The farmers of the United States are up in arms ... The American farmer is steadily losing
ground. His burdens are heavier every year and his gains are more meager; he is beginning to
fear that he may be sinking into a servile condition. He has waited long for the redress of his
grievances he purposes to wait no more. ... The business of farming has become extremely
unprofitable. With the hardest work and with the sharpest economy, the average farmer is unable
to make both ends meet; every year closes with debt, and the mortgage grows till it devours the
land.

Sounds like last night’s TV news? Far from it. That was written in 1890, when nearly 10 million
persons, or about one-sixth of the total population, were employed in agriculture and when
agriculture was contributing nearly one-fifth of the total national income. Currently, about 3
million persons are employed in agriculture, or only 1.3 percent of a population that is four times
as large as it was in 1890. That 1.3 percent of the population is contributing about 2 percent of
national income. So however you figure it, in terms of numbers of persons or in terms of output,
agriculture is far smaller today relative to the economy as a whole than it was in 1890.

One thing, however, is drastically larger: the role that government plays in agriculture. In 1890,
the federal government as a whole spent an amount equal to less than 3 percent of the national
income, and the Department of Agriculture spent a total of $1,612,796.12 or only a bit over one-
one-hundredth of 1 percent of the national income. That is less in dollars—though not in
purchasing power, thanks to inflation—than the amount the department currently pays as
subsidies to some individual farmers! In 1986, the federal government spent an amount equal to
about 30 percent of the national income. The Department of Agriculture alone spent an amount
equal to more than 1.5 percent of the national income—or more than 100 times as large a
fraction of the national income as in 1890 on a working force in agriculture that was only one-
tenth as large a fraction of the population.

In 1890, the major demand of the farmers was not for price supports or subsidies, but for “free
silver”—i.e., the replacement of the reigning gold standard by a silver standard, in the entirely
correct belief that the result would be inflation and a higher dollar price for farm products. Direct
government spending on behalf of farmers was trivial and remained so for decades. And the
farmers did not even succeed in electing William Jennings Bryan to the presidency in 1896 on a
free silver platform, though they did come close.

The sharp decline in the relative size of agriculture in the near-century since 1890 has clearly
been accompanied by an increase rather than a decrease in its political clout. And what is true of
the United States is true around the world. Almost without exception, wherever a majority of
the population is engaged in agriculture—as in most poor countries in the world—farmers are taxed
to subsidize the urban minority. By contrast, wherever only a small minority of the population is
engaged in agriculture—as in most highly developed countries—the urban majority is taxed to subsidize farmers.

The reason is straightforward. A group that seeks benefits through political pressure is handicapped by being too numerous and, at least up to a point, benefited by being few. Government can spend a dollar per member of a majority only by collecting more than a dollar from each member of the minority, each of whom will therefore squeal louder than each of the majority will applaud. On the other hand, government can spend a dollar per member of a small minority by collecting only a few cents from each member of a large majority—the applause is then far louder than the squeal.

Agriculture not only provides a striking example of this universal political law, but also suggests that the optimum political coalition may be very small indeed. Over the past three decades, agricultural employment has declined from nearly 6 percent of the adult population to less than 2 percent. At the same time, spending by the Department of Agriculture per person employed in agriculture has multiplied nearly tenfold, from less than $2,000 to nearly $18,000. Political clout indeed.

I hasten to add that the net benefit to farmers is far less than the amount spent by government. Most of that $18,000 goes to pay for storing the so-called surpluses acquired by the government, for the cost of the extra seed, fertilizer and machinery that farmers use to produce the crops whose prices the government supports, and for the immense bureaucracy required to administer the program. Net farm income per person employed in agriculture, corrected for inflation, has either fallen or risen only a trifle since 1954. In fact, the Department of Agriculture spent almost twice as much in 1986 as the total amount that all farmers received in net farm income.

To add insult to injury, the cost to the taxpayer is even higher than government spending. Farm programs are designed to improve the income of farmers by raising prices to consumers. The programs may not improve the income of farmers, but they certainly raise prices to consumers.

To take a few conspicuous examples: the price in the United States of a pound of sugar is more than five times the world price; the price of a quart of fluid milk is probably more than twice as high as it would be without the government programs. With one hand, the government provides subsidies to indigent mothers to enable them to buy milk, for their children; with other, it doubles the price of the milk. Make sense of that if you can.

Agriculture is far from unique. The present pressure for restraints on foreign trade are equally striking case: small, highly vocal minorities in the automobile, iron and steel, and textile industries, to mention only three, have succeeded in the past, and are now poised to succeed again, in foisting burdens on several hundred million consumers that, while small each consumer separately, total far more any net benefit to the minorities with political clout. We pride ourselves on being ruled by a majority, yet the majority repeatedly accedes to being fleeced by special interested minorities. In the main, we become active politically only on behalf of our own special interest. Resolving that dilemma is the political problem we face in preserving freedom.