

THE FACTS ON U.S. FARM POLICY



"We're a blessed Nation because we can grow our own food and, therefore, we're secure. A nation that can feed its people is a nation more secure."

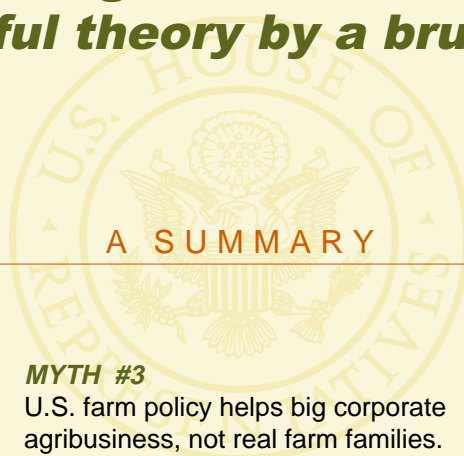
-President George W. Bush

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"There is nothing more horrible than the murder of beautiful theory by a brutal gang of facts."

-- LaRoche foucauld



MYTH #1

U.S. farm policy bilks taxpayers and busts the budget.

FACT #1

U.S. farm policy costs pennies per meal and accounts for little more than one-half of 1% of the U.S. Budget. In fact, the 2002 Farm Bill costs less than the 1996 Farm Bill with emergency assistance.

MYTH #2

The 2002 Farm Bill depresses farm prices and increases food prices.

FACT #2

American consumers enjoy the safest, most abundant, and most affordable food supply in the world for 10.9% of income – less than consumers in any other country. In any case, the 2002 Farm Bill cannot depress farm prices and increase food prices at the same time.

MYTH #3

U.S. farm policy helps big corporate agribusiness, not real farm families.

FACT #3

Big corporate agribusiness actually opposes U.S. farm policy. U.S. farm policy does help all American farm families because all farm families feel the sting of a world market that is not free or fair.

MYTH #4

U.S. farm policy is nothing but corporate welfare benefiting only those receiving direct help.

FACT #4

U.S. farm policy is important to national security, ensuring a safe, abundant, and affordable domestic food supply, and vital to a strong rural and urban economy, with the food and fiber industry creating 25 million jobs, producing \$3.5 trillion in output, and accounting for 15% of U.S. Gross Domestic Product.

MYTH #5

U.S. farm policy interferes with free markets and free trade.

FACT #5

U.S. farm policy fully complies with U.S. trade agreements. And, with foreign tariffs on agricultural goods more than 5 times higher than U.S. tariffs, U.S. farm policy helps level the playing field so our farmers can compete in a world market that is not free or fair.

MYTH #6

The 2002 Farm Bill shortchanges conservation.

FACT #6

The 2002 Farm Bill provides over \$39 billion for conservation – the highest level of funding in history for programs that prevent soil erosion, preserve and restore wetlands, clean the air and water, and enhance wildlife.

MYTH #7

All special interests critical of U.S. farm policy just want good public policy.

FACT #7

Many special interests critical of U.S. farm policy cross the ideological divide but share a common denominator: agendas that the vast majority of Americans reject.



President Bush signed the Farm Bill on May 13, 2002, providing a strong safety net for America's farmers and ranchers and restoring fiscal responsibility to U.S. farm policy.

Myth #1

U.S. farm policy bilks taxpayers and busts the budget.

Fact #1

U.S. farm policy costs pennies per meal and accounts for little more than one-half of 1% of the U.S. Budget. In fact, the 2002 Farm Bill costs less than the 1996 Farm Bill with emergency assistance.

U.S. farm policy under the 2002 Farm Bill costs each person in the U.S. just 4.4 cents per meal or 13.2 cents per day.

4.4 cents:
U.S. Farm Policy costs just pennies per meal

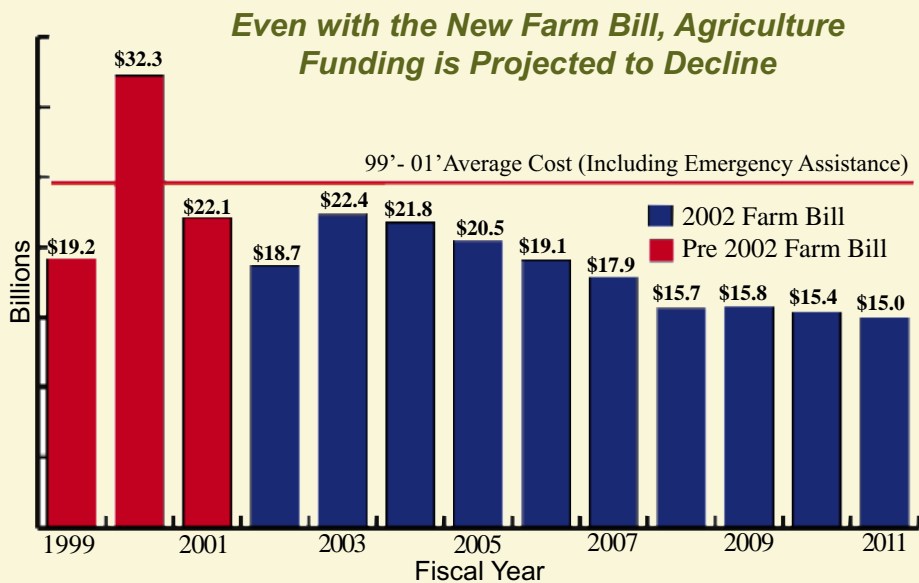


Since total U.S. spending over the next 10 years is estimated to be \$24.087 trillion, U.S. farm policy under the 2002 Farm Bill (estimated to be \$135.314 billion over the same period) would account for a little more than one-half of 1% – or 0.56% – of the U.S. budget.

U.S. farm policy under the 2002 Farm Bill is less costly than the last years of the 1996 "Freedom to Farm" Bill with emergency assistance.

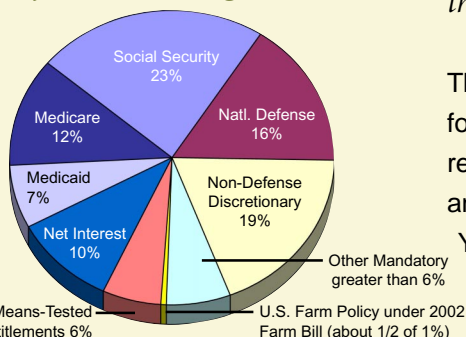
For the average household, this amounts to just 11.7 cents per meal or 35 cents per day. The annual cost is just \$48.08 per person, or \$128.28 per household. Compare the small cost of U.S. farm policy to the cost of supporting the total U.S. budget, which is estimated to be \$23.45 per day or \$8,558.94 per year for each person, or \$62.56 per day or \$22,835.33 per year for the average household.

U.S. farm policy under the 2002 Farm Bill accounts for little more than one-half of 1% of the U.S. Budget.



U.S. farm policy under the 2002 Farm Bill fully complies with the Budget.

The Farm Security and Rural Investment Act of 2002 (which includes funding for farm policy, conservation, trade, food stamps, credit, rural development, research, forestry, energy, and miscellaneous programs) is provided for in, and fully complies with, the Concurrent Resolution on the Budget for Fiscal Year 2002, passed by both the House and the Senate.





Myth #2

The 2002 Farm Bill depresses farm prices and increases food prices.

Under U.S. farm policy, consumers pay just 10.9% of their income for the safest, most abundant, most affordable food in the world—less than consumers in any other country.

The 2002 Farm Bill cannot increase food prices if, as critics argue, this policy depresses farm prices by causing overproduction.

If the 2002 Farm Bill depresses prices, how can the same policy also increase prices that consumers pay for food? These critics ought to explain how this happens so Congress can properly investigate.

The 2002 Farm Bill does not increase prices that consumers pay for food.

Independent analysis from the Food and Agriculture Policy Research Institute (FAPRI), a consortium of 9 respected land grant colleges, does not suggest any increase in food costs to consumers.



FACT #2

American consumers enjoy the safest, most abundant, and most affordable food supply in the world for 10.9% of income — less than consumers in any other country. In any case, the 2002 Farm Bill cannot depress farm prices and increase food prices at the same time.

As President George W. Bush stated when he signed the bill, the 2002 Farm Bill provides a safety net for farmers “without encouraging overproduction and depressing prices.”

The same critics of U.S. farm policy predicted that the Agricultural Risk Protection Act, which made improvements to the Federal Crop Insurance Program, would depress prices by causing overproduction – and they were wrong. Since the Agricultural Risk Protection Act was signed into law, total production of major crops has actually fallen – not increased – by over 3 million acres.

The same critics of U.S. farm policy predicted that providing emergency economic assistance to farmers over the last 4 years would depress prices by causing overproduction – and they were wrong.

When comparing production in the year before emergency economic assistance was offered to production in the 2001 crop year, production of major crops actually fell – not increased - by over 7 million acres. The U.S. Department of Agriculture estimates production levels will remain unchanged from 2001 to 2002, the first year of the new Farm Bill.

The 2002 Farm Bill encourages farmers to produce for the market rather than overproduce for farm bill benefits.

Since most help to farmers under the 2002 Farm Bill is consistent with the 1996 Farm Bill and based on past production history rather than current production (“decoupled” from current production), farmers are encouraged to produce for the market rather than farm bill benefits, limiting incentives to overproduce.

To the extent there is any effect on production at all, FAPRI estimates it would be minute - less than one-half of one percent.

According to Dr. Keith Collins, the U.S. Department of Agriculture's chief economist, sharply increased world crop production beginning in 1996/1997 and the decline in world economic growth in 1998 caused crop prices to plummet to current record lows.

In fact, larger factors such as world production and currency values, not U.S. farm policy, drive price and production.



“Our farmers are the most efficient in the world. In no other country do so few people produce so much food to feed so many at such reasonable prices.”

-President Dwight D. Eisenhower



“It will not be doubted that with reference either to individual or national welfare, agriculture is of primary importance... Institutions for promoting it grow up, supported by the public purse; and to what object can it be dedicated with greater propriety?”

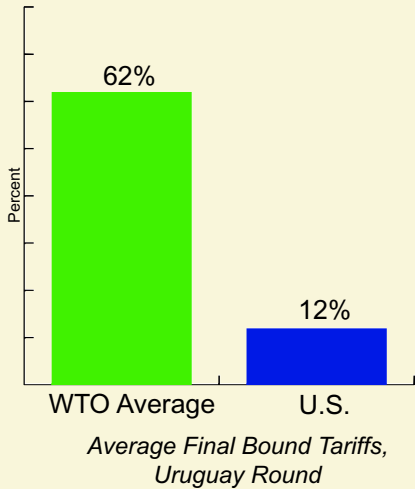
-President George Washington



Myth #3

U.S. farm policy helps big corporate agribusiness, not real farm families.

Agricultural Tariffs: WTO Countries vs. U.S.

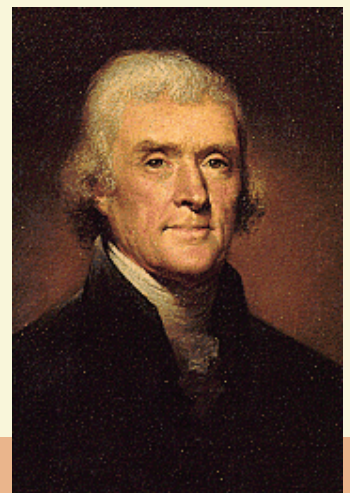
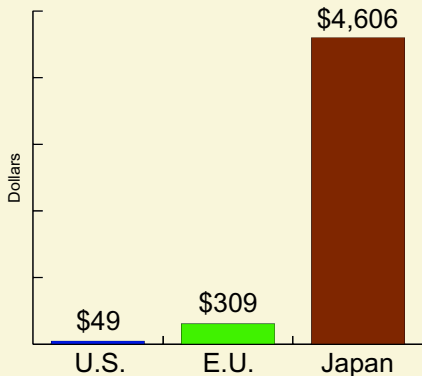


If U.S. farm policy helps big corporate agribusiness, why does big corporate agribusiness oppose U.S. farm policy?

U.S. farm policy helps all American farm families because all farm families are feeling the sting of:

- The lowest real net cash income since the Great Depression.
- The 5th straight year of record low prices for many commodities.
- Record high costs of production, with 2002 expected to set an all-time record.
- Foreign tariffs averaging 62% – more than 5 times higher than the average U.S. imposed tariff of 12%.
- Foreign subsidies more than 6 times higher than help to U.S. farmers – \$309 per acre for European Union farmers compared to \$49 per acre for U.S. farmers.
- Another significant barrier – the strength of the U.S. dollar, which is 36% higher than the currencies of U.S. customers, and 44% higher than the currencies of U.S. competitors.

Producer Support Per Acre WTO Countries vs. U.S.



“Cultivators of the earth are the most valuable citizens. They are the most vigorous, the most independent, the most virtuous, and they are tied to their country and wedded to its liberty and interests by the most lasting bonds...”

-President Thomas Jefferson