brief glimpse at "the other side" of farm subsidies is not intended to be a defense of the high costs of government farm programs. These costs should and must be lowered. American farmers cannot be an island of free competition within the sea of "controlled" industries and labor unions without disastrous consequences to themselves and the rest of the economy. Intelligent plans can be made for the future only if we look at both the good and the bad that have come from our Government farm programs.