

From the Farm to Your Fork- Subsidies Explored

Introduction

Almost every time the contents of your fork reach the tastebuds on your tongue, you are being affected by the food and farming policies set by the U.S. Government as well as the lobbyists and special interest groups behind them.

Since the 1930's when the Government first initiated a subsidy program to support struggling farmers during the Great Depression and Post World War I rebuilding, subsidies have remained an entrenched cornerstone in agricultural policy.

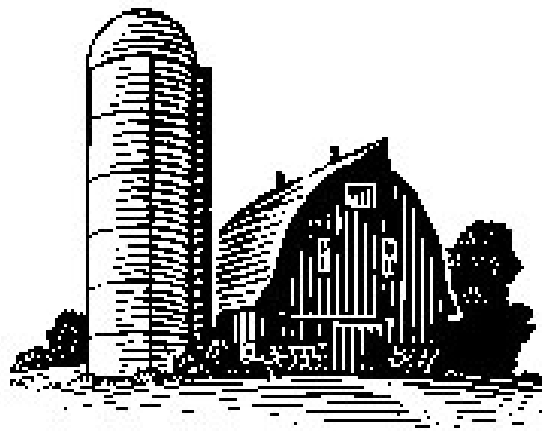
Currently under discussion is the draft legislation that will set the terms of the next U.S. Farm Bill. The 2002 Bill expires in September 2007. The Farm Bill is one of the most important and significant pieces of legislation that affects not only our daily food choices here, but has implications for other people in countries overseas.

From a faith perspective, this legislation also requires our attention because its contents have fundamental ethical and human consequences. Analysis and advocacy is needed from a faith perspective in order to promote both a moral vision and a concern for the common good.

In the 2003 U.S. bishops' pastoral statement, *For I Was Hungry & You Gave Me Food: Catholic Reflections on Food, Farmers, and Farmworkers*, the bishops stated,

"As Catholic bishops, pastors, and teachers, we seek to address agriculture through the lens of our faith because so much is at stake in moral and human terms. Food sustains life itself; it is not just another product. Providing food for all is a Gospel imperative, not just another policy choice. For many, farming is a way of life, not just another business or industry. Agriculture is the way farmers, ranchers, and farmworkers provide a decent life for their families and help feed a hungry world. It is not just another economic activity."

*The Second in a Series of Resources
on the U.S. Farm Bill*



With this in mind, it is important to take time to understand the issues under discussion and the debate at hand.

In this resource we focus on the contentious issue of farm subsidies and explore more fully the implications such policies have on the well being of all of us.

Some questions to raise and address regarding agricultural subsidies include the following:

- *Are subsidies meeting their intended aims?*
- *Who is benefiting most from current subsidies?*
- *What impact do these policies have on the poor and vulnerable?*
- *Is the government support for subsidies a just allocation of limited resources for the common good?*

Farm Bill Series Part I: **Overview** is available at:

<http://www.educationforjustice.org/index.fpl/1200/rs/1/article/10778.html>

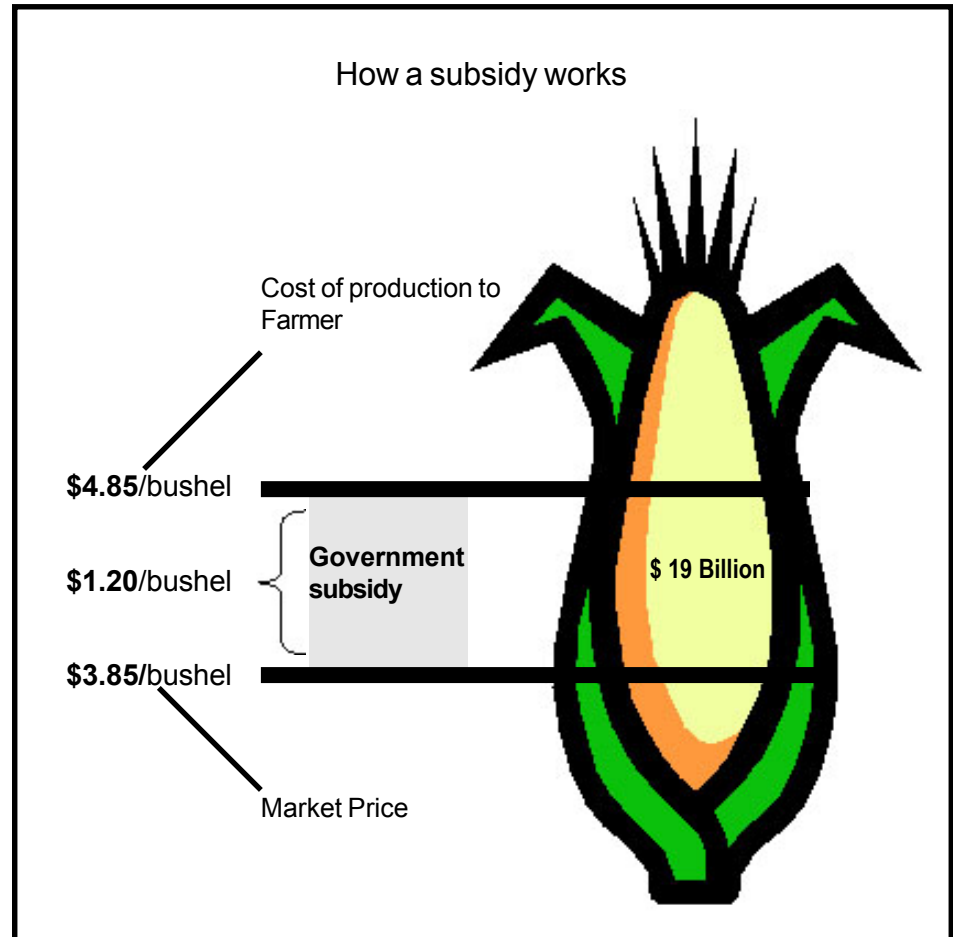


A Closer Look at Subsidies

What is an agricultural subsidy? Agriculture subsidies are government programs providing benefits to farmers for the purpose of stabilizing food prices, ensuring plentiful food production, and guaranteeing farmers' basic incomes.

Commodities
Subsidized
by the US
Government:

corn
rice
milk
sugar
cotton
peanuts
soy beans



Subsidy Payments:

A subsidy is a payment made by the government to the farmer to make up the difference when the farmer's cost of production is higher than the market price for the crop grown.

In the example above, the market price of corn is \$3.85 a bushel, but the cost of growing that corn was \$4.85 a bushel. With a government subsidy, the farmer will receive the difference between his/her cost and the market price (\$1.00), plus a little extra (\$.20) in order to make a profit and keep growing corn.

Of the subsidized corn harvested in the U.S. 75% is used to feed livestock (keeping beef prices low).

Subsidies & Global Connections:

In a recent series of World Trade Organization negotiations, referred to as the Doha Development Round, one major stumbling block to concluding the negotiations has been the U.S. position on agricultural subsidies.

The U.S. is the world's largest corn producer and exporter. The U.S. produces approximately 35% of the world's corn. When U.S. corn prices are artificially low as a result of the subsidies, most other nations cannot compete. These nations are calling into question the legitimacy and fairness of the U.S. subsidies.

One side effect of the low U.S. corn price is an increase in immigration. When Mexican farmers can no longer afford to grow and sell their corn on the market because of the U.S. price, Mexican farmers are unemployed by the thousands. Many seek to come to the U.S. to support their families.

What's good about subsidies?

- subsidies help support farmers.
- subsidies keep domestic food prices low and provide stabilization of food prices.
- subsidies ensure plentiful food production.
- subsidies guarantee farmer's basic incomes which enable them to remain in the farming business.



The largest corn producer in the world is the United States, with a 35% share.

What's bad about subsidies?

- subsidies provide an incentive to farmers to continue overproduction and cheap grain prices.
- subsidies encourage cheap corn which is the building block of our fast food culture contributing to poor diets, higher caloric intake, and obesity.
- subsidies have been a hidden root cause of increased immigration. When farmers in Mexico and Latin American countries can't compete, they seek work in the U.S.
- subsidies are not reaching the small family farmers they were originally designed for. Subsidies have increasingly been paid to large corporate farming companies as opposed to small family farmers. Studies show that two-thirds of subsidies go to just 10% of farms.
- subsidies are particularly harmful to poor developing countries who cannot compete with the U.S. and as a result, increase vulnerability and food insecurity in those countries.

“The primary goals of agricultural policies should be providing food for all people and reducing poverty among farmers and farmworkers in this country and abroad. A key measure of every agricultural program and legislative initiative is whether it helps the most vulnerable farmers, farmworkers, and their families and whether it contributes to a global food system that provides basic nutrition for all.”

– USCCB Farm Bill Hill Notes, 2007



Learn more about the Farm Bill and follow the conversation through the following resources online:

- **U.S. Catholic Bishops:**
The U.S. Catholic Bishops have several resources on their web site related to the Farm Bill including: ***For I Was Hungry and You Gave Me Food:*** Catholic Reflections on Food, Farmers and Farmworkers, United States Catholic Conference of Bishops, 2003. www.usccb.org/swdp/national/agric.htm
- **National Catholic Rural Life Conference**
www.ncrlc.com/index.html
- **National Campaign for Sustainable Agriculture**
www.sustainableagriculture.net/primer.php

What are the Bishops saying about subsidies?

“Although agricultural subsidies were originally created to help poor farmers during the depression era, the unfortunate reality today is that most of the subsidies do not go to struggling farmers. Instead, millions in annual subsidies encourage the largest farms to overproduce, depressing crop prices and threatening the livelihood of small and medium-sized family farms in the U.S. and around the world.”

“Current U.S. and European subsidies, supports, tariffs, quotas, and other barriers that undermine market access for poorer countries should be substantially reduced and should be focused on policies that minimize the direct effects on the price of agricultural goods.”

“Limited government resources for subsidies and other forms of support should be targeted to small and moderate-sized farms, especially minority-owned farms, to help them through difficult times caused by changes in global agricultural markets or weather patterns that destroy crops. Agricultural subsidies often go to a few large producers, while smaller family farms struggle to survive. Rather than simply rewarding production, which can lead to surpluses and falling prices, government resources should reward environmentally sound and sustainable farming practices.”

Source: 2003 pastoral statement, *For I Was Hungry & You Gave Me Food: Catholic Reflections on Food, Farmers, and Farmworkers*

