

## IX. THE FARM FOLLIES

The statistics are difficult if not impossible to interpret: the leavings of 60 years of Byzantine political meddling in a process better left to the free market. Furthermore, one must rely on figures given out by the United States Department of Agriculture, in effect asking the fox for a resumé of his activities in the henhouse. Veteran USDA employees admitted that even after 25 year's service and new farm bills every five years they still didn't understand the system. If anything ever just grew like Topsy, it's the USDA price support program, financed by the Commodities Credit Corporation (CCC) since 1933<sup>1</sup>, and pushed this way and that by generations of special interest politicians. The program claims to help small farmers, but most of the help actually goes to farmers whose income already exceeds that of the average American.<sup>2</sup>

From the time of the civil war to World War I U.S. agriculture expanded due to technical advances. But as the food supply went up prices went down. The notion of shielding farmers from market forces peaked after World War I. During that conflagration European agriculture closed down and U.S. farmers cleaned up selling crops overseas. After the war the market dropped back to normal but the farmers argued in congress that legislation should guarantee farmers "parity" with non-agricultural workers rather than let normal market forces reduce the total number of farmers. Special interest politicians, ever mindful of where their next campaign chest is coming from, were only too happy to oblige.

Price supports take the form of "non-recourse loans" to farmers. If it's a good market year the farmer sells the crop on the free market at a price above the support price. If it's a bad year the USDA has no recourse but to buy the farmer's crop at the legislated support price. The crop surplus is then dumped into food programs for the needy or foreign "aid" programs<sup>3</sup> which consistently cripple emerging agricultural systems(\$20 billion worth from 1954-1970)<sup>4</sup>. In the great 1995 flap over cutting school lunch programs no mention was made that these are also a major USDA dumping ground for consistently fat food.

The USDA, brought in by the politicians of the last century like a lamb, roars like a lion in this one. The sound is drowned out by the BATF, the CIA, the IRS, and the Pentagon, but the damage inflicted by the USDA may be greater than the others combined. Average price supports from 1980-1991 are shown below<sup>5</sup>.

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<sup>1</sup> Luttrell, Clifton B. *The High Cost of Farm Welfare*. Cato Institute. Washington, 1989. ISBN 0-932790-70-4. p 15.

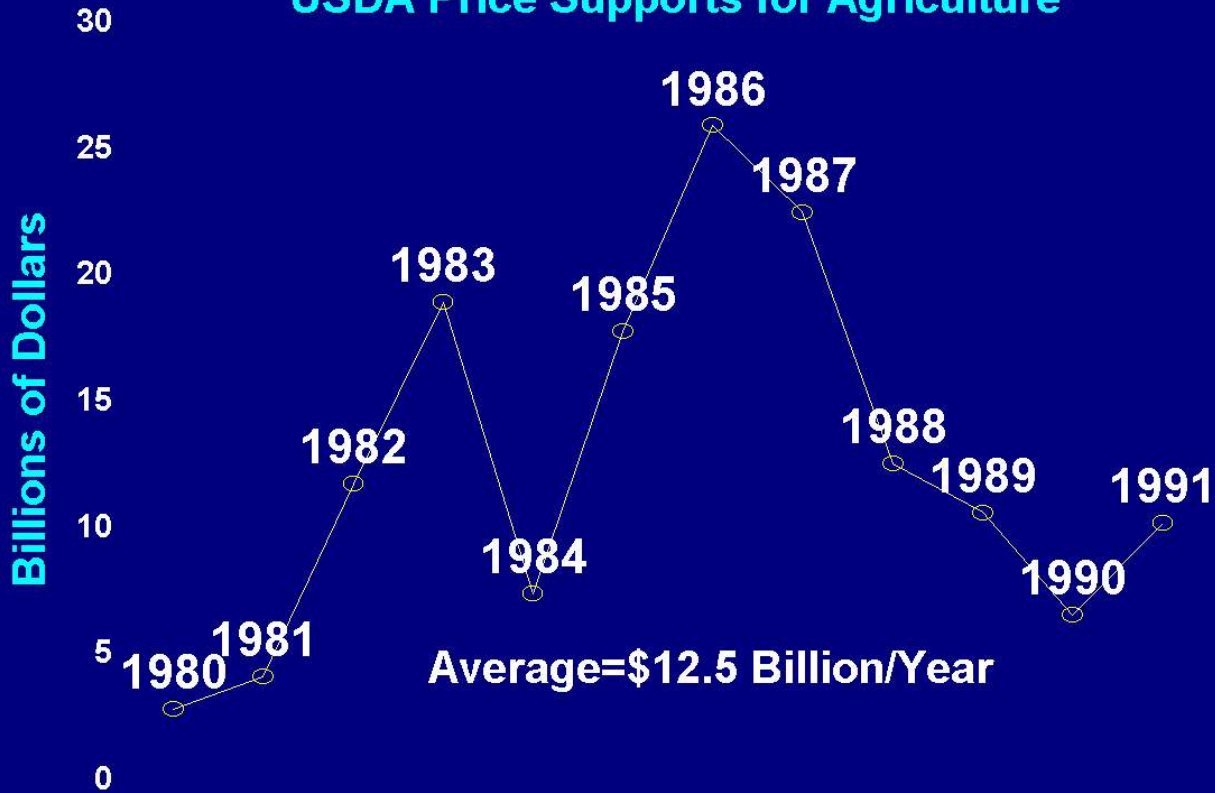
<sup>2</sup> Bovard J. *Farm Bill Follies of 1990*. Policy Analysis. Cato Institute. Washington, July 12, 1990. p 4.

<sup>3</sup> Encyc Vol. 1:318d.

<sup>4</sup> Encyc Vol. 1:318d.

<sup>5</sup> United States Department of Agriculture. *History of Budgetary Expenditures of the Commodity Credit Corporation: Fiscal Year 1990-1991 Actual*. ASCS/BUD/CPB Book 3.

# Commodities Credit Corporation USDA Price Supports for Agriculture



Although full understanding of USDA five-year-average crop acreage base (CAB) rules requires a command of several languages that did not originate on Earth, it appears the rules discourage crop rotation<sup>6</sup>. Without crop rotation more fertilizers and pesticides must be used. The USDA's Rube Goldberg school of agricultural economics then allows dairy farmers to collect indemnity payments for milk contaminated by pesticides<sup>7</sup>.

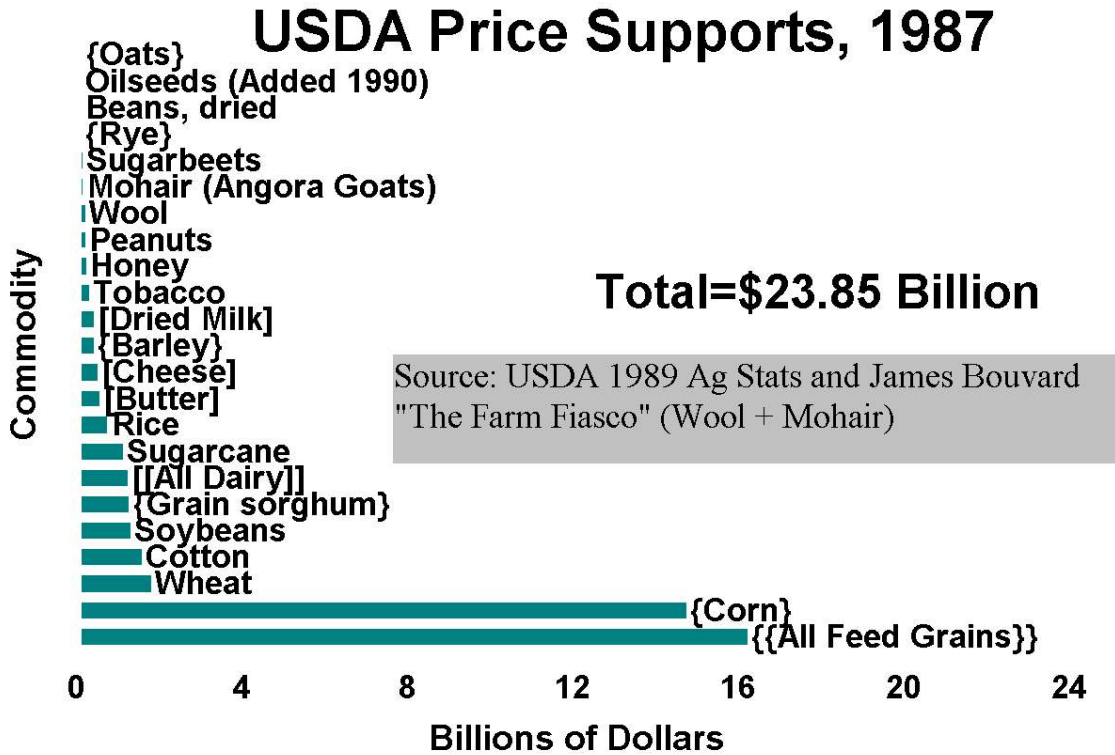
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<sup>6</sup> Code of Federal Regulation Parts 1200-1499. *Agricultural and Trade Act Amendments*. <sup>7</sup> CFR part 718,719,1413 and 1414. Agricultural Stabilization and Conservation Service and Commodity Credit Corporation of the USDA. Federal Register. National Archives and Records Administration 1993.

<sup>7</sup> United States Department of Agriculture. Agricultural Stabilization and Conservation Service. *Production Adjustment/Price Support Programs*. B1 no. 3, Dec. 1992. p 10.

One thing does seem straightforward, however. Fruits and vegetables, among the foods most essential to human health get no price supports<sup>8</sup>: "All crops may be harvested on flex acreage except..fruits and vegetables.."<sup>9</sup>

By contrast USDA price supports and freebies go to 21 agricultural products, almost all either superfluous or actively injurious to human health, including animal feed grains, the dairy industry, sugar, and tobacco<sup>10</sup> in the amounts shown below.<sup>11,12</sup>



<sup>8</sup> United States Department of Agriculture. Economic Research Service. *Provisions of the Food, Agriculture, Conservation, and Trade Act of 1990*. Agriculture Information Bulletin Number 624. Washington, 1991. p vii.

<sup>9</sup> ASCS Commodity Fact Sheet. *Feed Grains: Summary of Support Program and Related Information*. United States Department of Agriculture. June 1991.

<sup>10</sup> U.S Department of Agriculture, Office of Budget & Program Analysis, 3/7/90.

<sup>11</sup> United States Department of Agriculture. *Agricultural Statistics, 1989*. United States Government Printing Office. Washington, 1989. Table 623.

<sup>12</sup> United States Department of Agriculture. *History of Budgetary Expenditures of the Commodity Credit Corporation: Fiscal Year 1990-1991 Actual*. Agricultural Stabilization and Conservation Service. Budget Division. Book 3, p2.

Mohair, and wool supports amount to government backing against competition from synthetic fibers. Cotton supports would appear to be more of the same but cotton seed meal becomes animal feed and cottonseed oil is used by the food industry.

Dairy prices are set above market-clearing levels. As a result, farmers produce more dairy products than the public will buy. In 1981, a \$3 billion surplus was bought by the CCC, and sold for animal feed or given away. In 1986, 1.6 million cows were slaughtered in an attempt to reduce the surplus. The carcasses were dumped on the meat market and cattlemen saw *their* prices drop 15% as a result.<sup>13</sup> The dairy and pharmaceutical industries now want to increase production still more with synthetic bovine growth hormone, even though the dairy market is already flooded.<sup>14</sup>

The dairy lobby built its power in Washington from 1967 to 1977. With laundered political contributions averaging \$6.9 million/year the dairymen pressured for 90% parity (90% of the buying power dairy farmers enjoyed from 1910 to 1914). The recipients included Jimmy Carter (already a millionaire as a result of USDA peanut subsidies), Dick Clark, John Connally, James Eastland, Walter Huddleston, Hubert Humphrey, Lyndon Johnson, Wilbur Mills, and Herman Talmadge. At the time of his resignation Richard Nixon, if not brought down by Watergate would likely have faced charges from involvement not only in the Ellsberg break-in, and ITT, but also the dairy lobby<sup>15</sup>.

Oil seeds (canola, flaxseed, mustard seed, rapeseed, safflower, soybean, and sunflower), were added to the support list in 1990<sup>16</sup>. Some of these seeds are nutritious if eaten whole, but the oils made from them are not essential to humans and there is no evidence that pure liquid fat is of any benefit other than gustatory.

Peanuts are a reasonable food source, providing spoilage has not added aflatoxin, but most of the crop is turned into peanut oil and mash for animal feed.

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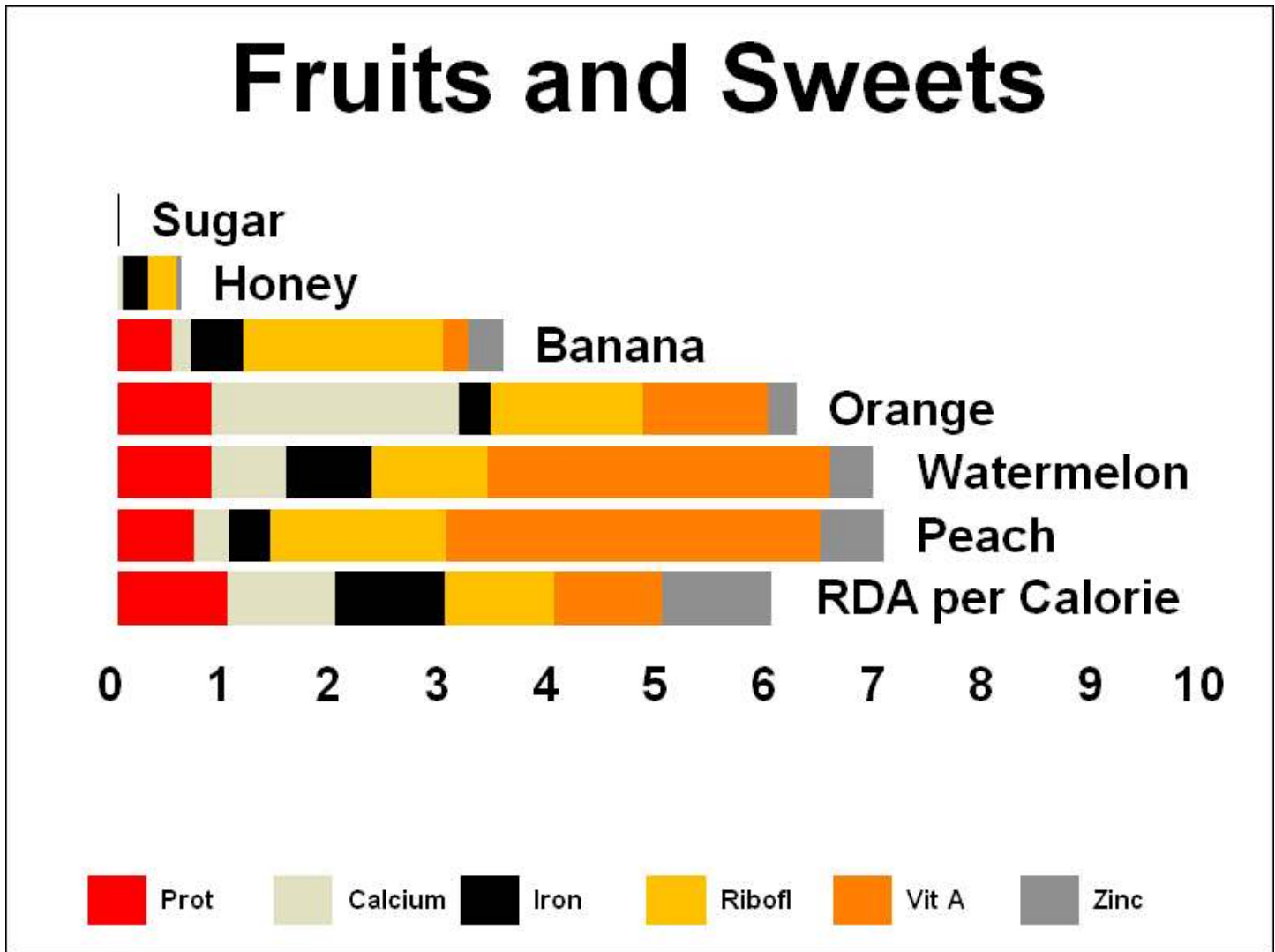
<sup>13</sup> Bovard, James. *The Farm Fiasco*. Institute for Contemporary Studies. San Francisco, 1989. ISBN 1-55815-001-3. p 111.

<sup>14</sup> Consumer Reports. *Udder Insanity*. Consumers Union of U.S. Inc. Yonkers 1992. ISSN 0010-7174. May 1992, p330.

<sup>15</sup> McMenamin M, and McNamara W. *Milking the Public: Political Scandals of the Dairy Lobby from L.B.J. to Jimmy Carter*. Nelson-Hall. Chicago, 1980. ISBN 0-88229-552-7.

<sup>16</sup> See note 3, p24.

Sugar has been on the dole since 1789, since the U.S. has a poor climate for sugar, which can be grown more economically in sub-tropical countries.<sup>17</sup> Sugar is nutritionally *worthless*: concentrated carbohydrate which should be applied to the teeth only at places where you desire holes to appear. Honey is not much better, but honey supports are almost equal to the market value of honey.<sup>18</sup> If tastebuds are to be appeased, fruit is a much more nutritious choice:<sup>19,20</sup>



<sup>17</sup> Luttrell CB. *The High Cost of Farm Welfare*. Cato Institute. Washington 1989. ISBN 0-932790-70-4. p 102.

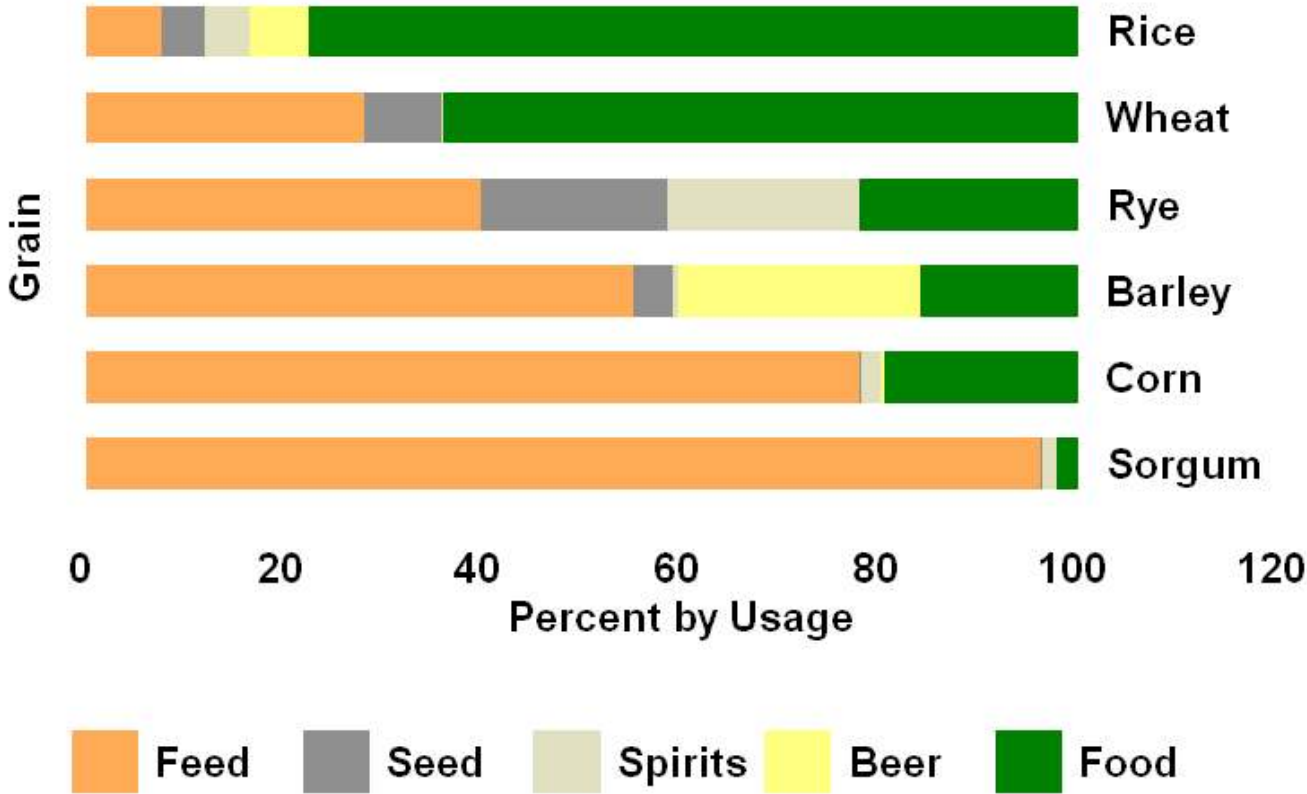
<sup>18</sup> See note 6, p 76.

<sup>19</sup> N-Squared Computing. *Nutritionist III, v7.0*. Salem OR, 1991.

<sup>20</sup> Borland International. *Quattro Pro*. Scotts Valley, CA 1989.

The continued USDA involvement with tobacco is a national scandal. While political opportunists mount their war on marijuana, heroin, and cocaine, the real killers, tobacco (and alcohol), can be advertised and sold over the counter. Distilled spirits and beer are made from USDA price-supported feed grains. Barley (beer) and rye (spirits) are the major recipients, but corn, rice, sorgum, and wheat are also used<sup>21,22</sup>.

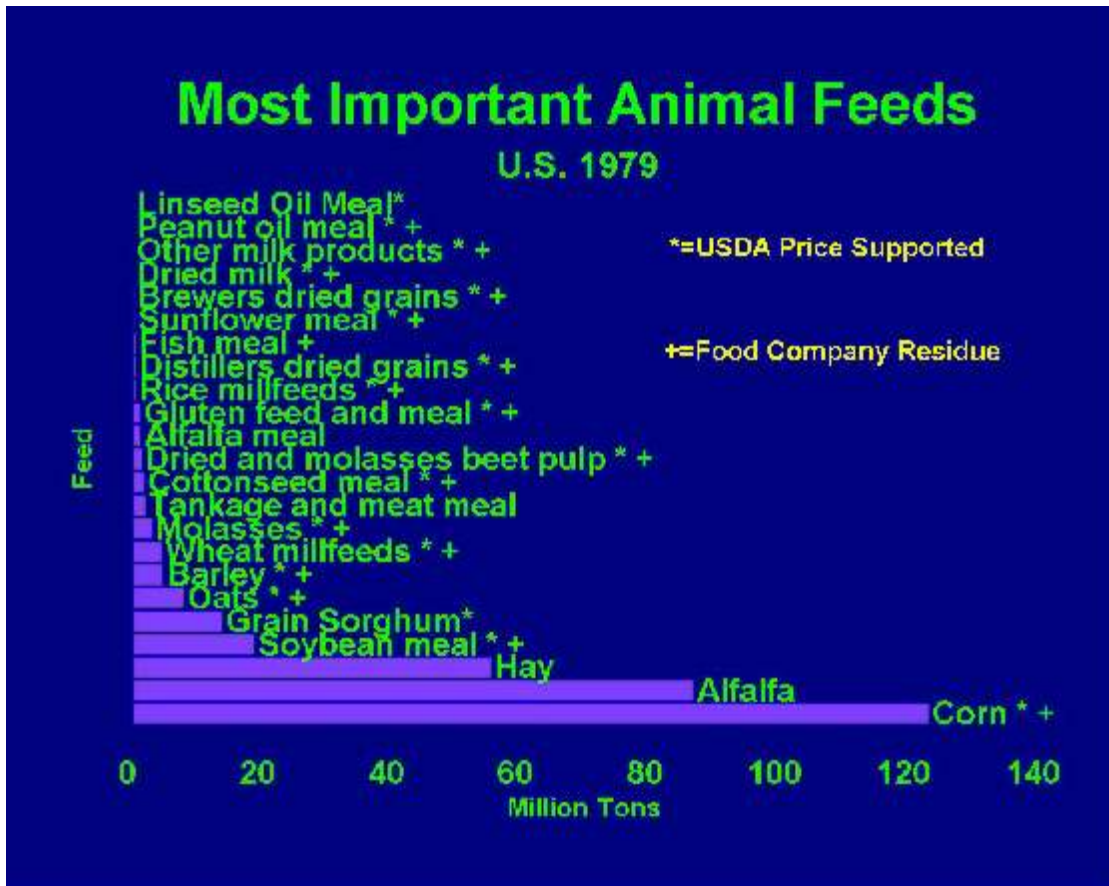
## Total Supports for Alcohol=\$80 million USDA Price Supported Grain (1992)



<sup>21</sup> 1992 CRB Commodity Year Book. Commodity Research Bureau. Knight-Ridder Financial Publishing. New York, 1992. ISBN 0-910418-28-4.

<sup>22</sup> Department of the Treasury. Bureau of Alcohol, Tobacco, and Firearms. Statistical Release. Report 76, 6/23/93 and Report ATF R A:1 5130-2, 6/11/93.

"Food processing is indispensable to animal agriculture in America," in the words of author Robin Hur<sup>23</sup>. While breads, breakfast cereals, corn chips, pastries, and other grain products are ostensibly plant foods, there's a flip side. The food processing companies buy raw material from one source, the field crop farmers, but sell the resultant products on several markets. Animal feed is one market<sup>24</sup>:



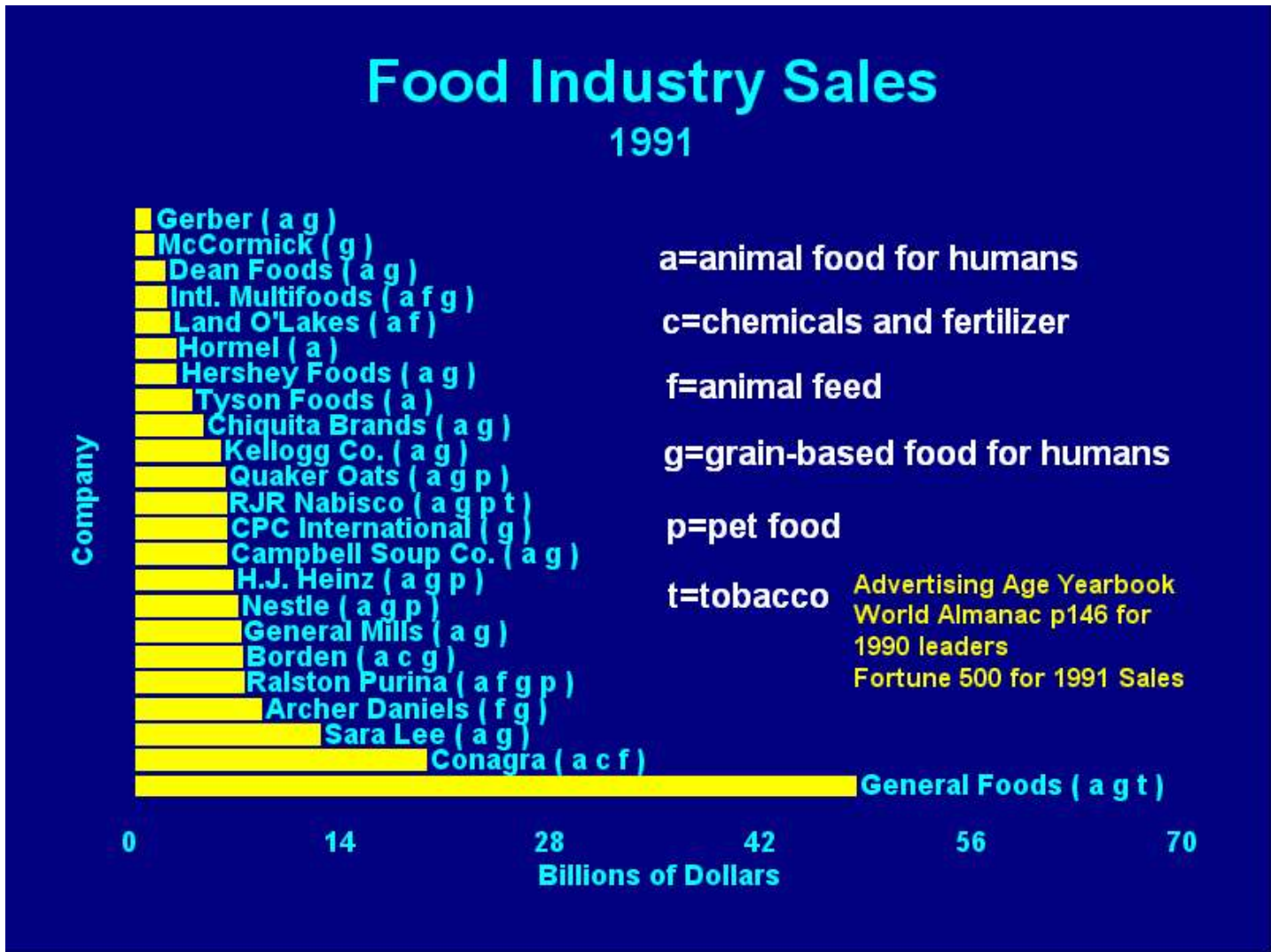
In this graph, “\*” denotes an animal feed which received USDA price supports, and “+” denotes a feed which is the residue after the food companies have worked it over, usually extracting refined grain products or pure vegetable oil for human consumption, and passing the rest on as animal feed. Absent from the graph are horticultural crops such as apples, broccoli, or kale. These foods are specifically excluded from USDA price supports<sup>25</sup> and are grown primarily for human consumption, although some of the residues also become animal feed.

<sup>23</sup> Personal communication 12/7/92. See also: Hur R. *Food Reform: Our Desperate Need*. Heidelberg Publishers. Austin, 1975. ISBN 0-913206-05-9.

<sup>24</sup> Cullison A. *Feeds and Feeding*. Reston Publishing Company, Inc. Reston, 1982. ISBN 0-8359-1905-6 p 160.

<sup>25</sup> United States Department of Agriculture. Economic Research Service. *Provisions of the Food, Agriculture, Conservation, and Trade Act of 1990*. Agriculture Information Bulletin Number 624. Washington, 1991 p vii.

Top food companies start with inexpensive grain crops which often have been grown primarily for use as animal feed. As example, USDA price supports for corn, the major animal feed grain, in 1987 came to \$14.64 billion<sup>26</sup> but only 3% of the crop was for human consumption<sup>27</sup>; the rest went for animal feed. The companies then add animal by-products, chemicals, fat, and sugar to improve salability, and sell the products as animal feed grain, fertilizer, human food, and pet food.



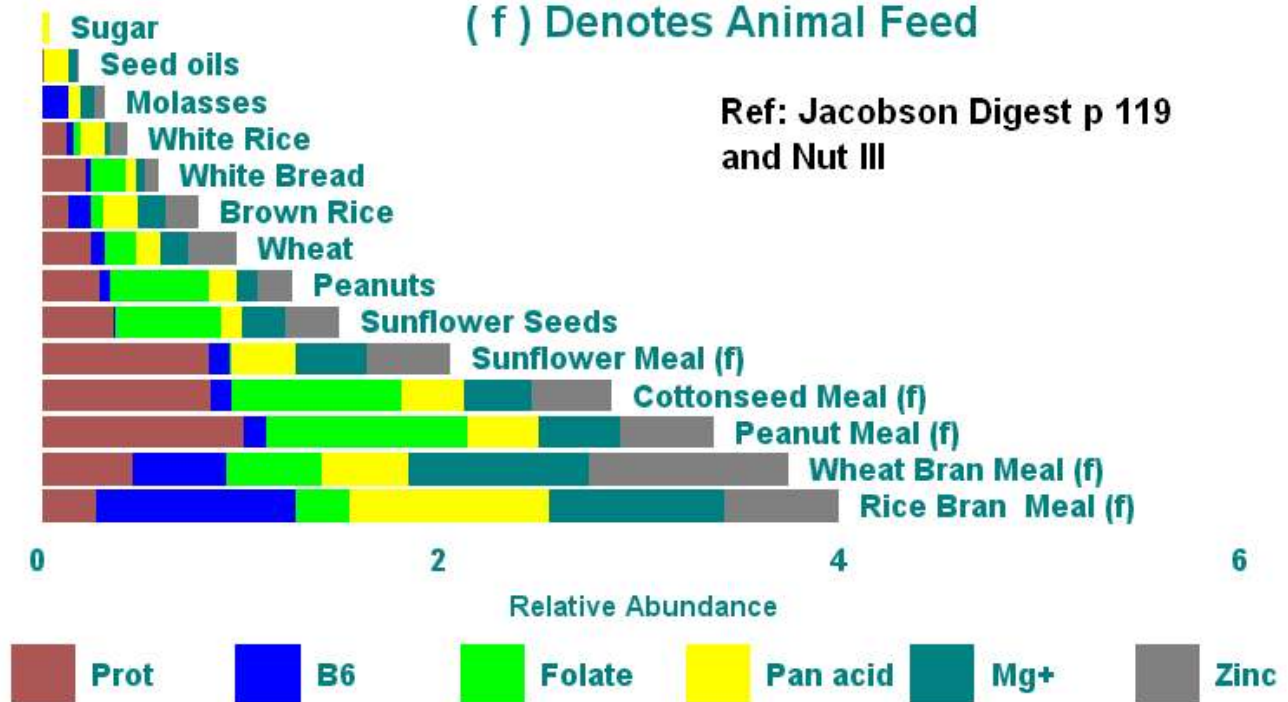
<sup>26</sup> United States Department of Agriculture. *Agricultural Statistics, 1989*. United States Government Printing Office Washington: 1989. Table 623 p 449.

<sup>27</sup> Ensminger M. *Animal Science*. Interstate Publishers. Danville, 1991. ISBN 0-8134-2887-4 p 23.

The refined oils and grain products go for human consumption. The millings go back to slop the hogs. In the processing of grains many of the nutrients are removed. Some of them - calcium, iron, niacin, riboflavin, and thiamin - are put back in and the product is then called "enriched"<sup>28</sup>. Many minerals and vitamins are not restored however, and comparison of the original food, its "enriched" product, and the bran, meal, or millings left for animal feed suggests the hogs are the winners. The chart below shows that grain and seed meals commonly incorporated into animal feed actually have higher nutrient densities than their field crop sources, and that the human foods made from the same sources have less<sup>29</sup>.

## Nutrients in USDA Products

( f ) Denotes Animal Feed



<sup>28</sup> Jacobson MF. *The complete eater's digest and nutrition scoreboard*. Anchor Press. New York, 1985. ISBN 0-385-18245-7 p 119.

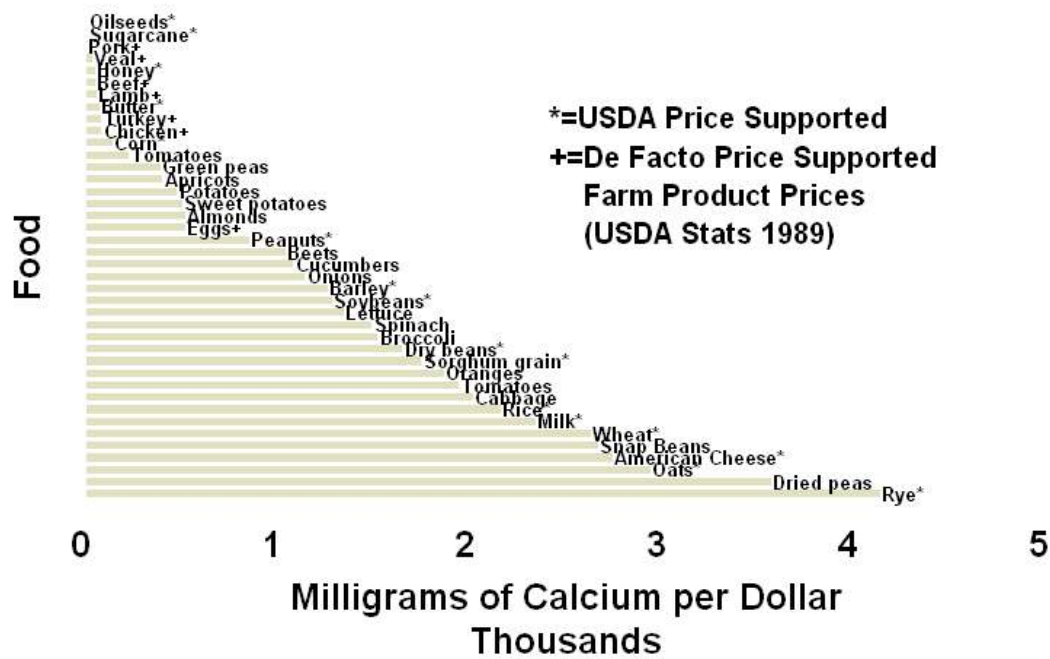
<sup>29</sup> (\*)Author's Note: This busy stacked bar graph was used to avoid 6 separate bar graphs. Since there is a wide variance between 2815 mg of magnesium in 1000 Calories of wheat bran and 160 gm of protein in 1000 Calories of peanut meal, if all six nutrients are to be visible in the same graph the ranges for each nutrient must be normalized to 1 by dividing each nutrient value by the largest number appearing in that nutrient column. If one food led in all six nutrients it would score a *relative abundance* of 6.

Clearly, however, the feed grains (barley, corn, grain sorghum, and oats) are the big winners in the USDA sweepstakes. While the 16 billion dollar windfall might appear to benefit mostly the grain farmers there's a flip side. 70% of the feed grain crops go to feed animals<sup>30</sup> which are then consumed by humans. The meat industry, conspicuously absent from overt subsidies and supports, is probably the real winner. If grain farmers sold on the free market, they would charge higher prices for less feed grain, and the price of dairy, meat, and poultry, would rise, even as profits fell.

Now dairy products are advertised on the basis of their calcium content, and meat is recommended for its protein.

Using USDA 1988 market price data<sup>31</sup> and USDA nutrient data<sup>32</sup>, the following graphs were constructed, showing the calcium/cost and protein/cost ratios for various foods. Included are free market fruits and vegetables, price supported dairy and field crops, and other animal source foods which receive de facto supports from the price-supported feed grains. In these charts no cost adjustments have been made to reflect the tax dollars which have been used to grow the foods:

## Calcium and Cost, 1988 (At Market Prices Paid to Farmers)



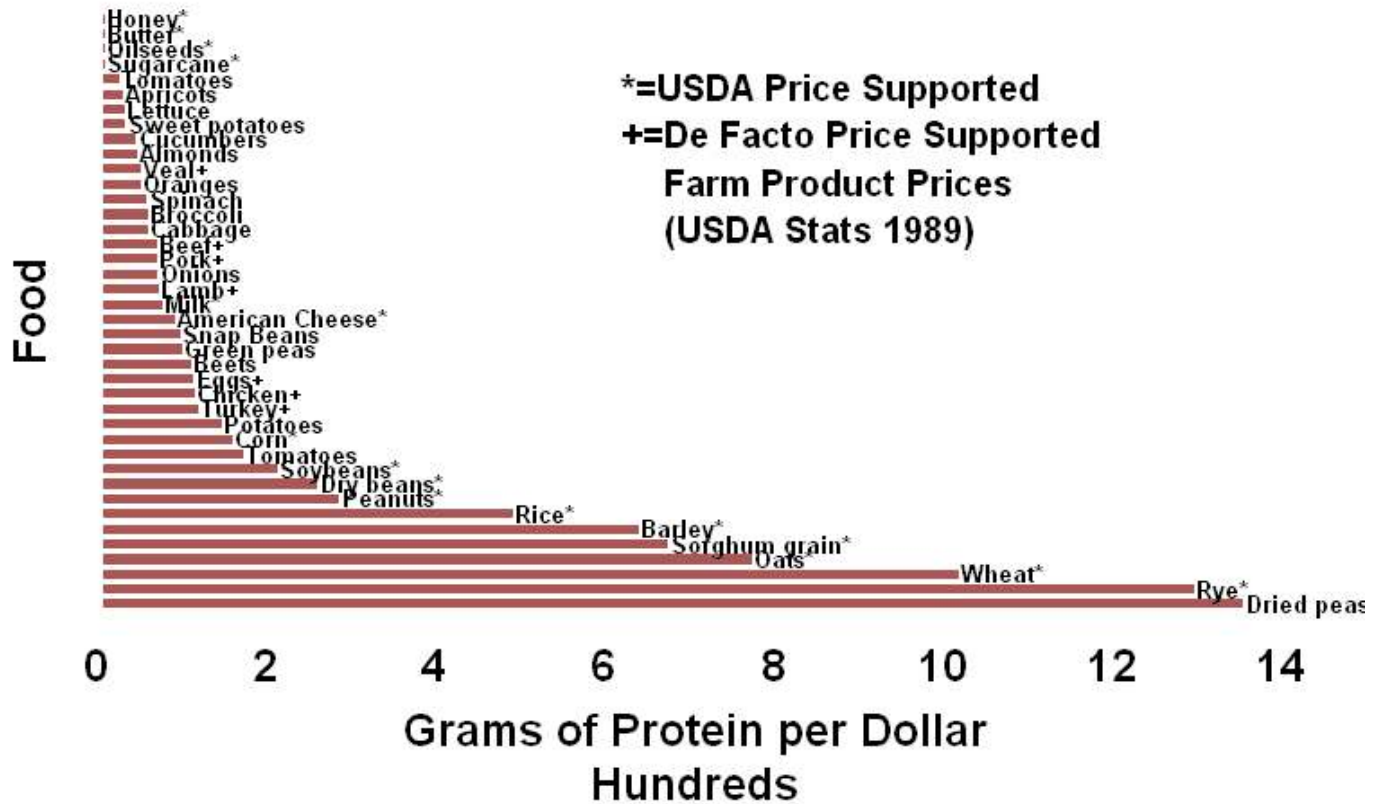
<sup>30</sup> Durning AB, Brough HB. *Taking Stock: Animal Farming and the Environment*. Worldwatch Paper 103. Worldwatch Institute, 1991. ISBN 1-878071-04-1. p 15 (From USDA data).

<sup>31</sup> See note 4, Table 572.

<sup>32</sup> United States Department of Agriculture. *Composition of Foods*. Agriculture Handbook No. 8. U.S. Government Printing Office. Washington, DC 20402, 1963.

Dairy products are not the cheapest source of calcium and meat is a long way from being the cheapest source of protein:

## Protein and Cost, 1988 (At Market Prices Paid to Farmers)



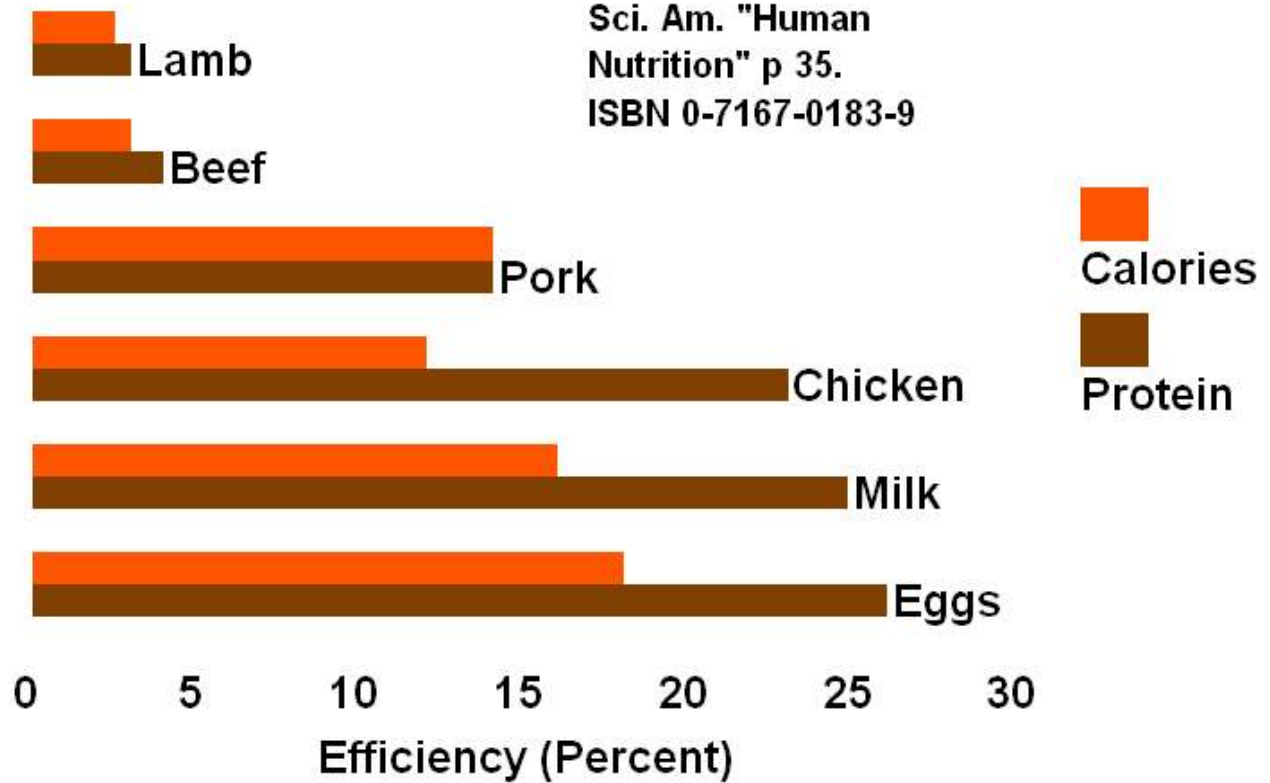
Cartesian rationalizations may insist that animals are mere machines, mimicking but not replicating human interests, but their mimicry includes reproduction, respiration, digestion, heat loss, and elimination, all of which waste protein and Calories at about the same rate we do for those same activities. The efficiency with which animals convert plants to animal food for human consumption varies by species.<sup>33</sup> The following chart indicates that chickens waste ~ 100 - 26 = 74% of the plant protein they eat to make eggs; young sheep waste ~ 100 - 2.5 = 97.5% of the plant Calories they ingest to produce lamb:

<sup>33</sup> Scientific American. *Human Nutrition*. W.H Freeman. San Francisco, 1978. ISBN 0-7167-0183-9. p 35.

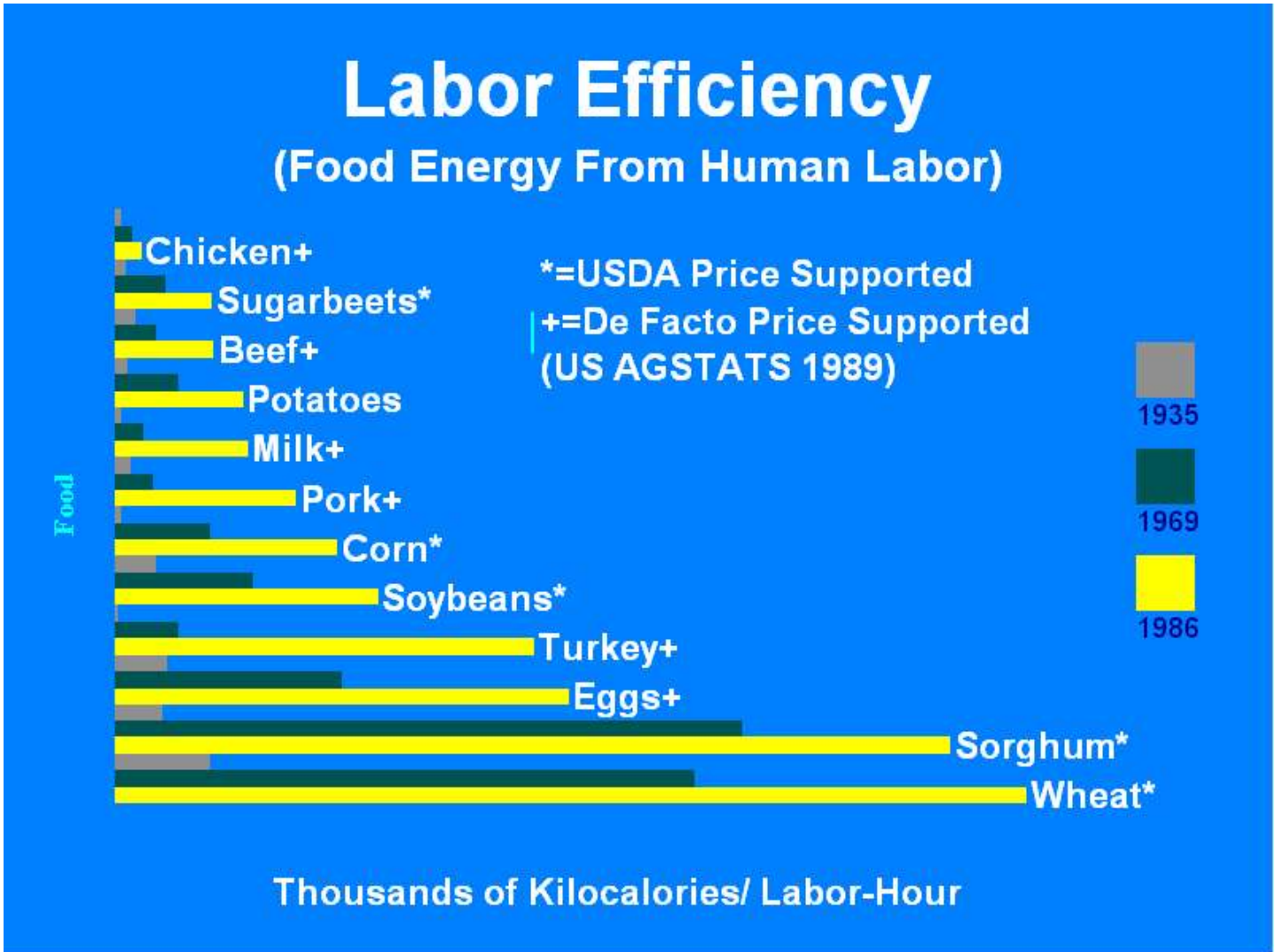
# Conversion Efficiency

## From Plant to Animal Food

Sci. Am. "Human  
Nutrition" p 35.  
ISBN 0-7167-0183-9



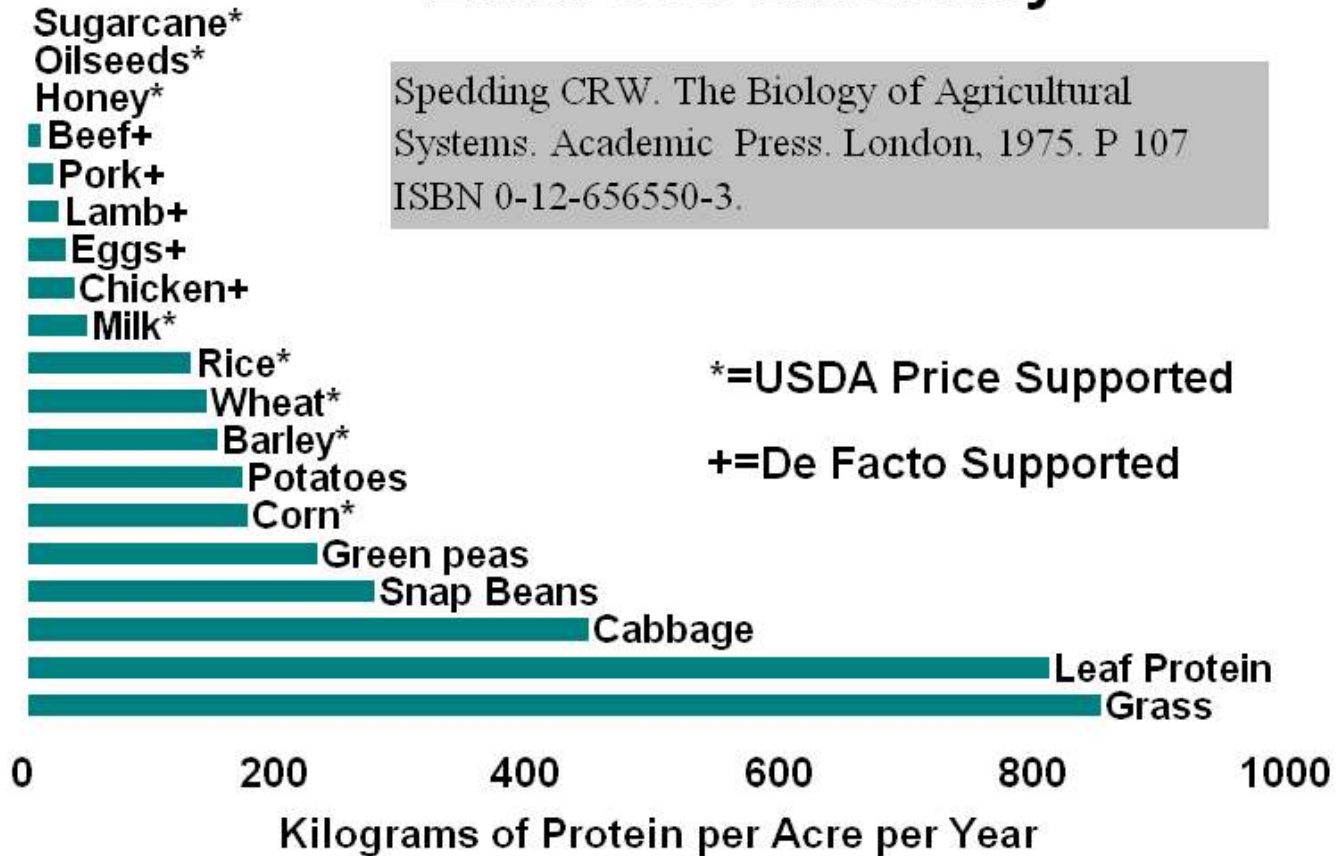
Labor costs also impact on food production costs. Not surprisingly animal food is generally less labor-efficient than plant food.<sup>34</sup> (The improved efficiency of pork and turkey production since 1969 probably reflects factory farming techniques):



<sup>34</sup> United States Department of Agriculture. *Agricultural Statistics, 1989*. United States Government Printing Office. Washington, 1989. Tables 566 & 567.

Grass and leaves might appear to be unlikely food sources for humans but pilot programs<sup>35</sup> suggest that good quality protein can be easily extracted from both. In any event, animal food and field crop protein production is a less efficient use of land than horticulture<sup>36</sup> (e.g. cabbage, green peas and snap beans):

## Land Use Efficiency



<sup>35</sup> Find Your Feet-USA. *Sustainable Agriculture, the Environment, and Leaf Concentrate*. 2720 Hutchinson Rd. Murfreesboro, TN 37130, 1989.

<sup>36</sup> Spedding CRW. *The Biology of Agricultural Systems*. Academic Press. London, 1975. ISBN 0-12-656550-3. p 107.

The conversion efficiency, labor efficiency, and land use efficiency of animal foods reflect, among other things, the rate at which these foods utilize and contaminate the water supply, waste fossil fuel, and degrade the environment, over and above the rate at which plant agriculture does the same. If we were to factor in the de facto feed grain price supports, plus conversion, labor, and land use efficiency costs, the picture for animal foods would be even more dismal than the nutrient/cost charts indicate.

By contrast, plant foods retain their nutritional and economic advantages with or without price supports.

Therefore, it appears the USDA uses tax money to support the least valuable and least nutritious agricultural products and to give de facto supports to animal foods, which would fare poorly in a free market. As one dairy apologist remarked<sup>37</sup>, "It seems unlikely that the major components of milk can compete directly with products of vegetable origin." The same comment applies a fortiori to meat.

Left in the lurch are the most nutritious foods, the vegetables and fruits, which nevertheless make it on their own in spite of a tax and price gradient which favors the supported commodities.

People no doubt have the right to make poor food choices, but other citizens should not be obliged to subsidize their food bills. Faced with retail hamburger at \$35/lb<sup>38</sup>, many devout carnivores would finally discover the virtues of beans.

It should be possible to form a coalition against government support for the animal food biz. Common Cause, The Green Party, Greenpeace, The Libertarian Party, Life of the Land, The Sierra Club, The World Hunger Project, etc. would seem like logical allies. But some of these groups have not caught on that their interests hinge on the emergence of vegetarianism. Perhaps their rational and thoughtful members stop being rational and thoughtful at dinnertime.

Plant agriculturists should also endorse across-the-board cuts in agriculture subsidies. If agriculture went free market meat would suffer by comparison to vegetables.

It may not always be true that ending price supports would raise prices. If, for instance, the USDA cut its price supports for sugar cane the price of sugar would drop since this worthless product would no longer be grown in the U.S. but would be imported from tropical countries where cane can be grown for a third the cost of U.S. sugar<sup>39</sup>. And at least one meat economist<sup>40</sup>, using a computer model, concluded that a gradual five-year elimination of feed grain price supports would lower the price and increase the supply of beef and hogs, although immediate elimination would decrease supplies and raise prices.

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<sup>37</sup> Manchester AC. *The Public Role in the Dairy Economy: Why Governments Intervene in the Milk Business*. Westview Press. Boulder 1983. ISBN 0-86531-590-6. p 287.

<sup>38</sup> Robbins J. *Diet for a New America*. Stillpoint Publishing. Walpole, 1987. ISBN 0-913299-54-5. p 367.

<sup>39</sup> Bovard, James. *The Farm Fiasco*. Institute for Contemporary Studies. San Francisco, 1989. ISBN 1-55815-001-3. p 62.

<sup>40</sup> Yanagida J, Azzam A, Linsenmeyer D. *Two Alternative Methods of Removing Price Supports: Implications to the U.S. Corn and Livestock Industries*. Journal of Policy Modeling. 1987;9(2):331-320. Nebraska Agricultural Experiment Station.

Is he right? Let us imagine an agricultural "black box", the contents of which are hidden from view. CO<sub>2</sub>, H<sub>2</sub>O, soil minerals, and sunlight go in from one end and meat comes out the other. There is a funnel on top into which the Commodities Credit Corporation pours an average of \$5 billion a year in the form of feed grain price supports<sup>41</sup>. The economist suggests that if the funnel and the \$5 billion are only removed *slowly* that the cost of the output meat will actually decrease while its quantity increases. He may be right but if so it should be possible to construct a perpetual motion machine along the same lines. Also if it's true, the CCC should be dismantled immediately since its \$5 billion only reduces the efficiency of the black box. But it's likely that an end to feed grain price supports would invariably raise the price and reduce the supply of meat.

The question could be put to the test by eliminating price supports. If I'm wrong and the price of meat actually goes down then everyone will still be happy; the meat-eaters will get more of their favorite product for less, and vegetarians will no longer see their taxes squandered to produce the stuff.

A campaign to abolish USDA price supports across the board would be a major step for ecology, ethics, and health. Allies could be found in a wide spectrum of analysts<sup>42</sup>, economists<sup>43</sup>, and politicians, who feel the supports have been a disaster to the U.S. economy, the small farmers they are supposed to help, and to struggling third world agricultural systems<sup>44</sup> as well.

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<sup>41</sup> United States Department of Agriculture *History of Budgetary Expenditures of the Commodity Credit Corporation: Fiscal Year 1990-1991 Actual*.

Agricultural Stabilization and Conservation Service. Budget Division. Book 3. p 2.

<sup>42</sup> Schultze CL. *The Distribution of Farm Subsidies: Who Gets the Benefits?* The Brookings Institution. Washington 1971. ISBN 0-8157-7753-1

<sup>43</sup> Friedman M. *Free to Choose*. Harcourt, Brace, Jovanovich. New York, 1979. ISBN 0-15-133481-1. p 293.

<sup>44</sup> Pasour EC. *Agriculture and the State*. Holmes & Meier. New York, 1990. ISBN 0-8419-1272-6. p 171.