

April 28, 2008

Dear Member of Congress:

All around the globe, food riots have shaken countries from Haiti to Egypt to India to Uzbekistan while rising rice prices cause grief in many Asian countries. A global food crisis threatens to impoverish millions around the world. Here at home, livestock and dairy producers, bakers and food processors have expressed their fears over skyrocketing commodity prices while higher food prices are eating into many family budgets. News reports nervously highlight that U.S. and world grain stocks are at all-time lows since World War II.

For more than a decade, and particularly during Farm Bill negotiations of the past year, we have been sounding alarms over the precarious state of our food security. The undersigned farm, consumer, environmental, religious and development groups believe it is urgent that we establish a Strategic Grain Reserve, similar to the Strategic Petroleum Reserve, and re-instate the Farmer-Owned Reserve. Under the 1996 Freedom to Farm Act, the United States eliminated all its government stocks, save for a very small amount in the Emerson Humanitarian Trust Reserve intended for foreign aid. We are just one drought away from possibly seeing \$10/bushel corn or \$20/bushel wheat with absolutely no plan in place to deal with such a calamity. The president and U.S. Congress have irresponsibly ignored this issue throughout the entire Farm Bill debate, even as other countries such as China and India build up their strategic stocks. Last October, the European Union stated they would examine establishing reserves to further buffer against price shocks. The United States cannot afford such ill-prepared planning that is putting our food system and larger economy at grave risk.

The idea of holding grain reserves to stem hunger has been a part of many ancient civilizations. In the Old Testament, Pharaoh put Joseph in charge of Egypt's grain reserves that would set aside one-fifth of production to account for seven fat years followed by seven lean years. A "constantly normal granary" operated in China for over 1,400 years. China's grain reserve is presently between 150 million and 200 million tons. During the New Deal, the United States established grain reserves as a way to protect farmers from depressed prices and to ensure soldiers and consumers had enough to eat. The idea for the government to hold "buffer stocks" as a way to stabilize commodity markets was widely popularized by Benjamin Graham, a Wall Street legend who mentored Warren Buffett. In 1977, Congress enacted the Farmer-Owned Reserve in the Farm Bill as a means of "maintaining adequate food reserves." These policy mechanisms were all dismantled by the 1996 Freedom to Farm Act. The global move towards free trade and trade liberalization means countries around the world have also forfeited much of their food stocks. The current price volatility roiling global food prices should come as no surprise.

Reinstating food reserves would facilitate more orderly marketing, protect consumers from price surges, and could meet energy and humanitarian needs. The possibility of

short supplies seriously threatens our reputation as a reliable exporter and is one of the fundamental reasons behind current market speculation as suppliers hoard their stock and commodity traders buy and sell wildly. Currently, private corporations control U.S. grain reserves as a result of Congress's decision to privatize our excess commodity supply.

Our government should be responsible for providing a stable supply of food for their citizens in the face of unpredictable disruptions in grain production. Strategic reserves are also a much more responsible approach to addressing the rise in commodity prices that have caused much anguish from livestock and dairy producers, bakers and food processors. Some groups have advocated for allowing Conservation Reserve Program acres to be brought into production as a solution. We oppose this shortsighted move that would devastate ecologically sensitive land so revered by conservationists and hunters. We cannot grow our way out of this crisis.

Those clamoring for the days of cheap commodities need to remember that commodity prices collapsed after the 1996 Farm Bill, with corn falling to \$1.50 / bushel and wheat under \$3 / bushel. These prices were lower than what farmers received in the 1970s! As a result, thousands of farmers went out of business and billions were spent in emergency federal payments. Agribusinesses profiting from buying cheap corn and wheat have never showed much concern for the perilous plight of farmers. Now that higher prices are sparking cries for more production, the United States needs to have a long-term vision for preserving our food security and food sovereignty – much more than simply answering agribusiness's pleas for cheap commodities. A prudent reserves policy that stabilizes commodity prices would reduce controversial farm subsidy payments by ensuring prices do not collapse. Ten-dollar corn is a threat to our system, but \$2 corn should be every bit as unacceptable.

A Strategic Grain Reserve is just as vital as a Strategic Petroleum reserve. It is not too late for Congress to establish policy that will benefit both consumers and farmers instead of leaving our fates to the whims and dictates of unstable, globalized markets. As a matter of national security, our government should recognize and act on its responsibility to provide a stable market for food in an era of unprecedented risk.

Sincerely,

Agricultural Missions, Inc.  
American Agriculture Movement, Inc.  
American Corn Growers Association  
Ashtabula County Farmers Union (Ohio)  
Border Agricultural Workers Project (El Paso, TX)  
California Farmers Union  
Center of Concern  
Community Farm Alliance (Kentucky)  
Congregation of the Holy Cross; Coordinator for Peace and Justice  
Family Farm Defenders  
Farm Aid

Federation of Southern Cooperatives/Land Assistance Fund  
Food and Water Watch  
Food First/Institute for Food and Development Policy  
Grassroots International  
Hispanic Organizations Leadership Alliance  
Institute for Agriculture and Trade Policy  
International Labor Rights Forum  
Iowa Citizens for Community Improvement  
Johns Hopkins Center for a Livable Future  
Kansas Farmers Union  
Maryknoll Office of Global Concerns  
Missionary Oblates of Mary Immaculate  
    Justice, Peace/Integrity of Creation Office  
Missouri Rural Crisis Center  
National Catholic Rural Life Conference  
National Family Farm Coalition  
National Farmers Organization  
National Latino Farmers and Ranchers Trade Association  
Ohio Farmers Union  
Organic Consumers Association  
Presbyterian Church (U.S.A.) Washington Office  
Rural Advancement Fund (NC)  
Rural Coalition /Coalicion Rural  
Western Organization of Resource Councils  
WHY (World Hunger Year)

For more information or to reach signors, please contact NFFC at (202) 543-5675.