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# Fairness for Small Farmers: A Missing Ingredient in the U.S. Farm Bill



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The federal Farm Bill is the single most important piece of legislation affecting the food you eat, the kinds of crops American farmers grow, the environment and the nation's food security.

In response to the groundswell of demand for local and sustainably grown food, the proposed 2012 Farm Bill would make modest improvements to help family farmers deliver more of it to market. Yet the bill under consideration in Congress would continue Washington's policy of disproportionately favoring large and highly profitable farm operations growing grain and cotton at the expense of small-scale growers producing healthy food for local markets. If passed, the bill would drastically underfund programs that promote healthy eating, protect natural resources and support small-scale, beginning and disadvantaged farmers who are growing primarily for local and/or organic markets.

This stacked deck is not unique to the U.S. Small-scale family farmers in developed and developing countries struggle with similar challenges in their quest to turn a profit and survive in a policy environment that is rigged against them. Among the difficulties they encounter are: a lack of access to affordable land, credit, capital and technical assistance; poor market prices; and inadequate information and infrastructure needed to aggregate, process and distribute their goods. They also face disadvantages in international trade and obstacles to market access in their own countries.

Fair trade organizations have stepped in to help farmers in many countries organize, improve their production and find direct, better-paying fair markets for their goods. For the most part, however, small-scale producers in the U.S. have been left to fend for themselves — at least until recently, when various non-profits, some with modest Farm Bill support, have stepped in to develop farm-to-table programs and help farmers establish and access new markets.

## U.S. farm policy mostly benefits agribusiness, not small-scale producers

In recent years, some societies have begun to invest more in small-scale producers. Yet government policies the world over tend to favor industrial-scale, chemical-dependent production of raw commodity crops at the expense of small-scale farmers and organic growers who produce real, nourishing food. The U.S. is no exception.

For too long, funding authorized under the U.S. Farm Bill has primarily benefited agribusiness and large, industrial-scale farm operations that aren't growing food people actually eat. Instead, they're growing genetically modified crops like corn, soybeans and cotton that get turned into ingredients for animal feed, fuel and highly processed food — at a high cost to Americans' health and the environment. Producers in developing countries often find it hard to compete against these heavily subsidized American farmers.

Meanwhile, only meager public resources have

been invested smartly in building dynamic, local food economies that help link small- and mid-sized family farms directly to local and regional markets. Research done by the Environmental Working Group between 2008 and 2010 has found that the U.S. government, acting under the authority of the federal Farm Bill, spent \$39.4 billion subsidizing a handful of grains and cotton, more than eight times what it paid out for programs to support research, promotion and purchasing of fruits, nuts and vegetables.

The inequities were far greater when it came to supporting organic farming and small-scale farmers and helping expand local and regional markets. Over those same three years, the U.S. government spent just \$159 million on organic agriculture and \$300 million to build and strengthen local and regional food systems. These funds were channeled through eighteen different programs that support farmers' markets and community-supported agriculture (CSAs), local garden and youth agriculture projects, research, value-added agricultural enterprises, farm-to-school initiatives and other projects that make fresh food more accessible, create new outlets, expand consumer-to-farmer links and return higher prices to local farmers.

## New support for local and regional food systems: a small improvement, but not nearly enough

Thanks in large part to Rep. Chellie Pingree (D-ME), a passionate organic farmer who sits on the House Agriculture Committee, the 2012 Farm Bill is poised to increase overall funding by as much as 50% for programs that will expand local and regional food systems. With support from a growing cadre of local food and farm advocates, Rep. Pingree partnered with Sen. Sherrod Brown (D-OH) to introduce the Local Food, Farms and Jobs Act, a comprehensive package of policy reforms that would boost farmers' and ranchers' incomes by helping them meet the growing demand for local and regional food.

This legislation is Washington's closest equivalent to a "fair trade bill" for small farmers, even though it does little to address directly the unfair pricing issues facing many small-scale farmers and ranchers who often must sell to large corporations known for their oligopolistic and unjust business practices.

In a partial victory for the tens of thousands of people who called and wrote Congress to support the local food bill, lawmakers added several of the measure's provisions to both the House and Senate versions of the 2012 Farm Bill. The resulting legislation, though significant, falls far short of what is needed to address the myriad challenges faced by small- and mid-scale American farmers who are working hard to produce healthy food.

## Public resources for private benefit

The problem isn't just that American policy is under-investing in local and healthy food programs. The bigger concern is that taxpayer resources are going to programs that actually undermine the public interest.

The bulk of farm subsidy payments are channeled to the largest farm operations, many of

which are among the most profitable companies in the U.S. 10% of farms receive roughly 70% of all subsidies. The outsized government benefits reaped by large farms are a major factor in their ability to expand further, leading to increased concentration in the agriculture sector. Government subsidies drive land costs up and small farmers out. Farmers of lesser means find it harder and harder to compete with highly capitalized large-scale operators.

Current subsidy policy also undercuts efforts to establish a more diverse and resilient food production system, and, according to new research by the Environmental Working Group and Defenders of Wildlife, published in a report entitled "Plowed Under," it has encouraged planting on twenty-three million acres that were once wetlands, scrublands and grasslands in the Great Plains. It has destroyed vast stretches of natural habitat for wildlife and worsened water pollution due to farm run-off.

### **Strong forces oppose reform**

Most members of the Congressional agriculture committees, as well as thousands of agribusiness lobbyists who spend tens of millions of dollars per year, consider it their priority to pass a subsidy-laden Farm Bill that advances large-scale agribusiness interests in a few states, mostly in the Midwest and South.

It's tough for us good-food advocates to compete with the deep pockets of the agribusiness lobby. Sadly, however, many in this movement don't even try. Instead, they settle for scraps from a mega-billion-dollar piece of legislation.

But what we in the good-food movement lack in resources, we can make up for in people power. Don't believe for a minute that your call to your member of Congress doesn't matter. It does. We can counter the pro-agribusiness agriculture committees by persuading legislators on the outside to withhold votes and demand real food system reforms. At the same time, we need more courageous leaders like Rep. Pingree and Sen. Brown to advance reform from within these committees.

To create a food system aligned with our values, we can raise our voices and send letters to legislators and policymakers to make sure they know we want our tax dollars to support more equitable, just and sustainable food policies. Equally important, we can vote with our wallets and our forks. Building demand for local farm products can move markets — and politicians. We can support local farmers by buying directly from them when we can. We can keep asking our grocers and restaurants to carry more local, regional and organically-grown food.

The change we've seen so far has resulted from the active engagement of millions of Americans. Let's keep it up!

**Readers who want to join the movement for food system reform can sign up for action alerts at [www.ewg.org](http://www.ewg.org).**



### **There is still time to influence the Farm Bill in 2013.**

Instead of approving a new bill last year, Congress passed a dismal nine-month Farm Bill extension that cuts all mandatory funding for local and organic agriculture and disadvantaged farmers, while continuing to plough \$5 billion this year into direct subsidy payments. Citizen engagement is needed now more than ever to fight for a new 2013 reform-minded Farm Bill that cuts subsidies and invests in local and healthy food programs, organic and sustainable agriculture and conservation.

## **CROP INSURANCE BY THE NUMBERS:**

Crop insurance is the second-largest program in the Farm Bill, after food stamps. Research published by the Environmental Working Group determined that it has become the primary source of federal subsidies for farmers at a steadily increasing cost to taxpayers — from \$2 billion in 2001 to \$11 billion in 2011. The U.S. Department of Agriculture pays an average of 62% of the cost of a farmer's insurance policy — with no strings attached to protect water and soil. The government forks over another \$1.3 billion per year in payments to insurance companies and agents that sell policies to farmers.

Because crop insurance premium subsidies are doled out without means testing or limits on how much a farm business can collect, the program sets up an unfair playing field that benefits the largest, most profitable farm businesses that least need public support. According to an unprecedented analysis of one million government records obtained by the Environmental Working Group, last year twenty-six policyholders each received more than \$1 million in premium subsidies. More than 10,000 policyholders each collected \$100,000 or more in subsidies. Further, nearly 80% of all insurance funding went to the top 20% of subsidy recipients. In contrast, 80% of premium subsidy recipients

received an average of just \$5,000 each.

It doesn't have to be this way. Common sense reform of crop insurance programs could provide an effective safety net for farmers and, at the same time, pay for much-needed support for local and healthy food programs.

The 2012 Farm Bill is set to now extend the same, flawed insurance approach to dairy farmers. With no limits imposed upon the payouts to even the most-profitable dairy farms, this proposed policy would lead to a further decline in the number of small farms and increased concentration in an already highly concentrated sector.

