

**Testimony to the
Senate Committee on Agriculture, Nutrition and Forestry**

**Hearing on Economic Challenges and Opportunities Facing
American Agricultural Producers Today**

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Submitted by

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Mr. Chairman and Members of the Committee, thank you for this opportunity. I am David Beckmann, president of Bread for the World.

Bread for the World is a nationwide Christian movement against hunger. Our faithful members and churches across the country urge Congress to do its part to reduce hunger and poverty in our country and around the world. This year, Bread for the World members are asking Congress to modify the farm bill in ways that would provide more help and opportunity to poor and hungry people. A large and growing share of the religious community is working with us.¹

Many people in this room have worked and lived U.S. farm policy for many years. I'm a preacher – and I am grateful for your attention to the perspective I bring to your work. I only hope that the churches where I preach don't pick up on this system of green and red lights.

¹ Bread for the World is part of the Religious Working Group on the Farm Bill, which includes roughly 15 denominational offices and faith-based organizations. Bread for the World is also part of a broader alliance of groups that are concerned about negative effects of the current commodity to title on poor people, the environment, and the U.S. deficit.

Bread for the World has worked for many years on the nutrition and food aid titles of the farm bill. They are obviously important to hungry people. For this farm bill, too, Bread for the World urges an expanded nutrition title and an expanded and reformed food aid title. But after the 2002 farm bill went into effect, we started hearing from church leaders in Africa that it was causing problems for many poor and hungry families in their countries. We spent the next four years studying the farm bill, and we came to the conclusion that the current farm bill is not working very well for farm and rural families of modest means in our country either.

We think it is possible for you to modify the farm bill in ways that would be better for rural America, better for hungry people throughout our country, and better for hungry and poor people in the developing world.

Rural Poverty in our Country

As you know so well from your own states, a lot of rural people are really struggling. Hunger and poverty are more widespread in rural America than in urban America, and the current system is not doing what it could to help the rural Americans who really need a boost.

Nearly 400 counties across the nation have suffered poverty rates of more than 20 percent throughout the past 30 years. Nine-tenths of these persistently poor counties are rural. They are mainly in the Southeast (Alabama, Arkansas, Georgia, Louisiana, Mississippi, South Carolina); Texas; Appalachia (Kentucky); and on Indian Reservations in Alaska, Montana, North Dakota, New Mexico and South Dakota. Significant

commodity payments are coming into some of these counties, but the payments typically go to some of the most affluent families. They could be much better targeted at alleviating poverty.

I'm struck that only six percent of rural Americans either farm themselves or work on others' farms.² And of this 6 percent of farmers, only a small fraction receives farm payments. In 2005, 66 percent of farm payments went to 10 percent of the farmers.³ Even though this statistic includes rural residence and hobby farmers, it does show that money in the farm bill is going to a small group of people.

The great majority of poor people in rural areas are not farmers. Some are retired and no longer able to work. Some are in service jobs. Some have little businesses. But people who don't farm clearly don't get much help from the current farm bill.

And families with small farms get less help than families with large farms. I grew up in Nebraska, and I recently visited some friends there who have a small feeding operation. They are making a living, but just barely. The wife supplements their income with by monogramming towels and linens for other people in the community. This couple is past retirement age, but they don't have enough saved for retirement.

On the other hand, my cousin and her husband own 2,000 acres. They farm corn and soybeans, and they have received significant payments from the commodity title – more help than they really need. I understand the argument for rewarding production, and I don't criticize my cousin for using the programs that exist. But it doesn't seem fair

² USDA, ERS, U.S. Farm and Farm-Related Employment data set;
http://www.ers.usda.gov/Data/FarmandRelatedEmployment/ViewData.asp?GeoAreaPick=STAUS_United+States&YearPick=2002&B1=Submit

³ Environmental Working Group, from USDA data;
<http://www.ewg.org/farm/progdetail.php?fips=00000&progcode=total&page=conc&yr=2005>

to me that our farm bill is biased in favor of big farms. I don't think it would have seemed fair to biblical prophets like Isaiah or Hosea either.

In 2003, half the money in the commodity programs of the farm bill went to households with incomes above \$76,000. One quarter went to households with incomes above \$160,000. Ten percent of commodity payments went to households with incomes above \$343,000. Over the last 15 years, commodity payments have been shifted toward relatively high-income households. This trend is expected to continue.⁴

Rural Poverty in Developing Countries

The way that we and the other industrialized countries manage our agriculture has great repercussions for farm and rural people in poor parts of the world.

Seventy percent of the hungry people in Africa and other parts of the developing world are farmers or farm workers. Agriculture is the key to development. Industrialized country domestic support programs have contributed to global price depression for subsidized commodities, stymieing economic development. In low-income countries where governments cannot afford to insulate their farmers from low market prices, poor farmers have seen their incomes stagnate or fall. In some cases, developing country farmers compete directly with subsidized produce, even in their own markets. For example, Kenyan farmers compete in Nairobi with subsidized powdered milk from Europe.

⁴ USDA, ERS, *Growing Farm Size and the Distribution of Farm Payments*, Economic Brief No. 6, March 2006, p. 4.

Some poor people in developing countries benefit from cheap food imports. But on balance, the current system has done more harm than good to poor people around the world.

The high demand for corn due to ethanol, and consequent price increases for corn and other grains, has recently helped ease some of the price effects we have seen in the past, but the problem is still real in some commodities. In addition, prices in other commodities could fall again triggering the types of payments that so negatively impact poor farmers around the world. But the fact that some commodity prices are high right now makes this an opportune time to devise a system that allows our farmers to manage their risk and respond to low prices without making life more difficult for farmers in the developing world.

Our farmers are proud that their extraordinary productivity can help feed the world, and indeed it can – in a way that is also good for U.S. agriculture. As people in poor countries manage to escape hunger and then improve their diets, they spend a large share of their increasing incomes on food. The world is already making progress against hunger and poverty, and this has provided growing markets for U.S. agriculture. A study conducted for Bread for the World Institute by the International Food Policy Research Institute found that rapid growth in Sub-Saharan Africa and low-income Asia between 2006 and 2020 would result in an additional \$26 billion in U.S. agriculture exports.⁵

It is clearly not easy to shift from the current system of commodity payments to a more market-oriented, forward-looking system. And a thoughtful transition will be necessary. Alternative approaches to helping farmers – through conservation, rural development, improved crop insurance or other risk management mechanisms, for

⁵ Bread for the World Institute, *Hunger 2007: Healthy Food, Farms and Families*, p. 6.

example – could be viable options. Conclusion of the Doha negotiations would open markets in the Europe Union and countries like Brazil and India.

I'm asking you to consider ways to reduce the negative effect of the current system on many poor people around the world, especially since you could eliminate this negative effect and, at the same time, do more good for most of the people in rural America.