

National Foundation for American Policy

January 21, 2020

Contact: Stuart Anderson, 703-351-5042, press@nfap.com

New Research: Trade-Related Aid To U.S. Farmers Larger Than Cost of Several Government Agencies, Major Defense Programs

Arlington, Va. – The Trump administration provided more taxpayer dollars to farmers financially damaged by the administration’s trade policies than the federal government spends each year building ships for the Navy or maintaining America’s nuclear arsenal, according to a [new analysis](#) released by the National Foundation for American Policy (NFAP), an Arlington, Va.-based policy research group. The analysis found the spending on farmers (\$28 billion) was also higher than the budgets of several government agencies.

“The amount of money raises questions about the wisdom both of raising tariffs and then allowing the use of taxpayer money to shield policymakers from the consequences of their actions on trade,” said Stuart Anderson, NFAP’s executive director.

The report, “The Cost of Trade-Related Aid to American Farmers,” can be found at <https://nfap.com/>.

In 2018, the Trump administration initiated a series of tariff increases against imports from China. The government of China responded with its own tariff increases, which caused U.S. exports to China, most notably agricultural products, to drop significantly. The U.S. International Trade Commission reported that soybean exports from U.S. farmers to China declined by 75% in 2018.

The Trump administration responded not by changing its trade policies but by shoring up the president’s political support from farmers. To accomplish this, the president approved large amounts of government aid to farmers through the Commodity Credit Corporation and the U.S. Department of Agriculture.

The administration listed the large amount of taxpayer money provided to farmers in a December 31, 2019, [White House fact sheet](#) on the president’s accomplishments during first three years in office: “The Trump administration has authorized a total of \$28 billion in aid for farmers who have been subjected to unfair trade practices.”

The Commodity Credit Corporation (CCC) turned out to be an ideal vehicle for providing money to politically important constituents, since the legal justifications for the Department of Agriculture to spend funds authorized for the Commodity Credit Corporation are not stringent. However, questions about the legality of the payments were raised within the administration.

The \$28 billion in expended funds caused the CCC to come “close to its borrowing authority limit of \$30 billion,” according to the Congressional Research Service.

The \$28 billion authorized by the Trump administration to pay farmers after other countries retaliated against administration-imposed tariffs represented a large amount of taxpayer money.

The analysis found:

- In FY 2019, the Department of Defense spent an estimated \$21.8 billion for “nuclear delivery systems and weapons,” including ballistic missile submarines, intercontinental

ballistic missiles and bombers, as well as for command, control, communications and early-warning systems, according to the [Congressional Budget Office](#).

- Over the next 30 years, new “new-ship construction,” including 247 combat ships and 57 support ships, would cost an average of \$22 billion per year, according to Navy [estimates](#).
- Temporary Assistance for Needy Families (TANF) Block Grant, an anti-poverty program, [cost](#) \$16.7 billion in FY 2018.
- Within the Department of Agriculture, the annual budgets for the Food Safety and Inspection Service (\$1.3 billion), the Agricultural Research Service (\$1.1 billion) and the Forest Service (0.4 billion) in FY 2018 are much less than the \$28 billion paid to farmers.
- Many government departments and agencies cost less to operate than the \$28 billion authorized for farmers: The Department of State budget in FY 2018 was \$26.8 billion, while NASA’s budget was \$19.8 billion. The Department of Commerce (\$8.6 billion), the Environmental Protection Agency (\$8.1 billion) and National Science Foundation (\$7.2 billion).

Table 1
Taxpayer Cost of Trade-Related Aid to Farmers and Other Federal Programs

PROGRAM	TAXPAYER COST
Trump Aid to Farmers	\$28.0 Billion
Department of State	\$26.3 Billion
Navy Ship Building (annual avg.)	\$22.0 Billion
Nuclear Forces	\$21.8 Billion
NASA	\$19.8 Billion
Children’s Health Insurance	\$17.3 Billion
TANF	\$16.7 Billion
Department of Commerce	\$ 8.6 Billion
EPA	\$ 8.1 Billion
Judicial Branch	\$ 7.8 Billion
National Science Foundation	\$ 7.2 Billion
Legislative Branch	\$ 4.7 Billion
Food Safety and Inspection Service	\$ 1.3 Billion
Agricultural Research Service	\$ 1.1 Billion
Forest Service	\$ 0.4 Billion

Source: Office of Management and Budget, Congressional Budget Office, National Foundation for American Policy. FY 2018 actual outlays. Nuclear Forces and Navy Ship Building are estimated costs for FY 2019. TANF is Temporary Assistance for Needy Families.

On January 15, 2020, the Trump administration reached an agreement with China that, among other provisions, connects Chinese purchases of U.S. goods to the United States not imposing additional tariffs that were planned to go into effect. Analysts have questioned whether China can or will buy the \$36.5 billion worth of U.S. agricultural products in 2020 called for in the agreement.

It is reasonable to ask whether the \$28 billion in federal spending through the Community Credit Corporation and the harm farmers, other U.S. exporters and American consumers have experienced and will likely continue to endure as a consequence of the administration's trade policies have been worth it.

The \$28 billion spent on farmers is additional government (and deficit) spending. "Since the two trade aid packages were undertaken using CCC's [Commodity Credit Corporation's] discretionary authority, no congressional budget offset was required, and administrative PAYGO [the pay as you go budget rule] was not raised," writes the Congressional Research Service. "The corporation's permanent, indefinite funding authority means that trade aid expenditures are reimbursed annually as a net realized loss, thus increasing total federal spending."

The \$28 billion in aid to farmers raises serious questions. Should Congress delegate up to \$30 billion a year for executive branch officials to use for political purposes, including to limit the political fallout from raising tariffs and not anticipating the likely response from other nations? The aid to farmers warrants Congressional oversight and an appreciation that policies that promote free trade are less likely to require large amounts of government spending to shield U.S. exporters from trade retaliation.

About the National Foundation for American Policy

Established in 2003, the National Foundation for American Policy (NFAP) is a 501(c)(3) non-profit, non-partisan public policy research organization based in Arlington, Virginia focusing on trade, immigration and related issues. The Advisory Board members include Columbia University economist Jagdish Bhagwati, Ohio University economist Richard Vedder, Cornell Law School professor Stephen W. Yale-Loehr and former INS Commissioner James W. Ziglar. Over the past 24 months, NFAP's research has been written about in the *Wall Street Journal*, the *New York Times*, the *Washington Post*, and other major media outlets. The organization's reports can be found at www.nfap.com. Twitter: [@NFAPResearch](https://twitter.com/NFAPResearch)

2111 Wilson Blvd., Suite 700, Arlington, VA 22201
phone: (703) 351-5042 fax: (703) 351-9292 www.nfap.com