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The Power of the Agrarian Myth:
The Trend of Protectionist Agricultural Policy in US Legislation



There is a general consensus among academics that agricultural trade liberalization is economically favorable to consumers. According to Pasour, protectionist measures such as “marketing orders, import controls, export subsidies, and other restrictions on competition, distort the allocation of resources and restrict individuals’ freedom to engage in mutually beneficial exchange” (Pasour, 2005: 317). The American public should favor liberalization, generally “Voters-as-consumers prefer liberal trade policies that lower prices and raise real incomes” (Kono, 2006:369). However, the domestic policy of the US is biased against agricultural trade liberalization. Historically there has been a consistent trend favoring protectionist measures, such as agricultural price supports, in US agricultural legislation with no significant public opposition. So why is the US government biased against agricultural trade liberalization and why does the American public not protest against these policies? This question is especially baffling when you consider the extremely small percentage of the American population that are agriculturalists; “far less than 1 percent of Americans live on what would be considered full-time farms and ranches” (Browne, 2001:8). So why do farmers consistently receive a high level of government protection?

According to Browne, the agrarian myth is powerful enough to have “supported farm policy intervention by and within what was once a generally laissez-faire U.S. government” (2001:xiv). The ‘agrarian myth’ will be defined in this paper as Jeffersonian Agrarianism: “a belief in the moral and economic primacy of farming over industry” (Dixon, 2003:145). I will argue that this myth is institutionalized into the US government and ingrained in the consciousness of the American people, largely because of the efforts of agricultural special interests. I will first provide a brief overview of the history of the agrarian myth and US Farm policy. I will use this historical analysis to demonstrate that the Agrarian Myth and the use of this idea to promote agricultural trade policies has

been a constant since it was first popularized by Jefferson. I will then provide various explanations for the success and longevity of this myth. I hypothesize that this myth provides an ideological explanation for the trend of protectionism in US Agricultural Policy. To test my hypothesis I will examine the anomaly that is the free-market oriented 1996 Farm Bill (the Federal Agricultural Improvement and Reform Act, or FAIR) and examine the non-idea factors that made the passage of this legislation possible. With this analysis I will demonstrate that the 1996 Farm Bill is merely a blip on the agricultural policy trend line. I will briefly discuss how the 2002 Farm Bill reverted to the traditional protectionist trend. I will conclude that the political setting during the time of FAIR deliberations largely explains the blip in the US agricultural policy trend line which occurred with the passage of the 1996 Farm Bill.

Data/Methodology

In order to understand the agrarian myth and its historical relation to agricultural trade policy in the US, I relied primarily on scholarly articles analyzing farm legislation, how its passage was affected by pressure from farm lobby groups, and the historical influence of the agrarian myth in government. I examined the websites of the USDA and of various farm lobby groups, particularly their mission statements, policy goals, and sections on legislative relationships for evidence of agrarianism rhetoric and to determine where in government agricultural lobby pressure was being applied and for what purposes. I examined reactions of farm lobbies to agricultural legislation and how this effected future legislation. Analyzing data in this area can be difficult as much of it is politically biased. Small farm interests tend to appeal for Democratic support, while free-market oriented agribusiness lobby groups have different agendas and tend to appeal for Republican support. Farm statistics and analysis of legislation often differ depending on the orientation of the organization forwarding this information.

Analysis of the Agrarian Myth and Institutionalized Protectionism in US Government

The Agrarian myth and agricultural bias in US government originated from President Thomas Jefferson’s rhetoric which articulated the idea that the hard-working and self-dependent nature of agrarians would provide the basis for a wholesome American society and that “family farmers were needed to preserve democracy because of their tendency to be farsighted and committed” (Browne, 2002:51). With a basis in this myth, modern US farm policy emerged in 1862 with the conception of the Agricultural Establishment. The Establishment was formed by policy makers to forward the goals of agricultural modernization and western development. In 1914 the USDA was elevated to full cabinet status meaning “a farm and ranch advocate served as presidential advisor on at least formal institutional par with advisors such as the Secretary of War” (Browne, 2001:40). This allowed the Establishment to successfully institutionalize a protectionist farm bias and the special treatment of agriculturalists into US government.

In the 1930s, as a result of the collapse of farm prices during the Great Depression, the number of farm-oriented institutions increased as did populist policy intervention emphasizing selective benefits for producers. With the passage of the Agricultural Adjustment Act in 1933, “price supports and the loan guarantees that were added to them became the real foundation of U.S. agricultural policy throughout the remainder of the millennium” (Browne, 2001:42). Originally intended as temporary measures, the policies passed in this era continue to influence farm policy. Much of U.S. agricultural commodity policy has its foundations in the Agricultural Adjustment Act of 1938, the Commodity Credit Corporation Charter Act of 1948, and the Agricultural Adjustment Act of 1949, known as agriculture’s ‘permanent legislation’. When enacted in the 1930s agrarian myth was relevant; about 25% of the US population lived on farms, agriculture employed 40% of the workforce, agriculture’s direct contribution to GDP was 7%, and farms

were generally small and owner-operated (Young, 1996). The Agrarian Myth is now outdated. In 1996 less than 2% of Americans lived on farms, production agriculture's contribution to GDP was 1.5%, and the small farm was the exception with "20 percent of farm operations producing 80 percent of total U.S. agricultural output" (Young, 1996:2).

Despite its irrelevance to modern America, the agrarian myth continues to survive. The preservers of this myth include bureaucratic service providers, who "believe in the need to keep established institutions alive", and agricultural interest groups, "who simply keep resurrecting the myth to protect and expand their own extensive public policy benefits" (Browne, 2001:60). The success of these groups in preserving the myth may be attributed to the pervasive hopefulness inherent in the American psyche; "America is a land of dreams, of wishful thinking- and generally inadequate understanding of the physical conditions to which dreams wander" (Browne, 2001: 3). Because the Agrarian myth is so deeply entrenched in the values of the American public, legislators feel confident that they can continue to vote for agricultural protectionist policies without negative political repercussions, while being rewarded politically and monetarily by farm lobbies. Gwande&Hoekman find that although agricultural protectionism in the US tends to result in deadweight loss, "lobbying spending provides access to politicians" and "interest group money bends agricultural policy in the United States" (Gwande&Hoekman, 2006:556). The influence of agriculture's institutionalized interests on US legislators is evidenced in the 1985 farm bill where "eligibility for commodity payments was made contingent on a farmer's successful implementation of environmental programs" (Browne, 2001:109). This provoked outrage among farmers. As a result policy makers distanced themselves from this scheme.

The policy change which occurred in the 1996 Farm Bill was much more radical than that of the 1985 bill; "Under FAIR, target-price

deficiency payments and annual land-idling programs are to be eliminated for at least the next seven years, and are to be replaced with a fixed schedule of 'production flexibility contract payments', completely decoupled from future market prices of planting decisions" (Paarlberg&Orden,1996:1305). In order to explain the anomaly that is the 1996 Farm Bill, it is important to understand the role of institutions in the generation of farm policy. Institutions are rules governing behavior which "have a specific emphasis on some among the many social goals [and] a bias in favor of what they each are most capable of doing" (Browne, 2001: 25) Once established, institutions are very difficult to reform or fundamentally change because of transaction costs. Transaction costs are "the price placed by the political process on governmental reform-or any other decision" (Browne,2001:25), including the deals and tradeoffs necessary for change to occur. Institutionalized interest groups cause transaction costs in the US associated with agricultural policy to be very high. Therefore, "policy officials generally govern on the basis of past institutional investments" (Browne, 1996:36), providing a political advantage to agricultural institutions. This explains the slowness of policy reform (termed institutional inertia) and the protectionist trend line in agricultural policy.

The structure of congress allows the institutionalization of interests and the resulting institutional bias for certain interests. Since the 1930s, Congress has been run by decentralized committee rule where "committee and subcommittee governance have been organized quite well to favor farm constituents and farm policy" (Browne, 2001:103). Scholars are in agreement over the influential nature of interest groups in legislation deliberations; "much of the recent analysis of American trade politics follows Schattschneider (1935) in placing industry-based lobbies at center stage (Baldwin, 1985; Grossman&Helpman, 1995)" (Hiscox, 2002:593). Because interest groups have been able to successfully institutionalize themselves in government they are able to

discourage agricultural policy reform efforts among legislators who want to avoid the associated transaction and political costs. The institutionalization of farm lobbies has also provided government legitimization of the Agrarian myth, enabling its continued use as a tool for policy implementation.

Explanation of the 1996 Farm Bill: a divergence in the protectionist policy trend

The political setting in the US during FAIR deliberations explains the diversion from the protectionist trend line in US agricultural policy and radical policy change which occurred with the passage of the 1996 Farm Bill. From 1955-94 Democrats held a majority in one or both houses of congress. The republican midterm election victories in November 1994 considerably changed the composition of congress. This ended the legislative habit of passing single-committee based 'logroll' legislation devised by the members of the agricultural committees who had long been viewed as 'the non-partisan agents of rural and urban-rent seekers' (Paarlberg, 1996:1305). During the 104th Congress politics was partisan, 'the average Republican member voted with the party leadership over 90% of the time, the highest level of support within a majority party in more than twelve years' (Paarlberg, 1996:1306). Democrats support price-support and supply-control agricultural policies which benefit smaller, high cost farmers, while Republicans favor legislation more favorable to agribusiness, such as 'benefit programs for farmers that do not raise market prices or discourage full production' (Paarlberg:1996, 1306). These agricultural policy biases are made apparent by the types of farm lobbies which favor each party, indicated by favorability ratings that these lobbies assign to members of congress. In the 103rd Congress (1993-1994) the National Farmers Union (NFU), which lobbies for agricultural protection and whose main goal is to 'protect family farms and ranches' (National Farmer's Union), tended to rate Democratic House committee chairs much more favorably

than republicans. The opposite is true of the American Farm Bureau Federation (AFBF), which tends to promote free-market policies (Paarlberg, 1996). A Republican dominated congress that favored free-market, agribusiness oriented farm lobbies provided the political environment during FAIR deliberations which allowed this legislation to pass. Additionally, the 1995/1996 market setting affected the political setting which contributed to reform in FAIR legislation. The rapid increase in market commodity prices during FAIR deliberations “explains why changes to the traditional farm-price support policies were enacted while other farm programs, and most nonfarm social entitlements, remained impervious to modification by the new political majorities in the 104th congress” (Paarlberg, 1996:1305).

The rival explanation that the presidential administration was responsible for the passage of FAIR is not supported by history. President Clinton and Secretary of Agriculture Glickman had both “argued that farm policy needed no radical change” (Paarlberg, 1996:1308). When Clinton signed FAIR he “pledged (if re-elected) to introduce legislation in 1997 to re-couple some farm programs and payments to the market, to ensure farmers once again had a ‘safety net’” (Paarlberg, 1996:1308). Additionally, during Clinton’s 1996 reelection campaign it would have been irrational for him to alienate his agricultural supporters and deviate from the party line by supporting agricultural free trade measures.

Young provides the rival explanation that international pressures supporting more free and open trade coming from the 1986-94 Uruguay Round of GATT negotiations and NAFTA explain the passage of FAIR legislation. These institutions did not change the US domestic policy bias towards agricultural protectionism, but they did influence the actions of the Clinton Administration. In exchange for the complacency of farm groups and to secure the votes needed to include GATT negotiations into domestic policy the Clinton Administration promised it would not endorse major policy changes in the

upcoming 1995 farm bill debate and would ask Congress for “discretionary U.S. Department of Agriculture spending levels above the FY 1995 level for 1996 and FY 1997, plus all of the funding for the Export Enhancement Program and related U.S. export subsidy policies that was permitted under the agreement, plus a \$600 million increase in a variety of ‘green box’ export promotion programs” (Paarlberg, 1996:1307). Therefore the GATT and NAFTA supported the continuation of protectionist policy rhetoric by the Clinton Administration.

Young argued the FAIR Act “accelerates the trend towards greater market orientation of the previous two major farm acts” (1996:1). My research does not support Young’s argument for a trend towards liberalization as the 2002 Act was clearly biased towards protectionism. Paarlberg supports my argument that the 1996 Farm Bill cannot be explained by ideas; “absence of a new ideological consensus for market-oriented reform is further confirmed by the scant changes in the sugar, peanut, and dairy programs in 1996” (Paarlberg, 1996:1308). These industries continued to benefit from protectionist policies, with no real attempt for reform by Democrats or Republicans. Despite some protectionist policy continuity, agricultural protectionist sentiment to FAIR was negative.

The immediate negative reactions from agriculturalist protectionist groups to the 1996 Farm Bill pressured movement back to the protectionist trend line. For example, in the agricultural protectionist oriented *InMotion Magazine*, the FAIR Act is attacked as biased against family farms and towards corporate America, calling for action “to make sure this is a short-lived farm bill which will be replaced by one that allows family farmers cost of production plus a reasonable profit” (Perry, 2006:1). Evidence of agricultural protectionist legislation emerged before the next farm bill. In 2001 the largest-scale agricultural producers were each eligible for \$288,000 in federal payments, partially as a result of international trade losses (Browne, 2002). The 2002 Farm bill reversed many of the market-oriented

initiatives implemented in 1996 by “increasing authorized spending and intervention levels in U.S. farm subsidies” (Thompson, 2008:1). International opinion interpreted the 2002 Farm Bill as “an abdication of U.S. leadership in reforming farm policy and liberalizing agricultural trade” (Thompson, 2008:1). The 2002 Farm Bill reinstated the ‘farm safety net’ and reverted to the protectionist trend line in agricultural policy.

The persistence of the Agrarian myth explains the protectionist trend line in US agricultural trade policy, demonstrating that “ideas, as ideals, are as important to politics as the politicians themselves and those who seek to influence them” (Browne, 2002:57). Agricultural interests have been institutionalized into the legislative branch of the US federal government responsible for making policy decisions and have consistently used the agrarian myth as a tool to forward their policy goals. These interest groups have built up bi-partisan networks in the government, such as the “iron triangle” of pro-agricultural protectionist legislators, lobbyists, and institutional administrators, who make agricultural policy reform extremely unlikely. The blip in the US agricultural policy trend line which occurred with the passage of the 1996 Farm Bill can be attributed to the political setting during the time of FAIR deliberations. The 2002 Farm Bill reverted to the traditional policy trend of agricultural protectionism, demonstrating that the 1996 Farm Bill was indeed an anomaly. What will it take to cause the demise of the Agrarian Myth in America? I pose this question for future debate and research.

by Emily Iwan