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Neil D. Hamilton
Drake University

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Myth Making in the Heartland – Did Agriculture Elect the New President?

Professor Neil D. Hamilton*

The power of self-deception is very strong. For most of us, we experience self-deception when we look in the mirror and don't see the extra pounds winter inactivity has added. The same capacity for self-deception, and its first cousin – hearing only what you want to – are common in our political process. Both are evident in the way key players in farming and agriculture politics have treated the outcome of the recent presidential election. One common belief throughout agriculture and rural America is those citizens took a leading role in electing our new President.¹ A second feature is the willingness to overlook – or perhaps, a refusal to believe – he would follow through on campaign promises that threaten the economic prosperity of U.S. agriculture. Most notable are two oft repeated promises. One, is to reject multi-lateral trade agreements that are so critical to exports of U.S. farm products. The second is to pursue punitive immigration enforcement so to put at risk millions of undocumented workers who fuel our farm and food sectors.² Only time will tell whether the potential for damage reflected in these policy stances is realized. Should American feel the adverse affects of these positions, no one should be surprised.

The idea that agriculture communities won the election for the new president has been repeated and echoed by farm leaders

* Neil D. Hamilton is a professor of law and the director of the Agricultural Law Center at Drake University Law School in Des Moines, Iowa. He joined the Drake faculty in 1983 after teaching two years in Fayetteville, Arkansas in the Agricultural Law LLM Program. He has been engaged in the national development of farm and food policy issues for over 30 years with the goal of developing a more sustainable and just food democracy.

1. See, e.g., Jane Wells, *Farmers to Trump: You Owe Us*, CNBC (Dec. 5, 2016), <http://www.cnbc.com/2016/12/05/farmers-to-trump-you-owe-us.html>.

2. See, e.g., Caitlin Dickerson & Jennifer Medina, *California Farmers Backed Trump, but Now Fear Losing Field Workers*, N. Y. TIMES (Feb. 9, 2017), https://www.nytimes.com/2017/02/09/us/california-farmers-backed-trump-but-now-fear-losing-field-workers.html?_r=0.

and political pundits every since the votes were counted. But before the ink gets too dry on this assertion – or before it becomes irrefutable for those with buyers remorse - it may be helpful to examine the validity of this claim. First, most farmers and agricultural groups in the Midwest already identified as Republican. Thus, they can't really be viewed as the voters whose movement made the difference in the election results. Even if there were such a "movement", given the relatively small number of farmers, it would not have supplied the winning margins President Trump received.

Second, it may well be true that a significant shift in rural voting did secure swing states such as Iowa, Wisconsin and Michigan for the President.³ But even so, it is hard to accept the notion that "agricultural" issues were of much importance to most rural voters. For farm groups, key issues in the campaign were familiar ones - the evil "death tax," also known as inheritance taxes; the feared "Waters of the U.S. Rule" or WOTUS, which clarifies where EPA jurisdiction stops and state law controls as it concerns the Clean Water Act; and support for the agriculture "safety net" - the billions in subsidized crop insurance and income support payments made primarily to Midwestern grain farmers. For the majority of rural and small town residents working low wage jobs and worrying if their factory might be the next to close, none of these "farm" issues have had much resonance. Instead, an explanation for the strong showing for the President in rural America can more likely be found in the mix of social and economic issues. For example, the President, among other politicians, have utilized so-called "values" issues to illuminate perceived, but often imaginary, fault lines separating liberal elites and urban dwellers from the hard working, but less educated workers and families in rural America. Your ability to actually find these differences may be a function of how much you want to believe they really exist.

The truth is neither party nor presidential candidates had a significant farm or rural policy favorable to the agriculture

3. See Danielle Kurtzleben, *Rural Voters Played a Big Part in Helping Trump Defeat Clinton*, NPR (Nov. 14, 2016), <http://www.npr.org/2016/11/14/501727150/rural-voters-played-a-big-part-in-helping-trump-defeat-clinton>.

electorate. The extent of the Republican campaign's agricultural policy was limited to simple phrases – such as, “I love farmers more” – along with claims to defend agriculture from critics and to free it from burdensome regulations that weigh it down. But the reality is most of agriculture, especially Midwest commodity production, is largely unregulated – regardless of what farmers like to believe. The two key issues championed by groups like the American Farm Bureau Federation and parroted on the campaign trail – WOTUS and the death tax - are manufactured controversies of minor significance. The WOTUS “battle” was contrived by the AFBF as a way to demonize the EPA and oppose regulatory efforts to address clean water. However, any objective study shows that the rule had essentially no impact on farmers in states like Iowa. Agriculture is largely exempt from the Clean Water Act and the allegations of costly new permitting requirements don't withstand scrutiny because they don't apply to land already subject to federal jurisdiction. Even so, this did not prevent the opponents of WOTUS from staging a very effective multi-year misinformation campaign by legions of politicians. Their goal was achieved as one of the first actions of the new Administration which ordered a reversal of the EPA rule.⁴ However, only time will tell if the claimed prosperity will result.

As for the death tax, only a very small number America's families are actually subject to it. In fact, it was estimated to be around only 11,000 families in 2015.⁵ Of these families, even a smaller proportion are farmers or owners of farmland. Even for those families, only minimal estate planning is required as they can use existing tax exemptions, business structures, and special valuations to avoid taxation on tens of millions of dollars in the value of their farmland. Truth be told, it may be as hard to find an Iowa farm family who has “lost the farm” to pay the estate

4. See Coral Davenport, *Trump Plans to Begin E.P.A. Rollback with Order on Clean Water*, N. Y. TIMES, (Feb. 28, 2017), <http://www.nytimes.com/2017/02/28/us/politics/trump-epa-clean-water-climate-change.html>.

5. See Brian J. O'Connor, *Once Again, the Estate Tax May Die*, N. Y. TIMES (Feb. 19, 2017), <https://www.nytimes.com/2017/02/18/your-money/taxes/once-again-the-estate-tax-may-die.html>.

tax as it is to find a farmer who has ever met someone who works for the EPA.

As for the Democrats' campaign and the departing Obama Administration, neither did much to build on the significant work done over the last 8 years to strengthen rural America and support a broader, healthier food system. Even with record net farm income and growing farm exports, little was done to take any credit. As a result, most farm votes went to Donald Trump – as they historically tend to do. How many of the new rural homeowners, whose loans were made possible with USDA financing, or the farmers who benefited from USDA's grants creating new opportunities in farming and food processing, showed any awareness or gratitude in the voting booth? How many of the farmers who benefitted from the years of record net farm income attributed their profits to the policies of the Obama Administration?. How many of the 20 million newly insured individuals – many of whom live in rural America – voted for the candidate who promised to repeal the law that provided them insurance? How many workers in Rural America could benefit from increasing the minimum wage (perhaps the single most important policy tool to address the poverty at the root of many rural ills) supported a candidate who opposes the change?

The irony is while President Trump's agricultural supporters were satisfied claiming progress on secondary issues like WOTUS and the death tax, they seemed to overlook the real threats in other policy stances made by the President. Attacks on trade agreements like NAFTA and Trans-Pacific Trade pact⁶, threats to key export buyers like China and Mexico⁷, and plans to deport millions of undocumented workers supporting the food and agriculture sector all pose greater risks than any existing regulation. In further irony, one cherished policy is worshiped

6. See, e.g., Donnelle Eller, *Iowa Could Lose Big If Trump Moves Lead to Trade War, Experts Say*, DES MOINES REG. (Jan. 23, 2017), <http://www.desmoinesregister.com/story/money/agriculture/2017/01/23/iowa-could-lose-big-if-trump-moves-lead-trade-war-experts-say/96946684/>.

7. See, e.g., Paul Davidson, *Mexican Retaliation Could Hurt Corn Farmers*, USA TODAY (Feb. 21, 2017), <https://www.usatoday.com/story/money/business/2017/02/20/mexican-retaliation-could-hurt-corn-farmers/98008070/>.

above all others in farm circles – the Renewable Fuel Standard (“RFS”). The RFS creates a market for 15 billion gallons of ethanol, which is produced mostly from corn. Historically, the agriculture electorate has supported expanding the RFS and treated this policy as a political litmus test for candidates. However, the RFS may now be threatened by the new Administration and its appointees. While farm groups embraced the EPA nominee for suing to stop WOTUS when he was the Attorney General of Oklahoma, his ardent opposition to the RFS seemed to draw less attention. Appointing a Texas oil supporter and RFS apostate to head the Department of Energy along with an oil executive as Secretary of State, should make any RFS supporter nervous.⁸

So if traditional farm issues no longer glue rural society together, what is happening to the social fabric in rural states? The reality for agriculture and many rural communities in the Midwest is a rapidly widening rural class divide.⁹ Helping drive the divide are structural changes, such as a decline in the number of farms, an increase in the average farm size, and shifts in land tenure with more of it titled to absentee owners (now called “non-operator landowners or NOLO’s). Today the wealth reflected in owning farmland is often held by people who live elsewhere or, otherwise, is concentrated in large farms. Said differently, wealth does not flow through Main Street businesses of local towns like it once did. Rural workers, even those not dependent on agriculture, are left with low wages and little opportunity for wealth creation, which is vital to changing opportunities of a family’s next generation.

I am a child of agriculture who benefited greatly from the wealth in family farmland purchased over a century ago. I have

8. See, e.g., Jennifer A. Dlouhy & Mario Parker, *Trump Said to Consider Biofuel Plan Between Icahn, ETHANOL GROUP*, BLOOMBERG (Feb. 27, 2017); see Rick Santorum, *Trump Will Stand Strong for RFS*, *Rural America*, DES MOINES REG. (Mar. 12, 2017), <http://www.desmoinesregister.com/story/opinion/columnists/2017/03/11/santorum-trump-stand-strong-rfs-rural-america/98961524/>.

9. See generally Laura Miller, *White Trash: The 400-Year Untold History of Class in America*, SLATE (last visited Apr. 9, 2017), http://www.slate.com/articles/arts/books/2016/06/white_trash_the_400_year_untold_history_of_class_in_america_by_nancy_isenberg.html.

observed firsthand the social dangers we create if the historic benefits of widely dispersed land ownership disappear or become unattainable for new farm families. The segmentation of farm communities into “haves and have-nots” is not limited to just land ownership, but is also reflected in shifts in livestock production. Today production contracts are used for raising most of the swine and poultry owned by vertically integrated companies like Tyson and Smithfield. These lopsided legal agreements place contract growers in largely “custodial” roles with comparable incomes, while the profits go to shareholders living elsewhere. As a bonus, any social and environmental problems associated with livestock production, such as waste disposal and labor issues from slaughter facilities, are left for the rural communities to deal with.

Unfortunately, these structural shifts - in land tenure, farm consolidation and livestock production - are often facilitated by public programs such as farm income support, crop insurance, the RFS, and farm lending practices. In addition, the environmental impact of these shifts should not be ignored. Their collective effect is to keep the nation’s foot on the accelerator of crop production, with the effects reflected today in crop surpluses, lower grain prices, reduced farm income, and falling land prices.¹⁰ On many farms, the causalities of the economic downturn affected soil conservation, water quality and land stewardship. The need to maximize production in the hope of securing larger yields will make up for low prices which can lead to harsher farming conditions. Of course, this decision is an easy one when the real landowner is not the farmer. In recent years, the growing demand for corn has led farmers to convert millions of acres of grassland and other fragile habitats to crop production.¹¹ As a result, declining farm income has left little money to invest in soil conservation or water quality like buffer strips or cover crops. Even when public cost sharing may help

10. See, e.g., Jesse Newman & Patrick McGroarty, *The Next American Farm Bust Is Upon Us*, WALL ST. J. (Feb. 9, 2017), <https://www.wsj.com/articles/the-next-american-farm-bust-is-upon-us-1486572488>.

11. See, e.g., Scott Farber et al., *Plowed Under: How Crop Subsidies Contribute to Massive Habitat Losses*, ENV’T WORKING GROUP (Feb. 2012), <http://www.defenders.org/sites/default/files/publications/plowed-under-how-crop-subsidies-contribute-to-massive-habitat-loss.pdf>.

off-set the costs of conservation, many tenants have little incentive to invest money on land owned by someone else.

If agriculture wants to believe it was responsible for electing the new President, hopefully it can expect new, enlightened ideas to help address its needs. Unfortunately, the early indicators of the new President's policies are not advantageous to many in the agriculture community who helped elect him.

The Secretary of Agriculture position remained unfilled longer than any other cabinet post and a candidate was not named until two days before the inauguration.¹² By mid-March, the nominee's paperwork and ethics fillings had yet to be provided so the Senate could begin confirmation hearings.¹³ It took over six weeks after the election before a USDA "landing team" was created to help transition the department to the new Administration. As spring approaches, the transition at USDA has slowed even more. The USDA only has 100,000 employees, even though it manages over ¼ of the nation's land and helps insure we have plenty to eat – so what is the rush? The good news for agriculture is the new EPA head has been confirmed and has made it clear climate change – if such a thing even exists - is not being caused by human activity and will not be an issue receiving any support under the new administration.¹⁴ This is the reality. Too bad it isn't the myth.

12. See, Chris Mooney & John Wagner, *Trump Picks Sonny Perdue for Agriculture Secretary*, WASH. POST (Jan. 19, 2017), https://www.washingtonpost.com/politics/trump-picks-sonny-perdue-for-agriculture-secretary/2017/01/18/a26abbc0-ddec-11e6-ad42-f3375f271c9c_story.html?utm_term=.9a81ddb79d5a; see, e.g., Mary Clare Jalonick, *6 Weeks Later, Senators Question Delay on Ag Secretary Pick*, DES MOINES REG. (Mar. 3, 2017), <http://www.desmoinesregister.com/story/money/agriculture/2017/03/02/us-agriculture-secretary-senators-question-delay/98648936/>.

13. See Eric Lipton & Steve Elder, *Ethical Lapses Trail Nominee for Agriculture*, N. Y. TIMES (Mar. 9, 2017), <http://newsdiffs.org/article-history/www.nytimes.com/2017/03/08/us/politics/sonny-perdue-georgia.html>.

14. See *Chief of E.P.A. Bucks Studies About Climate*, N. Y. TIMES (Mar. 10, 2017), <http://newsdiffs.org/diff/1365147/1365210/www.nytimes.com/2017/03/09/us/politics/epa-scott-pruitt-global-warming.html>.