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GLOBAL FOOD CORPORATIONS ARE THE REAL BENEFICIARIES OF CURRENT FARM BILL

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Critics have a point in arguing that the recently passed version of the Farm Bill in the House would continue some of the failed policies of the past. Unfortunately, they miss the mark in charging that family farmers are the primary beneficiaries of continuing the current farm policy.

The real beneficiaries of the current agricultural deregulation policy are global food corporations like Tyson, Cargill and ConAgra, whose profits have steadily climbed since passage of the 1996 farm bill. Recent research from Tufts University has documented that the current policy of deregulation has allowed overproduction to force the price of feed crops like corn and subsidies far below the cost of production. This cheap feed policy has provided nearly $20 billion in indirect subsidies to industrial animal factories owned or controlled by vertically integrated meat processing conglomerates.1 The current farm bill also indirectly subsidizes the processed food industry by providing it with below-cost high fructose corn syrup and below-cost soybeans.

Meanwhile, a 2003 University of Tennessee study documented that, despite a tripling of subsidies from 1996 -2001, net income for US farmers declined by 16.5 percent.2

Critics often claim that the richest farmers unfairly receive the bulk of farm subsidies in the current farm bill, leaving out 60% of all farmers. Yet, as Tim Wise of Tufts University points out in his insightful article, Understanding the Farm Problem: Six Common Errors in Presenting Farm Statistics3, this oft-cited but misleading 60% figure is based on, "rural residence farms, which represent the largest group of farms in the United States today." These are "…part-time operations with ample outside sources of income, from retirement or from full-time non-farm careers." In other words, a minority of part-time farmers gets payments, but a significant majority of full-time commercial and family farmers receives farm payments. Do these critics really think that the biggest problem with our farm policy is that well-off, part-time hobby farmers need more subsidies?

"Payments are highly concentrated," Wise continues, "but the average full-time family farmer, with income around the national average, finds herself in the top 13 percent of payment recipients with modest payments of under $18,000. The most widely used data on individual recipients is misleading: Nearly half of the top 20 subsidy recipients in 2003 went to cooperatives, Indian tribes, and conservation trusts, and the rest went to corporations, not family-owned farms."

The current US policy of agricultural market deregulation--epitomized in the 1996 and 2002 farm bills--has failed to live up to the promises made by its advocates; just like energy market deregulation--epitomized by the Enron scandal--failed to live up to its promise of cheaper electrical rates. Deregulation advocates prevailed in passing both NAFTA and the 1996 Farm bill by promising to get the government out of agriculture, eliminate subsidies and expand US exports. Yet the current policy has instead made US farmers more dependent than ever on taxpayer subsidies for their income.4 And instead of expanding exports, the current policy has eroded our U.S. agricultural trade surplus to the point where our country is now poised to become a net importer of food for the first time in a half a century.5

Congress needs to show some courage and leadership by replacing the current failed policy of agricultural market deregulation with policies that can correct the inevitable market failures in agriculture--from droughts and floods, to unfair market manipulation by powerful multinational agribusinesses.

Such policies should include the creation of strategic food, bioenergy and conservation reserves that would curtail costly and unsustainable overproduction and stabilize volatile crop prices. This would reduce the controversial dumping of agricultural commodities at below the cost of production on the markets of developing countries, which forces small farmers off their land and causes them to migrate to the United States. Congress should pass the antitrust package being offered by Senator Harkin with bipartisan support in the Senate Agriculture Committee to rein in the dangerous concentrated market power now wielded by multinational agribusinesses. And, Congress should reestablish a price floor to allow farmers to receive a fair price from the marketplace rather than taxpayers, which would simultaneously curtail the multibillion dollar indirect subsidy of below-cost feed crops to corporately owned and controlled industrial animal factories that exploit people, animals, the environment and rural communities.

Such policies would provide safer and healthier food, greater energy independence and a cleaner environment. They would provide farmers—both at home and abroad—with fairer prices and new markets, which in turn would allow them to invest more in sustainable agricultural practices on their farms and more in their communities. They would replace the current fear and despair now prevalent in rural communities everywhere with prosperity, hope and an alternative vision for a sustainable future for farmers globally.

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Citations:

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2 – Rethinking US Agricultural Policy: Changing Course to Secure Farmer Livelihoods Worldwide; September 2003; Ray, Ugarte, Tiller; University of Tennessee Agricultural Policy Analysis Center; Figure 3, p. 9; accessed August 7, 2007at: www.agpolicy.org
3 – Understanding the Farm Problem: Six Common Errors in Presenting Farm Statistics; Wise; Global Development and Environment Institute Working Paper No. 05-02; Tufts University; March 2005; accessed August 7, 2007 at: http://www.ase.tufts.edu/gdae/Pubs/wp/05-02TWiseFarmStatistics.pdf

4 – Rethinking US Agricultural Policy, Ibid.

5 – The U.S. Ag Trade Balance. . . More Than Just A Number; Online Article in Amber Waves, U.S. Department of Agriculture Economic Research Service; February 2004; accessed on August 7, 2007 at: http://www.ers.usda.gov/amberwaves/February04/Features/USTradeBalance.htm