



About Mark Muller

Mark Muller directs the Food and Society Fellows program at the Institute for Agriculture and Trade Policy. He has worked on a variety of food systems issues, including promoting agricultural policies that are more effective for human health, farmer income and the environment; developing regional food systems; diversifying Midwest agriculture; and advocating for farm-based renewable energy production.

About IATP

Institute for Agriculture and Trade Policy works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems. IATP is headquartered in Minneapolis, Minnesota with offices in Washington D.C. and Geneva.

Don't give up on Minnesota's agriculture innovation

MINNEAPOLIS, MAY 26, 2010* — Say the federal government used federal dollars to take development opportunities away from Minnesota and instead create jobs and processing facilities in other countries.

Most of us would be fuming. Market forces working against Minnesota is one thing; the federal government facilitating foreign investment over local job creation is simply unacceptable.

Amazingly enough, this scenario is happening through the subsidized export of Minnesota's agricultural products. The federal government spends an estimated \$100 million a year maintaining navigation on the Mississippi River system, which is primarily used to get crops like corn and soybeans out to international ports. This funding maintains the series of locks and dams from Minneapolis to southern Illinois that create pools of water deep enough to support a nine foot channel for the navigation industry.

How does this create investment elsewhere? The production of an agricultural commodity is just the first step in the processing value chain that eventually becomes food, materials and energy. It isn't too exciting to think of Minnesota crops becoming the low-cost feed supplier of a Taiwan poultry operation. Why then should we encourage that processing to take place in other parts of the world rather than in job-creating industries in the Midwest?

Navigation industry proponents aren't satisfied with their current \$100 million a year subsidy. They are pushing for the federal government to not only pay the operation and maintenance costs, but to increase taxpayer subsidies for the construction and expansion of Mississippi River locks. Rather than the current 50-50 split of construction costs, the industry's proposal, which has received very little public attention, recommends that taxpayers put \$270 million annually toward construction and the industry only \$110 million.

When agricultural production is narrowed down to just a couple of crops, like corn and soybeans, economic opportunities that provide a greater return are lost. This hurts the Midwest farmers that have little choice but to grow these crops even when prices are lousy, and hurts rural communities that need economic development. Land locked up in corn and soybeans results in missed opportunities for higher value production

such as locally grown fruits and vegetables or grass-fed livestock—products for which consumers are willing to pay a premium. A recent Iowa State University study found that an increased production of 28 fruit and vegetable crops in the Upper Midwest could create \$882 million in additional farm sales and 9,300 new jobs.

And what is particularly frustrating is that federal policies play a primary role in keeping Midwest agriculture less innovative than it should be. The Farm Bill drives down prices and reduces the financial risk of growing commodity crops like corn, soybeans, wheat, cotton and rice. This encourages farmers to grow these crops—and grain buyers to trade and process these crops—at the expense of other opportunities that provide more benefits.

Our federal transportation policies are falling into this same trap. Now that the Farm Bill has encouraged all of this corn and soybean production, federal policymakers apparently feel some responsibility for facilitating the export of these crops. These export subsidies, quite simply, are used to try and offset bad policy decisions in the agricultural economy that have flooded the Midwest with cheap corn and soybeans and driven farmers off of the land.

A new White House Childhood Obesity Taskforce report recognizes the importance of healthy food production, and calls for a 70 percent increase in the availability of fruits and vegetables by 2020. Supporting a healthy population should be one of the primary goals of food and agriculture policies, along with a strong agricultural economy and thriving Midwest ecosystems.

But the federal government's efforts to support agricultural exports over the past 40 years have done little to strengthen Midwest agriculture. Farmers don't export, and there's scant evidence that farmers get better prices because of exports. It's the grain companies that almost always reap the profits from this trade. So why then are we spending taxpayer dollars on navigation?

Instead of paying \$270 million to support Mississippi River navigation, there are much better ways of investing in Minnesota agriculture. What if that \$270 million were instead used to encourage business opportunities for the storage, processing and transportation of Minnesota-grown foods? This investment would surely provide a much greater return to Minnesota and its farmers.

So when you start hearing about proposals to expand navigation infrastructure, tell Congress to take a pass. If federal funds aren't going to support the Minnesota economy, at least they shouldn't work against it.

*This commentary was originally published May 25, 2010 in the Star Tribune.