

Conclusions

This report presented three approaches to a farm household safety net based on income or expenditure thresholds, and a fourth based on a minimum standard of living similar to that of the average nonfarm proprietor. While we do not address implementation issues, these safety-net approaches could be used with a mix of commodity and conservation programs. Were this minimum-standard safety-net concept introduced as policy, the amount of compensation would likely be adjusted to lower threshold levels than used in this analysis. Any threshold less than roughly \$30,000 in household income would result in lower safety net costs than current farm program payments. A safety net that used a mix of commodity and conservation programs might cost more than current farm programs.

The current set of farm safety net programs generally benefits farmers producing selected commodities, and the primary beneficiaries are larger farms. For economists and others, safety nets are judged by their ability to ensure some minimum standard of living for everyone in a society or a subset of society. In this report, we have analyzed four farm safety net scenarios that are explicitly defined as ensuring all farm households have some minimum standard of living. We find that these scenarios would lead to a very different distribution of farm safety net payments than current programs, with smaller, lower income farmers benefiting more than farmers with large farms. The current farm safety net may have appeal as a commercial or industrial policy. In light of this report, policymakers and researchers may wish to further consider the costs and benefits of maintaining the current farm safety net.