Thursday, April 17th, 2014, 5 pm

Alte Akademie 10 (Hösaal 8 /lecture room 8)

The 2014 U.S. Farm Bill: An Overview

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Abstract

The Agricultural Adjustment Act of 2014 (AA) was signed into law February 7. This legislation frames U.S. agricultural and food policy over the next five years. With the new law annual outlays are projected to average near $100 billion--farm programs 20 percent and nutrition programs 80 percent. Leading to the decision was three years of politically partisan debates. Historic farm bill debates focused more on regional than political party lines. However, a key partisan issue this time was federal spending in light of for support for today's farm sector relative to competing federal programs. The new commodity program legislation replaced direct farmer payments with two options; farmers must choose between a reference price program (PLC) and one of two options of a revenue risk coverage program (ARC). In selecting among the program and insurance choices farmers will need to think not just about next year but five years out in terms of how much risk they can assume and what will happen to prices and yields. If a producer is bearish on prices over the next five years PLC may offer advantages, if bullish ARC may look relatively attractive. With the new legislation farmer decisions become considerably more complex. It will not be easy for them to decide which program is right for them. Decision calculators will be in demand!