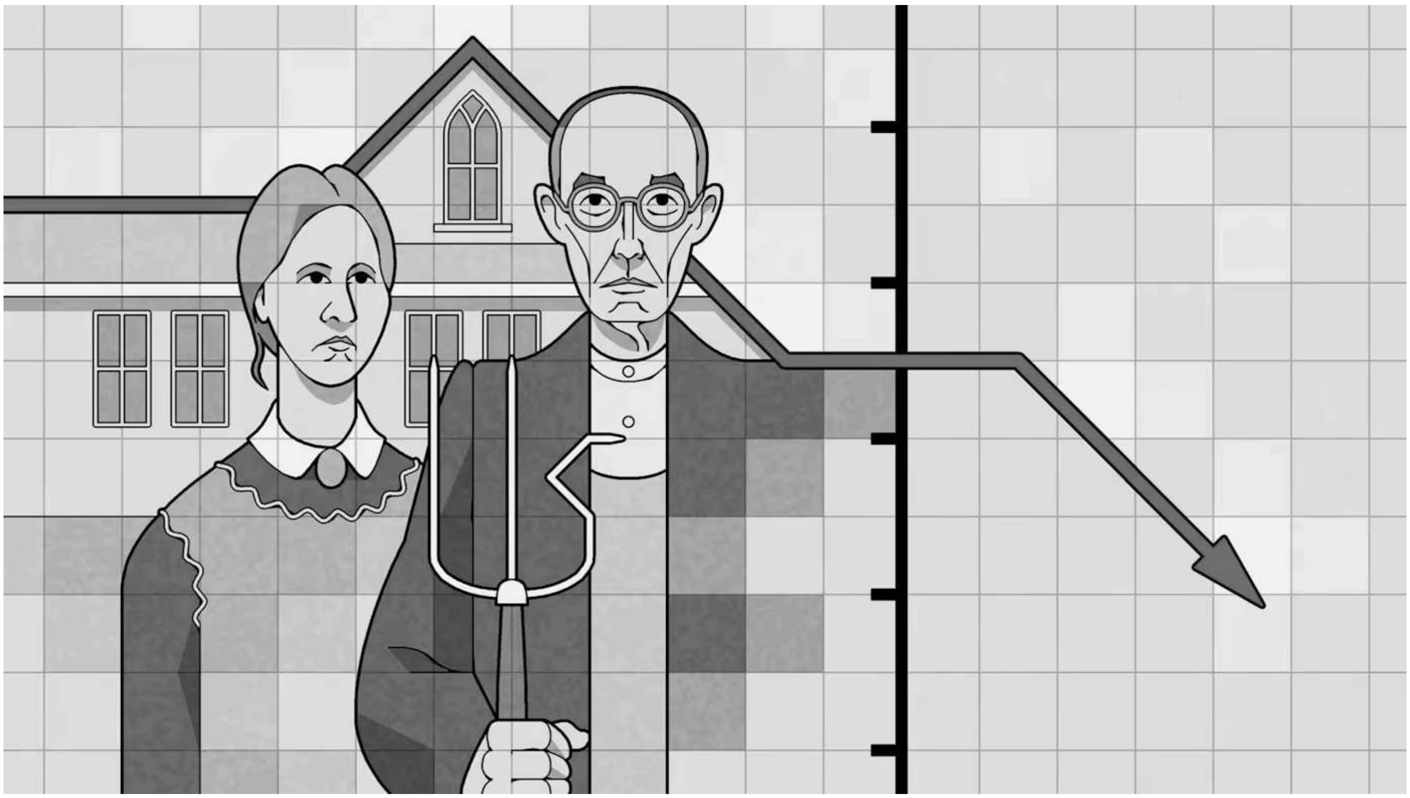
Opinion **US economy**

American agriculture is broken

Fixing it will require much more than the new farm bill can deliver

RANA FOROOHAR



© Matt Kenyon

Rana Foroohar

Published 6 HOURS AGO

Every five years, the US Congress passes a new farm bill. Most of the debate centres around the usual partisan topics — how much food stamp assistance to give (Democrats want more, Republicans typically less), and what sort of subsidies and crop insurance farmers will get. The new bill, which has just passed the House and is making its way through the Senate, is more of the same. Which means it is missing the elephant in the room: America's agricultural industry is systematically failing.

You wouldn't think it from first glance. The US is the third largest agricultural producer globally and second in terms of exports. But most of its production is in cash crops, two in particular — corn and soyabeans. Those go mainly to fuel, feed for cattle, and exports to feed other countries. While domestic grain production has been rising for decades, the production of fruits and vegetables has been falling. Americans import 59 per cent of their fresh fruit and 35 per cent of their vegetables.

One might say that this is simply the global free market at work. But the fact is that the "negative externalities" (as economists would put it) of a system no longer purpose-built for national or even international needs have become too costly to ignore.

"Our metrics for success are off," notes Andy Green, a former senior agricultural adviser for the Biden administration. "To create a more resilient system we need to think about more than just short-term yields."

While American farmers are more productive than ever before (last year's autumn harvest set records), profits are falling sharply thanks to oversupply and rising costs. Farm bankruptcies were up 46 per cent between 2024 and 2025, reaching levels last seen in the "Farm Aid" era of the 1980s. Late last year, the Trump administration announced a $12bn bailout plan for American farmers (following the $30bn doled out in the first administration), who've been hurt by trade wars, climate disasters and, most recently, rising fertiliser and other input prices that were already way up following the war in Ukraine and have now risen further thanks to war in Iran.

Some of the pain is down to Trump's own actions. Still, even if we had better White House policy, the system has been building towards crisis for decades, thanks in large part to the "get big or get out" policies articulated by Earl Butz, the US secretary of agriculture under Richard Nixon, who got rid of many of the New Deal policies that balanced exports with support for smaller farmers and crop diversity. His revamp of the USDA encouraged a highly concentrated system that is all about producing cheap calories and letting the free market do the rest.

But just as we now understand the risks of chokepoints in semiconductors and oil, particularly during an era in which trade is being weaponised, the true costs of a US farm system that prioritises only short-term high yields in a handful of crops are becoming more obvious.

There are, for starters, huge vulnerabilities to input costs like energy and fertiliser when you are harvesting single crops on the same land, year after year. This kind of highly industrial farming wrings nutrients out of soil that then require more and more chemicals to get the same yields (there are also increasing concerns about the toxicity of this type of farming, as witnessed by the ongoing Monsanto liability suit).

Many farmers I've spoken to around the country over the years would love to raise a more diverse mix of crops. But insurance premium subsidies rise with the amount of acreage insured. The same goes for bailouts, which are given per acre. This, coupled with the high levels of concentration in the retail sector — big grocery chains would rather deal with large processors or growers — disincentivises smaller, more diverse and sustainable types of agriculture.

Cheap cash crop exports also carry economic risk, as witnessed by China's plummeting purchases of US soyabeans amid a trade war. The idea that the US should continue to spend billions of dollars bailing out farmers who are still being incentivised to keep producing a crop that their largest buyer no longer wants (China is actively moving towards more food independence) makes zero sense.

Of course, no one piece of legislation can fix a systemic problem. But systems thinking is exactly what is required to create an agricultural industry that makes sense. Consider, for example, efforts in the proposed federal farm bill to push back on California's "Proposition 12" requirements for higher standards in pork production. California is such an important market that 27 per cent of pork producers (mainly smaller, independent producers) are already compliant according to Farm Action Fund, a non-profit that works on monopoly issues in agriculture.

If the new bill prohibits states from setting their own rules, it will probably favour the very largest producers, like, for example, Smithfield, a Chinese-owned company that is America's single biggest pork producer.

While there's theoretically nothing wrong with that, it does seem an odd move for a country where there is bipartisan support for less dependency on China in crucial areas.

Like so much about the American food system, it is a situation that makes little sense.

rana.foroohar@ft.com

Follow the topics in this article

Rana Foroohar

Global Economy

Environment

Agricultural production

US economy