

# QUAKER ECO-BULLETIN

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for an Ecologically Sustainable World

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## The 2007 Food and Farm Bill

Alan Connor and Judy Lumb

### Why Should Friends Be Concerned?

The 2007 Food and Farm Bill, due to be renewed during the 110th U.S. Congress, will have far-reaching effects on the nutrition and health of all Americans, on U.S. energy policy, on the future of rural communities, on the global climate crisis, and on global trade. It constitutes a great opportunity to change the direction of U.S. farm and food policies that currently favor large corporate farms with energy-intensive unsustainable farming practices, and that have contributed to a high incidence of obesity, diabetes, and other conditions related to diet. Indeed, even the quality of our air and water is dependent upon good stewardship of land so that sufficient areas of wetlands, forests and grasslands are conserved. We all have a stake in what happens to the 2007 Farm Bill.

### Support for the Independent Farmer\*

A previous *Quaker Eco-Bulletin* entitled "Family and Individually Operated Farms and Sustainable Communities," (Connor, 2003) showed how the post-World War II "Get Big or Get Out" U.S. farm policy has led to the demise of family farms and the rise of corporate factory farms. Rural communities have suffered because money earned by the corporations owning the farms is not invested in the local rural community. Agricultural supplies and equipment are purchased by corporate headquarters elsewhere, so local farm supply and equipment businesses are not maintained, which erodes the community tax base to the point that schools and other public services cannot be supported.

"Independent, relatively small family and individually operated farms try to maintain soil fertility and reduce chemical inputs—herbicides, insecticides, and synthetic fertilizers—to the least amount that makes their yields profitable. Many such farmers have moved to natural or organic farming where they use natural fertilizers, birds, and other insects to get rid of those that harm crops, and soil conditioning methods that suit the crops they raise. They also raise a diversity of crops and livestock that replace nutrients in the soil and maintain its fertility because they know that is what the Creator intended.

"Not only are the independent family and individual farm operators who reside on the land they farm more likely to be better stewards of their land, they are also more efficient than the large factory farm. In a study comparing labor-intensive Amish farms, conventional family-sized farms, and factory-sized farms, the Amish were the most efficient when energy inputs and energy outputs were measured. (Johnson, et. al. 1977.)

"Johnson and his colleagues found that most very large factory farms had a net energy loss. If fossil fuel energy, irrigation, and grazing land were not subsidized, and if large factory farm owners could not collect the bulk of USDA's direct and deficiency payments, most probably could not stay in business." (Connor, 2003, p.2-3)

"The very large corporate agribusiness operations that totally confine thousands of animals are environmental disasters waiting to happen. Manure management is an ecological problem. . . . The lagoons in which the manure is stored eventually leak and allow the manure to leach into nearby surface and ground waters polluting them with nitrogen, which stimulates vegetation growth in the streams, lakes, and rivers crowding out aquatic life. Fecal bacteria that leak from lagoons into rivers, lakes, and streams can be hazardous to the health of those who drink the water, eat the fish, or swim in the water." (Connor, 2003, p. 2)

### Environmental Quality Programs

The Environmental Quality Incentives Program (EQIP) was included in the 2002 Farm Bill to mitigate the environmental effects of agricultural operations by paying the costs of complying with the Clean Water Act, Clean Air Act and other regulations. Sixty percent was allocated to livestock confinement. However, other businesses are required to comply with all relevant laws as a cost of doing business, so these EQIP payments actually subsidize livestock confinement operations and other unsustainable farming practices.

**EQIP has also been used to safeguard threatened habitats, so it should continue, but with caps to prevent the factory farms from being subsidized. Independent farmer organizations recommend a \$50,000 maximum grant for any recipient.**

The Conservation Security Program (CSP) and Wetlands Reserve Program (WRP) were added to the conservation section of the 2002 Farm Bill. They are cost-sharing programs that pay part of farmers' costs for adopting new conservation practices or expanding practices they have been using on working land. Farms using practices that preserve soil, clean air and water, forestland and/or wildlife habitat would be eligible for some cost share assistance in the form of a matching grant and/or a guaranteed low interest loan. Two billion dollars was originally promised for this program, but Congress set an annual funding limit of only \$10 million. Thus the Natural Resources and Conservation Service (NRCS) had to limit the program to farms in a few designated watersheds. **Independent farmers want CSP and WRP reauthorized with mandatory funding at levels that allow any farmer anywhere in the country who uses NCRS-approved practices on working lands to participate.**

\*An independent farmer, as used here, is one who is not obligated by contract or otherwise to produce a food or fiber for a processor, packer or any other agri-business.

**Quaker Eco-Bulletin (QEB)** is published bi-monthly by Quaker Earthcare Witness (formerly FCUN) as an insert in *BeFriending Creation*.

The vision of **Quaker Earthcare Witness (QEW)** includes integrating into the beliefs and practices of the Society of Friends the Truths that God's Creation is to be held in reverence in its own right, and that human aspirations for peace and justice depend upon restoring the Earth's ecological integrity. As a member organization of Friends Committee on National Legislation, QEW seeks to strengthen Friends' support for FCNL's witness in Washington DC for peace, justice, and an Earth restored.

**QEB's** purpose is to advance Friends' witness on public and institutional policies that affect the Earth's capacity to support life. QEB articles aim to inform Friends about public and corporate policies that have an impact on society's relationship to Earth, and to provide analysis and critique of societal trends and institutions that threaten the health of the planet.

Friends are invited to contact us about writing an article for **QEB**. Submissions are subject to editing and should:

- Explain why the issue is a Friends' concern.
- Provide accurate, documented background information that reflects the complexity of the issue and is respectful toward other points of view.
- Relate the issue to legislation or corporate policy.
- List what Friends can do.
- Provide references and sources for additional information.

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The Conservation Reserve Program (CRP) has been in force many years. It pays farmers land-rent to take highly erodible soils and wetlands out of production to preserve them and to plant non-wetlands in grass as buffers to surface waterways. The CRP has done that quite effectively, but no new applications were accepted in 2005 and 2006. The Administration's 2007 proposed Farm Bill would extend that moratorium on new applications until 2012. The result is that conservation measures are stagnated—limited to land already in the program—at a time when the global climate change crisis requires new and innovative conservation. **CRP should be fully funded and allowed to accept new applications.**

### **Supply Management**

CRP was also supposed to help reduce commodity over-production by limiting crop-producing acreage. It has not been effective in doing that. **Independent farmers recommend a USDA-monitored supply management program based on each producer's production and market share history.** Each farmer would have a quota for each crop with a target price. The supply management program would limit that crop's initial market supply so that the effective demand price would be at least as high as the target price. Each producer would be allocated a quota s/he could sell at the target price or higher. A producer's quota would be based on his/her market share of that crop in previous crop years. If any portion of a farm's quota were sold below the target price, a loan deficiency payment could be used to make up the difference. However, with the market price at or above the target price, subsidy payments to producers, such as the direct and counter-cyclical payments discussed below, would not be necessary. Producers could then sell the excess above their quota at market prices, but that part of the commodity's supply would not be eligible for subsidies. Independent farmer organizations have advocated for years for such a supply management program for all crops, dairy and livestock production, but supply management has not been discussed in negotiations for the 2007 Farm Bill and is not likely to be included.

### **Price Supports/Subsidies**

The current system of price supports and subsidies is very complex. There are three main programs: direct, loan deficiency, and counter-cyclical payments.

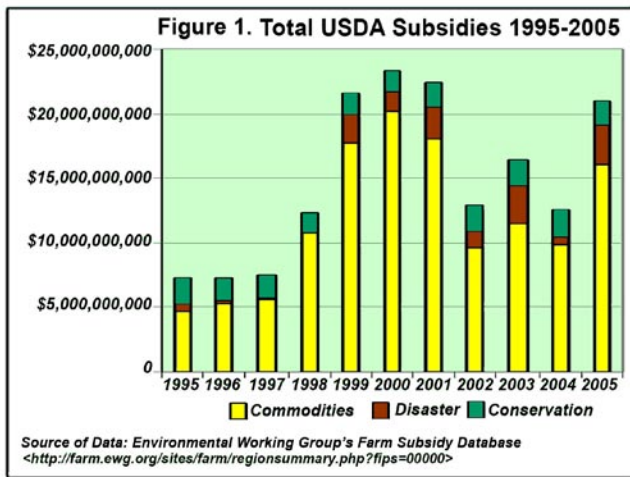
Each farm contracts with the U.S. Department of Agriculture (USDA) to plant a certain number of acres with a crop covered by price supports, but the only crops covered were barley, corn, grain sorghum, oats, rice, upland cotton, and wheat, until soybeans, peanuts, sunflower seed, rapeseed, safflower, mustard seed, and flaxseed were added in 2002. The total allocation and the proportion for each covered crop is somewhat arbitrary, but they are based on estimates of production, cost and marketing history of each commodity over the previous four years.

Direct payments were calculated by taking 85 percent of each farm's eligible acres times the estimated average yield per acre times the difference between the average market price and the support price. In 2002, the direct payment for corn was 28 cents per bushel; for wheat it was 52 cents per bushel. For example, one farmer with a medium-sized farm reports that he received about \$1,500 in direct payments in 2006. It was not enough to live on but enough of a supplement to his income to stay in business.

When a farmer takes a loan at the support price from the Commodity Credit Corporation, he uses his covered crop as collateral. If the farmer defaults on the loan because the crop was sold at a price that is less than the support price, he is paid the difference between the sale price and the support price as a loan deficiency payment.

Counter-cyclical payments were introduced in the 2002 Farm Bill as a safety net for farmers who were facing bankruptcy as a consequence of agriculture economy changes. Payments are based on the farms' past production and market-share history.

The Environmental Working Group maintains a Farm Subsidy Database which documents these payments. Figure 1 shows the subsidies provided by the USDA for conservation, disaster assistance, and commodities for 1995 – 2005. After the 2002

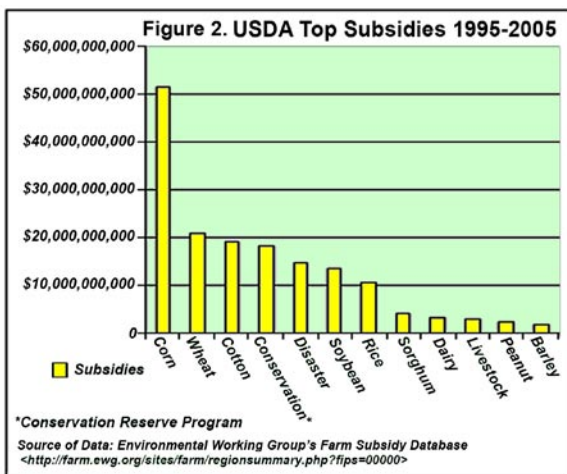


Farm Bill was passed, subsidies for commodities were reduced from previous years, but those in 2005 were increased again. Figure 2 shows that corn is by far the most highly subsidized commodity with 39% of the total commodity payments for that period. Figure 3 shows that corn payments were much higher in 2005 as the ethanol boom began.

For the 2007 Farm Bill, independent farmers' organizations and many other organizations concerned about the effects of the 2007 Farm Bill recommend that farmers earning more than \$250,000 not be eligible for subsidy payments. Caps on payments of \$40,000 for direct payments and a maximum of \$180,000 for all payments are recommended. They also recommend that payments be limited to only one farm if the owner owns more than one farm. The 2002 Farm Bill limits payments to three farms of one owner, but some corporate owners got around that by deeding farms to different investor members of the corporation.

### U.S. Farm Policy, Obesity, and USDA Nutritional Guidelines

While U.S. Department of Agriculture (USDA) nutritional guidelines specify that one should eat healthy fruits, vegetables, lean meat and milk products, farm policies have subsidized grains, oilseeds, and fibers. Corporate farms grow large amounts of corn, some of which is made into high-fructose corn syrup, which is

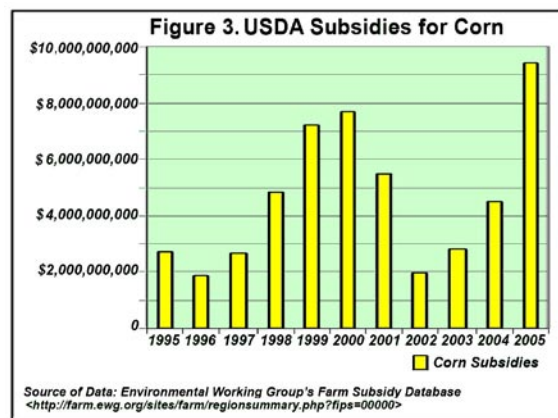


used as a sweetener in many processed foods. The result is that processed foods containing subsidized high-fructose corn syrup are cheap, while unsubsidized fresh vegetables and fruit are more expensive. This has led to an alarming increase in the incidence of obesity in the U.S., especially in children. The good news is that amendments to the 2002 Farm Bill have already been introduced in 2007 that would cover vegetables and fruits in disaster relief and school lunch programs.

The Farm Bill also includes the Food Stamp Program and a number of associated programs, such as school lunch programs, farmer's markets, community food programs, and organic farms. All have been grossly under-funded, especially in contrast to the subsidized commodities listed above. All involve fresh fruits and vegetables. All have the potential to encourage consumption of locally produced foods, which cuts down on the massive amounts of fossil fuels now used to transport food an average of more than 1,500 miles to our table. **These programs must be fully funded.**

### U.S. Farm Subsidies and Global Trade

International trade agreements have hurt independent farmers in the United States and the countries with whom the U.S.



has ratified such agreements. For example, a corporate factory farm gets the maximum price support subsidy, which encourages them to produce as much of the commodity as the soil with synthetic fertilizer is able to produce. The corporate owner then gets a commodity export enhancement subsidy when the commodity is exported. The subsidies allow the producer/exporter to sell the commodity in Mexico at a price that is less than cost of production by Mexican independent farmers. We call that "dumping." It puts independent farmers in receiving countries out of business and many of them end up in the U.S. as illegal immigrant labor. Dumping and subsidizing corporate food factories are making farming non-profitable for good land and environmental stewards. To make matters worse, many, perhaps most, of the corporate food factories are also environmental and public health hazards.

Trade distorting is defined by the WTO and the General Agreement on Tariffs and Trade as illegally restricting imports from another country. The export enhancement program gives a direct subsidy for exporting U.S. farm products. **Independent farmers strongly oppose export enhancement subsidies.**

Country of Origin Labeling (COOL) was included in the 2002 bill, but the provision was not funded and implementation

was postponed for five years. **Independent farmers want COOL reauthorized and implemented with mandatory funding.**

### ***Rural Development***

Rural development programs are vital to developing and maintaining sustainable rural communities to reverse some of the damage that has been done by the “Get Big or Get Out” policies of the past. The Rural Enterprise Development and Rural Business Assistance support the formation of new businesses to create jobs and new wealth. The Value Added Grant Program provides grants to groups of farmers to establish operations based on farm production. Other programs provide direct loans, loan guarantees and grants to rural municipal governments to develop, update and maintain infrastructure, develop broadband communication systems, and other community facilities that are expected to help sustain them. **Independent farmers recommend full funding of these programs.**

### ***Emergency Assistance***

Disaster assistance and crop insurance have been problematic for non-corporate operators for years, because, under the current system, an emergency assistance bill has to be passed each year. **Independent farmers’ organizations advocate for permanent disaster assistance in the 2007 Farm Bill so that an emergency assistance bill does not have to be passed each year. Crop insurance should be based on production rather than the total acreage of a farm.**

### ***Conclusion***

Farming in ways that sustain the Earth and its resources so that all life can be sustained into perpetuity is a sacred task, a spiritual activity, and a social responsibility. Farmers partner with nature—God—keeping the soil fertile, keeping the water clean, and growing healthy food. U.S. farm policy must facilitate and encourage farmers in their sacred task.

### ***What Can Friends Do?***

In the past the Farm Bill has not received much attention from the general public, but the importance of the 2007 Farm Bill is being recognized. It is extremely important that Congress hears from constituents about their concerns. Anything that Friends can do to facilitate that would be a great contribution.

As we go to press the House of Representatives has passed their version of the 2007 Farm Bill, which includes fruits and vegetables as covered commodities, supports programs for beginning and organic farmers, improves food stamp and nutrition programs, and increases funding for some conservation programs. **But funds for other conservations programs are cut and the bill fails to reform the subsidies. The maximum direct payments are even increased and the cap on the income of recipients is one million dollars!**

We still have an opportunity to influence the Senate, which will consider the Farm Bill after the August recess, first in the Committee and then in the full Senate. Specific recommendations include:

- limits to subsidies to farms and exporters of U.S. farm products,
- increased funding for the conservation programs,
- increased funding for the rural development programs,
- increased funding for community food programs, and
- implementation of the country of origin labeling.

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