Trade deals should not undermine the food sovereignty of farmers and eaters here and abroad. Instead, trade with foreign nations should strengthen our economy and create jobs, while preserving the environmental, labor, health and safety standards that Americans depend upon.

Reining in Corporate Control

A handful of corporations control our food from farm to fork. Their unbridled power grants them increasing political influence over the rules that govern our food system and allows them to manipulate the marketplace, pushing down the prices paid to family farmers and driving them out of business. Below are some of the policies Farm Aid advocates for to rein in corporate power in our food system:

- **Enforce America's antitrust laws**, including the Sherman Antitrust Act, Clayton Antitrust Act and Packers and Stockyards Act.
- **Stop mega mergers** occurring throughout the food and agricultural sector, particularly in the seed sector where the "Big Six" seed and agrichemical firms are consolidating into the Big Three.
- **Enact comprehensive pricing reform in the dairy industry** and expose corporations' price manipulation on the Chicago Mercantile Exchange. Institute supply management programs to stop the overproduction of milk.
- **Reissue and finalize the USDA Farmer Fair Practice Rules** to increase market transparency, establish fair contracts and protect the First Amendment rights of livestock and poultry growers.
- **Reform federal checkoff programs** that tax cattle ranchers, hog producers, dairy farmers and other farmers on their goods in order to fund marketing campaigns that tend to benefit corporate agribusiness.
- **Reinstate Country of Origin Labeling (COOL)** and other programs that increase transparency in the food system and allow eaters to support American farmers and ranchers.
- **Preserve local control laws** and defend the rights of local communities to stop the creation or expansion of factory farms that threaten their air, water, soil and quality of life.
- **Advance food sovereignty** and limit the role corporations can play in writing our trade deals.

What Farm Aid Is Doing

Farm Aid started in the midst of the 1980s Farm Crisis, a time when the farm economy contracted severely and pushed hundreds of thousands of family farmers off the land. The core strategies of Farm Aid's work that emerged during that time — raising awareness, providing support for farmers in crisis and advocating for policies to create a more fair and just agricultural system — have remained to this day.

Farm Aid works with local, regional and national organizations to promote fair farm policies and grassroots organizations coordinating campaigns designed to defend and bolster family farm-centered agriculture. We've worked side by side with farmers to protest factory farms and inform farmers and eaters about issues like genetically modified food and growth hormones. By strengthening the voices of family farmers, Farm Aid stands up for the people who we all depend on. Our Action Center allows concerned citizens to become advocates for farm policy.

In 2019, Farm Aid is collecting the data and stories we hear from farmers over our hotline and through our partners to highlight the urgent need to bolster our nation's farm economy; we're advocating for critical emergency measures to support farmers immediately; and we're working to secure long-term policies that provide farmers with fair prices and fair, competitive markets. We also are strengthening our Farm Aid hotline, resource network and Farm Advocate Link, a national network of Farm Advocates who work with farmers to increase their ability to stay on the land and succeed.

Join us and stand with farmers — let the USDA know you want strong safeguards to give farmers a fighting chance against corporate power. Sign our petition today.

RESOURCES FOR FARMERS

If you're a farmer who needs to talk to someone (or someone who is worried about a farmer), we are here to listen. You can call our farmer hotline at **1-800-FARM-AID (1-800-327-6243)**. Farm Aid staff answers the Farm Aid hotline Monday through Friday from 9 a.m. to 5 p.m. ET.

Check out Farm Aid's Resource Guides for some of our favorite resources on topics we get contacted about the most, such as farm financing and legal issues in farming.

If you are considering suicide, please call the National Suicide Prevention Lifeline to talk to someone 24/7 at **1-800-273-8255**.

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FARM AID

FARM ECONOMY FACTS

UNDERSTANDING THE CRISIS AMERICAN FAMILY FARMS ARE FACING

Farmers are enduring a six-year slump in crop and livestock prices that is pushing many to the financial brink. Since 2013, America's farmers and ranchers have weathered a nearly 50% drop in net farm income.[1] In addition, trade disputes have further depressed their prices and markets, and historic natural disasters continue to threaten their operations.

This dramatic combination of circumstances is spurring a crisis across farms and ranches of all types and sizes that threatens to permanently change the country's food system, landscape and culture with the extinction of family farm agriculture.

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The strain on today's farm economy is no accident; it's the result of policies designed to enrich corporations at the expense of farmers and ranchers. If the American family farmer is to survive, farm policy needs a massive shift in direction — one that delivers fair prices to farmers that allow them to make a living.

Farm Families Have Negative Farm Income

Since 2013, commodity prices for corn, wheat, dairy, beef and other farm products have crashed and remained low. As a result, farmers experienced a 48.8% drop in net farm income between 2013 and 2018 and the U.S. Department of Agriculture (USDA) projects that little relief is in sight, anticipating just a slight increase in net farm income in 2019.[2]

As prices have dropped, production expenses continue to rise. In 2018, farm production expenses totaled $369.8 billion, up 4.4% from 2017, driven largely by increasing feed, fuel, labor and interest costs. Early USDA forecasts said production expenses will likely reach $372 billion in 2019,[3] but more recent predictions show better news, with a smaller deficit of $346.1 billion.[4] Looking at the long-run, USDA expects net cash to remain relatively flat over the next decade, as farm income fails to keep pace with steadily rising farm expenses.[5]

In 2018, median farm income was -$1,840 — meaning that farm households lost money from the farm — and is forecast at -$1,664 in 2019.[6] In fact, the USDA estimates that more than half of U.S. farmers currently have negative farm income. The majority of farmers earn off-farm income to feed their families and keep their farms afloat.

Farm Solvency Weakening

In addition to income, economists and bankers utilize several other factors to understand a farm's financial health. **Solvency** measures the ability of a farm to satisfy its debt obligations when they are due. Popular measures of solvency include the debt-to-asset ratio, debt-to-equity ratio and equity-to-asset ratio. Several of these farm solvency ratios weakened for the sixth consecutive year in 2018. As farm debt continues to increase and outpace asset growth, the farm sector's risk of insolvency in 2019 is forecast to be at its highest level since 2002.[7]

The following trends demonstrate the growing pressure faced by farmers and ranchers in a strained farm economy:

- With farm debt at a record $427 billion, the farm sector's debt-to-income ratio is the highest it's been since the mid-1980s.[8]
- Working capital is a good indication of the amount of cash farmers have available to make purchases

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and repay their short-term debt obligations. The current level of working capital available in the farm sector is $38 billion, by far the lowest level seen since the USDA started directly reporting the ratio in 2009.[9]

- Alongside weak farm income, bankers indicate that farmers are struggling to repay their debts. Farm loan repayment rates are low, and the number of loan renewals and extensions is higher.[10]

Bankruptcies Tick Up in Key Sectors

Faced with multiple years of losses that have whittled away equity, many farmers are making hard choices. Some are selling off land, livestock or equipment in an effort to hold on. Others are finding off-farm jobs to supplement farm income. Some farmers are choosing to retire early. And still others are declaring bankruptcy in an effort to keep their farm. These tough choices are raising concerns that we are on the cusp of a slow but huge wave of farm losses not seen since the 1980s.

Chapter 12 bankruptcy, a class of bankruptcy created during the 1980s Farm Crisis specifically for family farmers and fisherman, offers one indicator of extreme stress in the farm sector. In 2018, Chapter 12 bankruptcy filings totaled 498, down by 1% from 2017, but up nearly 32% since 2014 (361 filings).[11] Drops in farm income among dairy farmers, as well as wheat and corn growers have been particularly severe, and states that rely heavily on these farm products have seen notable rises in farm bankruptcies. Wisconsin, the country's second largest dairy state, had the country's highest number of Chapter 12 filings (49) in 2018. It is the highest number of filings in over a decade, and more than double the number in 2009. Indiana, Kansas, Minnesota, North Dakota, South Dakota and Utah also saw decades-high levels of Chapter 12 filings. In total, 19 states saw Chapter 12 increases in 2018, and the Midwest region experienced the highest number — 223 total — a 60% jump over the 10-year average for filings in that region.[12]

Farm Credit Tightening

Farmers rely heavily on credit to buy the seeds, fertilizer, machinery, livestock and other inputs that keep their farms running. If they can't secure affordable and timely credit, they face an economic uncertainty that threatens the survival of their farms. The downturn in the farm economy has led to deteriorating credit conditions:

- Many banks are increasing interest rates and collateral requirements, both of which make it more expensive and perilous for farmers to borrow. By the beginning of 2019, the Federal Reserve Bank of Chicago reported the highest average interest rates on farm operating loans (6.07%) and feeder cattle loans (6.13%) since 2010.[13] Among small agricultural banks, interest rates on farm operating loans rose from 4.7% to an average 5.5% in 2019.[14]
- Meanwhile, the agriculture loan portfolios of the nation's top 30 banks fell by $3.9 billion between their peak in December 2015 and March 2019, according to a Federal Deposit Insurance Corporation (FDIC) analysis. That's a 17.5% decline in large banks lending to family farmers and the agriculture sector.[15]
- Small farm banks syndicated or brought other institutions into 40% of their loans in early 2019, compared to 10% in 2012 during the commodity boom.[16] Small agricultural banks also are seeking USDA loan guarantees on a growing portion of their loans. According to the Federal Reserve, these two factors show growing financial stress in the farm sector.

These conditions are challenging for all farmers, but beginning farmers, smaller and midsized farmers, as well as other disadvantaged farmers in particular continue to struggle to secure the credit they need.

Impact on Rural America

America's farmers and ranchers are pillars of their communities and the foundation of their local economies. When farmers do better, we all do better — and the opposite is also true. Trends in agricultural prices have a disproportionate effect on farming-dependent counties, which accounted for nearly 20% of all rural counties and 6% of the rural population in 2017.[17] As farmers are forced into bankruptcy or foreclosure, a ripple effect on farm service providers, input manufacturers and local purchasers and processors further taxes rural economies. In 2019, the combination of depressed farm prices and punishing weather conditions that have left many farmers unable to plant is causing a documented strain on Midwestern farm economies, particularly those dependent on corn and soybean production.[18]

As the farm economy continues to falter, the stress family farmers face is having demonstrable impacts on the health of rural Americans. In 2018, Farm Aid saw a 109% spike in contacts (via phone and email) to our farmer hotline, a great majority of them from farmers in crisis who exhibited acute signs of stress. Farm Aid has worked to bring awareness to the issue of farm stress and advocated for increased federal resources to address the challenge of caring for the mental health of rural residents, farmers and those working in agriculture. Farm Aid is working to show farmers they are not alone, and there is help. In fact, managing farm stress is just as important as managing the farm.

The current downward trend is different than the 1980s Farm Crisis that quickly led to foreclosures and bankruptcies due to a simultaneous crash in commodity prices and land values as well as a spike in interest rates. This crisis is happening slowly, year by year, negative income year by negative income year. But the outcome will be the same: extensive loss of family farms and a growing threat to rural well-being and prosperity. Without strident emergency measures paired with visionary farm policies that set us on a better course, America faces the extinction of the family farm and the resulting social and economic gutting of rural communities.

Farm Policy Solutions

All too often, food is treated like any other commodity and farming like any other profession. This could not be further from reality. While many blame the current economic downturn on the oversupply of major commodities, the real root cause is failed policy. If we're going to save the family farm, we need policies that support the success of small and midsized farmers and the communities they call home — not the profits of multinational companies.

In short, without sound policies, it is nearly impossible for farmers to consistently make a good living from the land.

Fair Prices and Parity

Agriculture doesn't fit neatly into most economic curves. As a sector, farming is relatively inelastic, with farmers and eaters both unable to alter their consumption or production dramatically in any given year. People must eat and what they eat only shifts marginally in a given period of time, no matter how much farmers produce. Farmers, meanwhile, almost always have an incentive to produce as much as possible to squeeze a profit from their land and build a cushion for the tough times that will inevitably come. The greater the supply of a particular crop on the market, the lower the price drops. Since consumers are buying more or less the same amount of food from week to week, a farmer can actually make less money when production is high.

There are many ways we can secure fair farm prices. Historically this has been achieved through a combination of **supply management** programs like grain reserves, and by setting **floor prices** — comparable to the minimum wage for other jobs. These programs ensure that the people who grow our food can at least recover their cost of production for the goods they produce. Many have advocated for parity pricing for farmers, which helps them recover their cost of production plus a little more — so they don't just break even, but actually make a profit. The idea of parity pricing is comparable to the concept of living wages.

Farmers Need Equitable Access to Credit and Fair Trade

Affordable credit is essential for farmers, who have to spend money to plant their crops and care for their animals months before they reap a financial benefit. While there have been many important improvements in farm credit policy at the federal level, there is still much work needed to ensure that farmers of all kinds can secure the credit they need to thrive on the land.

Historically, there have been inequities in who can access agricultural financing. Beginning farmers, organic farmers or those engaged in diversified production or more local and regional markets have often struggled to secure credit or find loan packages that make sense for their farms. In addition, there is a long history of racial discrimination at USDA Farm Service Agency offices (something the last Administration took strides to rectify), where black, Latino, Native American and other socially disadvantaged farmers were denied the loans needed for their farms, ultimately leading to dispossession of their land.

Farm Aid also supports **food sovereignty**, the right of communities and nations to determine their own food and agriculture policies and the broader democratization of food and farming systems. Opening up trade through free trade agreements, especially when large corporations write the rules, often leads to weakening hard-fought environmental protections, worker protections, food safety standards and financial regulations. Far too often, our rural communities are hit hard as trade deals undermine supply control and price support policies that intend to keep prices stable for family farmers.

IN ADDITION TO ECONOMIC CONCERNS

Extreme weather events over the last three years have continued to compound the precarious situation for family farmers across the country. This year alone, historic flooding in the Midwest this spring left millions of acres of farmland unworkable and destroyed crops that farmers were storing for when the markets recovered.

To nurture their crops and sustain their livestock, family farmers depend on soil, water and air — resources that are greatly impacted by the changing climate. Situated on the frontlines, family farmers are all too familiar with extreme weather events caused by climate change. Across the country the challenges vary: in the West, severe drought and raging wildfires have the potential to destroy some of our most productive farmland and the effects of climate change will have a grave impact on productivity. In other areas of the country, record floods have pushed farm businesses to the brink and even forced some farmers to leave the land altogether. Taken together, these climate-related challenges hold the potential to create a seismic shift in U.S. agriculture.

In fact, last fall the National Climate Assessment, a federal survey of climate change and its effects on the American economy, detailed the extreme changes that climate change has already brought to the Midwest. Springs have already grown wetter and more humid, creating longer seasons for pests and pathogens. By the middle of the century, the report reads, rains will worsen and saturate soils. The report warns that extreme weather will increase in frequency and intensity and "Based on projected climate change impacts in some areas of the United States, agricultural systems may have to undergo more transformative changes to remain productive and profitable in the long term."[19] But without access to credit and equity for their farms, many farmers will struggle to make those investments — when income is negative and the reserves have been bled dry to just hold on to the farm, there is no money to make these changes — and thus, the downward cycle will continue.

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