FAMILY FARMERS LAMBAST WASTED OPPORTUNITY OF FARM BILL

Congress Chooses to Ignore Global Food Crisis

Washington D.C. (May 23, 2008) -The National Family Farm Coalition today criticized Congress and the recently enacted Farm Bill for failing to address the growing global food crisis occurring abroad and here at home. During the Farm Bill debate, there was widespread media attention focused on the ecological, economic, and public health hazards of our broken, industrialized food system. Renewed consumer demand for local food provided by sustainable family farmers made NFFC hopeful that Congress would finally reorient our farm programs away from favoring corporate agribusinesses over family farmers. Though incremental improvements were made to help fund organic, conservation, local food and diversity initiatives, the underlying bill continues to favor industrial agriculture models at the expense of family farmers and rural communities.

NFFC President and Mississippi farmer Ben Burkett said, "While I am glad to see the Farm Bill acknowledges minority farmers in a meaningful way for the first time and also allows for more black farmers to seek justice under the Pigford case, it should not hide the fact that the bill still represents a fundamental failure to family farmers and will not stop the hollowing out of rural America. The bill will also continue to undermine the food sovereignty of farmers around the world devastated by export dumping by U.S. agribusinesses."

Though NFFC believes the Farm Bill represented a missed opportunity to redirect our food and farm systems, NFFC does not agree with the misguided reasoning behind President Bush's veto and his promotion of corporate globalization and free trade through the World Trade Organization, which has devastated farmers both here and abroad. Neither do we agree with the critiques from left- and right-wing groups urging vetoes on the basis of subsidies for "millionaire farmers" and the dismantling of farm programs in favor of the Bush Administration's deregulated free-trade agenda.

Commodity Title

Since the 1996 Farm Bill eliminated all government-held reserves for commodities, NFFC has warned this was putting our food system in severe jeopardy. With the global food crisis upon us, implementing grain reserves now is just as urgent a necessity for the United States to have as the Strategic Petroleum Reserve. Without the reserve, farmers never knew how low prices would go and had to rely on taxpayer subsidies for the past few years as prices fell far short of their cost of production. Now, with ethanol-driven demand among other factors pushing commodity prices higher, food processors, bakers, livestock producers and consumers are left wondering when prices will stop rising. While NFFC points to increased fuel and energy costs as the main factor behind food price inflation and does not agree with the campaign to blame ethanol and higher corn prices, NFFC does not believe ethanol is a viable long-term solution towards ensuring farmers can receive a fair price to cover their costs of production. A Strategic Grain Reserve, combined with revived Farmer-Owned Reserves, would offer much better stability for farmers, food processors and consumers. George Naylor, an Iowa corn and soybean farmer, said, "While other countries are rebuilding their food stocks or considering establishing Strategic Grain Reserves, our Congress and the president put its head in the sand and continues to leave America's food security in the hands of Wall Street speculators. By letting prices fluctuate without any price floor or government reserves, the Farm Bill only heightens economic uncertainty for both family farmers and consumers in an already precarious economy."

NFFC is extremely disappointed in Congress's decision to establish no reserves and instead, continue a disastrous commodity policy that has failed rural America and benefited corporate agribusinesses. A Tufts University GDAE study showed that from 1997-2005, industrial factory farms saved $35 billion, thanks to buying below-cost feed, while farmers were forced to rely on subsidies. Smithfield and Cargill are the real winners of our commodity policies, not farmers. The new Average Crop Revenue Election (ACRE) program being offered in the Farm Bill ties subsidies to revenue instead of prices. Though some may see this as a better deal for farmers, the ACRE program would offer virtually no safety net should prices become depressed for several years, as occurred after the disastrous 1996 Freedom to Farm Act. Any assumption that "high prices are here to stay forever" ignores decades of history and the lessons of the 1980s Farm Crisis that occurred after the 1970s export boom. It is akin to the misguided mentality that caused our current mortgage foreclosure crisis, where the underlying assumption was "housing prices will always increase."

Livestock Title

In addition to continuing with a broken subsidy system, Congress chose to ignore urgently needed reforms for the livestock sector by failing to include the packer ban and captive supply in the livestock title. With the announcement of Brazilian meatpacker JBS Swift's planned takeover of National Beef, Smithfield Beef and Five Rivers Ranch Cattle Feeding, America's independent ranchers and farmers' livelihoods would be endangered by such a merger. Rhonda Perry, a Missouri livestock and grain farmer, said, "We have seen severe consolidation in our industry, so that four meatpackers now control 80% of our market. The JBS Swift merger might be the final nail in the coffin. Packers and their monopoly have been squeezing farmers out for decades now. We desperately needed the packer ban to restore some fairness and true competition in agriculture."

Dairy Provisions

NFFC's Dairy Subcommittee has worked tirelessly to alert Congress to the dire state of the dairy industry. This Farm Bill, despite an increase in milk income loss contract (MILC) payments that are tied to a feed adjuster, does nothing to address a broken dairy pricing system prone to manipulation and corruption. NFFC denounces the following provisions for the dairy sector:

- Including the forward contracting program, which promises to further undermine the Federal Order system by allowing processors to lock in more "captive supply" of milk and lower prices for producers.

- Expanding the Dairy Assessment for imports of 7.5 cents per hundredweight (cwt) of milk. This assessment simply funds dairy organizations like National Milk Producers Federation that serve the interests of processors more than they do the interests of dairy farmers. It could also be used to promote imported caseinates and milk protein concentrates at the expense of domestic milk.

- Establishing (subject to appropriations) a Federal Milk Marketing Order Review Commission that stacks the deck for industry to change the Federal Milk Marketing Order. It further undermines producers and aims to redefine milk by possibly allowing milk protein concentrates and other substitute dairy products to be considered real "milk."

Paul Rozwadowski, a Wisconsin dairy farmer and chair of NFFC's Dairy Subcommittee, said, "The Farm Bill threatens the survival of America's remaining 60,000 dairy farmers with provisions only intended to help the processors and food companies who buy our raw product. Farmers don't want more MILC payments from taxpayers. We want a fair price reflecting our spiraling costs of production to be paid for by processors." Rozwadowski further condemned the Farm Bill for failing to address the endemic corruption in the industry and said, "Recent articles in the Wall Street Journal and New York Times have exposed the massive fraud and corruption on the part of Dairy Farmers of America. The Justice Department completed a three-year antitrust investigation against DFA that has yet to see the light of day, yet the Farm Bill does nothing to help bring much-needed justice for dairy farmers put out of business by the machinations of our cooperatives who have long ceased working on behalf of our family farmers."

Credit Title

Despite the Senate Agriculture Committee oversight hearing in June 2006 identifying serious problems in the delivery of USDA farm credit programs and the Senate's Farm Bill provisions to reinstate debt restructuring programs that have been weakened since the early 1990s, the final Farm Bill eliminated most of these provisions. On a positive note, Congress rebuffed the efforts of the Farm Credit System to expand their lending authority beyond farm lending. NFFC joined with more than 20 organizations in opposing this proposal, identifying the FCS current poor record in lending to farmers – particularly minority and beginning farmers - as evidence that an expansion into non-farm lending was inappropriate for a government-sponsored farm credit agency.

Many farmers are on the brink of financial disaster, despite somewhat higher commodity prices, as their costs of production escalate with little stability in the pricing system. Furthermore the consolidation of the banking sector means that many local banks in rural communities no longer understand nor care about their farm borrowers and are moving to eliminate lending or to foreclose at the first sign of a troubled loan. Bill Christison, NFFC's Credit Committee Chair and Missouri corn, soybean and cattle farmer stated, "All over America, many farmers have suffered devastating foreclosures and liquidations due to extensive fraud and corruption within both the Farm Service Agency and commercial banking sectors. This Farm Bill should have been an opportunity to address long-term credit access and servicing problems that plague farm and rural communities. NFFC calls on the House and Senate Agriculture Committees, along with the appropriate Finance/Banking Committees, to probe the growing problem of predatory lending in the farm credit arena now and not to wait until the crisis is as serious as the home mortgage crisis."

Positive Provisions in the Farm Bill
NFFC acknowledges some of the positive aspects and incremental gains of the Farm Bill, even if the underlying bill overall continues with flawed policies.

- **First Ever Livestock Title**: The Farm Bill finally contains a livestock title that will provide some much needed protections for independent ranchers and farmers raising livestock under contract. Though many provisions were watered down from the Senate version, there were some key reforms, including: preventing mandatory arbitration clauses for livestock/poultry contracts; allowing a three-day period to cancel contracts; and requiring contracts to disclose the requirement of large capital investments. Though Congress did not include an Office of Special Counsel within USDA to deal with enforcement of the Packers and Stockyards Act (PSA), the Farm Bill does require USDA to report annually on its investigations into violations of the PSA and directs USDA to define "undue pricing preferences" so that unjust pricing practices do not unfairly discriminate against small and independent livestock producers.

- **Diversity Initiative**: The Farm Bill gives significant recognition to the importance of minority and socially disadvantaged farmers. There are specific targets for minority and socially disadvantaged farmer participation in conservation, farm credit, Value Added Producer Grants, and the Beginning Farmer and Rancher Programs. Minority Outreach and Education (Section 2501) authorized in the 1990 farm bill receives for the first time mandatory funding at $75 million over 4 years. This competitive grant program to community based organizations and educational institutions helps minority and socially disadvantaged farmers access USDA programs through effective outreach programs. Additionally, there is language halting foreclosure on minority farms that may have resulted from discrimination and allowing for more qualifying black farmers to file for the Pigford settlement if they were unable to the first time.

- **Country-of-Origin Labeling and Interstate Meat Shipment**: The Farm Bill includes language to implement long-awaited COOL requirements for produce, beef, pork, chicken, lamb and goat that will go into effect in September 2008. COOL was included in the 2002 Farm Bill, but food industry, USDA and meatpackers' opposition have delayed its implementation. There are also provisions allowing for the interstate shipment of state-inspected beef that meets federal inspection standards. Both of these policies represent victories for consumers and farmers aiming to rebuild local food systems.

- **Community Food Projects and Geographic Preferences**: The Farm Bill provides $5 million in mandatory annual funding for innovative Community Food Projects for matching grants to community groups building sustainable local food systems addressing hunger, nutrition, and meeting food security goals. There is new statutory language clearly stating that preference can be given to local purchasing of agriculture products for schools serving meals that receive federal assistance, resolving a conflict in USDA's interpretation of the 2002 farm bill.

- **GMO Oversight**: New mandates to strengthen USDA oversight of GMO crops will help prevent the disaster that occurred when an unauthorized GM rice strain entered the U.S. rice crop and caused massive losses to export markets. The new regulatory framework will reduce the potential for future GMO contamination events at field trial test sites.

- **Conservation Funding**: While NFFC applauds the $1.1 billion mandatory increase for the newly renamed Conservation Security Program (now the Conservation Stewardship Program) that allows for the enrollment of 115 million acres by 2017, we remain extremely disappointed that Congress chose to increase funding for the Environmental Quality Incentives Program (EQIP) by $2.4 billion. Currently, confined animal feeding operations (CAFOs) can receive up to $450,000 in EQIP funding and represent a taxpayer handout to help factory farms deal with their hazardous waste. Though the Farm Bill now limits EQIP funding to $300,000, this is still an outrageous giveaway to factory farm interests and unfairly denies funding for family farmers.

- **Beginning Farmer and Rancher Development Program**: The Farm Bill provides $75 million over 4 years in mandatory money for competitive grants to groups providing technical assistance and other services to beginning farmers and ranchers. This program was created in the 2002 Farm Bill but was never funded.

- **Permanent Disaster Program**: The new $3.8 billion permanent disaster relief fund is important to ensure timely funding for natural disasters. NFFC still has concerns minority, socially disadvantaged, limited resource and organic farmers will have access to the funds.

- **Local Food Initiatives**: NFFC applauds the $33 million in mandatory funds for the Farmers Market Promotion Program, $56 million for the Seniors Farmers Market Nutrition Program, and $1.2 billion to expand the Fresh Fruit and Vegetable Program that will enable 3 million children across the country to have access to healthier food options.

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National Family Farm Coalition (NFFC), founded in 1986, unites and strengthens the voices and actions of its diverse grassroots members to demand viable livelihoods for family farmers, safe and healthy food for everyone, and economically and environmentally sound rural communities.

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