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Cotton and Conscience

By Michael Gerson

In land area, the four West African countries of Benin, Burkina Faso, Chad and Mali are about 1 1/2 times the size of the southern United States. Together, they have roughly the economic output of greater Charleston, S.C. And when the American economic giant shuffles its feet, these distant lands feel the earthquake.

Cotton provides an example. For years, the federal government has guaranteed American cotton producers about 72 cents a pound, even though the real market price of cotton has averaged about 57 cents. The more cotton U.S. growers produce, the more they get from the government in subsidies. Since 2002, market prices haven't even covered the cost of producing cotton, but the amount of acres planted in cotton has *increased* because the government guarantees a higher price.

Most Americans hardly notice this economic distortion and perhaps chalk it up to typical, interest-group politics. But the effects in the cotton-growing regions of West Africa are dramatic. American subsidies result in overproduction, which depresses the global price of cotton, which keeps millions of Africans on the edge of malnutrition. In some of the poorest countries on Earth, cotton farmers are some of the poorest people, earning about a dollar a day. The typical cotton-producing household has 10 members. About 40 percent of children under 5 are malnourished.

Who benefits from the current system of subsidies? About 20,000 American cotton producers, with an average annual income of more than \$125,000 - a

portion of which goes to hire lobbyists. And these lobbyists do their work well. Even after the World Trade Organization in 2005 found U.S. cotton supports to be illegal, Congress made only cosmetic changes in policy. And recently the compliance panel of the WTO reaffirmed that America remains in violation.

Who would benefit from a reform of subsidies? A recent report by Oxfam America, "Paying the Price," estimates that family incomes for perhaps 10 million people in West Africa would increase by 2.3 to 5.7 percent. This extra cash would feed an additional 1 million children a year, or pay the school fees for 2 million children, or allow farm families to pay for medicine and buy fertilizer to increase their yields.

An odd alliance has gathered around the cause of reform. Fiscal conservatives such as the nonprofit Citizens Against Government Waste see cotton subsidies as a market-distorting waste of public money -- reducing the target price of cotton from 72 cents to 56 cents and changing the loan rate would save the U.S. government about \$1.2 billion a year. Humanitarian and faith-based groups such as Bread for the World see subsidies as an enemy of economic growth in the developing world. Both are correct. They also see this year's farm bill as the chance to reverse an inefficiency that is also an injustice. Both understand it is an uphill fight.

There is a lively intellectual debate on the causes of the most extreme forms of global poverty. In his challenging new book, "The Bottom Billion," Oxford University professor Paul Collier details a range of "traps" that limit the potential of the poorest countries. Many of these countries have experienced internal conflict or are "cursed" by natural resources that distort their development and perversely undermine their growth. Some are landlocked nations without access to regional or global markets, while others suffer under corrupt and incompetent governments.

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But whatever the ultimate reasons, at least some of this poverty exists because Congress has not acted in responsible ways on agricultural policy. So a fraction of the blame is our own. The cost to America of reforming cotton subsidies is low - a mite from a billionaire. The benefit to the world's poorest people is great. As is often the case, bad economics turns out to be bad morality.

It is the nature of American global power that an ignored amendment in a boring agricultural debate can take or save lives in a distant village, among people who will never know the names of Richard Lugar, Ron Kind and Jeff Flake - members of Congress leading this agriculture debate. But the price of power is moral responsibility. And giving African farmers a chance to earn and live is one of the clearest of those responsibilities

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