Why the USA Protects it’s Farmers

One of the most hotly contested aspects of U.S. trade policy is the program of subsidies the United States provides its farmers. Trade partners object to U.S. farm subsidies, saying they unfairly block out foreign competition — say from West African nations – and this has been one of the primary sticking points in trade negotiations. The counterargument is that U.S. farm subsidies are necessary to prop up the U.S. farm industry, for security reasons and so that US farmers are given a fair chance at being able to produce cotton and other agricultural products.

While cotton, along with other major crops, has been subsidized by the U.S. federal government since the 1930s, cotton subsidies are now in the focus of an international spotlight. The nature and extent of these subsidies have become a roadblock in negotiating multilateral and bilateral trade agreements. Sharp criticism came from the West and Central African countries during various WTO Doha Round meetings.

One reason the international spotlight is on U.S. cotton subsidies, in contrast to other subsidizing nations, is the sheer size of U.S. cotton production and exports. The United States is the second-largest producer of cotton in the world, and the largest exporter. Therefore, U.S. cotton subsidies have global repercussions. What happens to cotton subsidies is important to a broad group of interests because other crops, such as grains, oilseeds, and peanuts receive similar support.

Even though the USA has high subsidies, they have low tariffs. Tariffs in other countries cause USA cotton exports to be priced higher and therefore become less competitive. Agricultural products entering the United States face an average tariff rate of 12 percent. We have some of the lowest agricultural tariff rates of any country in the world. Exports, on the other hand, face average tariffs of 62 percent. We would like other countries to lower their tariffs so we can access markets in other countries.

U.S. cotton production and export subsidies provide support for producers. Farmers with a history of cotton production are eligible for direct subsidies. This is because these farmers provide food and goods for USA consumers and it is in the best interests of the United States to be able to provide its own goods for its own consumers. It is a security concern that we can provide our own goods.

Also, as a society, Americans want to ensure our soil resource is just as productive twenty, fifty, even one hundred years from now as it is today. Farmers are far and away some of the best day in, day out environmental stewards in the country. They deserve to be paid money to ensure our soil will be useful in the hundreds of years to come. But the production practices they need to undertake to protect that soil resource will require them to be less than profit maximizing if they were to compete with other countries. So the USA protects them with subsidies.