

HOME (/)
ABOUT
JOURNAL (/ABOUT)
MASTHEAD (/NEW-PAGE)
PROSPECTIVE MEMBERS (/PROSPECTIVE-MEMBERS)
SUBSCRIBE (/SUBSCRIBE)
STAFF RESOURCES (/STAFF-RESOURCES)
PUBLICATIONS
PUBLICATION ARCHIVE (/PUBLICATION-ARCHIVE)
VOLUME 1 (2009) (/VOLUME-1-2008-2009)
VOLUME 2 (2010) (/VOLUME-2-2009-2010)
VOLUME 3 (2011) (/VOLUME-3-2010-2011)
VOLUME 4 (2012) (/VOLUME-4-2011-2012)
VOLUME 5 (2013) (/VOLUME-5-2012-2013)
VOLUME 6 (2014) (/VOLUME-6-2013-2014)
VOLUME 7 (2015) (/VOLUME-7-2014-2015)
VOLUME 8 (2016) (/VOLUME-8-2015-2016)
VOLUME 9 (2017) (/VOLUME-9-2016-2017)
VOLUME 10 (2018) (/VOLUME-10-2018)
SYMPOSIUM
INFORMATION (/SYMPOSIUM)
BLOG
FULL BLOG (/FULL-BLOG)
BLOG ARCHIVE (/BLOG-ARCHIVE-1)

SUBMISSIONS (/SUBMISSIONS)

October 12, 2013 (/full-blog/2013/10/the-impact-of-government-shutdown-on.html)

The Impact of the Government Shutdown on the United States Farm Bill and Why the Bill Must Be Split Into Two Pieces (/full-blog/2013/10/the-impact-of-government-shutdown-on.html)



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By: Brad Butler, Staff Member

The Agricultural Act of 1949 (“Act”) was enacted on October 31, 1949.[i] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn1) It is the only permanent legislation concerning U.S. agricultural policy.[ii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn2) Temporary modifications and extensions to the Act, known as “farm bills,” are typically enacted every five years.[iii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn3) The Food, Conservation, and Energy Act of 2008 (“2008 U.S. Farm Bill”), the most recent farm bill, was a \$288 billion, five-year agricultural policy bill that was passed by Congress in June 2008.[iv] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn4) The 2008 U.S. Farm Bill expired in September 2012, but Congress extended certain provisions of the 2008 U.S. Farm Bill through September 2013 when it passed the American Taxpayer Relief Act of 2012 in early 2013 to avoid the fiscal cliff.[v] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn5) However, September 2013 has come and gone without the passage of another farm bill. If neither a new farm bill nor another extension is passed, then the U.S. will revert back to the agricultural policy set forth in the Act on January 1, 2014 and every consumer and farmer in the U.S. will be affected.

Reversion would have several consequences. It would give dairy farmers huge subsidies because the cost of operating a farm, after adjusting for inflation, was much higher in 1949 than it is today.^[vi] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn6) The current support prices for dairy under the Act are more than double the current market price.^[vii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn7) Collin Peterson, a member of the House Agricultural Committee, predicts that the support by the federal government would require the Agriculture Department to artificially raise the market price of dairy products through a massive government-buying program.^[viii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn8) The Act also sets floor prices for certain commodities, such as wheat, which also directly affects consumers.^[ix] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn9) For example, in 2012, the market price for a bushel of wheat was \$6.37, but under the Act there would be a price floor of \$13.58 per bushel.^[x] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn10)

There are more time sensitive matters, however. A critical issue is the availability of tax incentives to purchase crop insurance so that farmers can obtain the operating loans needed to survive from now until harvest next year personally and professionally.^[xi] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn11) Without the proper tax incentives to purchase the insurance, the extra cost could amount to around \$50 per acre, which is infeasible for large farms.^[xii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn12)

Now that the federal government has shut down, there will not likely be a new farm bill in the immediate future. However, the government shutdown is not the only reason that the bill has not been passed. Over the summer, the U.S. Senate passed its version of a farm bill.^[xiii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn13) The U.S. House of Representatives separated the farm bill into two parts: the agricultural policy bill^[xiv] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn14) and the nutrition assistance program bill.^[xv] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn15) The House passed the agricultural policy bill and the nutrition program bill separately, but the Senate rejected both. The House wanted \$20 billion cut from the Supplemental Nutrition Assistance Program (“SNAP”) over the next ten years, while the Senate only wants \$4.1 billion cut during that same time.^[xvi] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn16) The House has since recombined the farm bill.^[xvii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn17) However, it took a step toward ensuring that the bill remains separated in the future: it authorized the programs for different lengths of time.^[xviii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn18) Food stamps would be authorized for three years, and the agricultural policy would be authorized for five.^[xix] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn19)

SNAP is clearly causing the gridlock. The House and the Senate have both recognized the necessity of passing a new farm bill, but the extent of the cuts to SNAP has created an impasse. A separation of the farm bill into its parts is logical because it removes a controversial political element from agriculture policy. Neither the House nor the Senate rejected the other’s farm bill because of the agricultural policy – it was because of the level of the proposed cuts to SNAP. It is ironic that Congress on the whole seems to understand the need to reduce government spending even though it allowed the extension to the 2008 U.S. Farm Bill to lapse and a reversion to the rules under the Act is possible. The reversion may cost more in the long-term than simply agreeing to a specific reduction to SNAP. The practical impact of splitting the bill would be the obvious fact that the Congress would likely be at odds every time the SNAP program needs to be reauthorized. Therefore, Congress must be aware of the fact that splitting the bill would ensure that the agricultural policy bill is passed when it needs to be reauthorized. However, the guaranteed passage of the agricultural bill every few years might be at the expense of SNAP and the people who need it.

[i] (http://www.Blogger.com/blogger.g?blogID=8202935745006855383#_ednref1) Agricultural Act of 1949, 7 U.S.C. § 1431 (1949).

[ii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref2) Eric Schuck, Congress needs to pass a farm bill – or learn to farm like it’s 1949, Oregon Live (Sep. 8, 2012, 12:00 PM), http://www.oregonlive.com/opinion/index.ssf/2012/09/congress_needs_to_pass_a_farm.html (http://www.oregonlive.com/opinion/index.ssf/2012/09/congress_needs_to_pass_a_farm.html).

[iii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref3) Kevin Diaz, Minn. farmers get lost in budget standoff; crop policies revert to ‘49, Star Tribune (Oct. 7, 2013, 9:32 AM), <http://www.startribune.com/politics/226683921.html> (<http://www.startribune.com/politics/226683921.html>).

[iv] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef6) House Committee on Agriculture, 2008 Farm Bill, <http://agriculture.house.gov/issue/farm-bill/2008-farm-bill> (<http://agriculture.house.gov/issue/farm-bill/2008-farm-bill>).

[v] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef5) Ron Nison, Tax Bill Passed By Senate Includes Farm Bill Extension, NY Times (Jan. 1, 2013, 11:02 AM), http://www.nytimes.com/interactive/us/politics/debe-reckoning.html?_r=0 (http://www.nytimes.com/interactive/us/politics/debe-reckoning.html?_r=0).

[vi] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef6) Diaz, supra note 3, at 1.

[vii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef7) Id.

[viii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef8) Id.

[ix] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef9) Id.

[x] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef10) Id.

[xi] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef11) American Farm Bureau Federation, A Tale of Two Farmers: Harvest, the Farm Bill and Political Paralysis, *The Voice of Agriculture* (Oct. 1, 2013), <http://www.fb.org/index.php?action=newroom.news&year=2013&file=nr1001b.html> (<http://www.fb.org/index.php?action=newroom.news&year=2013&file=nr1001b.html>).

[xii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef12) Id.

[xiii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef13) S. 954

[xiv] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef14) H.R. 2642

[xv] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef15) H.R. 3102

[xvi] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef16) FRAC Action Council, Farm Bill 2013, <http://frac.org/leg-act-center/farm-bill-2012/> (<http://frac.org/leg-act-center/farm-bill-2012/>).

[xvii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef17) H. Res. 361

[xviii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef18) Erika Johnsen, House re-couples, staggers "farm bill" as the clock winds down, *Hot Air* (Sep. 30, 2013, 6:41 PM), <http://hotair.com/archives/2013/09/30/house-re-couples-staggers-farm-bill-as-the-clock-winds-down/> (<http://hotair.com/archives/2013/09/30/house-re-couples-staggers-farm-bill-as-the-clock-winds-down/>).

[xix] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednef19) Id.

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