



Written by [Joe Wolverton, II, J.D.](#) on June 6, 2011

House Committee Votes to Slash Farm Subsidies

[Papers throughout](#) the farm belt are chronicling the deficit reduction battle and the likelihood that the billion-dollar (traditionally untouchable) agricultural welfare system will be a casualty. If Congress starts jettisoning the heaviest “entitlement” programs in an effort to lighten the deficit load, then there is little hope that the billions spent to subsidize agribusiness (large or small) will survive the purge, especially in light of the fact that “crop prices have reached record levels.”



The specific measure approved by the House Appropriations Committee was an amendment authored by Arizona Republican Jeff Flake. The Flake Amendment would reduce the current ceiling on maximum adjusted gross income for those farmers seeking certain federal subsidies. Under the current scheme, many farmers can now make as much as \$750,000 annually and still receive subsidies. The recently approved amendment would lower the ceiling for some farmers applying for handouts to \$250,000.

Another amendment offered by Representative Flake that was originally approved by a voice vote of the Appropriations Committee would “use domestic farm subsidies to pay for \$147 million in annual payments to Brazil’s cotton sector to settle a World Trade Organization dispute.”

Later, the plan to make those payments was scuttled by that same committee, redirecting the funds earmarked for that purpose to support domestic feeding programs.

How is Brazil involved in America’s domestic subsidy program? Basically, in 2008, the World Trade Organization [found](#) that the United States was violating a 1994 GATT agreement and damaging Brazil’s cotton industry through its payments of subsidies to farmers of upland cotton.

As part of the settlement of the case, the governments of the United States and Brazil entered into a Framework Agreement. The Framework, which was finalized in June 2010, requires that the United States create a fund of \$147.3 million per annum that would be used to provide technical assistance and infrastructure expansion for Brazil’s domestic cotton industry.

Predictably, the domestic cotton industry wasted no time in decrying the attempt by the Appropriations Committee to take away the trough they’ve been feeding from for decades. The National Cotton Council headquartered in Memphis issued the following [statement](#) regarding the vote on the Flake Amendment:

By lowering the adjusted gross income (AGI) test to \$250,000, the Appropriations Committee has



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introduced a major change that cuts across all of production agriculture. In the 2008 farm bill, Congress went through a lengthy debate before imposing tighter eligibility requirements. It is anticipated that the Agriculture Committees will debate eligibility provisions in the next farm bill. Any debate or changes to those provisions should only be done by the authorizing committees as part of the next farm bill.

And:

The actions by the House Appropriations Committee undermine the critical safety net of farm programs in an uncertain economic climate. The NCC will work with the leaders of the House Agriculture and Appropriations Committees in an effort to reverse these misguided and counterproductive amendments.

Naturally, those farmers who have the most to lose from the elimination of the unconstitutional support of an industry (albeit one ostensibly crucial to the strength of the American economy) are the most vocal in the renunciation of the relevant amendments to the FY 2012 Agricultural Appropriations bill.

The irked farmers are correct in their assertion that the amendments authored by Flake would significantly impact the flow of money from the U.S. Treasury to their bank accounts. The so-called "direct payment," a type of welfare paid to farmers regardless of the price of their crops or the yield thereof, would be slashed. According to available figures, those payments cost the government about \$5 billion annually.

The funneling of that much cash to farmers, detached as they are from any sort of measurable metric, is becoming a frequent target of legislators committed to cutting the waste in the federal budget.

Notably, and perhaps a sign of the times, the Appropriations Committee passed both of Flake's amendments by unanimous consent.

Regarding the vote, Congressman Flake observed, "It says a lot that no one is publicly willing to defend this kind of largesse."

Most telling of all is the bipartisan retreat from the front lines of farm subsidy legislative (and executive) defense. In fact, this fatted though sacred cow lately has seen the cult of its worship dwindle. Former devotees on both sides of the aisle insist that if cuts are to be made, then "rich" farmers (those earning over \$250,000 annually) should not be spared.

While there are any number of lawmakers willing to forward economic rationales for slashing the farm subsidy system, it would be more encouraging for the future of our Republic if even a handful of them would point to the lack of constitutional authority for such handouts as the chief source of their opposition to them.



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