

**IN THE NEWS**

- Sochi Olympics
- Canada Job Grant
- Federal budget
- China-Japan tension

- Home
  - World**
  - Canada
  - Politics
  - Business
  - Health
  - Arts & Entertainment
  - Technology & Science
  - Community
  - Weather
  - Video
- World** Photo Galleries

# ANALYSIS | New U.S. farm bill coddles farmers, ignores Canada's plea

**When it comes to its farmers, the U.S. is a veritable nanny state**

By Neil Macdonald, [CBC News](#) | Posted: Feb 11, 2014 5:00 AM ET | Last Updated: Feb 11, 2014 9:11 AM ET



U.S. President Barack Obama takes a stage backed with harvesters and hay on Friday as he travelled to Michigan to sign the nearly \$1 trillion farm bill into law. The law cuts direct farm subsidies but replaces them with more generous government-paid crop insurance. (Reuters)

**Stay Connected with CBC News**

- Mobile
- Facebook
- Podcasts
- Twitter
- Alerts
- Newsletter

- Facebook 799
- Twitter 0
- Reddit

- Share 799
- Email

**About The Author**



Among the many myths Americans entertain about themselves is the belief they're self-made; that any success they might enjoy is in spite, rather than with the help, of government.

As Ronald Reagan once said, to a great chorus of cheers, "government isn't the solution to our problem, government IS the problem."

Nowhere is that notion more fiercely beloved than in the vast spaces between this nation's cities; in gun-toting, Republican-voting, tall-standing, rural America.

It's a delusion, of course. U.S. farmers are practically wards of the American nanny state.

But it's a delusion the legislators who represent rural America — both Republican and Democrat — are willing to pay to maintain.

Big time, in fact: propping up delusions wins elections.

Take the outrageous story of Washington's hush money to Brazil. It's not

**Must Watch**



**Give me back my camera you tentacled freak!**

1:13

Cameraman gets into a tug of war with octopus, who, like many Californians, has had enough of papparazzi (courtesy: David Malvestuto/Warren Murray)



**Stedman Graham spreads motivational message**

4:32

Oprah Winfrey's man talks about success, education, and life alongside of one of the world's most powerful women



**Neil Macdonald**  
Senior Washington  
Correspondent

Neil Macdonald is the senior Washington correspondent for CBC News, which he joined in 1988 following 12 years in newspapers. Before taking up this post in 2003, Macdonald reported from the Middle East for five years. He speaks English and French fluently, and some Arabic.

### Related Stories

- [Canada warns of trade retaliation as U.S. fails to amend farm bill](#)

Take the outrageous story of Washington's hush money to Brazil. It's not one that's widely known in the U.S., probably because it cuts against Reagan's government-is-the-problem narrative.

But it beautifully illustrates the lengths to which Congress will go to coddle and protect certain American businesses, even as Washington accuses other countries, like China or even Canada, of unfair trading when they do the same thing.

## Brazil's hush money

The Brazil story goes back to 2002 when the government of Brazil lodged a complaint against the U.S. government for unfairly subsidizing American cotton farmers.

The Brazilians had an excellent case; Washington has for decades been paying farmers cash whether they grow crops or not.

But U.S. cotton producers are a powerful lobby. They account for most of the world's cotton exports, and employ 200,000 people in 17 states.

Between 1995 and 2012, the U.S. government has paid its cotton producers \$32.9 billion, giving them a crushing advantage over farmers in other countries, particularly those struggling along in poor nations like Mali.

So, Brazil took the U.S. to the World Trade Organization for arbitration, and Brazil won.

The Americans appealed, and the Brazilians won again. And again.

Finally, in 2010, with the WTO's approval, Brazil began compiling a list of retaliatory tariffs against American goods, in effect threatening a trade war.

It was at that point that someone in Washington came up with the idea of simply bribing the Brazilians.

As a strategy, it was very effective. For \$147 million a year, the Brazilian cotton growers agreed to shut up and let the Americans keep subsidizing their cotton growers.

Voters in the 17 cotton-producing states would continue to send (mostly) Republicans to Congress, and Ronald Reagan's small-government delusion would remain intact.

"Wow," said a Canadian official I know, when told about the sweet Brazilian deal. "Our beef producers would love some of that action."

## Not so COOL

For livestock producers, country-of-origin labelling is currently Canada's biggest beef, so to speak, with the Americans.

Since 2002, largely as a result of the mad cow scare in Britain, the U.S. has required meat producers to segregate and label animals from abroad, which makes it more expensive to sell Canadian beef here, and therefore injures Canadian meat exports. They've dropped by about half since 2008.

The Canadian government regards county-of-origin labelling, or COOL, as a legal gimmick where the real intent is to protect the American beef industry from competition. (The beef in both countries is genetically identical, and the herds are for all intents and purposes integrated.)

So Canada, like Brazil, took the U.S. to the WTO and won its case.

But the Americans came up with a legal workaround that just made matters worse for Canadian farmers. And the recent farm bill from Congress failed to make the change Ottawa asked for, so the Canadian government is now threatening to go back to the WTO.

- [Canada warns of trade retaliation as U.S. fails to change labelling rules](#)



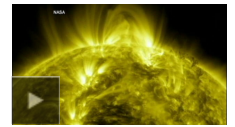
Some U.S. legislators tried to end tobacco subsidies fully in the new farm bill but didn't succeed. (Reuters)



### England hit by hurricane force winds

1:55

North west of England suffers widespread structural damage and loss of power supplies to about 20,000 homes



### Sun erupts with solar flares

3:20

NASA video reveals massive solar explosions of different colours

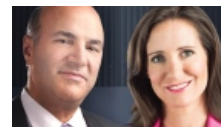
### Most Viewed

- [Sochi Olympics: Sparkling venues filled with empty seats](#)  594
- [Copenhagen Zoo kills giraffe, Marius, to prevent inbreeding](#)
- [Shirley Temple dead at 85](#)  202
- [U.S. South gripped by ice storm, with worst yet to come](#)
- [U.S. winter storm blamed for 17 deaths](#)
- [Could these be the gayest Olympics ever?](#)
- [Giraffe's killing in Copenhagen reveals zoos' dark culling practices](#)  1106
- [Lisa Hamum's fiancé sentenced to 26 years for Australia balcony murder](#)
- [India tiger kills 10th person in 6 weeks](#)
- [New U.S. farm bill coddles farmers, ignores Canada's plea](#)  508



### The National

Canada's destination for original journalism and stories with added depth and context.



### The Lang & O'Leary Exchange

On the day's biggest business stories. Weeknights at 7 p.m. ET on CBC News Network

For all the good that will do.

As Canada has learned during its many years of struggling with the Americans over softwood lumber exports, taking on the protectionist American behemoth (which believes itself to be a fair trader) can be self-defeating.

## Big vs. small

"It's not a matter of right and wrong, or fair and unfair, it's a matter of bigger and smaller," says Peter Clark, a former trade negotiator who runs a consultancy in Ottawa. "The Americans have enough economic clout to do what they want, and Canada has to keep looking over its shoulder."

Take that massive farm bill just passed by Congress.

It will spend a trillion dollars over 10 years, much more than President Barack Obama's stimulus spending that Republicans railed against so angrily, and yet it has gone largely unreported in U.S. media.



Agriculture Minister Gerry Ritz had been hoping the U.S. Congress would change the country-of-origin labelling rules when it passed the new farm bill. But it didn't and now, he says, Canada might go back to the WTO to see trade redress. (Canadian Press)

The bill is a cornucopia of government subsidies and largesse — to satisfy Democrats, a lot of it actually goes to food-stamp programs in urban areas.

But it is also a massive crutch for American agribusiness, mostly courtesy of congressional Republicans, who are supposed to stand for lower spending and less government.

The irony here is that Canada, regarded by American conservatives as some kind of socialist co-operative, has actually been doing the opposite: reducing farm subsidies and making farmers more responsible for their own losses, while the U.S. Congress keeps the public teat open.

And all the while, says Peter Clark, "Americans actually don't think they are subsidized."

That's not to say there aren't angry conservative voices here. The Wall Street Journal called the farm bill a raid on taxpayers: "Handouts to agribusiness and millionaires? Continued trade protectionism for the sugar industry? It's all still there."

Brazil wasn't terribly impressed, either. Last fall, after the arbitrary cuts to government spending known as "the sequester" put an end to Washington's millions in hush money to Brazilian cotton producers, the Brazilian government once again began readying barriers against a wide range of U.S. goods.

A trade war could be under way by the end of this month. Unless, that is, Washington figures out some new way to protect its protectionism.



[Report Typo](#)

[Send Feedback](#)

Comments on this story are moderated according to our [Submission Guidelines](#). Comments are welcome while open. We reserve the right to close comments at any time.

[Login](#) | [Signup](#)

508 Comments

Commenting is Closed

Follow

Newest

**Guyute**

Gee, I guess no-one ever had an unfair subsidy or tariff in favor of them over the USA, Neil?

ROFL

1 day ago  
5 Likes

Like  
Share

**matman97**

Not sure Canada can say much seems this article is throwing stones when you live in a glass house.... The world pays attention to Canada's supply managed dairy and poultry quota system, where tax payers subsidize millionaires to become multimillionaires.

1 day ago  
15 Likes

Like  
Share

**Independant, But Not Neutral**

While Neil is more or less correct with respect to the trade barriers and subsidies, he omits to mention the real tragedy in America, The trillion dollar cost also includes the cost of the food stamp program, which is now "feeding" some 45 million or so Americans.

I put "feeding" in quotations because while most people need the food, a sub group is well known to spend all their "stamps" on soda pop, often selling to soda back to the retailer at a discount. Cash can then be used for whatever... » more

1 day ago  
1 Like

Like  
Share

**Ugly American**

@Independant, But Not Neutral

I have heard stories of these abuses for years used to justify not helping the needy... in reality it is always a the smallest of percentage that have the ability abuse the system .... the rest are trying to feed their hungry children, old people trying to stay in their homes or people who just lost their employment etc... ..

1 day ago  
13 Likes

Like  
Share

**Lincoln Continental**

The Canadian farmer can outdo Americans on any given day. They couldn't harrow what we plow!

1 day ago  
3 Likes

Like  
Share

**camnai**

The U.S. just walks away from its agreements whenever it's convenient, but it's every dotted i and crossed t when it's the other side's commitment that needs to be upheld. People were warning about this (again) 30 years ago when they were negotiating NAFTA, but the Mulroneu government ignored them.

1 day ago  
18 Likes

Like  
Share

**Ryan**

Complaining about subsidies to US farmers is fair enough. But one must keep in mind that total rates of assistance to Canadian farmers (including direct subsidies from government plus the effects of import taxes that exclude imports and artificially raise prices for Canadian consumers) are higher than in the US. Canadian agricultural policies, when all effects are measured, provide higher levels of subsidy and are more distortionary than US policies. The problem is not unique to the US (or... » more

2 days ago  
10 Likes

Like  
Share

**Gr8 Scott**

Given the power of the tea party darling, Sarah Palin who has given Harper her endorsement, you'd think he'd be able to swing a little power in the US heartlands. But what he fails to understand is the US always looks after the US first. Political friendship counts for nothing with them just as political ideology is free to be manipulated, bent and ignored, and friends

become enemies when it comes to making a buck. But of course, it's all Obama's fault. That's probably the spin to the right... » more

2 days ago  
4 Likes

Like  
Share



**snowfanatic**

About 10 years ago while talking to a Mississippi family who owned a cotton plantation I mentioned that I had read that the US subsidies to cotton growers made up about 80% of their income. The father replied....."Oh no!!....it is higher than that!" Is there any wonder that they voted Republican.

2 days ago  
13 Likes

Like  
Share



**another brick**

And Canada got rid of the Canadian Wheat Board to make the US happy. Our farmers still have a bumper crop but can not get it to market, the rail cars are stuck in the US. The Us farmer couldn't compete even if they were the only one growing do do.

2 days ago  
12 Likes

Like  
Share

View 2 more replies



**Imhauss**

@another brick,

More like the pipe line situation is impacting many industries.

As the oil car count goes up other stuff gets more expensive and delayed.

1 day ago  
2 Likes

Like  
Share



**matman97**

@another brick no trains available when they are hauling oil... Build keystone.

1 day ago  
0 Likes

Like  
Share



**Randy75**

The irony here is that Canada believes the US to be our ally, when instead we have far more in common with countries like Brazil. Had we worked together with them, perhaps we'd already have won what we need, or at least got a decent bribe out of it.

2 days ago  
13 Likes

Like  
Share



**Imhauss**

@Randy75,

How about Canada goes another way and signs global trade agreements with billions of consumers.

If Brazil can pay or compete they are more then welcome to apply... ;-)

1 day ago  
0 Likes

Like  
Share

Show More

[Submission Policy](#)

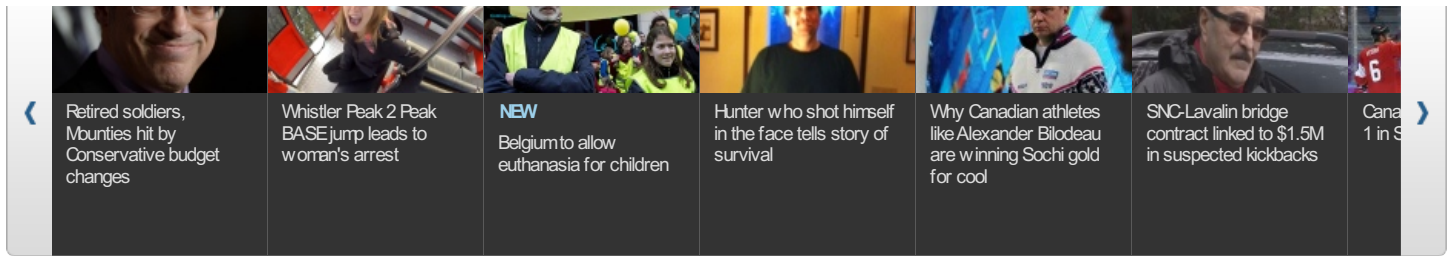
*Note: The CBC does not necessarily endorse any of the views posted. By submitting your comments, you acknowledge that CBC has the right to reproduce, broadcast and publicize those comments or any part thereof in any manner whatsoever. Please note that comments are moderated and published according to our [submission guidelines](#).*

Don't Miss



Web2PDF

converted by Web2PDFConvert.com



## CBC.ca

[Aboriginal](#)  
[Books](#)  
[Contests](#)  
[Digital Archives](#)  
[Documentaries](#)  
[Kids](#)  
[Kids' CBC Preschool](#)

[Kids' CBC Wonder World](#)  
[Music](#)  
[News](#)  
[Parents](#)  
[Program Guide](#)  
[Radio](#)  
[Sports](#)  
[Television](#)

[Subscriptions](#)  
[CBC Player](#)  
[CBC Shop](#)

## CORPORATE

[About CBC](#)  
[Transparency and Accountability](#)  
[Jobs](#)  
[Production Facilities](#)  
[Mobile Production Rentals](#)  
[Ombudsman](#)  
[CBC: Get the Facts](#)

[Independent Producers](#)  
[Pitch a Radio or Audio Program](#)  
[Program and Content Sales](#)  
[Archive Sales](#)  
[Educational Sales](#)  
[Image Research Library & Still Photos](#)  
[Consumer Recordings](#)  
[Digital TV](#)

## STAY CONNECTED

[MOBILE](#) | [RSS](#) | [PODCASTS](#) | [MEMBER SERVICES: NEWSLETTERS & ALERTS](#)

[Terms Of Use](#) | [Reuse & Permissions](#) | [Advertise](#) | [Privacy](#) | [Site Map](#) | [Help](#) | [Contact Us](#)

Copyright © CBC 2014

[cbc.radio-canada.ca](http://cbc.radio-canada.ca) | [cbc.ca](http://cbc.ca) | [radio-canada.ca](http://radio-canada.ca)