



National Family Farm Coalition

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FOOD, INC. and FRESH

Facts and Solutions Needed to Fix the Food System!

The documentaries FOOD INC. and FRESH provide a vivid glimpse into our nation's broken industrial food system that is reliant on chemical-intensive monocultures and inhumane factory farm practices. It also shows the heroes who are working for change. NFFC looks at some of the federal and international policies responsible for this sad state of affairs and what needs to change in order to build true food sovereignty.

What's Wrong with Our Food System?

- **It's not Corn Subsidies, but "Free Market-Free Trade Ideology!"** Some critics have erroneously concluded that farm subsidies paid to farmers to grow bad "commodity" crops are what's wrong with the food system. Subsidies are a symptom of a broken system, not the cause of it. The main problem with our current food system is it adheres to a "free market" idea that allows commodities such as corn to be priced according to the whims of the "free market." Cheap corn and soybeans enable agribusiness to develop monopoly power over farmers and to reap vast profits while leaving farmers broke and dependent on subsidies.
- **Free Trade Agreements Driving out Farmers Overseas and Domestic Fruit and Vegetable Farmers.** FOOD INC notes that NAFTA and free trade policy has allowed U.S. corn to be dumped into Mexico, driving many Mexican corn farmers to migrate to the U.S. where they often end up working in meatpacking plants and other low-wage jobs in the food industry. Meanwhile, free trade agreements have put Florida citrus growers, California garlic and honey producers, Oregon asparagus growers and many other specialty crop farmers out of business as U.S. farmers are unable to compete with cheap foreign imports. The World Trade Organization and trade agreements such as NAFTA, the Peru FTA simply promote food as just another commodity in one big globalized market. Free trade agreements allow corporations to source food from places where environmental and labor standards are the most lax and represent the opposite of a food system that is local, sustainable and just. Free trade benefits agribusiness, not farmers.
- **Agribusiness Consolidation is Main Factor Behind Corporate-Controlled Food System**
 - ❖ **2 Companies Dominate the Corn Seed Market while Monsanto Has Near Monopoly on GM Traits.** DuPont (Pioneer) and Monsanto control 58% of the U.S. market for corn seed. These companies have been pushing expensive genetically modified seeds onto farmers, further endangering biodiversity by encouraging monoculture crops. Monsanto has acquired dozens of independent seed companies in the last decade. It controls 70% of the transgenic corn market, more than 90% of the transgenic soybean market, and 90% of the transgenic cotton seed market.
 - ❖ **3 Companies Control 90% Corn Market.** Only three companies (Archer Daniels Midland, Bunge and Cargill) control 90% of the global grain trade. This means farmers in Iowa and elsewhere have had less and less options for selling their grain. These companies can also manipulate the price of corn on the Chicago Board of Trade.

- ❖ **3 Companies Control 90% of the Beef Industry.** The meatpacking industry has become even more consolidated since FRESH was filmed due to a Brazilian company taking over two major U.S. meatpacking companies. 3 meatpackers (JBS Swift, Tyson, Cargill) control nearly 90% of the industry!
- ❖ **4 Companies Control 66% of the Pork Industry.** Smithfield, Tyson, Cargill and JBS Swift process most of the pork in the U.S. Now they are expanding their factory farm model to places such as Poland, Romania and Mexico. A Mexican Smithfield plant is suspected of being behind the recent outbreak of Swine Flu.
- ❖ **4 Companies Control 60% of the Poultry Industry.** Contract poultry growers usually are under the thumb of Pilgrim's Pride, Tyson, Perdue and Sanderson Farms.
- ❖ **Few Corporate Entities Control Dairy Industry.** In the dairy industry, 3 dominant players control most of the dairy products we consume. Dean Foods controls the majority of fluid milk markets (up to 100% in parts of the country), while Kraft dominates the consumer cheese sector and Leprino Foods manufactures most of the mozzarella cheese for the pizza and food processing industries. Meanwhile, farmers in many parts of the country have only one dairy cooperative they can sell their milk to: Dairy Farmers of America. DFA then works in tandem with the likes of Dean Foods to manipulate milk prices to be low for farmers while price-gouging consumers. These anti-competitive practices have been the subject of a two-year investigation by the Department of Justice and DFA has been fined \$12 million for price manipulation by the Commodities Future Trading Commission.

Why Do We Spend Millions Subsidizing Corn and Soybeans?

- **New Deal Once Forced Agribusiness to Pay Farmers Fairly.** The government during the New Deal attempted to bring supply into line with demand. Through the use of conservation set-asides, a price floor (akin to a minimum wage for farmers) guaranteeing a fair price for corn, and a grain reserve to deal with overproduction, farmers did not need to rely on the government to get a fair income. They got it from the marketplace.
- **Agribusiness Had Lobbied for Decades to Allow the "Free Market" to Determine Prices.** However, since 1973, policy changes pushed for by Nixon Secretary of Agriculture Earl Butz pushed to deregulate the corn market by dismantling supply management policies, selling off government storage bins used as food security reserves and implementing "fencerow to fencerow" planting. Butz believed any overproduction should then be dealt with thru exports and "free trade." The Russian Wheat Deal and the World Food Crisis of the early 1970s gave Butz the chance to promote the false notion that free markets would be good for farmers. Butz and agribusiness giant, Cargill, along with the Farm Bureau argued that as farm prices crashed, that would be positive because it would be remedied by more exports and new uses such as ethanol and corn sweeteners. The 1996 Freedom to Farm Act represented the culmination of this "free market" ideology by calling for the elimination over 7 years of all price floors, grain reserves and to allow the "free market" to determine prices and would "get government out of agriculture." What actually happened was that prices dropped so low that by 1998 the government had to double the government payments.
- **Farmers Now Must Rely on Subsidies Due to Volatility of Commodity Markets.** Prices collapsed shortly after the 1996 Freedom to Farm Act, necessitating expensive taxpayer bailouts. In 2000, subsidies provided farmers 49% of their net income, up from 13% in 1996. Even though corn rose to above \$6 per bushel in 2008, back in 2005, corn reached lows of \$1.65 per bushel (1 bushel = 56 pounds). That is less than the price farmers received in the 1970s, even without accounting for inflation! Can most folks imagine being paid the same salary they made in 1970?

Who Really Benefits from Farm Subsidies?

- **It's the Corporations, not Farmers!** Corporate consolidation of our food system, from banks, seeds, fertilizers, grain traders, food processors and retailing, has become increasingly concentrated in the last few decades. Such uncompetitive markets means farmers are squeezed on both sides, from the high-interest loans they take out, to the inputs they rely on, to the buyers they ultimately sell to. The corporations who buy corn to turn into high fructose corn syrup or as feed for livestock operations have profited by the millions due to cheap corn while farmers were forced to rely on subsidies. This has led to the current industrialized food system hollowing out rural America instead of one based on sustainable, diversified, localized food economies. Any analysis targeting "rich" millionaire farmers receiving subsidies misses the point about the REAL corporate interests who profit from our subsidy system.
- **Factory Farms Saved \$35 Billion Thanks to Cheap Corn.** Half of the corn grown in the U.S. is used for animal feed. This sector has also been transformed from a family farm based operation to industrial factory farms. Between 1997 and 2005, factory farms in the hog, poultry, egg, dairy, cattle sectors saved nearly \$35 billion thanks to below-cost corn in recent years.

Why Do We Not Subsidize Fruits and Vegetables?

- **Fruit and Vegetable Farmers Benefit from Current Commodity Programs.** Because laws prohibit commodity farmers from growing specialty crops, fruits and vegetable farmers are benefiting from this protected competition and receiving higher prices. Large industrial specialty growers also benefit from the use of low-wage labor, often undocumented. That would constitute a "subsidy" as well. It also should be noted that most of the "healthy" produce in this country is grown using pesticides and other chemicals. Garlic farmers in California, asparagus growers in Oregon and orange growers in Florida also have suffered from the flood of cheap imports into the United States as a result of free trade agreements.

BOTTOM LINE: Farmers, regardless of what they grow, want to be paid fairly from the market instead of relying on taxpayer subsidies.

How Can We Help Independent Livestock Farmers and Ranchers?

U.S. Livestock Producers Becoming Endangered as Factory Farms and Contract Farming Takes Over. FOOD INC. does an excellent job exposing the harmful industrial practices of the livestock industry. Poultry farmers function as "contract" serfs for corporations as they harness much of the risk and none of the reward. The hog industry is increasingly become just as vertically integrated, with Smithfield using the same type of contracts with hog farmers and controlling production from birth to plate. The fabled cattle industry with its mythical independent cowboy image is also slowly losing its autonomy due to the power of the meatpackers. Corporate mergers and consolidation squeezing out farmers have led to the sad decline of America's farmers and ranchers. From 1980 to 2008,

- U.S. dairy operations declined from 334,000 to 60,000.
- U.S. hog and pig operations declined from 667,000 to 65,000.
- U.S. cattle operations declined from 1.6 million to 956,000.

We need President Obama to live up to his campaign promises in dealing with corporate control of livestock markets!

Stop the National Animal Identification System! Since 2005, USDA has launched a campaign to force farmers to electronically tag every single pig, chicken, cow in the U.S. and report animal movements to the government. While factory farms get one group ID, diversified family farmers must tag individually every one of their animals. NAIS poses a serious threat to the livelihoods of farmers and would allow for even more corporate control of our food.

Text from Obama's Campaign Plan on Agriculture:

In an era of market consolidation, Barack Obama will fight to ensure family and independent farmers have fair access to markets, control over their production decisions, and transparency in prices. Obama is a strong supporter of Senator Tom Harkin's (D-IA) legislation that protects independent producers by banning the ownership of livestock by meat packers, and he will fight for passage of the law as president. Today meatpackers produce more than 20 percent of the nation's hogs, and their share is growing. When meatpackers own livestock, they bid less aggressively for the hogs and cattle produced by independent farmers. When supplies are short and prices are rising, they are able to stop buying livestock, which disrupts the market.

The 1921 Packers and Stockyards Act prohibits price discrimination by meatpackers against small and midsize farmers, but the law has not been enforced. Obama will issue regulations for what constitutes undue price discrimination and his administration will enforce the law. He will also strengthen anti-monopoly laws; change federal agriculture policy to strengthen producer protection from fraud, abuse, and market manipulation; and make sure that farm programs are helping family farmers, as opposed to large, vertically integrated corporate agribusiness.

Did the 2008 Farm Bill Do ANY Good?

Though the 2008 Farm Bill kept in place the broken commodity payments system that allows farmers to be paid below their cost of production, some of the "reform" proposals to shift farm subsidies to organic or specialty crops would have made the current industrial system even worse. The Farm Bill did contain some victories for food justice advocates.

- **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. Contract poultry growers gained some rights in legal battles with their corporate bosses while independent livestock farmers will gain access to fairer markets that don't give all the advantages to factory farms.
- **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 many USDA programs where they have historically been shut out..
- **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 so consumers can know where their food comes from. 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:** The Farm Bill provides \$5 million in mandatory annual funding for innovative Community Food Projects that help build sustainable local food systems addressing hunger, nutrition, and meeting food security goals. Growing Power, Will Allen's project in Milwaukee featured in FRESH, is a past recipient of CFP grant money.
- **Local Food Initiatives:** The Farm Bill provides \$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.



What Would a Just and Fair Farm Policy Look Like?

Beware of Fake Reforms! The FRESH Act and other “alternative” farm bills introduced in 2008 by Representatives Kind and Flake claimed to overhaul our broken farm programs by eliminating subsidies in favor of privatizing the farm safety net into the hands of private insurance companies. Such radical “deregulation” reform would have allowed corn prices to drop as low as they could go and been a boom to the HFCS industry and factory farm operations seeking cheap corn. Many food justice advocates and sustainable agriculture boosters were misled by this legislation, which would have only furthered the stranglehold of corporate agribusiness over our food system.

Return Farm Programs to What Worked! The National Family Farm Coalition supports a farm program based on what historically worked in the past under the New Deal: Replace subsidies with a price floor that enables farmers to recover their cost of production and forces agribusiness to pay a fair price to farmers. A price floor would likely curtail the proliferation of cheap high fructose corn syrup (HFCS) sweeteners and also help slow down industrially raised meat. Revive Farmer-Owned Reserves and create a Strategic Grain Reserve so we can store up grain for a rainy day and ensure stability in the system. When corn was over \$5 in 2008, we were one drought away from possibly seeing \$10 corn with no backup plans in place! However, a reserve would also ensure farmers do not have to face \$1.65 corn (as was the case in 2005), unfairly enriching agribusiness once again.

Address Antitrust Abuses. The U.S. Government has allowed one corporate agribusiness merger after another with little oversight by the Department of Justice. In March 2008, JBS, a Brazilian company, who already owns U.S. meatpacker Swift, offered to buy Smithfield’s meat company. Seed companies, banks, meat packers, grain traders, have all been allowed to amass incredible market power. Whereas diversified mid-sized family farms used to produce most of our meat, only a few corporations now dominate the livestock industry, driving out family farmers and replacing them with Confined Animal Feeding Operations (CAFO). The Farm Bill’s new livestock title is a good beginning to finally address abuses in the livestock industry, but much more needs to be done to help sustainable livestock farmers.

Rebuild our Local Food Systems. To reorient our food systems, we need to increase food access by supporting local food production, processing, distribution and retail infrastructure that provides more fresh fruits, vegetables and other healthy foods, especially to lower-income communities. We can also encourage local procurement policies by schools and other institutions to increase access to healthy foods, create new markets for farmers and encourage the development of healthier, community-based food systems.

Oppose Free Trade Agreements that Destroy Local Food Systems. NAFTA, the WTO and other free trade agreements help foster a food system controlled by agribusinesses looking for the cheapest sources of food produced under the most lax environmental and labor conditions. Thanks to free trade, Washington apple growers and Florida citrus growers have steadily lost their markets thanks to a surge of cheap imports from China, Mexico and elsewhere. Meanwhile, agribusiness takes U.S. cheap corn and dumps it into developing countries, destroying their local food systems and helping install an American-style diet based on HFCS processed food and fast food meat produced from industrial factory farms. We need food sovereignty principles, not free trade, to be the basis of our agriculture system.

For more information and to read the National Family Farm Coalition’s Food from Family Farms Act, go to www.nffc.net. Contact NFFC at (202) 543-5675.