

Regulation: The U.S. Department of Agriculture Study Guide

Produced by Intellectual Takeout

Like the FDA, the [United States Department of Agriculture](#) (USDA) has had a long and colorful history in America. Agriculture has been a crucial part of American society since the founding of the country. Because of this, agriculture has had an important role in political affairs. President Lincoln [established](#) the Department of Agriculture in 1862. A cabinet position was added to the department in 1887, giving it its modern day form. Today the [USDA](#) has over 100,000 employees and is in charge of “provid[ing] leadership on food, agriculture, natural resources, and related issues based on sound public policy, the



best available science, and efficient management.” Also, like the FDA, the USDA has its share of serious critics. To a certain [extent](#), “the USDA governs the way millions of Americans are fed daily, controls what food is available for our purchase, and decides what crops receive federal funding.” This study guide will take a look at the USDA, providing some important facts and figures, several relevant quotes, and a few questions for discussion in a group, or just to ponder on your own.

The USDA

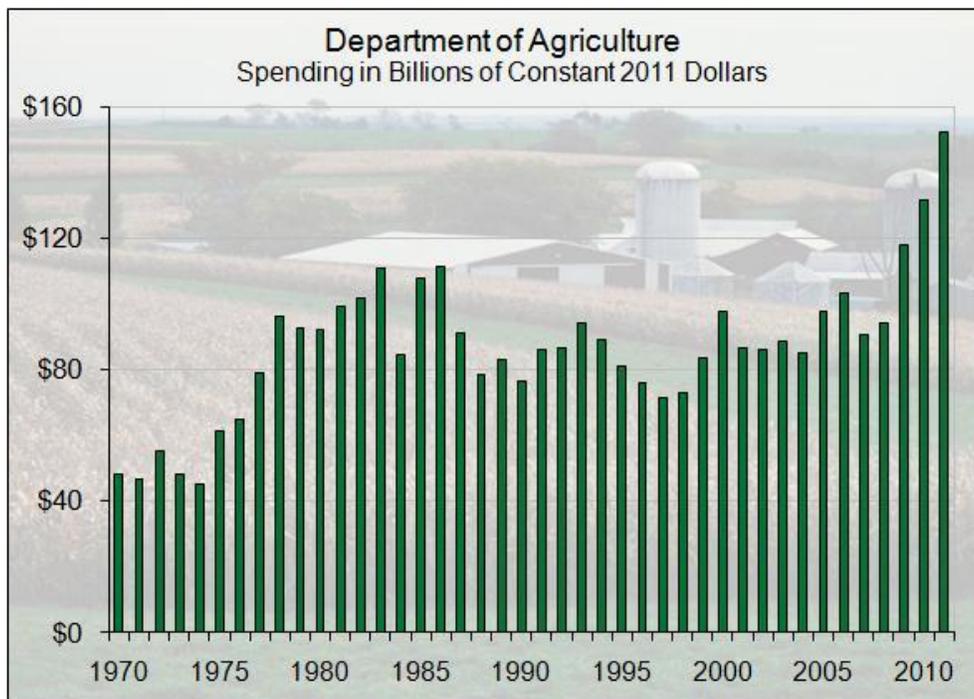
When did the USDA start and how has it changed since?

- The Department/Bureau of Agriculture was established in 1862.
- The USDA was [originally intended](#) to increase crop production and aid in agricultural research. The first Commissioner only received \$90,000 in federal aid and had four scientists on staff. Yet, by 1897 the USDA had almost 2,500 employees and a budget of about \$3 million.

- The 1887 [Hatch Act](#) added a cabinet position. It gave federal land grants to states to spread the ideas and methods of modern agriculture. This also opened the doors for the USDA to become the powerful Washington agency it is today.
- The beginning of the 20th century saw a shift toward food inspection for the USDA. Not coincidentally, this was around the same time the FDA began to gain prominence.
- The [USDA's budget](#) rose to \$24 million in 1912; \$150 million in 1929; \$279 million in 1932; and \$1.3 billion in 1939.
- The USDA has [become much larger](#), distributing farm subsidies, allocating food stamps, regulating total production, price controls, rural development, regulating food safety (particularly disease control), providing nutrition education, and running, among other agencies, the FDA.
- There are [many different branches](#) of the USDA including: Agriculture, Education and Outreach, Food and Nutrition, Laws and Regulations, Marketing and Trade, Natural Resources and Environment, Research and Science, Rural and Community Development, Travel and Recreation, and USDA Employee Services.

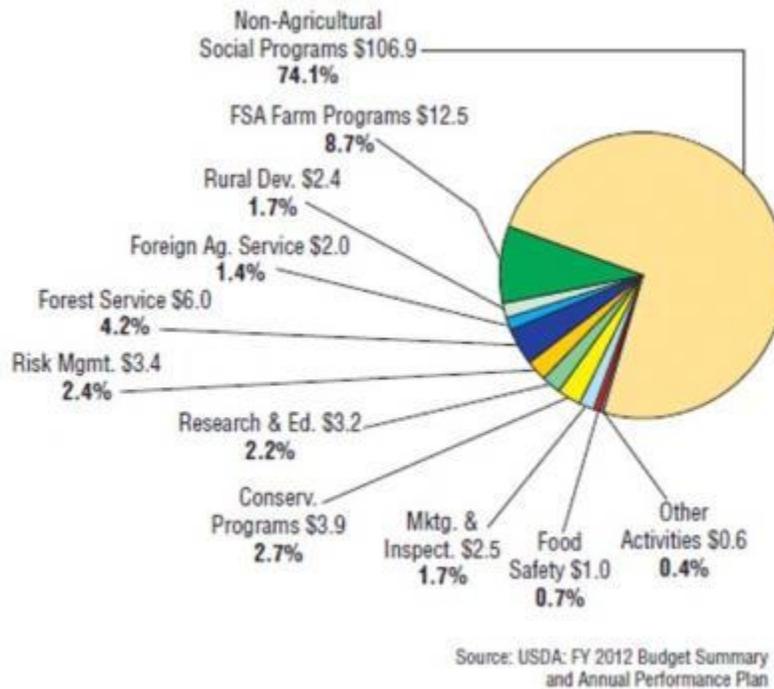
What is the current state of farming in America and the budget of the USDA?

- The USDA actually saw a decrease in federal funding for [fiscal year 2013](#). Though the funding dropped 3%, the agency will still receive \$23 billion in discretionary spending.
- The USDA's budget has grown significantly over the last several decades. The estimated total spending of the USDA for 2013 is about \$188 billion.



Source

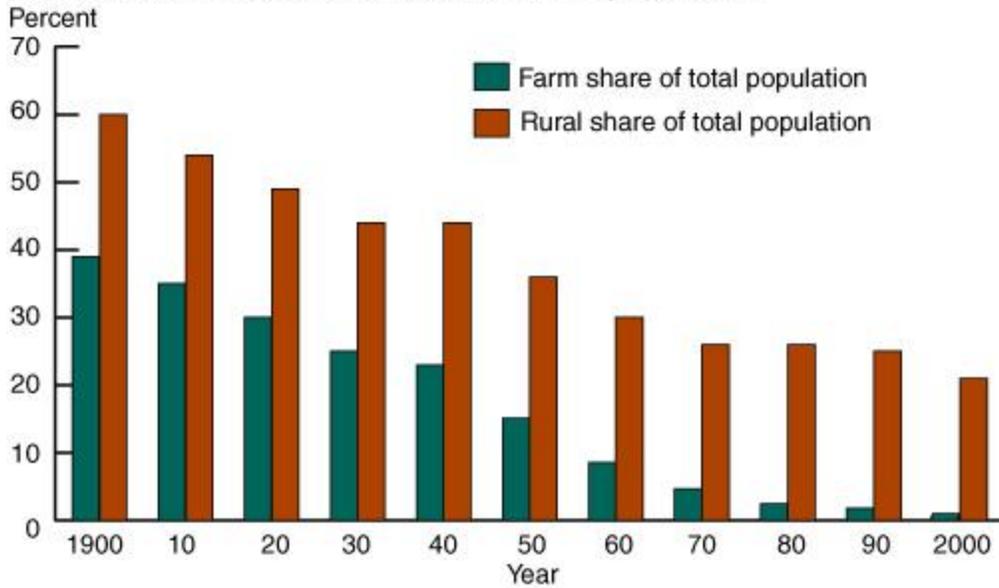
- The scope of its powers has also extended to many areas outside of agriculture. In fact, in 2012, 74% of the USDA’s budget was used for “Non-Agricultural Social Programs.”



Source

- Farm profits hit a record high near \$100 billion in 2011.
- Between 1995 and 2010, the USDA subsidy programs provided \$262 billion directly to farms. Yet, 62% of farms didn’t receive any money, while the top 10% of subsidized farms collected 74% of the subsidy money.
- Corn was the most heavily subsidized crop during this same time period, collecting over twice as much as wheat, the second most heavily subsidized commodity.
- In 2010, there were approximately 2.2 million farms accounting for \$350 billion of America’s economy. Cattle, corn, and soybeans were the three largest contributors to the farming industry.
- Despite a slight increase from 2009 numbers, farming in America declined during the entire 20th century.

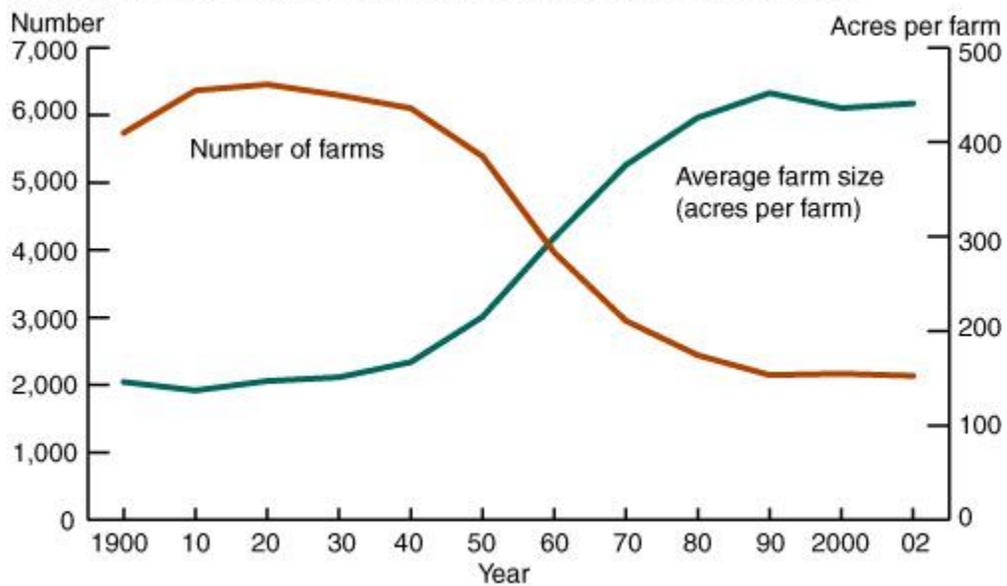
Figure 1
Both the U.S. farm population and rural population have dwindled as a share of the Nation's overall population



Source

- Due to new farming techniques and land consolidation, the average size of farms has risen and the overall number of farms declined.

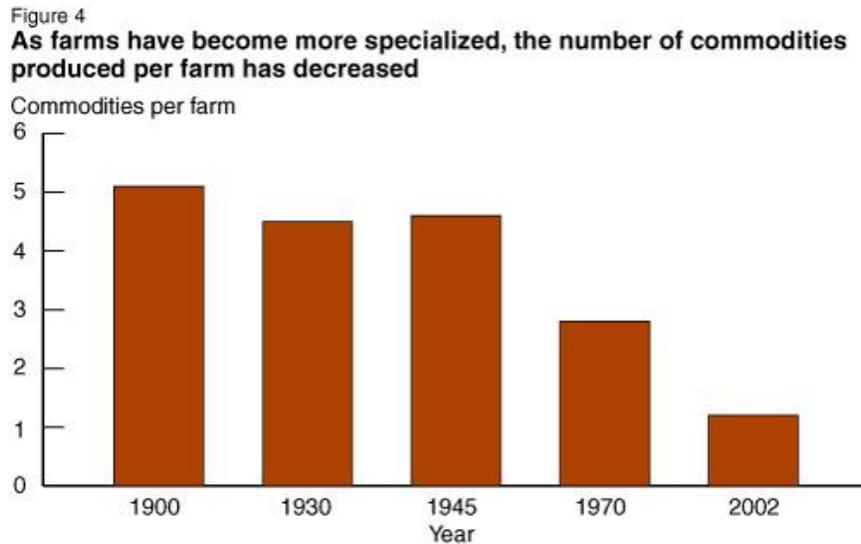
Figure 3
As the number of farms declined, their average size increased



Source: Compiled by Economic Research Service, USDA, using data from *Census of Agriculture*, *Census of Population*, and *Census of the United States*.

Source

- Farming has become much more specialized. By the turn of the 21st century, the average farm only produced one commodity. In 1900, the average farm produced five different commodities.



Note: The average number of commodities per farm is a simple average of the number of farms producing different commodities (corn, sorghum, wheat, oats, barley, rice, soybeans, peanuts, alfalfa, cotton, tobacco, sugar beets, potatoes, cattle, pigs, sheep, and chickens) divided by the total number of farms.
 Source: Compiled by Economic Research Service, USDA, using data from *Census of Agriculture, Census of the United States*, and Gardner (2002).

Source

What has been the most important legislation surrounding the USDA?

[An Act to Establish a Department of Agriculture \(1862\)](#): This Act created the initial framework of the USDA.

[Homestead Act \(1862\)](#): In order to promote westward expansion, the United States government famously offered individuals free plots of land west of the Mississippi River if they settled it. Between 1862 and 1934 this Act was [responsible](#) for the privatization of about 10% of all land in the United States (270 million acres).

[Morrill Land Grant College Act \(1862\)](#): This Act offered funding and land for the construction of colleges and universities which would teach, among other things, the principles of agriculture and farming.

[Federal Farm Loan Act \(1916\)](#): This Act created 12 Federal Loan Banks which offered special long-term loans for farmers. It did not, however, provide extensive short-term loans. The Agricultural Credits Act in 1923 would form intermediary loan banks, while several pieces of legislation under FDR created additional avenues to secure short-term loans.

Agricultural Adjustment Act (1933): This Act was passed the same day as the Emergency Farm Mortgage Act, which provided \$200 million in loans to struggling farmers.

Farm Credit Act (p. 257) (1933): Passed during the Great Depression, this Act helped farmers keep their farms by offering more loans and lower interest rates. Not only was the country in a financial depression, but there was also a nearly nationwide drought between 1931 and 1933. This Act established federal government involvement in farming and set the precedent for extended aid to struggling farmers. The Act was reformed in years following and eventually repealed in 1966, but then reworked in 1971. The new Farm Credit Act was the foundation of the Farm Credit System that we still use today.

National School Lunch Act (1946): This Act created the free and reduced lunch programs in public schools present today. The USDA has since become involved due to complaints of poor nutrition of the program.

The Food Stamp Act (1964): With the goal of bringing low-income citizens “a greater share of the Nation’s food abundance,” the Food Stamp Act still exists today. It is one of the most controversial pieces of legislation involving the USDA. It has been amended and reformed numerous times over the last 50 years, but many complain that the program is poorly run and easily taken advantage of.

Safe Drinking Water Act (1974): This Act protects both the treated drinking water itself as well as the main sources of the drinking water – rivers, lakes, springs, wells, etc. There are many potential threats to our drinking water, including agriculture contamination. The USDA has worked closely with the EPA on this issue.

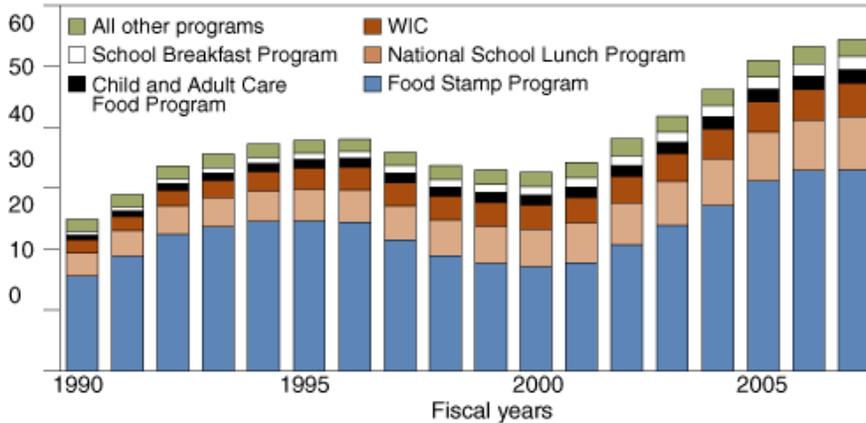
Food Quality Protection Act (1996): As the EPA [describes](#) it, the FQPA began “the most comprehensive and historic overhaul of the Nation’s pesticide and food safety laws in decades.” People have long been concerned about the water table being contaminated by pesticide runoff. Like the SDWA, the USDA worked with the EPA to create the FQPA.

Balanced Budget Act (1997): A rarity in recent American history, the Clinton Administration balanced the budget. In order to do so, large spending cuts were made, including many affecting social welfare programs started by the USDA.

Food, Conservation, and Energy Act (2008): Passed by the Bush Administration, this is also known as the 2008 Farm Bill. It continued large-scale agriculture subsidies for five years (about \$300 billion). It increased many of the benefits which had been cut by Clinton in 1997. A large part of this Act focused on improving the general nutrition of the American people. Below is a chart looking at nutrition spending since 1990.

Food stamps account for the bulk of nutrition program spending, FY 1990-2007

\$ billion

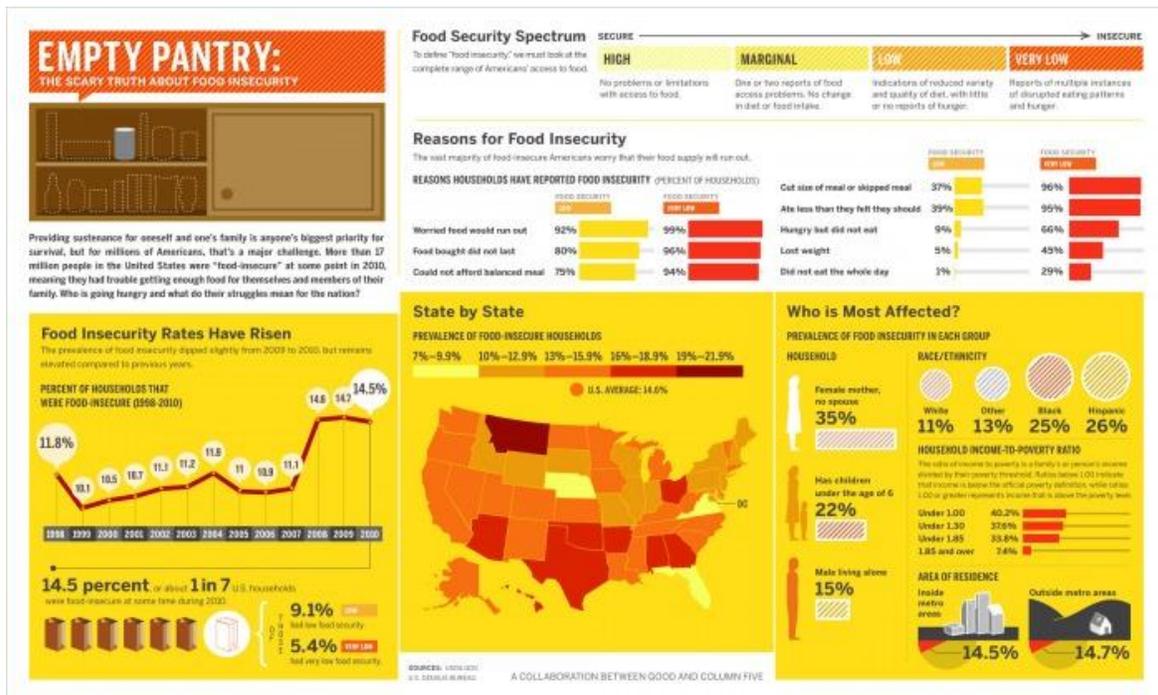


Source: Source: USDA, Economic Research Service using USDA, Food and Nutrition Service data.

Source

What are some of the arguments made for the USDA?

- The USDA has enabled farming and agriculture to survive in the United States. It has also **saved thousands of families** from bankruptcy and foreclosure.
- The USDA has led some of the **largest social welfare programs** in the United States. It has helped feed families and kept many others healthy.



Source

- The USDA, along with the FDA, is crucial in [keeping our food and water safe](#) from bacteria, toxic chemicals and diseases.
- USDA regulation has helped [protect many local ecosystems](#) from pollution and over-farming.
- The USDA has helped “[feed America](#)” through farming subsidies and incentives.

What are some of the arguments made against the USDA?

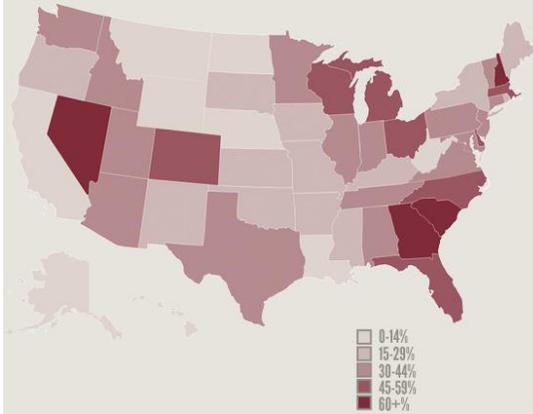
- The USDA [is linked to large farming corporations](#). Though the agency claims to help local farmers and families, it is really helping these corporations. The farming giant Monsanto is a prime example.
- The USDA [doesn't](#) actually keep us that safe from corrupted food. Thousands of people die each year from foodborne illnesses. The USDA also allows for substantial use of pesticides and fertilizers, many of which contain potentially harmful chemicals.
- The USDA is another [corrupt government agency](#) which damages the economy by keeping failing businesses afloat rather than letting them file for bankruptcy. Likewise, with programs like Food Stamps, it does little to encourage individual motivation to get out of poverty.

FOOD STAMPS

The number of vendors accepting food stamps or EBT cards increased 34% from 2005–2010. While South Dakota only saw a 19% increase, some states like Nevada and Georgia have seen increases as high as 60%.

WHAT A DIFFERENCE 5 YEARS MAKES

Increase in food stamp vendors from 2005–2010



HOW BUSINESSES QUALIFY TO ACCEPT FOOD STAMPS

Businesses must sell food for home consumption and preparation and meet one of the following requirements:

A CARRY 3 OR MORE VARIETIES OF QUALIFYING FOODS IN EACH CATEGORY:



MEAT/FISH/POULTRY



BREAD/CEREAL



FRUITS/VEGGIES



DAIRY

*Two categories must contain perishable foods

or

B MORE THAN 50% OF TOTAL RETAIL SALES MUST BE FROM ELIGIBLE STAPLE FOODS

IN SOUTH DAKOTA



NEARLY 1 IN 8 SOUTH DAKOTANS USE FOOD STAMPS



CONVENIENCE STORES MAKE UP MORE THAN 1/3 OF FOOD STAMP VENDORS



TODAY, 39 DOLLAR STORES ARE EBT VENDORS (0 IN 2005)

Data from www.usda.gov

DID YOU KNOW...



Selling foods such as chips, soda, candy & energy drinks **does not** count toward SNAP* qualification.

but

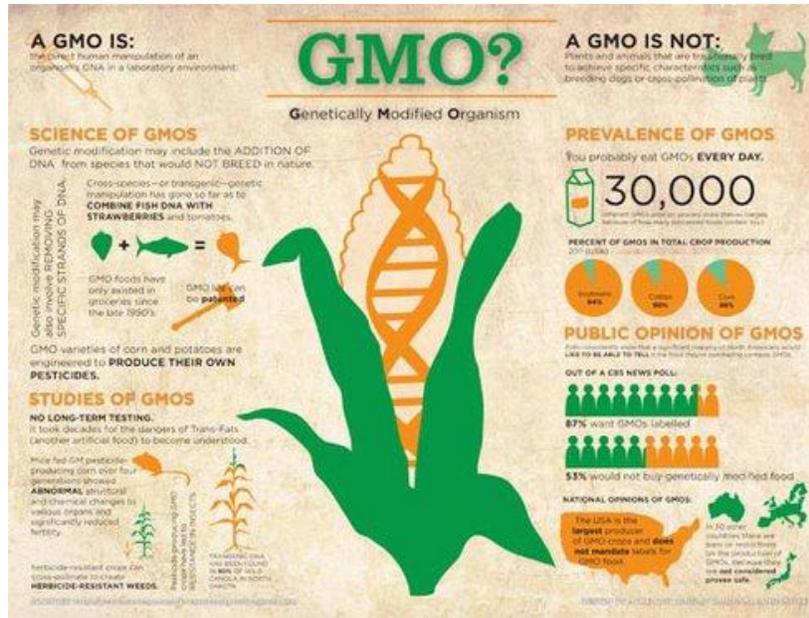
You can use food stamps to buy these foods once a store is eligible under SNAP. Tobacco & alcohol are virtually the only restricted items.

*SNAP is the Supplemental Nutrition Assistance Program

designed by
lemon.ly
www.lemon.ly

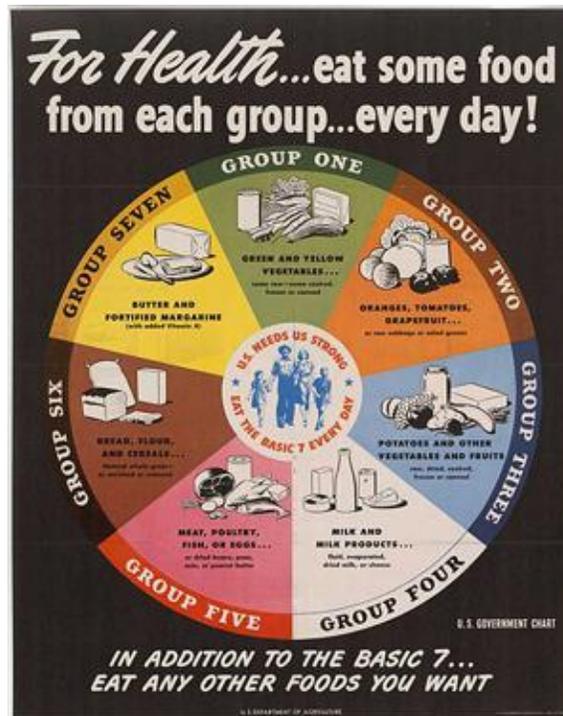
Source

- The USDA does not ensure nutritional food – just look at the now infamous “pink slime” controversy.



Source

- The USDA-approved food pyramid is absurdly outdated and teaches children false nutrition facts, while helping prop America's heavily subsidized grain industry. Below is a chart from 1941 which looks quite similar to the current food pyramid the USDA has put in schools and textbooks.



Source

Quotes on the USDA

“The popular media and conventional wisdom, including the medical profession's traditional approach to nutrition, have created and continue to perpetuate this problem through inadequate, outdated dietary counseling. Attempts to universalize dietary therapies so that one-diet-fits-all influences the flawed claims against meats and fats, thereby encouraging overconsumption of grains. Government-sponsored guides to healthy eating, such as the USDA's food pyramid, which advocates six to eleven servings of grains daily for everyone, lag far behind current research and continue to preach dangerously old-fashioned ideas. Because the USDA's function is largely the promotion of agriculture and agricultural products, there is a clear conflict of interest inherent in any USDA claim of healthful benefits arising from any agricultural product. Popular beliefs and politically motivated promotion, not science, continue to dictate dietary recommendations, leading to debilitating and deadly diseases that are wholly or partly preventable.”

- Ron Hoggan, [“Dangerous Grains,”](#) 2002

“For nearly a century, the U.S. Department of Agriculture (USDA) has been protecting the Nation's food supply. This long history has allowed USDA's Food Safety and Inspection Service (FSIS) to develop the expertise and systems to protect our Nation's supply of meat, poultry, and egg products against intentional and unintentional contamination.

With a solid food safety infrastructure in place, FSIS has also been able to focus on strengthening existing programs and improving lines of communication, both internally and externally. Through cooperation with industry, consumers, and other government agencies, FSIS has an extensive system in place that can properly respond to a food security emergency.”

- [“Food Safety and Food Security: What Consumers Need to Know,”](#) Food Safety and Inspection Service, September 2003

“Wouldn't every company like to do their own environmental impact analysis to determine the safety of its products on the environment?...

Believe it or not, the USDA has decided that Monsanto and other biotech companies should conduct its own environmental impact assessments on the impact of its genetically modified organisms (GMOs)....

Federal environmental law requires the agency to complete such reviews before deregulating biotech crops.

The biotech industry, of course, loves this, which would speed approval of GMO crops.”

- [“A First: USDA Allows Monsanto to Approve its Own Crops,”](#) Sustainable Business, April 27, 2011

“USDA Rural Development provided a ‘Value-Added Producer Grant’ to a potato chip maker so the company can secure new contracts to sell more junk food that Michele Obama crusades against in her ‘war’ on obesity. Meanwhile, the USDA[s] brother-in-arms, the FDA, has shut down the operations of a peaceful businessman who sold raw milk to his appreciative customers. The FDA spent 2+ years and millions of your tax loot to smash the Amish farmer and uphold its war on raw milk. Meanwhile, it supports the rent seekers, like our potato chip maker, so they can grow businesses friendly to the government’s dietary guidelines and nutrition edicts. In fact, the USDA awarded \$40M worth of these grants to conforming ‘entrepreneurs.’”

- Karen De Coster, [“USDA Puts Your Money Where Its Pyramid Is,”](#) *Karendecoster.com*, February 19, 2012

“On May 15, we will recognize the 150th anniversary of the founding of the U.S. Department of Agriculture. On that date in 1862, President Abraham Lincoln signed into law an act of Congress establishing USDA.

Two and a half years after he established the Department, in what would be his final annual message to Congress, Lincoln called USDA ‘The People’s Department.’

President Lincoln knew the importance of agriculture to our prosperity – particularly at a time when about half of all Americans lived on the farm. And while that number today stands at about 2 percent, our values are still rooted in rural America.

As the United States has changed and evolved over the years, at USDA we have not lost sight of Lincoln’s vision. Through our work on food, agriculture, economic development, science, natural resource conservation and a host of other issues, USDA has impacted the lives of generations of Americans.”

- Agriculture Secretary Tom Vilsack, [“The Peoples’ Department: 150 Years of USDA,”](#) *USDA Blog*, May 11, 2012

Questions for Discussion

1. The USDA has run a huge ad campaign throughout the country in recent years. Do you think it is appropriate for a government agency to run ads for itself? Why or why not?

