

IOWA TRANSPARENCY NEWSLETTER



The Entitlement of Farming

by Jennifer L. Crull

I grew up on a small family farm; we only had about 120 acres of farmland. Yet, growing up on that small family farm, it was impossible to not understand the worries and concerns of the farm—from the hail that damaged the crops to the rain that meant we had to plant the crops again. These were just some of the concerns that never let up as the year went by from planting, growing, harvesting, and finally to selling. It is hard for the farmer to predict what will happen with the weather, what the crop prices are going to do, and how much liquid petroleum (LP) they will need to dry crops before they sell them. I remember growing up thinking that my grandfather and father must enjoy gambling because that is what farming seemed like to me. It is a lot of hard work and sometimes the payoffs were big and sometimes they didn't even begin to pay the bills. But that was why you saved when the payoff was big, to cover the lean times. This isn't the case anymore for many farmers.

This edition of the *Iowa Transparency Newsletter* deals with the information reported on the Farm Subsidy Database website (<http://farm.ewg.org>). This is a new website link we have added to the Iowa Transparency website under *Featured Websites*. This website is developed by the Environmental Working Group and is very user-friendly. It allows the user to find out information concerning Iowa and all other 49 states in general, all 99 counties in Iowa, and the congressional districts. This website shows you the top farm subsidies categories for each of the different areas. The website also shows you the top recipients of the subsidies in each of these categories. I invite you to check out your county or your congressional district information. For this newsletter, I will be looking at Iowa in general.

Entitlement programs are something we have heard a lot about whether it is Social Security, Medicare, or the “hot” topic of healthcare. But for Iowa, one of the largest entitlement programs

that has pumped over \$20.9 billion into our economy from 1995-2009, is the Farm Subsidies Program.¹ Iowa is ranked second in the nation in subsidies in the United States.² The top ranking state is Texas with \$22.8 billion in payments.³ Texas has over 130,398,753 acres of farmland according to the 2007 data from the United States Department of Agriculture; whereas Iowa has only 30,747,550 acres of farmland.⁴ Texas has over 4 times the amount of farmland than Iowa and it only received \$1.9 billion more than Iowa. So per acre, Iowa receives much more money than Texas. Texas receives \$175 per acre of farmland versus \$680 per acre of farmland in Iowa. This definitely makes farm subsidies a “big” business in Iowa.

Each year, Iowa has at least \$1.1 billion in federal dollars coming in to the state to help our farmers get through the year.⁵ The farm subsidy program was created back in the 1930s amid the Great Depression. Presidents Hoover and Roosevelt both “argued

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that others must be taxed so that some farms could be subsidized."⁶ Hoover went about this with the creation of the Farm Board. The Farm Board fixed a price floor for only two crops: wheat and cotton. Since this provided security for the production of wheat and cotton, this resulted in overproduction. Roosevelt took a different approach in that he supported the Agricultural Adjustment Act. This act dealt with the overproduction by paying farms not to produce their crops.⁷ This act was passed in 1933, but was repealed in 1936 by the Supreme Court, which felt that the federal government had overstepped its role in attempting to regulate and control agricultural production. The Supreme Court opinion was that this role is reserved for the states and it violated the Tenth Amendment.⁸ Wonder what the Supreme Court in 1936 would have thought about our current Farm Subsidy program?

Table One shows the top ten programs that receive monies in Iowa. Of course, Corn Subsidies is number one, with over \$13.7 billion coming into the state over the past 15 years.⁹ As you can also see from the table, recipients of corn subsidies received an average of \$78,960 over the fifteen-year span. The Farm Subsidies Database does note that 19 percent of Iowa farms do not receive subsidies, but ten percent of all recipients received 57 percent of all subsidies.¹⁰ So, the majority of the subsidies are going to the larger farms and not

the small family farms that we want to ensure survive. At least that is what our congressional leaders tell us when they are touting the amount of money that is paid out by the farm bill every year. The average annual payment to the top ten percent of the recipients is \$31,450, whereas the bottom 80 percent's average annual payment is \$1,517.¹¹ There is a vast difference between those payments. Brian M. Riedl reported in his article, *Farm Subsidies for Millionaires*, that "Small farmers are harmed the most by farm subsidies. Excluded from most subsidies, they must endure the lower crop prices, higher farmland costs and industry consolidation that result from subsidies to agribusiness."¹²

Table Two shows the top 20 recipients of the farm subsidies over the fifteen-year period for the state of Iowa. This table also shows the location and amount of subsidies for the recipients. The article by Riedl also notes that the "average farm household pulls in more than \$80,000 each year in sales and taxpayer subsidies, and has a net worth of more than \$800,000."¹³ Not quite the small family farm that Iowa is known for.

Table Three shows the top ten states. As the table shows, the top ten states have received over 58 percent of all the dollars paid out to farms over the fifteen-year span. Plus, there is a vast difference between the top two states of Texas and Iowa with over \$20

Table One: Farm Subsidies in Iowa from 1995-2009

Rank	Program	Number of Recipients	Subsidy Total	Average Payout Over
		1995-2009	1995-2009	1995-2009
1	Corn Subsidies**	173,524	\$13,701,505,019	\$78,960
2	Soybean Subsidies**	128,295	\$3,582,130,582	\$27,921
3	Conservation Reserve Program	95,333	\$2,866,921,399	\$30,073
4	Disaster Payments	57,810	\$282,606,774	\$4,889
5	Dairy Program Subsidies	6,667	\$155,982,584	\$23,396
6	Env. Quality Incentive Program	9,157	\$96,230,412	\$10,509
7	Livestock Subsidies	35,521	\$87,276,034	\$2,457
8	Wheat Subsidies**	19,132	\$26,459,691	\$1,383
9	Wetlands Reserve Program	372	\$24,019,573	\$64,569
10	Oat Subsidies**	79,547	\$15,806,297	\$199

Source: Environmental Working Group. <<http://www.farm.ewg.org>>

** Crop totals are an estimate. In the data received by EWG for 2009, USDA does not differentiate Direct Payments or Counter-Cyclical Payments by crop as in previous years. EWG allocated the region's Direct Payments by crop for the 2009 calendar year using the proportion of that crop's Direct Payments in 2008. Number of recipients receiving Direct Payments for that crop were not estimated. Due to the way Counter Cyclical Payments are made - EWG was not able to allocate Counter Cyclical Payments to crops. Also included in the crop totals are the crop insurance premiums as reported by the USDA Risk Management Agency for that crop. The crop insurance premium is the amount of money that is calculated by USDA to make the program actuarially sound. Crop insurance premium subsidies are available at the county, state, and national level.

Table Two: Top 20 Recipients from 1995-2009

Rank	Recipient	Location	Total USDA Subsidies
			1995-2009
1	H & J Buseman Farms*	Belmond, IA	\$3,993,776
2	Kruger Farms Inc*	Dike, IA	\$3,850,657
3	Vierkandt Farms*	Alden, IA	\$3,270,308
4	Hunter Farms*	Jefferson, IA	\$3,083,319
5	Advanced Pork*	Iowa Falls, IA	\$3,019,625
6	Pilling Farms Partnership*	Carson, IA	\$2,973,888
7	Doug Studer Farms*	Britt, IA	\$2,973,133
8	Cranston Bros Joint Venture*	Odebolt, IA	\$2,898,452
9	Hackwell Bros*	Exira, IA	\$2,833,479
10	Berghoefer Livestock & Grain*	Hampton, IA	\$2,825,616
11	Gabeline Family Farms*	Yarmouth, IA	\$2,779,475
12	Carstens & Sons Farm*	Bagley, IA	\$2,699,361
13	Fobian Bros*	Iowa City, IA	\$2,662,976
14	Amana Farms Inc*	Amana, IA	\$2,573,250
15	Greenview Farms*	De Witt, IA	\$2,533,620
16	Iowa State University	Ames, IA	\$2,494,998
17	Gustafson Brothers*	Kiron, IA	\$2,464,019
18	Leonard Broulik & Sons*	Mount Vernon, IA	\$2,413,119
19	Johnson Brothers*	Odebolt, IA	\$2,390,300
20	Jade Farms*	Ruthven, IA	\$2,313,490

Source: Environmental Working Group. <<http://www.farm.ewg.org>>

* USDA data are not "transparent" for many payments made to recipients through most cooperatives. Recipients of payments made through most cooperatives, and the amounts, have not been made public.

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billion each and the tenth state of South Dakota, which received just over \$8.9 billion.¹⁴ As you can see from the table, the top two states also have received 17.9 percent of all the payouts.¹⁵

After taking the time to look at this database, it definitely opens up the debate about how we are handling the farming industry. We have taken an industry that

was the spirit of America's free enterprise and have it relying on government payouts. While we acknowledge that there are many risks with farming, there are better ways to manage the risks than by relying on government payouts. The farms have the ability to save money when the times are good and have crop insurance for when times are bad, and if the American people feel that the government's involvement in the other industries such as banking, cars, and home mortgages is wrong then it is time we take a look at the farm subsidy program. We need to help the farmers excel on their own without the government getting involved and mucking up the process. I think everyone would agree that a farmer is a true entrepreneur, otherwise why would they want to farm. Farming is a big business that needs to be allowed to return to its roots.

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**Table Three: Top Ten States
Total USDA - Subsidies
1995-2009**

Rank	State	Total	Pct of Total	Running Percentage
1	Texas	\$22,822,940,805	9.30%	9.30%
2	Iowa	\$20,940,915,308	8.50%	17.90%
3	Illinois	\$17,568,234,640	7.20%	25.00%
4	Minnesota	\$14,346,020,958	5.90%	30.90%
5	Nebraska	\$13,958,371,387	5.70%	36.60%
6	Kansas	\$13,491,857,681	5.50%	42.10%
7	North Dakota	\$11,658,477,989	4.80%	46.80%
8	Arkansas	\$9,542,965,793	3.90%	50.70%
9	California	\$9,122,502,166	3.70%	54.40%
10	South Dakota	\$8,946,196,657	3.60%	58.10%

Source: Environmental Working Group. <<http://www.farm.ewg.org>>

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Endnotes

- 1 Environmental Working Group (EWG), Farm Subsidies Database: Iowa Summary Information, <<http://farm.ewg.org/region.php?fips=19000>> (August 9, 2010).
- 2 Ibid.
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- 4 United States Department of Agriculture State Fact Sheets: Texas, <<http://www.ers.usda.gov/statefacts/tx.htm>> (August 13, 2010), and United States Department of Agriculture State Fact Sheets: Iowa,

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- 15 Ibid.

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