Insight

President Obama’s FY 2015 Budget: Trade and Agriculture Subsidies

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President Obama’s FY 2015 budget proposes funding for trade programs and cuts for agriculture subsidies. Both of these proposals are sound policy, but unfortunately, neither proposal makes as big an impact as it could.

TRADE

The president’s budget increases funding for export promotion and unfair trade practices enforcement, providing $497 million to the International Trade and Investment Administration (ITIA). While these are sound priorities, they matter little if Congress does not pass trade promotion authority (TPA) legislation. TPA would give the president the ability to negotiate free trade agreements that Congress would approve with a simple up or down vote, giving our trading partners confidence in our negotiations. Promoting our exports and policing unfair trade practices are important, but they have far more impact when the U.S. has more trading partners.

AGRICULTURE

The president’s budget praises the farm subsidy reforms in the 2014 farm bill, but it also proposes additional cuts to crop insurance subsidies. The proposed cuts would impact farmers, who would see a reduction in crop insurance premium subsidies, and insurers, who would receive fewer subsidies for administration and underwriting. These cuts are estimated to save $14 billion over 10 years. Reducing these subsidies is a step in the right direction, but they do not go far enough to reform an agriculture industry that is so economically inefficient and too dependent on federal government subsidies.