



Why do members of congress support agricultural protection? ☆



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ARTICLE INFO

Article history:

Received 24 October 2013

Received in revised form 3 October 2014

Accepted 4 October 2014

Keywords:

Agricultural policy
Agricultural protection
Farm bill
Congress
Voting
Lobbying

ABSTRACT

It seems paradoxical that until recently, developed countries have continued subsidizing agriculture even though their agricultural sectors had been declining in relative importance since the middle of the 20th century. What drives support for agricultural protection—the broad array of subsidies to farmers and taxes and quotas imposed on agricultural imports—in developed countries? We answer this question by testing three competing hypotheses about what drives support for agricultural protection in the US: (i) legislator preferences, (ii) electoral incentives, or (iii) lobbying. Using data on the roll call votes of the members of the 106th through the 110th Congresses (1999–2009) and the scores given to each legislator by the Farm Bureau, our findings suggest that electoral incentives explain a great deal of the variation in support for agricultural protection, but that legislator preferences and lobbying might play a role, too. Moreover, legislator preferences and electoral incentives appear to be substitutes for one another. Why does Congress support agricultural protection? Because many members have electoral incentives to—and because many of those who do not still have other personal or strategic interests at stake.

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“There is some justification at least in the taunt that many of the pretending defenders of ‘free enterprise’ are in fact defenders of privileges and advocates of government activity in their favor rather than opponents of all privileges. In principle the industrial protectionism and government-supported cartels and agricultural policies of the conservative groups are not different from the proposals for a more far-reaching direction of economic life sponsored by the socialists.”

[– F.A. Hayek (1949), *Individualism and Economic Order*.]

Introduction

Most developed countries subsidize agriculture heavily even though their agricultural sectors have steadily declined in importance relative to their manufacturing and services sectors since

* We thank two reviewers for their helpful suggestions. We are also grateful to Laura Paul and Lindsey Novak for excellent research assistance as well as Kym Anderson, Nate Jensen, Mike Munger, Rob Paarlberg, Adam Sheingate, and Jo Swinnen for helpful suggestions. We also thank participants at the 2014 AAEEA annual meetings in Minneapolis for useful comments. The data used in this study were collected with generous financial support from the National Science Foundation under Grant SES-0921163, “Doctoral Dissertation Research in Political Science: Social Class and Congressional Decision Making” and the Dirksen Congressional Center.

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the 1950s. In developing countries, by contrast, the agricultural sector often remains much more important than the manufacturing and services sectors, but governments tend to tax farmers and subsidize food consumers. Scholars have termed this pattern the “development paradox” (Lindert, 1991; Anderson, 1993; Barrett, 1999; Bellemare et al., 2014).¹

Why should countries be more likely to protect agriculture as their GDP per capita increases (Anderson and Hayami, 1986; World Bank, 1986)?² In developing countries, the answer seems to be that urban elites pressure governments to subsidize food consumption, often via the threat of social unrest (Lipton, 1977; Bates, 1981; Bellemare, 2014).³ In developed countries, however, scholars have struggled to come to a consensus about why agricultural policy is tilted toward agricultural producers.

¹ One could argue, however, that developed countries support their agricultural sectors partly because they have become economically less important. From a strategic perspective, for example, it might make sense for a country to support its agricultural sector if the goal is to prevent food shortages during wartime.

² Although support for agriculture in developed countries remains high, it has declined markedly in recent years; see the recent survey by Anderson et al. (2013) for a discussion.

³ Thomson (2013), however, finds that this is largely due to the fact that developing countries are less democratic than developed ones. His theoretical model and empirical results indicate that while authoritarian regimes who face higher rates of urbanization do behave in line with the developmental paradox, authoritarian regimes who face more organized agricultural producers do not. Rather, they behave like the democratically elected governments of developed countries.

Four explanations for agricultural protection—the broad array of subsidies to farmers and taxes and quotas imposed on agricultural imports—have so far been suggested (de Gorter and Swinnen, 2002):

1. *Legislator preferences*: Lawmakers vote according to their personal policy preferences.⁴
2. *Electoral incentives*: Voters prefer agricultural protection, and re-election-oriented policy makers follow their lead (Downs, 1957; Coughlin, 1992).
3. *Lobbying*: Interest groups representing agricultural producers lobby policy makers and contribute to the re-election campaigns of those who support agriculture (Olson, 1971; Becker, 1983).⁵
4. *Institutions*: A country's political institutions encourage agricultural protection.

As shown in Table 1, which reviews the literature on what agricultural protection, scholars have found evidence to support most of these explanations: electoral incentives (Swinnen and de Gorter, 1993; Swinnen, 1994), lobbying (Vesenska, 1989; Abler, 1991; Hansen, 1991; Brooks et al., 1998; Sheingate, 2003; Alvarez, 2005; Gawande and Hoekman, 2006; Bullock and Coggins, 2008), and institutions (Beghin and Kherallah, 1994; Park and Jensen, 2007; Thies and Porche, 2007; Assman et al., 2012; Klomp and de Haan, forthcoming) all seem to contribute to policy outcomes on agricultural issues. As Table 1 indicates, however, the researchers who have studied each of these explanations have typically focused on just one or two of these factors at a time. Moreover, most have focused on aggregate-level measures: although each hypothesis is premised on micro-level theories about how politicians make decisions (e.g., that those who receive more money from agricultural lobbyists tend to support agricultural causes), scholars have seldom tested these theories with data on how individual politicians make decisions about agricultural policy.

In this article, we explore how preferences, electoral incentives, and lobbying can influence legislative action on agricultural policy in the United States Congress. We focus on the 106th through 110th Congresses (1999–2009), the relatively short period in US agricultural history during which lawmakers passed two of the most significant agriculture bills in the last few decades: the 2002 Farm Security and Rural Investment (FSRI) Act and the 2008 Food, Conservation, and Energy (FCE) Act. These bills are part of a long legislative tradition of subsidizing farmers via the so-called “farm bill,” the ongoing “legislative package that renews America’s farm subsidy entitlement system every five years or so” (Paarlberg, 2011). Using data on how individual members voted on these farm bills⁶ and how members were rated by the American Farm Bureau Federation—a leading agricultural advocacy organization—we simultaneously test the micro-level underpinnings of several explanations for agricultural protection.

Knowing what drives support for agricultural protection is important for two reasons. First, in this era of budget austerity, it

is important to know what determines support for a set of measures which most academic economists decry as wasteful (Schmitz et al., 2010). The 2008 US farm bill cost the average American taxpayer \$3175 over five years, or about \$635 annually from 2008 to 2012.⁷ Second, to the extent that one wants to change the way agricultural policy is made, it is important to know whether one should aim to change who gets involved in politics, change the electoral system, or reform campaign finance to “get money out of politics.” And although we cannot claim that our results are causal given our use of observational data, our findings are remarkably consistent across dependent variables and specifications, which helps alleviate concerns about endogeneity.

To determine why members of Congress support agricultural protection, we analyze three sets of outcomes: (i) the scores legislators receive from the American Farm Bureau Federation (hereafter the Farm Bureau), (ii) how legislators voted on the 2002 farm bill, and (iii) how legislators voted on the 2008 farm bill. We focus on three variables of interest: (i) the proportion of a legislator's career spent working as a farm owner, which we use as a proxy for a legislator's preference for supporting agriculture, (ii) the proportion of a legislator's constituents who are themselves farmers, which we use to measure electoral incentives,⁸ and (iii) the amount of money a legislator received from agricultural political action committees (PACs), which we use to measure lobbying. To help with identification, we also include district-specific controls (poverty rate, median income, constituent ideology), legislator-specific controls (agricultural committee membership, party affiliation, age, and gender) as well as state, chamber (i.e., House or Senate), and congressional term fixed effects wherever applicable.

Pundits⁹ (and some prior research, e.g., Brooks and Carter, 1995) often blame the farm lobby for policies that protect agriculture. In contrast, our results suggest that electoral incentives are what primarily drives legislative action on agricultural policy.¹⁰ We also find that lobbying and legislators' own preferences seem to matter, but to a much lesser extent. In line with Swinnen's (2010) exhortation that researchers should focus on the interactions between various explanations for agricultural policy, we also find that a legislator's preferences and electoral incentives appear to be substitutes for one another. Why does Congress support agricultural protection? Because many members appear to have electoral incentives to—and because many of those who don't seem to have other personal or strategic interests at stake.

Background and theoretical framework

A brief history of US agricultural policy

The history of agricultural protection in the United States dates back to 1862, when the Homestead Act and the Morrill Act were adopted and the US Department of Agriculture (USDA) was

⁴ We treat preferences as distinct from ideology throughout this paper. In practical terms, this means we account for preferences by controlling for whether respondents have spent time working in agriculture prior to getting elected to Congress, and we account for ideology by controlling for party affiliation. Poole and Rosenthal (1996) look at whether legislators behave as ideologues or as agents of their constituents.

⁵ Unfortunately, we can only measure lobbying in the form of contributions to agricultural political action committees (PACs), and we cannot measure other kinds of lobbying (e.g., writing to or calling one's representatives). As such, our estimate of the

⁶ As Ferejohn (1986) noted, farm bills are typically the result of a legislative logroll between rural and urban lawmakers, with the former voting in favor of the agricultural protection (e.g., farm subsidies) and the latter voting in favor of the nutrition programs (e.g., food stamps) contained in the farm bill. In order to disentangle support for agriculture from support for nutrition programs, the empirical work below controls for the poverty rate in a legislator's district, which proxies for the number of food stamp recipients in the same district.

⁷ There were 90.7 million taxpayers in the US in 2008 (Internal Revenue Service, 2013), and the budget of the 2008 farm bill was \$288 billion (US Government Printing Office, 2013a). Note, however, that about 80% of farm bill resources go to programs like the Supplemental Nutrition Assistance Program, i.e., food stamps. Still, the fact remains that the voting behavior we study impacts the entirety of the resources dedicated to the farm bill.

⁸ Specifically, our measure of electoral incentives – the proportion of farmers in a Congressional district – is a proxy for how much of the electorate in a given district is a priori in favor of agricultural protection, since it not only captures the proportion of farmers, but it also proxies for the number of people who derive a livelihood from agriculture (e.g., farm workers; dealers of seeds, pesticides, fertilizer, and farm implements; agricultural credit officers; etc.) in a district.

⁹ The belief that lobbying drives much of agricultural policy is shared by both sides of the political divide. On the left, see for example Nestle (2013). On the right, see chapter 18 of the Cato Institute's (2009) *Handbook for Policy Makers*.

¹⁰ It is entirely possible, however, that electoral incentives have themselves been shaped by lobbying. For example, the farm lobby, through sustained effort over the years, might have managed to focus voter attention on agriculture-related topics, which would not be captured by the measure of lobbying we use in this paper.

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