Research paper on the farm bill

Business, Company

The long-stalled almost 1000-page Farm Bill was recently passed on an atypical bipartisan vote of 68 to 32. The Bill has real consequences on the American agricultural sector and particularly the economic sector. It affects everything from the food stamps, to the corn subsidies to even the mere cost of an acre of farm land. There have been vast reactions to the passing of the bill from various government officials and even the American citizens regarding the possible benefits and losses that the Bill poses.

Opponents of the bill, particularly the anti-hunger advocates, argue that the bill could lead to an increase of hungry people since it cuts spending on food assistance by $8 billion over ten years. This is about one percent of the program's total. However, it is argued that the cut in food stamp affects roughly four percent of the recipient and does not remove anyone from the program. Critics further argue that this helps the government economically as it cuts on its spending.

Of major concern is the provision regarding federal crop insurance program. Unlike the food stamp program, this program was not cut. The program is administered by 18 companies which are paid $1. 4 billion annually by the government to sell policies to farmers. It pays 62 percent of farmers' premiums. Previously the law provided the $5 billion-a-year crop subsidy to farmers who received payments whether or not they grew crops. The bill now requires farmers to instead, pay an insurance bill every year and provides that he or she will only receive support from that insurance in years when they take a loss. This would see an expansion of crop insurance for farmers by $7 billion over a decade. This is very beneficial since crop insurance is a wise choice for managing risk. For example, the risks of going out of a certain crop business, like the rice business evidently lowers supply in the country and calls for other expensive measures of importing since farmers would opt to go out into a different crop. Crop insurance not only promotes the requirement of exercising good farming practices in order to be eligible for coverage, but further encourages participation of beginning farmers since credit institutions will be more confident in giving loans to the beginning farmers with the knowledge that they are protected by a trustworthy crop insurance program.

However the bill is seen to give the private insurance companies favorable treatment by barring thee agricultural department from renegotiating lesser payments to the companies. Previously the department could renegotiate and this lead to billions of dollars being saved in the government's savings. But the provision has been advocated for because there are oppositions to any further cuts that would possibly affect a very important program to all farmers. Of great concern regarding the bill is the fact that implementation might possibly cost the taxpayer almost $1 trillion over ten years. Arguably, this is too high for the tax payer for a bill that seems to be of greater advantage to the farmer rather than to the poor people.

In conclusion, the bill could be a viable solution for improving the economic sector with the greatest winners being the farmers particularly because of the provisions relating to subsidies. A congressional budget office opined that it will actually cut deficits by nearly $17 billion compared to the prior law.

Works Cited

Agriculture, The U. S. Department of. " THE ECONOMIC IMPORTANCE OF PASSING A COMPREHENSIVE FOOD, FARM, AND JOBS BILL." 2013.

Ron, Nixon. " Senate Passes Long-Stalled Farm Bill, With Clear Winners and Losers." The New York Times 4 February 2014: 15.

Secretary of Agriculture, Tom Vilsack. Importance of maintaining the intergrity of the Farm Bill Todd Chuck. 3 February 2014.

White, The U. S Department of Agriculture with the. THE ECONOMIC IMPORTANCE OF PASSING A COMPREHENSIVE FOOD, FARM, AND JOBS BILL. New York: Executive office of the president, 2013.