Do Corn Subsidies Really Make Us Fat?

Paying farmers to grow commodity crops makes food cheap, but the issues of why we eat too much, and how to fix that, are complex.

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Bad health can be linked to wheat, corn, dairy and meat—and a range of foods currently subsidized by the government. That was the catchy finding that researchers announced last week with a study showing a correlationbetween an increased consumption of subsidized foods and health problems like obesity and high cholesterol. But is it actually the farm subsidies that make people eat those foods?

To answer that question, you've got to understand three things: What kind of food we subsidize, how subsidies affect prices, and what incentives work to actually get people to eat better food. (Hint: Think coupons.)

Yes, Subsidized Food Can Be Unhealthy

First things first: Eating more of the foods that are subsidized *does* seem to set the stage for poor health.

Using data that tracked what more than 10,000 Americans reported eating in a single day, researchers from the Centers for Disease Control and Prevention and other organizations calculated how much of people's diets were made up of subsidized foods. These include soybean, rice, sorghum, dairy, and meat, as well as corn and wheat. Much of those foods are processed: corn becomes sweet syrup, sorghum is fed to beef cattle, soybeans are turned into oil for French fries. Across the board, Americans eat a lot of them. About 56 percent of all calories consumed here come from subsidized foods, according to the researchers.

What researchers learned about the link between consumption of subsidized foods and health was striking, if not surprising: People whose diets contained more subsidized foods tended to have worse health than those whose diets contained less. The people who ate the most subsidized food had a 41 percent greater risk of belly fat, 37 percent high risk of obesity, 34 percent higher risk for elevated inflammation, and 14 percent higher risk of abnormal cholesterol. (American dietary recommendationssuggest that about half our calories should come from fruits and vegetables, and that half our grain intake should be from whole, rather than processed, sources.)

That matters for the American pocketbook, say researchers. They put the cost of cardiometabolic diseases—a catchall term that includes diabetes,heart disease and stroke—at $150 billion a year. Indirect cost, say researchers, double the price tag to $300 billion per year.

But what the study does not show is the degree to which subsidies—and, in particular, the ones that are currently in place—actually persuade people to eat more of those foods. The researchers, by the way, admit this: “We cannot say [the link between subsidies and consumption] is causal from this study,” says K.M. Vankat Narayan, a lead author.

So while there’s an accepted correlation between low prices and increased purchases, nobody really knows how much farm subsidies matter when it comes to which foods people buy—and eat.

Here’s How Subsidies Actually Work

If people think of agricultural subsidies at all, they probably think of what economists call “deficiency payments,” or paying farmers for the crops they have grown, says Parke Wilde, an agricultural economist at Tufts University’s Friedman School of Nutrition Science and Policy. Under that kind of subsidy, the government pays farmers extra when market prices are low, and they pay based on how much a farmer grew that year. The model emerged in part, says Wilde, because “the goal of subsidies is to raise farm income.”

But while deficiency payments can help struggling farmers during a market slump, they also create a strong incentive for farmers to plant as much as possible, since they’ll get paid whether they can sell it or not. This is the model that was pioneered by Secretary of Agriculture Earl Butz, who in the 1970s urged American farmers to plant “fencerow to fencerow,” says Wilde. And at that time, Americans were worried about scarcity and running out of food; growing as many calories as possible was a good thing.

So while deficiency-payment subsidies stabilize farmers’ incomes, they also lead to overproduction. That creates a surplus, which in turn depresses prices. And, that makes it even more likely that government will have to step in.

“That particular subsidy design suppresses consumer prices,” says Wilde. (And, sustainable foodies, take note: “That’s the subsidy design that Michael Pollan has in mind in his book [*The Omnivore’s Dilemma*]” says Wilde.)

Other kinds of farm subsidies have far milder effects on consumer prices. The 2014 Farm Bill expanded crop insurance, and based deficiency payments not on a specific year’s production, but on historic yield. Although those subsidy designs can encourage production, the effect of each is much smaller than that of deficiency payments, says Wilde.

Indeed, in contemporary America, “the potential impact of the agricultural subsidies on consumption right now is inconsequential,” argues David Just, an agricultural and behavioral economist at Cornell University. Subsidies *for farmers* are unlikely to have much impact on consumer prices, adds Wilde, because farmers’ share of what we pay at the store is so little. On average, just 10 percent of consumer prices went to the farmer, according to the USDA Economic Research Service.

How Do You Change Eating Habits?

So if farm subsidies themselves don’t impact what people eat very much, what does?

An emerging field of research suggests an interesting answer: Coupons.

While using taxes to discourage the purchase of junk food get a lot of attention—as Philly did last month for its soda tax—there’s a parallel field of policy dedicated to the idea of encouraging certain purchases by lowering prices. Paying farmers can be seen as subsidizing supply, while directly reducing consumer price is more like subsidizing demand. And that, says Just, is “much more effective…in terms of changing what people eat.”

What’s most effective of all, suggests research from the U.S. Department of Agriculture, is a variation on coupons—which policymakers have taken to calling “incentives”—rather than lower prices in general. A 2010 studythere found that while lower prices could boost sales by 5 or 6 percent, coupons could boost sales by as much as 11 percent. Additional researchsuggested that a 10-percent subsidy would boost consumption by up to about 5 percent. Researchers suggested that this was because coupons not only dropped the price, but functioned as advertisement and information, too, reminding shopper to pick up fruits and vegetables.

More recently, Wilde and colleagues studied whether a program offering a 30 percent rebate for produce bought with SNAP benefits would change what people ate. And it did: People who got the rebate increased their fruit and vegetable consumption by about 25 percent, says Wilde. The study was published in the *American Journal of Clinical Nutrition*.

Notably for the modern, digital era, the rebate was automatically provided when people paid with their SNAP card; none of the 7,500 households that got the rebate had to clip coupons to get it.

“It wasn’t large enough to close the gap between where people are and where they are recommended to be,” says Wilde; people still fell short of their recommended daily allowance for produce. That’s a problem for most Americans: 87 percent of adults fail to eat their RDA of vegetables. Indeed, policymakers looking to shift health population wide might need to offer coupons for all. While wealthy American may eat better than the poor, that’s a kind of splitting hairs, says Wilde. “The really notable thing about the United States,” he says, “is that nobody has a very healthy diet.”

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