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Subject: Questions

Katherine—below are some suggested questions that I think really start to flush out the moving parts of this issue. If anyone needs any clarification on these questions, I am happy to work on them some more. Hope they are helpful.

Suggested Questions Related to the SC Farm Aid Bill:

1. Why is it a proper role of the Government to provide direct funding to any one industry?
2. If we determine it is proper because of the historic flooding, why would this bill establish a permanent program?
3. What was the actual cost of the damage to the agriculture industry, taking into account commodities prices, and how much of that was insured (i.e., the prices farmers were going to sell their crop for on the market)?
4. Were any farmers going to go out of business this year regardless of the October flooding, and does this bill account for this issue?
5. If a farmer bought the absolute best crop insurance he could, including any available supplemental coverage, what percentage of the farmer's projected revenue would that have covered?
 - a. Isn't the percentage not covered simply the farmer's deductible?
6. Are crop insurance premiums subsidized by the federal government, and at what level?
7. Even with the best intentions, isn't it true that government programs like the one proposed in the farm aid bill create economic distortions by shifting the priority of limited resources (e.g., encourages inadequate savings because of the availability of grants)?

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