

A Food System We Can Believe In

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POLICY PROPOSALS

- **Establish a strategic grain reserve—a well-constructed grain reserve would lessen the volatility of food prices and reduce the need for subsidies.**
- **Launch a new Farmers Corps—a series of government loans, grants and training would make land and equipment more accessible and help prepare a new generation of farmers using sustainable practices.**
- **Support healthy food for all—by shifting the emphasis of government programs, like school meals and food assistance, to encourage the purchase of healthier food.**
- **Expand green farming—the new Conservation Stewardship Program, which supports farmers who adopt sustainable practices, can be the basis for a new era of green farming.**
- **Restore market competition—stepped-up enforcement of existing laws along with greater market transparency would restore fair competition throughout the food system.**
- **Control speculation---the government must restore its proper role in protecting consumers against speculation in food markets.**
- **Bolster food safety—the government must reassert control of food safety from the big food companies through greater testing and inspection.**
- **Nurture sustainable bioenergy--we must shift government support from unsustainable to sustainable forms of bioenergy.**
- **Initiate a new research agenda—a new agricultural research agenda would include public health concerns and a climate-friendly agriculture that uses less energy, fewer inputs and reduces water use.**

The Food Crisis: A Symptom of a Deeper Problems

In the last year, Americans witnessed two disturbing shocks to our food system. First, food prices shot up by over 6 percent in just one year, with the cost of staples like bread, eggs and milk, rising even higher.' Second, a steady string of food contamination recalls shook public confidence in the safety of the food supply. These shocks are hitting all Americans, but particularly those struggling just to put food on the table.

Rising food prices and recalls get the headlines, but there are a number of equally alarming signs that our food system is not working. From the record-sized dead zone in the Gulf of Mexico, to air and water pollution from factory farms, to the rise in obesity and diet-related diseases, to the loss of family farmers—the signs of a breaking food system are everywhere.

The cause of this breakdown is not a mystery: In the name of Free Markets vs. Big Government, we have deregulated the food and farm economy at the expense of our farmers, our health, the environment and rural communities—and to the benefit of big agribusiness and food companies.

An incoming Administration that recognizes the importance of a strong food system can get us back on track. Like education and health care, a thriving food system benefits all Americans.

Food Is Different

Our food system is more fundamentally important to our national well-being than other sectors of the economy. Food production has a profound effect on our environment and on public health. Over 930 million acres in the United States are used for agricultural production,² and the way land is used directly affects our water systems, air quality, wildlife and climate. The type of food we produce and the way we produce it also has major effects on public health, from the working conditions of farm laborers to the national epidemic of childhood obesity, which has been fueled partially by an abundance of cheap, unhealthy food.

More fundamentally, unlike iPods or SUVs, food is a basic necessity of life, and a secure food supply is essential to our national security. America's farmers have been so successful at providing us with abundant food that it is easy to forget this basic fact. But the way we have managed our food and farming in the past several decades has reduced our food security, devastated rural communities and undermined both public health and the environment.

A Food System in Trouble

The incoming Administration must take on some major cracks in our fragile food system. Here are the key challenges they will face:

Price Volatility—Food prices are projected to jump another 9 percent this year, and farm commodity prices have risen even faster. The price of corn has shot up from \$4.50 a bushel to a record-high \$7 a bushel in the last six months. Soybean and wheat prices have also seen record highs.

Why the recent extreme volatility in prices? We used to have a food reserve program that worked with a price floor and ceiling to help manage prices in the agricultural marketplace for both farmers and

consumers—and did so at little cost to taxpayers. The 1996 Farm Bill wiped out the last vestiges of that system to stabilize prices. In its place, we have a system that pays out huge government subsidies, (\$24.5 billion in 2005) when prices are low, and causes pain for consumers, particularly those on fixed incomes, when prices spike.

The deregulation of commodity futures trading that led to the Enron disaster also removed a significant barrier to speculation in food markets. This means the prices we see in the market are pushed up artificially by Wall Street index and derivative traders and are not just a reflection of an imbalance in supply and demand.³

Price volatility in the United States wreaks havoc around the world. When prices were low, U.S. agribusiness companies routinely dumped major commodity crops onto international markets at well below the cost of production, effectively pushing farmers in countries like Mexico off the land.⁴ Now that food prices have surged, many poor countries that have become reliant on cheap food imports are experiencing widespread hunger.

Obesity and Diet-Related Health Effects—In the United States, nearly two-thirds (65 percent) of adults and more than one-third (34 percent) of children and adolescents are overweight and obese, increasing their risk for heart disease, type-2 diabetes and other diseases. The direct and indirect health costs associated with obesity are estimated at \$117 billion per year nationwide.⁵ Farm policy has facilitated this public health crisis: while the real prices of fruits and vegetables have risen nearly 40 percent over the last twenty years, the costs of unhealthy soft drinks, sweets and fats and oil (often based on ingredients from subsidized corn and soybeans) have dropped considerably.⁶ Access to healthy food has been a challenge for many low-income communities, which often find themselves within "food deserts"—regions without supermarkets carrying fresh, healthy food.⁷

Environmental Threats—Industrial agriculture, with its heavy dependence on fossil fuels, use of toxic chemicals and high water consumption, is a major threat to the environment. The row crop dominated landscape of the Upper Midwest, geared largely toward animal feed and exports, correlates with high rates of soil erosion, overabundance of nutrients in waters and a loss of biodiversity. The oxygen-deprived dead zone at the mouth of the Mississippi River, created in large part by fertilizer runoff upstream, is projected to extend a record 10,000 square miles this year.⁸ In 2001 (the last year the EPA published data), 675 million pounds of chemical pesticides were used in agriculture.⁹ Pesticides are now in 97 percent of U.S. streams in both agricultural and urban areas, often exceeding water quality benchmarks for aquatic life.¹⁰

Confined Animal Feeding Operations (CAFOs) pose another series of immediate environmental threats. These facilities dump huge quantities of animal waste into the water and air. Air in and around CAFOs contains toxic gases, odorous substances and particulates that carry human pathogens.¹¹ These factory farms are economically viable only because they exploit immigrant labor, obtain exemptions from environmental laws and have access to cheap animal feed. An analysis from Tufts University found that below-cost feed saved CAFOs \$35 billion from 1997 to 2005.¹²

Work in industrial agriculture production, whether inside a CAFO or in pesticide-soaked fields, is some of the lowest-paid and most dangerous in America and exposes farmers and farmworkers to a host of illnesses.¹³

Biofuel Boom—U.S. biofuels programs were originally conceived as a way for farmers to add value to crops when grain prices were low, and many first-wave ethanol plants were locally-owned engines for community growth.¹⁴ But with rising oil prices, biofuels have been falsely touted as a cure-all for import dependence and climate change, and the biofuels agenda has been hijacked by corporate interests and turned into a global investment bubble that could threaten communities, the environment and even food production.

Corporate Power vs. Fair Competition—Economists believe if the top four companies in any sector control 40 percent of the market, competitiveness declines and the risk of collusion increases. Currently, the top four companies exceed the 40 percent threshold in the beef, pork, poultry, flour-milling and soybean-crushing sectors.¹⁵ While the industry has concentrated, government anti-trust enforcement has lagged. The USDA Office of Inspector General found that USDA administrators prevented its employees from investigating anticompetitive behavior and artificially inflated the number of investigations conducted. Previous government audits found that poor coordination among USDA agencies severely undermined enforcement of the anti-trust Packers and Stockyards Act.¹⁶

Food Safety Breakdown—The Centers for Disease Control and Prevention estimates that 300,000 Americans are hospitalized each year, and 5,000 die, because of food-borne illnesses.¹⁷ In 2007, there were nineteen recalls of E. coli-contaminated beef products, more than in any year in our history.¹⁸ This modern wave of food contamination follows successful efforts to deregulate food safety under the guise of the USDA's Hazard Analysis Critical Control Point program. The program relies largely on the food industry to police itself, while government inspection and testing has been slashed.

A New Food and Agriculture Program for America

In the realm of food and farming, as in so many other areas, the Bush Administration has abdicated the government's proper role of helping markets work efficiently and supporting widely-held societal goals such as fairness and environmental sustainability. To restore a healthy food system for America and stop undermining food security abroad, the incoming Administration will need to make public welfare and not corporate profit the guiding principle of farm and food policies. In some cases, this requires no more than full enforcement of existing laws and regulations. In others, the harmful effects of years of corporate welfare, perverse incentives and misplaced priorities will need to be undone through new initiatives. Taken together, these measures will help restore hope to rural America, heal our ailing planet and make healthy food available to all Americans.

Establish a Strategic Grain Reserve. Goals: 1) Stabilize volatile food prices. 2) Strengthen food security.

The incoming Administration should establish a new national grain reserve and initiate a global dialogue on building a network of reserves around the world to stabilize global prices.¹⁹ The mechanics of an effective reserve program are fairly simple. The government sets a price floor and ceiling for commodities that would ensure farmers and consumers a fair price. When market prices dip below the price floor, the government accepts commodities at the set price as payment for a government loan, and builds the reserve. When prices rise above the set ceiling, the government releases grain from the reserve. This system needs to be coupled with border protections to ensure

that prices aren't destabilized by a flood of cheap imports. The result is a balance of supply and demand, more stable prices and a major drop in controversial farm subsidies. Stable markets would reduce the rampant commodity speculation fueling the current food crisis²⁰ and would eliminate export dumping, which undermines food security in other countries.

Launch a New Farmers Corps. Goal: *Provide truly green jobs to a new generation of farmers.*

To meet a variety of environmental, health and food security goals, we need more people—especially younger people—farming in a sustainable manner. The average age of a U.S. farmer is fifty-five years. The high costs of land and equipment block most people not from farm families from considering farming. Federal loan grant and training programs for new farmers should be expanded and tied to greener farming practices. And the government should provide more support for new and existing farmers who want to convert conventional farmland to organic.

Support Healthy Food for All. Goal: *To make healthy food accessible to all Americans.*

Wages, income supports and nutrition assistance programs like food stamps must be made adequate for families to have the resources needed to purchase healthy foods. Public health goals must be integrated into agriculture policy and food assistance programs like the National School Lunch and School Breakfast programs. All foods in schools, whether or not federally-reimbursed, and whether available in the cafeteria, in vending machines, or otherwise, should meet the federal Dietary Guidelines for Americans. Programs that increase access to fresh, healthy food in low-income communities and bring fresh farm products into schools should be expanded. Government programs should also help support the infrastructure necessary to increase the production, processing, distribution and retail of local, healthy foods.

Expand Green Farming. Goals: *1) More farmland utilizing conservation practices. 2) Better regulation of CAFO operations.*

The new Conservation Stewardship Program (CSP) in the Farm Bill should be fully implemented, and special emphasis within CSP should be placed on "carbon farming" to support farmers who increase the organic matter in their soil and utilize carbon sequestration methods to counter global warming. The incoming Administration should promote environmental service markets to give new income sources to farmers who use sustainable farming practices. Confined Animal Feeding Operations should be regulated as industrial operations and should not be exempted from the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Clean Water Act, the Clean Air Act or any other environmental laws. Owners of CAFOs should be required to pay for the clean-up of their animal waste, including water and air pollution. Resources from the Environmental Quality and Incentives Program should be targeted to family farmers to encourage environmentally sound farming practices, not to subsidize the environmentally destructive practices of CAFOs.

Restore Market Competition. Goals: *1) Greater enforcement of existing antitrust provisions. 2) Greater price transparency in markets.*

At the last minute, the 2008 Farm Bill stripped away funding for a new Special Counsel for Competition to improve enforcement of the Packers and Stockyards Act and the Agricultural Fair Practices Act. This new position needs to be established and should work to better coordinate with the Justice Department's anti-trust division. The USDA should also propose rules to require public bidding on all contracts with meat and poultry producers, and to prohibit direct ownership of livestock by meatpacking corporations. This would re-establish price transparency and competitive bidding among packers, and help independent feeders get a fairer price.

Control Speculation. Goal: Restore the government's role in protecting consumers against speculation in food markets.

The incoming Administration must undo the damage caused by the Commodity Futures Modernization Act of 2000 and strengthen the Commodity Futures Trading Commission's authority and capacity to control speculation, especially by non-commercial investors.

Bolster Food Safety. Goals: 1) Ensure food is produced in a way that avoids unnecessary health threats. 2) Ensure that food entering the food supply is subject to strong, independent inspection.

The incoming Administration should: ban the use of non-therapeutic antibiotics, arsenic and growth promoters in food animal production; restore the Office of Pesticide Monitoring and make the pesticide poisoning database public; ban food packaging that includes plastics containing known carcinogens and heavy metals. In addition, the incoming Administration should: increase resources for food inspection and new detection technology; modernize inspection and testing on food imports; give the FDA authority to recall tainted food; and allow private companies to test beef for BSE (Mad Cow Disease), which customers are demanding.

Nurture Sustainable Bioenergy. Goals: 1) Shift government support from unsustainable to sustainable forms of bioenergy. 2) Support farmer and community-owned facilities.

The incoming Administration should phase out biofuel subsidies for feedstocks that do not demonstrate environmental and climate benefits and provide more incentives for use of sustainable biomass for heat and power generation. In addition, the incoming Administration should support farmer-owned facilities through community planning and financial assistance, and the establishment of purchasing, grant, licensing and loan preferences for locally-owned facilities.

Initiate a New Research Agenda. Goal: Strengthen government support for an agricultural research agenda that prioritizes public health and environmental sustainability.

The government's agriculture research should emphasize food's relationship to disease prevention and how healthier food could be grown more effectively, and promote the necessary shift toward an agriculture that emits fewer greenhouse gases, relies on fewer fossil fuel inputs and uses less water. Finally, government and land grant research need to be kept in the public domain and made available to farmers and rural communities.

RESOURCES

- Agricultural Policy Analysis Center: <http://www.agpolicy.org>
- The Ethicurean: <http://www.ethiprean.com/>
- FarmPolicy.com: <http://www.farmpolicy.com/>
- Global Development and Environment Institute: <http://ase.tufts.edu/gdae/>
- Institute for Agriculture and Trade Policy: <http://www.iatp.org>
- National Family Farm Coalition: <http://www.nffc.net>
- Sustainable Agriculture Coalition: <http://www.msawg.org/>

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