



## OUR FOOD BILL IN CONGRESS

From tainted feed killing our pets to e.coli in our meat and spinach to cheap processed foods that have caused an obesity crisis, our food system is broken.

Free trade globalization policies currently only encourage cheap imports and low commodity prices. It also fuels consolidation and concentration in our food system into the hands of a few multinational companies while disrespecting the needs of family farmers, the land, rural culture, and our health. Thanks to international trade agreements, farmers around the world are pitted against each other, with dumping from developed countries wreaking havoc in developing nations and undercutting poor farmers abroad.

Family farmers around the world are fighting for a fair price and are leading the way to reclaim control of our food system by achieving food sovereignty: the right of peoples, countries, and nations to decide their own food and agricultural policies, the right to produce food for their own domestic markets, and the right to protect those markets from being destroyed by the dumping of cheap imports sold below the cost of production.

We have a unique opportunity in the current drafting of the 2007 Farm Bill to stop outsourcing our national food security and ensure a farm bill that works for farmers both here and abroad, consumers and rural communities.

The following information has been crafted by family farmers and policy staff to answer frequently asked questions on the farm bill.

---

### **ABOUT National Family Farm Coalition:**

The Food from Family Farms Act Q&A was developed by the National Family Farm Coalition, a non-profit providing a voice for grassroots groups on farm, food, trade, and rural economic issues to ensure fair prices for family farmers, safe and healthy food, and vibrant, environmentally sound rural communities here and around the world.

110 Maryland Ave. NE Suite 307, Washington DC 20002

www.nffc.net

E-mail: [nffc@nffc.net](mailto:nffc@nffc.net)

Ph: 202.543.5675

Fax: 202.543.0978

# QUESTIONS & ANSWERS

## WHAT IS THE FARM BILL & WHY SHOULD I CARE?

The farm bill should more accurately be called your food bill. Anyone who eats has an interest and stake in the farm bill. Passed by Congress approximately every five years, the farm bill is a giant piece of legislation that forms the foundation of our food system. It sets policies and budgets for everything from crop subsidies and country-of-origin labeling to food stamps and conservation programs. The farm bill directly impacts everything you eat and as a tax payer, you are footing the bill.

There are ten sections, or titles, in the farm bill, including conservation, energy, nutrition and rural development. The National Family Farm Coalition, as a progressive organization representing family farmers, firmly believes that unless Title I, the commodity title, is fundamentally reformed to address fair prices for farmers, every other aspect of farm policy that may try to deal with the environment, nutrition, or sustainable practices will be doomed to failure.

The 2002 Farm Bill and the disastrous 1996 “Freedom to Farm Act” both failed to address the primary problem farmers face year after year: market prices below the cost of production. Under the current program, taxpayer subsidies keep the farm economy limping, but at prices still below the cost of production. Meanwhile, the giant grain corporations and livestock factory farms make record profits due to their access to cheap grain.

Cheap commodities have benefited multinationals that produce processed foods, which have led to our obesity epidemic. Below-cost feed has also fueled the growth of industrial factory farms that have devastated many communities’ air, water, and land with their pollution while also driving out diversified family farmers.

Research at Tufts University shows that from 1997 to 2005, the four largest broiler chicken companies paid \$5 billion less than the cost of production for their feed. The four largest corporate hog producers (producing 50% of U.S. hogs) paid more than \$3 billion less during that same period. This is why organic and sustainable farmers are always competing unfairly with the low prices of low quality industrially farmed products.

Taxpayers, thanks to the current commodity title, are paying for the demise of their own family farm system. We need to restructure the system to benefit our family farmers and not the subsidizing of factory farms.

## **WHY ARE FARMERS CURRENTLY NOT ABLE TO RECEIVE A FAIR PRICE?**

Farmers are price takers, not price setters. Farmers do not react to typical “market signals.” There are climate, political, and environmental factors that separate agriculture from other sectors of the economy, and make agriculture an exception to the “usual” economic rules. In agriculture, there is a perverse incentive to overproduce, no matter what the price, in order to make payments on the debts necessary to farm. Many blame subsidies for farmers overproducing and the resulting low prices. However, farmers will always strive to compensate for low commodity prices by growing more and more to make up any lost profit since they cannot set prices. Farmers’ tendency to overproduce happens regardless of subsidies.



Farmers are also not able to get a fair price because of highly uncompetitive markets. When a farmer sells a commodity to a grain trading or processing corporation, the farmer must sell at that corporation’s offering price—take it or leave it. There is no minimum price a corporation must pay. In the past few decades, there has also been a dizzying trend towards corporate and retail consolidation as our food supply becomes controlled by a handful of multinationals.

Farmers find themselves with less and less bargaining power as agribusiness continues its relentless march towards complete vertical (controlling all stages of production) and horizontal (concentrated markets) integration. The top four beef packers dominate 83.5% of the market while four pork producers control 66% of the market. The top four poultry companies process 58.5% of broilers in the United States according to an April 2007 study by the University of Missouri.

The Food from Family Farms Act would prevent meatpackers from using livestock they own (or control under contract) to manipulate prices by banning packer ownership of livestock, requiring fixed base prices for contracts, and requiring that contracts be traded in open, public markets. Antitrust laws and enforcement would be strengthened to level the playing field for small and independent producers, restoring truly fair and open markets.

## **WHAT’S NEEDED IN THE 2007 FARM BILL TO REVERSE THE DESTRUCTIVE TRENDS IN AGRICULTURE?**

Farmers want a fair price from the market, not taxpayer subsidies that mainly benefit multinational corporations and cost us \$20 billion annually. Farm policy must provide stable prices for farm commodities at or above the cost of production. Support prices are minimum prices for agricultural products, similar to the minimum wage. Another way to think of the issue of price supports vs subsidies is the difference between the minimum wage—where workers receive a fair price for their labor from the market and

employers—versus food stamps, which are subsidies funded by taxpayers to help workers with low incomes. While some commodity prices are now higher than they have been in recent years thanks to the ethanol boom, we need a system that creates stability for farmers and consumers.

Price stabilization can take place with well-understood mechanisms that worked in previous decades, but were dismantled in the 1996 Freedom to Farm Act due to misguided “free market” ideology. Three main policies can help us achieve fair prices and are the pillars of NFFC’s “Food from Family Farms Act”:

- 1.) Market price supports that place a floor under the actual market price of the commodity. This was previously achieved through the use of nonrecourse loans where farmers were guaranteed a floor price and could forfeit their crop to the government if prices went too low;
- 2.) Food security reserves—setting aside reserves of storable commodities to draw from or add to, to even out ups and downs of the market and stabilize the floor price for farmers as well as livestock producers currently worried about high feed costs; and
- 3.) Conservation programs and supply management to prevent wasteful overproduction.

In addition to price stability and restoration of fair and open competitive markets, the FFFA also includes as part of its vision:

- Support for new generations of diversified, sustainable family farmers.
- All farm and food policies to fully serve the diversity of our nation’s family farmers through accessible USDA programs.
- Stewardship of land and water through improved conservation programs.
- Encouraged economic development through new markets for healthy, sustainably produced food.
- A democratic policymaking process that protects the future of our environment and encourages healthy rural communities.



## **COULD WE ENCOURAGE MORE FARMERS TO GROW FRUITS AND VEGETABLES BY ELIMINATING SUBSIDIES FOR CORN AND OTHER PROGRAM CROPS?**

This is a critical question, particularly as public health concerns over obesity and diabetes continue to grow. Program crops are raised on 266 million acres while fruits and vegetables are only grown on about 12 million acres. However, it is an illusion that eliminating subsidies will make farmers automatically transition to specialty crops. Many fruit and vegetable producers have gone out of business because of competition from cheap imports from China, Mexico and Central America where labor is paid less than \$4 a day. As the U.S. signs onto more free trade agreements, chances increase that cheap imports will continue to flood our markets.

Secondly, while some farmers may have local markets that pay over the cost of production, traditional markets are hard to break into and in actuality, farmers are being rewarded for managing a large force of immigrant labor and using very high tech methods which are beyond the reach of most farmers. USDA's farm bill proposals cater to these kinds of farmers, or "growers," by promoting exports and research into more high tech methods.

The reason program crops predominate the landscape is because unless a farmer can find a market for more hands-on fruit and vegetable production or sustainable livestock, the only other alternative is one of the program crops extensively raised with labor-saving machinery and herbicides and for which banks will provide loans. And many of these program crop farmers still find it difficult to make a living and stay on the farm.

## **WOULD THE FFFA HELP IMPROVE THE ENVIRONMENT?**

While environmentalists tend to concentrate on conservation and stewardship programs, by reforming the commodity title and setting a price floor, the FFFA tackles more directly and urgently the current destructive trend of factory farms, often referred to as Concentrated Animal Feeding Operations (CAFOs). CAFOs have caused enormous water and air pollution and lowered property values in surrounding communities.

As noted before, factory farms have saved millions by purchasing below-cost feed. Forcing these industrial livestock operations to pay a fair price for feed will put them on

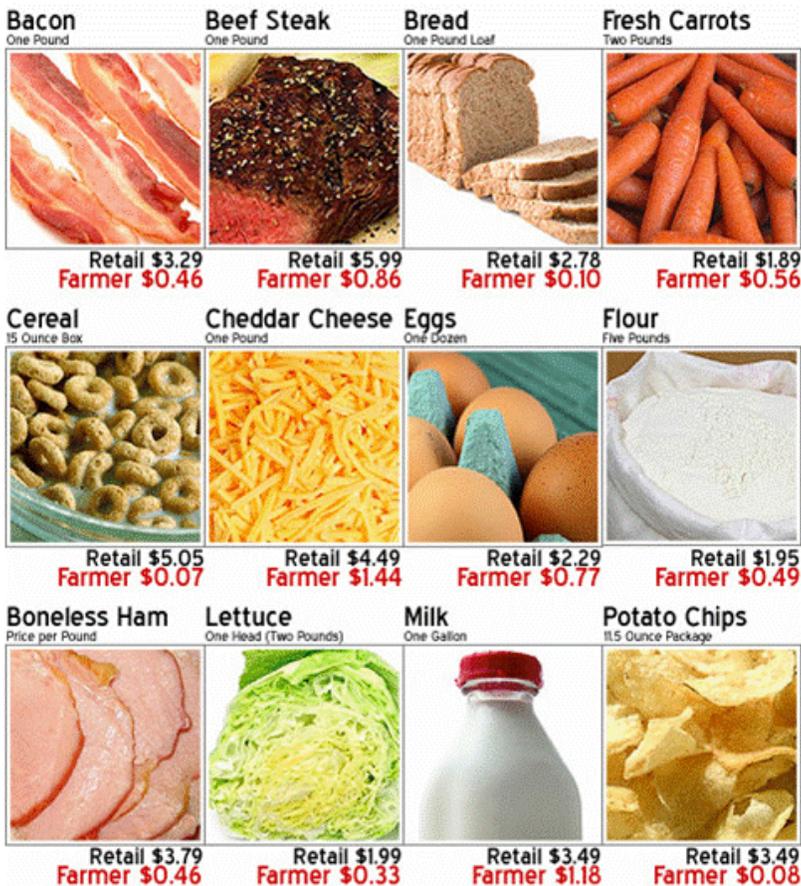
more equal footing with smaller, sustainable farmers. Instead of taxpayer subsidies helping to fuel the growth of CAFOs, the FFFA will promote policies that help farmers practice good conservation measures. No longer would farmers be forced by low prices to maximize production on land. Higher incomes are key to providing farmers the necessary tools to practice and expand conservation measures.

Rebuilding our food systems will also allow for more local and direct marketing through farmers markets and farm-to-cafeteria programs. Currently, the average food item travels 1,500 miles, contributing greatly to our global climate change crisis. Adopting more localized food systems as promoted by the FFFA will go a long ways towards alleviating the environmental problems caused by our industrial agriculture system.

### WON'T HIGHER PRICES PAID TO FARMERS CAUSE HIGHER PRICES FOR CONSUMERS?

Oddly enough, there is little correlation between what farmers receive for their products and what the consumer pays at the grocery store. It is not unusual to see increased bread and cereal prices on the retail shelf at the same time that the prices farmers receive for wheat and corn (the raw materials of bread and cereal) take a nosedive.

The farmer's share of the consumer dollar is small and has been decreasing for decades now. Farmers now receive about 20 cents per dollar, while ten years ago it was 32 cents per dollar as the below image depicts.



Currently, there is less than eight cents worth of corn or wheat in an average box of cereal that costs more than \$4.00 at the grocery store. Over the last decade, retail beef prices have increased by more than 30% while live cattle prices to rancher have actually decreased.

Fair increased prices to farmers would represent only a very small percentage of overall food costs and should be absorbed by other players in the system rather than being passed onto the consumer. The FFFA would also substantially decrease the need for taxpayer subsidies and emergency payments as a result of farmers achieving a fair price from the marketplace.

Farmer's share derived from USDA, NASS "Agricultural Prices," 2006. Retail based on Safeway. Courtesy National Farmers Union

## **IS THE FFA WTO-COMPLIANT? WHAT IS FOOD SOVEREIGNTY?**

NFFC endorses the concept of food sovereignty as the basis of what our food system should look like instead of the World Trade Organization's emphasis on "free trade" that causes farmers around the world to compete with each other in a race to the bottom. Food sovereignty respects the right of every country and region to establish food and farm policies based on their own needs and traditions, for food security, for conservation of natural resources, for the fair distribution of economic opportunities, and for the right of farmers to serve their local markets at a fair price.

Thus food sovereignty is also the right of people to define their own agricultural policy, which is being undermined by the WTO and the emphasis on free trade that focused production on export markets.

U.S. trade and agricultural policy have fostered a food system, which benefits giant agribusiness but is failing the world's farmers and citizens. Instead of monoculture crops and concentrated markets controlled by a handful of multinationals, food sovereignty promotes biodiversity and equal access to land and resources.

Fair prices and food reserves here will help curtail overproduction and the dumping of cheap commodities onto foreign markets. In the case of Mexico, over 1 million corn farmers have been driven off their land due to the dumping of our cheap corn. Food sovereignty respects both the rights of farmers in Mexico and the United States to make a living from the land and producing food for their communities.

You can help promote a fair food system by urging your elected representatives to support the FFA policies. Support the FFA and solicit your organization's endorsement. Contact the National Family Farm Coalition at 1-800-639-3276 for more information.

