



**Will the American Public  
Continue to Support Spending on  
Agriculture?**

Joseph J. Molnar  
Auburn University

# America Asks?

- Where is Doha?
- What is a round?
- Who is WTO?
- What is taking so long?



# Substantial Cuts to Ag Supports

- US proposal to 15 key WTO members 10-10-05
- Doha round in 2003
  - Developing countries demand cuts in rich-country ag supports
  - Halted a Cancún, Mexico meeting
- Big reduction of bloated farm subsidies is crucial
- America proposes
  - 60% reduction in farm supports and a
  - 53% reduction in trade-distorting subsidies
  - Steep cuts to tariffs
- Stiff resistance in congress unless substantial concessions made in other wealthy countries



# Overview of Remarks

- Drivers of changing public views
  - Demographic
  - Economic
  - Political
  - Social and cultural
- Nature of attitudes toward subsidies based on composite results of various national surveys

# Demographic

- One percent of Americans live on farms
- Diminishing farm sector
  - Expanding everything else
- Farming is occupation with highest projected job loss of 273,000, 94-05
  - Fastest job growth is projected for cashiers, janitors, cleaners, and guards
- Diminishing fraction with personal experience with farms, farmers, or farming

# Economic

- Agriculture remains central part of economy
- Food and fiber sector is about 16%
- Jobs and activity have moved upstream
- Fewer farms produce more
- Growing employment in marketing, manufacturing, and distribution

# Political

- Farm votes less important
- Farm votes not a bloc, but splintered
- PACs and contributions
- Farm programs follow political contributions
  - Examples, sugar, cotton, corn, CSP
- Other issues overshadow public attention
  - War dead, influenza, hurricanes, politics, budget deficit

# A Growing Disconnect

- Between policymakers and agriculture
- Result of redistricting and rural legislative strength moving to the suburbs
- Suburban and city friends continually feel more removed from agriculture
- Lack of a united voice for agriculture
- Divisiveness has prevented effective case for legislative support

# **Social and Cultural**

Composite Results of Various  
National Surveys of Public Attitudes

# Americans Support Farm Subsidies by Wide Margins

Meg Bostrom

*They are particularly likely to support*

- Subsidies for small farms
- For those farms that have been damaged by weather
- Farmers willing to incorporate environmental practices



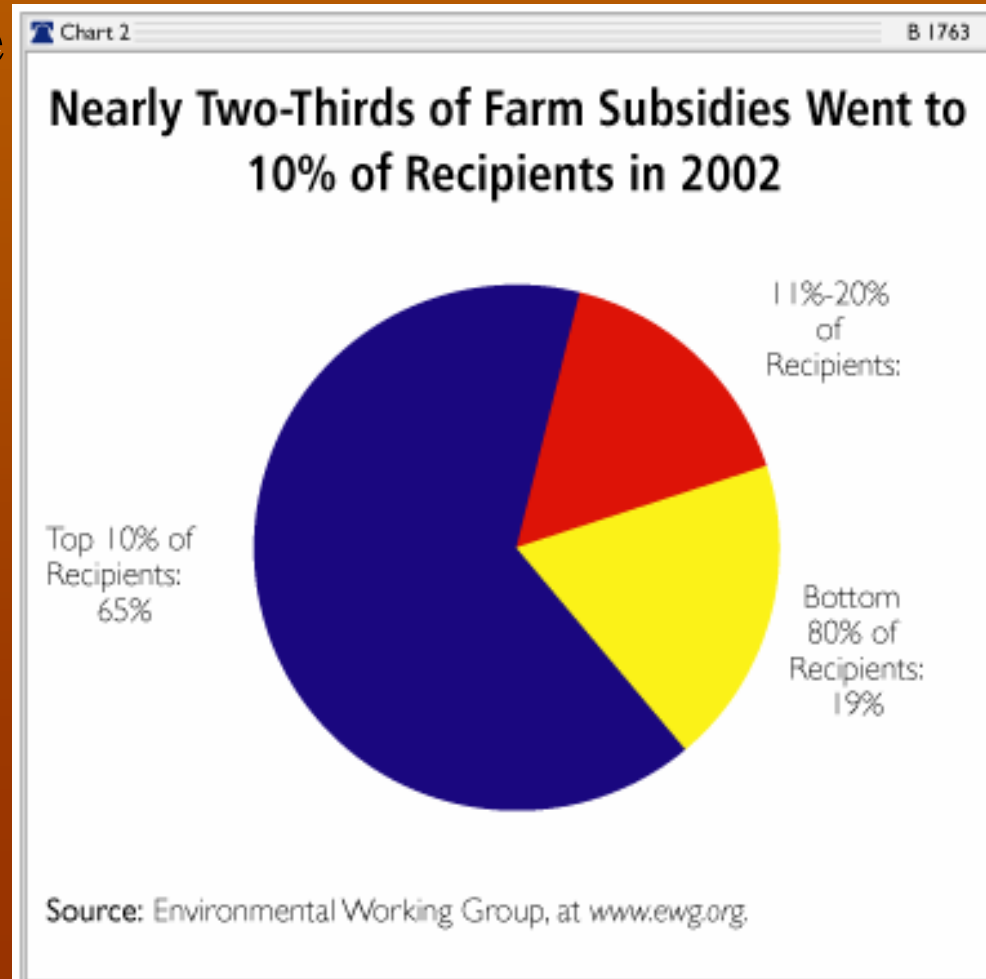
"\$180 billion in farm subsidies . . . does that mean WE'RE going to get a raise?"

# Americans Support Farm Subsidies By Wide Margins

- Near universal support for providing payments to help farmers stay in business
- When drought or floods damage a farmer's crops (88% approve)
- Three-quarters approve of providing federal payments to help farmers stay in business when they face low market prices for their farm products (77%)

# Public Is Divided In Understanding Existing Subsidy Process

- Half of Americans (50%) believe that farmers receive subsidies on a regular annual basis
- While nearly as many (46%) believe they only receive subsidies in bad years



# Survey Respondents Support Subsidies to Small Scale Farms

- Oppose subsidies to large-scale farms
- By a 77% to 19% margin, Americans favor providing subsidies to farms of less than 500 acres
- Forced to choose, 44% favor giving subsidies to small farmers only in bad years
  - While 34% favor giving subsidies on a regular, annual basis

# Public Is Less Enthusiastic About Subsidies for Large Farming

- Only 31% favor and 65% oppose giving subsidies to large farming businesses
  - Those who favor subsidies would provide them in bad years (24%)
  - While few (9%) would give subsidies on a regular, annual basis
- Similarly, a majority (57%) oppose providing subsidies to businesses that provide farmers with equipment and services
  - While 36% favor providing them subsidies

# Americans Believe

- That farm policy currently favors large farming businesses(80%)
  - Not small farmers (6%)
- Public assumes that more than half of subsidies (58% of subsidies on average) go to large agricultural businesses
  - While 42% of subsidies go to small farmers

# Americans *Want* Subsidies To Favor Small Businesses

- 63% say subsidies should go to small farmers
- 36% to large agricultural businesses

# Public Consistently Favors Subsidizing Farmers

- In a series of two-sided debates, a majority of the public always chose the pro-subsidy stance
- Reasons to support subsidies include
  - Controlling food cost
  - Protecting family farms from economic competition
  - Benefits of locally grown foods
  - Food safety and food supply
  - Environmental reasons

# People Value Farms & Ranches for Environmental Reasons

- Believe land owners have a responsibility to be good stewards of the land
  - Support subsidies to encourage environmental practices on farms
- People value farms and ranches for a variety of environmental reasons including:
  - As habitats for wildlife, like pheasants, wild ducks, and other animals (58% value highly)
  - Scenic qualities (46%)
  - Recreational opportunities (32%)

# Public Supports Subsidies

- To encourage environmental practices
  - Does not see that farms harm the environment
  - Farming is not viewed as an “environmental problem”
  - Believe farmers can be enlisted in environmental solutions

# Farm Policy Tools

- Deficiency payments
- Loan programs
- Crop insurance
- Export programs
- Disaster payments
- *Can the public fathom these things?*

# Will the American Public Continue to Support Spending on Agriculture?

- Yes, sympathy and identification for farmers remains strong in nonfarm public
- Agribusiness corporations' situation more tenuous
  - Safety, integrity, fairness easily called into question
  - Wal-Mart as a negative example
- Support for WTO-acceptable green payments likely to be high
- Risk of CSP-style program poisoning public support for such policies

# Conclusion

- Tension between global vision and national vision
- Political leadership to supply rationale for subsidies that are good for farm people, good for the environment, good for consumers, and good for the world
- Are the large landowners and corporations willing to live without subsidies?

# Commodity Program Objectives

Luther Tweeten

- Earning power parity of farm with nonfarm income
- Economic vitality of the farming industry to provide adequate supplies of quality food at reasonable cost for domestic and export needs
- Maintenance of the family farm structure
- Preservation of the environment