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Empty food bank shelves

The Food Crisis Comes Home: Empty food banks, rising costs— symptoms of a hungrier nation

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The food crisis is worsening. The UN World Food Program predicts a jump in the number of hungry people in the world from 860 million to more than one billion people—one of every six people in the world. Retail prices of food in the U.S. increased four percent last year, driven by a combination of speculation, high oil prices, agrofuel consumption, a weak dollar, climatic events, and historically low grain reserves. The USDA projects that price increases will total another three to four percent in 2008; the steepest increase in 17 years.¹ The 35 million food-insecure people in the U.S. who are most affected by the food price crisis may be joined by 50 million others living at or near the poverty level.

The double whammy of a declining economy and escalating food and energy prices is squeezing the poor and the middle class alike, and is not being addressed in a meaningful way by politicians or the presidential candidates. Over 28 million people—a national record—have been driven into the food stamp program.² Nationally, food banks are seeing more demand while donations have dropped precipitously. Farmers are being pinched by increased input costs, while poor consumers are left to scramble for their next meal. Solving this food crisis at home will require a fundamental restructuring of our food system.

Food Banks—Canaries in the Mineshaft

Prices are up, but just how bad is the food crisis in the U.S.? Recent trends in the nation's food banks are a good indicator: there is less food available, it is more expensive, and the lines outside food banks are growing.

The California Association of Food Banks says food banks are at the "beginning of a crisis."³ As the number of hungry people in the U.S. has grown, food banks have increasingly taken up the slack where government food stamps and federal school and nutrition programs have left off. Recent inflation of food and fuel prices has forced a 30% increase in the number of people visiting food pantries. Feeding America (formerly called America's Second Harvest) distributes 2 billion tons of donated food annually to 200 national food banks. Their recent survey of 180 member food banks found that 99% reported a significant increase in the number of people served this year over last.⁴ Local food donations are down nationally about nine percent,⁵ while USDA bonus food has declined by \$200 million.⁶ These "Bonus" commodities are distributed by the USDA when food stocks are high or commodity prices are low, responding to market conditions rather than actual need. The California Association of Food Banks confirms such declines in USDA food, and cites a drop from 97 million pounds of "bonus" food in 2002 to only 39 million in 2007.⁷

As a result of high prices and low USDA stocks, food banks are cutting back, substituting foods they offer, and changing their operating structures. For example, price increases have forced the San Francisco and Contra Costa Food Banks to cut back on rice and pasta. Across

the nation food banks are using cheaper sources of protein and calcium. At the Second Harvest Food Bank of Santa Clara & San Mateo County, California, yogurt and cottage cheese are now being offered instead of milk.⁸ Some staples are being replaced with local perishable produce. Both Maine and Vermont food banks are expanding gleaning to remove unwanted, edible produce from fields after harvest.⁹ Until now such gleaning projects have not been widespread.¹⁰

Increasing transportation costs are also pinching Food Banks. The Vermont Food Bank, which has witnessed a 27% increase in transportation costs over the year, is planning to open five regional branches to cut costs.¹¹ Rising transportation expenses have caused Community Food Banks of South Dakota to expand local food purchases.¹²

Price increases of both food and transportation are forcing many food banks across the nation to consider raising the price that food pantries and soup kitchens pay to "shop" at food banks. At Second Harvest Food Bank of Santa Clara & San Mateo Counties, food is now free; but they may have to begin charging a fee per pound.¹³ Judy Stermer of the Vermont Food Bank said that increasing food bank prices could drive many agencies away.¹⁴

Higher Input Costs Squeeze Farmers

Higher prices for food should be good news for small farmers, but profits are actually declining for both conventional and organic farmers. Farmers receive less than 20 cents of the food dollar, out of which they must pay for production costs that, since 2002, have increased by 45%. Most fertilizer prices have tripled over the past year and a half.

Urea, the most common nitrogen fertilizer, has risen in price from an average of US \$281 per ton in January 2007 to \$402 in January 2008, and then \$815 in August 2008; an increase of 300%.¹⁵ Diesel prices to farmers have increased 40% over the last two years.¹⁶

Farmers do not control the prices that they are paid for their produce so they are unable to pass on the increasing cost of inputs. As John Peck, executive director of the National Family Farm Defenders puts it; "All the costs are going up. There is a monopoly on both inputs and commodity markets with farmers caught in the middle. It's a classic resource extraction model."¹⁷ Many farm producers sell to institutional buyers at a set contracted price that has no clause for input price increases. Penny Leff from the California Alliance of Family Farmers notes: "[Retailers] are not able to support small-scale farmers when prices [are] rising."¹⁸ Many farmers are struggling, unable to pass on increasing costs to the wholesale market. Bu Nygrens, of the California wholesaler Veritable Vegetable, says that they are continuing to pay the same prices for produce as last year. She says "farmers' prices may go up, but [the price increases] have not really hit the market."¹⁹

Organic producers are also affected. Dave Mattocks, president of Fertrell, the oldest producer of organic fertilizer in the U.S., reports a 75% increase in costs over the last year because of the rising costs of fuel and potash.²⁰ At Lucero Farms in Lodi, California, input costs of organic fertilizers, seeds, and irrigation materials have all increased.²¹

Jeff Tyson, senior vice-president of Mid-Atlantic Farm Credit, states that more farmers are borrowing money

to cover higher input costs. Live-stock, egg, and dairy farmers are especially hard hit by rising grain prices. Tim Mueller, owner of the organic Riverdog Farm in Guinda, CA, is now growing some of his own grain to compensate for the rising cost of hog feed.²²

For farm laborers who have always lived on the margin, food prices hit even harder. Melody Gonzalez, of Coalition of Immokalee Workers, reports that farm laborers continue to struggle with poverty wages. With rising retail food prices “those already making wages below the poverty line have barely enough to buy food and to send money back home.”

Consumer Response to Rising Prices

Price increases are already changing consumer buying habits.

Retail price increases for the year 2007-2008 are the fastest seen in the past 17 years.²³ According to Dave Heylen of the California Association of Grocers, a non-profit trade association, grocers in California have reported customers “buying down,” or gravitating toward less expensive items.²⁴ Consumers are buying private labels, using coupons, and shopping for sale items.

Most small retailers operate on a slim margin of one to three percent and cannot absorb recent cost increases; as a result costs are being passed on to consumers, as farm profits fall due to rising input costs.²⁵ However, because they make their money on high volume and low margins—and because they can source directly from producers—larger chains and big box stores have posted sizable profits with the food crisis. Safeway saw profits increase by 15.7% between 2006 and 2007. Other retailers like Wal-

Mart cites food sales as a major driver of profit increase.

Smaller food businesses have no choice but to pass on some of the increased costs to consumers. For example, Michael Rose, co-owner of Semifreddi’s, a small San Francisco Area bakery, said he cannot absorb the recent tripling of flour prices.



Yuma county gleaners.

Rose has increased the price of his breads, but price adjustments do not account for the complete rise in flour costs, and sales have declined.²⁶ Rose says the price increase of flour has damaged and challenged Semifreddi’s business.²⁷

The U.S. Food Crisis—A Catalyst for Food Sovereignty?

The food crisis is already hitting the U.S., but instead of family farmers finally getting a leg up from higher food prices, big-box retailers and agri-food companies are profiting from the food crisis—both by selling inputs to farmers and food to consumers at higher costs—while America’s poor go without food.

However, this crisis, if coupled with strong public policy measures, could be a catalyst for forging real food sovereignty. Rising costs of fuel and expensive conventional inputs are slowly making sustainable farming

and localized production more economically attractive. Farmers who sell at farmers’ markets have reported an upsurge in customers, helping to offset rising input costs.²⁸ Some farmers, looking to lower fertilizer costs, have turned to organic fertilizer. “There is definitely a trend in our favor at the moment,” says Mattocks of Fertrell, the organic fertilizer company.

In the short term, there is a very real and immediate need for emergency food at Food Banks around the country. State commodity purchase programs should begin purchasing food directly from farmers for distribution via existing food banks right away. Such programs are already successfully operating in New York, Massachusetts, and Ohio; promoting local agriculture while keeping food on the table.²⁹

But to really solve the food crisis, we need to fix the food system. Food prices are less the crisis in and of themselves, but rather a symptom of a food system perched on the edge of disaster. In addressing the food crisis at home, we must address the root causes of the disaster, so our solutions will be lasting. That entails reregulating the market, reducing the oligopolistic power of the agri-foods corporations, and building agroecologically-resilient family agriculture. We also need to restore public grain reserves by repealing the 1996 Freedom to Farm Act, to control and stabilize the grain market.³⁰ We need to make food affordable by turning the food system into an engine for local economic development in both rural and urban areas. These tasks are not mutually exclusive—we don’t have to wait to fix the food system before making food affordable or farming viable. We just have to start now.

Notes

- ¹ Ephraim Leibtag. "Summary of Recent Retail Food Price Research and Trends." <http://www.fmi.org/docs/media/summary.pdf> [February 26, 2008].
- ² "Leading the Charge, Leading the Change" By Mark Winne, from a keynote address given to the Northwest Harvest Food Bank Annual Meeting in Seattle, Washington – May 15, 2008, <http://www.markwinne.com/food-bank-speech-may-15-2008-seattle-wa/> [October 8, 2008].
- ³ California Association of Food Banks, "International Food Crisis: Food Bank Clients in Peril." June, 2008.
- ⁴ America's Second Harvest. "New Survey Underscores Urgent Need for Farm Bill as Demands Are Up, Food Down: More Hungry Americans Turn to Nation's Food Banks for Help." Chicago: May 12, 2008.
- ⁵ Ross Fraser, telephone interview, Media Relations Manager, June 30, 2008.
- ⁶ See 1.
- ⁷ See 3.
- ⁸ Tami Cárdenas, telephone interview. Second Harvest of Santa Clara & San Mateo Counties. June 20, 2008.
- ⁹ Judy Stermer, telephone interview. Vermont Food Bank. July 15, 2008.
- ¹⁰ JoAn Chartier, telephone interview. Good Shephard Food Bank. July 15, 2006.
- ¹¹ See 9.
- ¹² Matt Gassen. Community Food Banks of South Dakota. July 15, 2008.
- ¹³ Tami Cárdenas, telephone interview, Second Harvest Food Bank of San Clara & San Mateo Counties. June 25, 2008.
- ¹⁴ Judy Stermer, telephone Interview. Vermont Food Bank. July 15, 2008.
- ¹⁵ <http://www.ifdc.org/focusonfertilizer7.html>
- ¹⁶ See 9.
- ¹⁷ John NFFD interview July 31, 2008
- ¹⁸ Penny Leff, Operations Coordinator of CAFF, telephone interview. July 1, 2008.
- ¹⁹ Bu Nygrens, telephone interview, Veritable Vegetable. June 26, 20008.
- ²⁰ <http://www.lancasterfarming.com/node/1246>
- ²¹ Lucero Farms, telephone interview. June 25, 2008.
- ²² Tim Mueller. Owner of Riverdog Farm, telephone interview. June 24, 2008.
- ²³ Ephraim Leibtag. "Summary of Recent Retail Food Price Research and Trends." Online posting.
- ²⁶ February 2008. Food Marketing Institute. <http://www.fmi.org/docs/media/summary.pdf> [October 8, 2008].
- ²⁴ See 4.
- ²⁵ Dave Henley, Telephone Interview. California Association of Grocers. June 30, 2008.
- ²⁶ Michael Rose, telephone onterview. June 27, 2008.
- ²⁷ See 5.
- ²⁸ Didar Khalsa, Guru Ram Das Orchards, telephone interview. June 18, 2008.
- ²⁹ See 3.
- ³⁰ Burkett, Ben. *Farm Bill a Wasted Chance*. National Family Farm Coalition. May 27, 2008.

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