

Congressional dysfunction is pushing American families toward another cliff—the food price cliff

Milk prices could double early in 2013 if the House of Representatives does not pass a new farm bill.

With an incentive like that—the obvious need to act to avert sticker shock for family food budgets and economic misery for dairy farmers resulting from the inevitable reduction in milk consumption—Congress will act quickly and decisively, right?

Wrong, most likely. This is the Congress, after all, that has proved itself incapable of meeting its responsibilities to the American people even when the alternative was to push the country over the fiscal cliff of drastic tax increases and spending cuts. Why would we expect this increasingly foolish-looking legislative body to be able to deal with the nation's food supply?

The Senate passed a farm bill in 2012 that would avert the milk crisis, and the House Agriculture Committee approved a version of it. But Speaker John Boehner and Majority Leader Eric Cantor have not allowed the measure to be debated by the full House—apparently something to do with government spending.

If a farm bill is not passed by Jan. 1, the government's farm policy will revert to a law passed in 1949, which includes an obsolete formula for calculating the price of milk that would push today's prices to unheard of levels.

Farm policies involve subsidies—it's the government's way of balancing the needs of food consumers and producers to ensure bountiful food resources for the nation's population.

Billions have been spent on dairy subsidies, but as agricultural subsidies go, the amount is relatively small. In the past 15 years dairy subsidies have cost about \$5 billion. During the same period more than \$80 billion was spent on subsidies for corn production.

The corn number is another reason to revamp farm policy in a new bill. Corn growing doesn't need to be subsidized by direct payments to corn growers, as it is now, because corn prices are high.

So are some food prices, and corn is the culprit. The price of corn affects the prices of numerous foods, from livestock to processed food products, and the price of corn has gone through the roof. The drought of 2012 is one reason. The other is ethanol. Nothing can be done about the drought. Plenty can be done about ethanol: Congress can end mandates for ethanol use and subsidies for ethanol production.

The milk and ethanol cliffs

Written by Ozaukee Press

Wednesday, 02 January 2013 16:18

Using food to fuel automobiles is folly no matter what the price of corn. But with the price of corn high, and going higher because of ethanol, it's indefensible.

Forty percent of the corn produced in America is used to make ethanol—more than 5 billion bushels in the past year.

Ethanol is good for corn growers and ethanol makers, but it's hard to find anyone else who benefits. It's an inefficient fuel that hasn't made the U.S. less dependent on imported oil. It raises the price of gasoline into which it's blended. Its net effect on the environment is negative when the impact of corn production is factored in—cultivation and transportation costs, chemical fertilizer use and depletion of soil nutrients and water resources.

Meanwhile, the mandate to feed the gas tanks of motor vehicles with corn ethanol pushes up the cost of feeding human beings.

Congress has ensured this trend will continue with its mandate requiring the use of 15 million gallons a year of ethanol by 2015.

The spending scolds in the House of Representatives profess to love the free market. Here's their chance to prove it. Put an end to ethanol mandates and subsidies and let the market decide how much corn will be used to make fuel.

That would lower the price of food. Imagine that—a positive achievement from this Congress.