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One of the biggest concerns in modern American economy is the problem of farm subsidies. Are they good or bad? Should they be banned or enforced?

The agricultural subsidies are being declared and regulated by US government farm bills in order to support American farmers. Although the government's support to US farmers can be considered at first blush as the positive and indispensable act, there are some serious doubts about the positivity of the farm subsidies' impact upon US and world economy. The agricultural subsidy is the dangerous economic tool which promotes poverty in so called 3rd world (or developing) countries and high taxation in America;

forcing local farmers out of market, the subsidies affects global (world) food prices. Moreover, additionally to the concerns above, as it was stated in the article "Subsidizing Terrorism" by Thomas Friedman "...poverty is great for the terrorism business because poverty creates humiliation and stifled aspirations..." (Friedman, 104).

The financial help to the agricultural sector has the positive characteristics, especially now, during the World Crisis, because it allows to keep farmers busy, so they hire workers, and that partially somehow resolves the employment problem in America. However, farm subsidies have some negative and destructive aftereffects, such as they promote poverty in developing countries. Professor of Economics Arvind Panagariya noted in his article "Liberalizing Agriculture" that although subsidies can provide cheap food for consumers in developing countries, low prices are also considered harmful to farmers not receiving the subsidy (Panagariya, 1).

Because it is usually wealthy countries that can afford domestic subsidies, they promote poverty in developing countries by artificially driving down world crop prices. “ A new report finds that \$62 of every \$100 that U. S. farmers earn comes from one level of government or another. In 2009, that added up to a staggering \$180. 8-billion “(McKenna), so basically, American farmers can afford to sell on lower prices, pushing out from market the farmers from developing countries, because the difference will be compensated by the government aka by us, American taxpayers. Agriculture is one of the few areas where developing countries have a comparative advantage, but artificially low crop prices encourage developing countries to be dependent buyers of food from wealthy countries, so local farmers, instead of improving the agricultural and economic self-sufficiency of their home country, are forced out of the market.

All these mean that American farm subsidies promote poverty and unemployment in the 3rd world countries. The agricultural subsidy is the doubtful tool of modern economy which artificially makes the competition higher and promotes poverty and unemployment in developing countries by pushing local farmers in these countries out of market, and as a result, they may be a cause that unemployed people in poor countries would join fundamental groups or terrorists.

Comment:

There are a few comments in this article that I absolutely agree with but there are some things that are completely false. I agree American farmers do need to be supported, and government subsidies are the easiest way to do

this. There may be some downsides to this action, such as increased poverty and unemployment in third world countries, but I do not think that America should be concerned with that. The government, and country as a whole, has a responsibility to make sure that American farmers can compete in the market. Because of the recession, many industries are struggling, and the farming industry is just one of those. The American government has set a precedent of helping out other industries in trouble, such as the auto and financial industries, so it makes sense that the American government also helps the farming industry. This is a key industry in the American economy because it provides food for the vast majority of Americans. Imagine if the farming industry collapsed—consumers would even go hungry or be forced to buy foreign products at inflated prices.

The one point that I strongly disagree with in this article is the quote by Thomas Friedman. There is very little evidence to suggest that terrorism is a direct cause of poverty. This is simply not true because the issue is much more complex than that. Terrorists cannot use the excuse that they fell into poverty and that is why they are pro-violence.