



## The 2007 Farm Bill: What We Need and Why

*George Naylor, President National Family Farm Coalition*

(April 2007) — Can you imagine a world without the U.S. Constitution, the United Nations Charter, or the Geneva Accords?

Consider that the United States farm bills are of equal importance to our food system, yet most people don't have a clue what they cover or why there is one, let alone realize that the farm bill should be a farmer-consumer-environment bill of rights.

Like most U.S. institutions today, the farm bill is a giant piece of legislation passed by Congress approximately every five years. It sets policies and budgets for everything from price supports or crop subsidies and country-of-origin labeling to food stamps and conservation programs.

It falls way short of the ideal, however, and in practical terms it has been fashioned to serve the interests of greedy and powerful multinational corporations over the interests of family farmers, rural communities and consumers.

I wasn't joking when Michael Pollan quoted me in his book, *The Omnivore's Dilemma*, as saying, "I raise corn and soybeans for the Military-Industrial Complex" — the complex that President Eisenhower warned us about in his farewell speech in 1961.

Large, multinational corporations count on the farm bill to ensure that they can buy U.S. farm products at the lowest cost possible. Their interest is not farmers' income or the consumer's health but rather turning farm products into high-profit processed food "items."

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In this era of "free trade" (trade with little government intervention but enforced by trade agreements such as NAFTA and the WTO), the farm bill equivalents in other countries have been fashioned in the same manner. The result is that farmers around the world are pitted against each other by international markets that have no regard for the income of farmers, the environment or the consumer's need for healthful, culturally appropriate, local supplies of food.

This dynamic drives farmers and rural people off the land and into cities and across borders to become cheap labor for — you guessed it — multinational corporations. Corporate power and profits zoom higher and higher while the true costs to our health, the environment and traditional values are externalized — with only policy band-aids to mask the mayhem. This scenario has been supported by U.S. farm bill provisions.

## **Price Supports vs. Crop Subsidies**

While there are 10 sections or “titles” in the farm bill, Title I, the commodity title, is the key to understanding other high-profile issues, such as consolidation and concentration in the food industry. The idea behind the commodity title was to provide a floor or minimum price paid to farmers for their crops.

But in practice today, we don’t have true price supports. The intent of the commodity title was perverted and destroyed in the so-called “Freedom to Farm Bill” passed in 1996.

Agribusiness interests instituted the myth that market prices could float freely without a floor or minimum price; subsidies were introduced, allegedly as a way to stabilize the farm economy. So instead of making food corporations pay farmers a fair price in the first place, corporate interests got the government to make taxpayers foot the bill through subsidies.

But even with subsidies, farmers are going broke. Unlike most of the notions acquired in Econ 101, lower commodity prices will not lead farmers to decrease production. Until they go completely broke, farmers will continue to produce and increase production to make up for lower prices (see reference to “The Naylor Curve” in *The Omnivore’s Dilemma*, pages 53-56).

Consequently, farmers now produce prodigious quantities of cheap grains for corporate livestock feed mills, bio-energy plants, fake food factories, and destructive exports. So while it seems that farmers are the beneficiaries of the subsidy payments, it’s really the corporate buyers of the cheap commodities that benefit, and taxpayers pay for the demise of their own family farm system.

This creates an economic race to the bottom, which makes dealing with environmental problems or the encouragement of sustainable practices doomed to failure. This is why organic and sustainable farmers always are competing unfairly with the unfair, low prices of cheap, industrially farmed products.

This unfair competition must end. The next farm bill must internalize the true costs of production into the prices paid to farmers. A good farm bill would include real price supports. Big corporations would pay a fair price to farmers — or they couldn’t buy farm products. The United States and the world need an agricultural system that’s socially and environmentally sustainable across the board.

## **Confined Animal Feedlots**

One of the most egregious outcomes of the cheap commodity-subsidy system is the massive expansion of giant industrialized livestock feedlots, or “confined animal feeding operations” (CAFOs) that have replaced diversified family farms. Twenty years ago, diversified family farms were the norm; livestock was raised amid sound crop rotations using recycled animal manure. The hay, grass and grains needed for animal feed was grown right on the farm.

But because of the cheap commodity subsidy programs, especially from the 1996 Freedom to Farm Act and the 2002 Farm Bill, it’s cheaper for corporate feedlots to buy feed than for

diversified farms to grow it. Corporate feedlots also supplement rations with rendered dead livestock to make the feed even cheaper, which enables the spread of mad cow disease.

Research by Elanor Starmer at Tufts University shows that from 1997 to 2005 the four largest broiler chicken companies — producing more than 40 percent of all U.S. broilers — paid \$5 billion less than the cost of production for their feed (mostly corn and soybean meal).

The four largest corporate hog-producers — producing more than 50 percent of U.S. hogs — paid \$3 billion less than the cost of production for their feed. Giant cattle feedlots and factory dairies also benefit from the same system.

What really drives home the tragedy of this situation is seeing how beautiful family dairy farms have gone broke across the country — including Washington state — changing the landscape and crippling rural communities.

### **Fruits and Veggies Not Encouraged**

Why don't farmers quit raising corn, soybeans, wheat and other commodity crops and raise fruits and vegetables? Consider that fruit and vegetables are planted on only 12 million acres, whereas commodity crops are raised on about 266 million acres.

The truth is, our USDA farm policies do not encourage the diet that the USDA food pyramid advocates. Farmers who grow vegetables and fruits also struggle to get a fair price for what they grow.

Many fruit and vegetable growers have quit because of competition against imports from China and Central America, where labor is paid less than \$4 a day. Also, while some farmers may have local markets that pay well, traditional markets are hard to break into. Managing a large immigrant labor force and high-tech machinery are beyond the reach of most independent farmers.

What the farm bill could do is encourage profitable new markets — such as farm-to-cafeteria programs for schools and hospitals — that would encourage the diet advocated. Without these kinds of markets, the only alternative is growing one of the subsidized crops extensively raised with labor-saving machinery and herbicides.

These program crops, such as corn, wheat, soybeans and cotton, often become cheap ingredients in nutritionally poor, processed foods that are highly profitable only for corporations with huge marketing budgets and distribution systems.

### **Strategy for a New Farm Bill**

So what's needed in the 2007 Farm Bill to reverse the destructive trends in agriculture? First, any policy must respect the right of every society to food sovereignty. Free markets — encouraging cheap imports produced with exploited labor, dangerous chemicals or biotechnology — will not respect the needs of the land, rural culture or our health.

Second, farm policy must stabilize price levels for farm commodities at or above the cost of production. Farmers wouldn't be forced to produce more and more for less and less, while taxpayers fund the resulting supply of cheap commodities to benefit multinational corporations.

Restoring true price supports are the key to solving farmers' problems. Lack of credit, interest rates, entry by young farmers, the high cost of our farm program, overproduction, soil and water conservation — all of these could be solved if farmers got a fair price for their products. Real price stabilization measures are needed, as intended by the original farm bills.

Price stabilization can take place with well-understood mechanisms found in earlier farm bills. These involve (1) price supports that place a floor under the actual market price of the commodity; (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 (a measure that's especially needed to get through unforeseen weather calamities from global warming); and (3) conservation programs and supply management to prevent wasteful overproduction.

When these programs were in full force from 1933 to 1953, farm price levels were fair to farmers and the government even made a small profit — in contrast with the \$20 billion annual cost of our current subsidy system.

A new farm bill may be passed in 2007, but this also may be a year where war and the fallacy that cheaper-is-better may lead the public to recognize the need for critical democratic changes in how our economy operates.

If we as a society don't recognize the need to price commodities (and energy) at a level that includes all the costs of production and consumption, and if we don't plan for unforeseen (or foreseen) calamities, then we have no right to claim we have a democratic nation. The 2007 Farm Bill offers the opportunity to stake that claim.

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#### For more information

- [www.nffc.net](http://www.nffc.net) to view the National Family Farm Coalition's model farm bill, the "Food from Family Farms Act"
- [www.agpolicy.org](http://www.agpolicy.org), articles by Dr. Daryll Ray, Agricultural Policy Center, University of Tennessee
- [www.foodsecurity.org](http://www.foodsecurity.org), the Community Food Security Coalition, for farm bill ideas
- "Food is Different" by Peter Rosset, Zed books, 2006

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