

HIGH COST OF CHEAP FOOD

This year American consumers will spend 10% of their household disposable income on food – a lower percentage than any country in the world. As Americans, we are told that cheap and abundant food is the backbone of a thriving economy. The fact is that cheap food often comes at a cost that is often not reflected in the supermarket price tag. Farming communities struggle. The environment suffers. And our overall public health gets compromised when price takes precedent over quality and safety.

Why is U.S. food so cheap?

We can attribute much of our cheap food to the large expansion of industrial agriculture over the last 50 years – a system that substitutes fossil fuel energy, chemicals and capital for labor and management. Larger farms operate on lower labor costs and are able to take advantage of large-scale economies that produce more for less. The U.S. government offers many incentives, such as tax breaks and subsidies, which favor large farms with little diversity. As large-scale agriculture has expanded, so has concentration and consolidation within the food industry. In the Midwest, four firms now control the processing of a variety of farm products (corn, soybeans, beef, etc) that thousands of farmers produce.¹ Because agribusiness and food retailers encourage farmers to produce a limited range of crops to simplify their marketing and distribution operations, different regions of the U.S. specialize in a limited number of crops and livestock. As a result, the majority of food sold in the typical grocery, convenience and super-store must be shipped to reach market. A 2001 study found that the average Midwestern meal travels 1,518 miles to get from producer to consumer.²

The Social/Economic Costs

Every year the U.S. loses thousands of farmers to a food system in which they are not paid an adequate price for what they produce. Between 1993 and 1997 the number of mid-sized family farms dropped by 74,440. Farmers have been urged to “get big or get out.” Now just 2% of U.S. farms produce 50% of agricultural product sales.³ Although commodity prices for corn and soybeans, adjusting for inflation, are considerably lower than in the 1970s, the price of food has continued to rise with inflation. From 1989 to 1999 consumer expenditures for farm foods rose by \$199 billion, 92% of which can be attributed to the marketing costs of agribusiness and food companies. These expenses include transportation, packaging, labor and inputs used to sell food products. Meanwhile, the farmer only gets 20 cents of each dollar spent on food, down from 41 cents back in 1950. Unable to capture more of the food dollar, farmers are stuck in a vicious cycle to produce high volumes of cheap commodities with a low profit margin. When we lose farmers and farm families we also lose farmland. Encroaching urban areas drive up the real estate value of farms located on the fringe. More than 6 million acres of rural land, an area the size of Maryland, were developed between 1992 and 1997, often on the nation’s best farmland.⁵ With the loss of food/fiber producing capabilities the country also loses wildlife habitat

and the aesthetic qualities of America's rural countrysides – all costs that are unquantifiable and irreplaceable.

Environmental Costs

The corn and soybean crops that dominate the Midwest often cause soil loss and impair water quality through the leaching and runoff of fertilizers and pesticides. The ecosystem in the Gulf of Mexico is ailing from a growing zone of low oxygen caused by excessive nitrogen from fertilizers on cropland upstream. This phenomenon, a hypoxic zone the size of New Jersey, affects the communities and fishermen that live by and work on the Gulf of Mexico. 6 Eighty percent of all the corn grown in the U. S. goes to feed livestock, poultry and fish. Access to inexpensive corn and soybeans has facilitated the rapid growth of large-scale confined animal feeding operations (CAFOs) that feed a domestic and international appetite for cheap meat. The U.S. protein industry (swine, poultry, beef and dairy) generates an estimated 2 trillion pounds of manure a year⁷ and can have significant impacts on the environment, threatening neighboring waterways and air quality with potentially noxious fumes.⁸

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Billions of gallons of petroleum fuel are required annually for the trucks that transport food across the United States.⁹ This does not include fuel used by trains, barges or planes that also transport food products. U.S. taxpayers pay the price through subsidies to our roads and highways, more dependence on imported oil and increased fossil fuel emissions that contribute to environmental problems like smog and climate change.

Public Health Costs

A number of emerging public health concerns have resulted from the production and processing of food that is increasingly concentrated and automated. Many of the country's CAFOs add antibiotics to livestock feed. An estimated 70% of all antibiotics in the U.S. go into healthy pigs, poultry and cattle to increase animal weight and to minimize disease risks associated with the large numbers of animals within one complex.¹⁰ A growing number of studies show that routine use of antibiotics can encourage the growth of antibiotic resistant bacteria which can make treating human bacterial diseases more difficult and potentially life threatening. Today's centralized systems for meat production and processing are more susceptible to large-scale contamination by food borne pathogens. Food recalls are increasing. The largest food recall in U.S. history took place in October 2002, when the country's second largest poultry producer recalled 27.4 million pounds of fresh and frozen poultry products after an outbreak of listeriosis killed 20 people and sickened 120 others.¹¹ While cheap food is plentiful, it is not necessarily healthy – over half of U.S. citizens are considered overweight. ¹² Currently, the United States is plagued with an epidemic of chronic diseases associated with over-consumption (obesity, diabetes, cardiovascular disease, and certain cancers) that health professionals attribute to both a decline in

physical activity and an abundance of products high in animal fat and refined carbohydrates and low in fiber. Additionally, cheap food has not eliminated hunger. Using U.S. Department of Agriculture's conservative definitions, 5.6 million adults and 2.7 million children in the US are hungry.¹³

Winners and Losers in the Cheap Food Game

Cheap food, rather than fostering a food system that benefits the general American public, has promoted an increasingly industrialized agriculture. Expanding national and multinational food companies that purchase cheap commodities continue to increase their profits. Meanwhile, farmers and rural communities in the United States do not benefit. A health care system, taxed with an epidemic of diet related diseases, does not benefit. And the environment certainly does not benefit. But there are other ways to fill America's dinner plate. Regional food systems that support the local production and processing of farm products grown in environmentally sensible ways are emerging throughout the country. These systems take out the "middle men" and put the profits back into the pockets of the farmers and communities they support. Farmers markets, Community Supported Agriculture farms, restaurants featuring locally produced foods, and "Buy Local" campaigns give consumers the choice to buy food that is not only affordable, but benefit farmers, the natural environment and local economies.

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<http://ks.water.usgs.gov/Kansas/pubs/fact-sheets/fs.135-00.html>

7 Environmental Defense (2002). "Scorecard - Animal Waste from Factory Farms." Online at:

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10 Mellon M. et al. (2001). "Hogging It: Estimates of Antimicrobial Abuse in Livestock," Union of Concerned Scientists. Cambridge, MA.

11 Abboud, L. (2002). "Fatal Strain of Bacteria Traced To Pilgrim's Pride Meat Plant," Wall Street Journal, October 16.

12 Center for Disease Control (2002). "U.S. Obesity Trends from 1985 to 2000." Online at: www.cdc.gov/

13 <http://www.ers.usda.gov/briefing/foodsecurity/>

For more information on IATP's work on cheap food and related topics, go to www.agobservatory.org

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