

# NFFC HOSTS TELECONFERENCE OUTLINING HOW LACK OF GRAIN RESERVES HAS FUELED THE GLOBAL FOOD CRISIS

*Farm and Consumer Groups Say G8 Conference Continues to Promote Failed Policies*

**Washington D.C. (July 11, 2008)** - The National Family Farm Coalition convened a teleconference call yesterday with farmers, an economist, and consumer policy analyst to address the ongoing global food crisis and to highlight the failure of the recent G8 summit to adequately address the need for domestic and international grain reserves. As corn approaches eight dollars, the ramifications of the Midwest floods and future possible weather shocks may cause further disruption to commodity markets. The increased volatility of grain prices threatens to increase hunger among millions of people throughout the world.

George Naylor, an Iowa corn and soybean farmer whose 470-acre farm was heavily impacted by the recent floods in the Midwest, said the current situation is a logical outcome of having dismantled reserves under the 1996 Farm Bill. Naylor said, "America has now transitioned from Freedom to Farm in 1996 to Freedom to Starve in 2008 since we eliminated the Farmer-Owned Reserves and almost all of the rest of our government stocks. Agribusiness wanted a free market to drive our commodity prices low and has installed this same system around the world. Now in a globalized economy with no reserves to ensure stability, we don't know how high prices will go. Grain reserves are essential to ensuring a fair price for farmers and consumers so that our food security is not dependent on speculative global markets."

Troy Roush, Vice-President of American Corn Growers Association and Indiana dirt farmer, warned policymakers not to blame food price increases all on ethanol: "If in fact ethanol is to blame for high food prices, why are wheat and rice prices high? We should have implemented a farmer-owned grain reserve in times of plenty when our corn prices collapsed after 1996 and that now could have moderated the cost of corn for the food and livestock industry. Those industries benefited greatly for years by purchasing our below-cost corn. We have a Strategic Petroleum Reserve. I fail to see why we can't have Strategic Grain Reserves."

Daryll Ray, agriculture economist and director of the Agriculture Policy Analysis Center at the University of Tennessee spoke about the critical role that the U.S. grain reserves played during the severe weather conditions of 1983, 1988, and 1993. He noted that this year's disastrous flooding in the Midwest was unprecedented as it was the first real weather catastrophe to occur without adequate U.S. stocks. Dr. Ray explained, "There was a belief when we got rid of publicly sponsored reserves in 1996 that the commercial sector would dependably provide whatever stocks we would need, but that is not the case. The economic disruption as a result has had an untold cost on our economy. It is not just livestock, but numerous other sectors. We ought to be preparing for the next go around. The cost of a farmer-owned grain reserve is peanuts compared to how much we have been spending in the past few years on subsidies that were needed to bail out farmers when corn prices were depressed."

Patrick Woodall, senior policy analysis from Food and Water Watch, highlighted how World Bank directives led many African countries to abandon their reserves, contributing to the current food crisis. Woodall noted, "A decade of low-priced grain trade and World Bank dictates

deterred many developing countries from maintaining buffer stocks and reserve programs. Kenya and Malawi eliminated their reserves altogether at the behest of the World Bank. Other countries like Senegal, Zambia and Tanzania slashed regional granaries and transportation programs that provided buffers against famines. Now Africa is dependent on imported grain that has nearly doubled in price in the past year. The G8 just offers more of the same bad medicine by promoting the WTO Doha Round. None of their prescriptions will help farmers or consumers."

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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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