



‘Get Big or Get Out’

How Biofuels Programs Prop Up Industrial Agribusiness in the United States

PHOTO: MARK PETRUNIAK/ACTIONAID

The Struggle of Family Farmers to Stay on the Land

Family farming has always required hard work. But since the 1970s, when U.S. farm policy encouraged farmers to plant “fencerow to fencerow” and “get big or get out,” family farmers have struggled just to survive. Programs that ensured farmers were paid a fair price were dismantled and farmers were instead incentivized to overproduce, causing prices to crash and forcing many farmers out of business. Besides the immense personal losses experienced by farmers and their families, rural economies have also been devastated. Small towns are disappearing throughout farm country as schools, churches, and businesses close and families move to towns and cities.

In this context, farmers are told that biofuels programs like the Renewable Fuel Standard (RFS), which guarantees a certain level of biofuel consumption, will help them stay afloat by increasing both demand for corn and the price farmers are paid. Farmers are told that the RFS is a program meant to benefit family farms, however it does not address the root causes of “get big or get



LARRY GINTER IS A RETIRED HOG FARMER AND MEMBER OF IOWA CITIZENS FOR COMMUNITY IMPROVEMENT.

PHOTO: MARK PETRUNIAK/ACTIONAID



GARY HOSKEY (LEFT), PICTURED WITH HIS WIFE GERI, IS A HOG FARMER AND FORMER PRESIDENT OF THE IOWA FARMERS' UNION.

PHOTO: MARK PETRUNIAK/ACTIONAID

out” agriculture policies that are forcing them off their land. Instead, biofuels mandates prop up the industrial agribusiness system, making any support that biofuels policies give farmers unsustainable in the long-term.

Biofuels policies briefly benefitted farmers, as they contributed to prices rising sharply from 2009-2013. But in 2013, prices came crashing back down leaving some farmers in a worse situation than before.¹ Today, farmers are facing a potential farm crisis. Instead of unsustainable biofuels programs, they need **supply management policies** and **price floors**, which ensure a fair and stable price. A stable price benefits other people as well, as the 2009-2013 food price spikes were disastrous for hundreds of millions of people around the world who were unable to afford food. Re-establishing **grain reserves** would be a better solution for protecting farmers and preventing price spikes.

Impacts of Agribusiness on Local Communities and the Environment

No place illustrates the impact of agribusiness on family farmers and rural communities better than Iowa, which produces more corn than many countries and has a strong family farm history. However, since the 1970s, Iowa has lost one third of its farmers and as family farming has declined in Iowa, so too have rural communities.

George Naylor, a non-GMO and organic corn and soybean farmer from Churdan, Iowa talked about the changes he has seen in over 40 years in Iowa:

“Each community had its own school. Each community had its own grain elevator which was a co-op. They had many businesses – sometimes two or three banks, sometimes two or three grocery stores, and repair shops and farm supply stores. Now, virtually almost all of those are closed. Each small town now has boarded-up businesses on Main Street, and the population keeps declining out here all the time.”

¹ According to Farm Aid, farmers have income-to-debt ratios that have not been seen since the 1980s Farm Crisis: <https://www.farmaid.org/blog/fact-sheet/looming-crisis-american-farms/>.

As farmers have gone out of business, farms have gotten bigger, relying on larger machines and more chemicals. Instead of small, diversified family farms raising diverse crops and livestock, the agribusiness model that dominates in Iowa today has prioritized monoculture farming and factory livestock farms to produce as much as possible at the lowest possible price. *“There was a time when the average number of crops grown on an Iowa farm was thirty-four. Now it’s two,”* said Suzan Erem of the Sustainable Iowa Land Trust.



GEORGE NAYLOR AND PATTI EDWARDS
NAYLOR ARE ORGANIC AND NON-GMO CORN AND SOYBEAN FARMERS FROM CHURDAN, IOWA.
PHOTO: MARK PETRUNIAK/ACTIONAID

This model of production is incredibly bad for the environment. Monocrop fields of corn and soy require tens of thousands of tons of chemical pesticides and fertilizers, which are produced with fossil fuels and destroy the ability of the soil to hold and remove carbon from the air. Currently, 99% of Iowa’s cropland – two thirds of the total land in Iowa – is sprayed with these chemicals, contributing to the loss of 130 tons of soil to erosion and the pollution of 60% of Iowa’s waterways from agriculture runoff.

Supply Management and Fair Prices

Farmers currently face two major risks. The first risk is that their crops will fail and they will not be able to produce and sell enough to make ends meet. The second risk is that they and all other farmers produce *too much*, which will cause prices to collapse, possibly to such a low level that farmers actually *lose* money.

To deal with this problem of overproduction and low prices, family farmers have long argued for **supply management** so that farmers do not produce more than can be consumed and so they can ensure a fair and stable price. Historically, the U.S. was able to manage supply by putting excess grain into a reserve and releasing that reserve when production is low. Farmers and communities benefitted from a fair and stable “price floor,” which Brad Wilson, an Iowa farmer and farm policy researcher, describes as being like a minimum wage for farmers. The environment also benefitted from supply management policies because when farmers are guaranteed a fair price, they focus on *taking care* of and conserving their land and water and not on squeezing as much production as they can from it.

However, agribusiness companies did not like paying these prices for the corn and soybeans that they needed to produce biofuels, animal feed, and processed food. In their drive to increase profits, agribusiness companies like Cargill and Archer Daniels Midland (ADM) wanted to pay farmers as little as possible.

These companies and the politicians they supported were able to dismantle supply management policies, significantly in the 1970s and then completely in the 1990s. According to Brad Wilson, *“In 1996, Congress ended the price floor. That’s like having no minimum wage at all. They lowered the price floor to side with agribusiness against farmers.”*

Without price floors and supply management, farmers were left to the “free market,” but *“as it turns out, free markets don’t work for agriculture very well at all. There’s a lack of ‘price responsiveness,’ so prices are usually low if you don’t have some kind of market management.”*

George Naylor adds, *“If you let everybody produce as much corn as possible, you will guarantee a very low price for corn, actually a price that will guarantee economic chaos – farmers going broke right and left.”* To keep the farming system from falling apart, the federal government has provided massive subsidies to keep farmers in business, but prices are so low that some farmers still cannot stay afloat. They can only survive by competing

against each other to farm as many acres as possible. As Larry Ginter, a retired hog farmer from Rhodes, Iowa, says *“it’s just ‘dog eat dog.’”*

Eliminating supply management policies has also posed a danger to consumers because it means that there are no longer any grain reserves. *“I don’t think the general public understands that we don’t have grain reserves,”* says Naylor. *“We don’t have food security, because if we experienced another dustbowl, or let’s say a pest came through and destroyed a lot of corn, food prices could go crazy high, and poor people will be the last people to be able to buy food, obviously.”*

Biofuels Policies are Unsustainable for Farmers

Biofuels programs do not provide the stability that family farmers need, as the extreme price volatility that biofuels policies have contributed to clearly shows. Moreover, biofuels programs like the RFS serve only to stimulate demand and do not stop overproduction, allowing agribusiness to push family farmers out and destroy the environment.

“It’s a never-ending treadmill,” says George Naylor. *“You can keep expanding the use of the corn, but the supply of the corn keeps expanding too, whether it’s right here in Iowa or other places around the world. These big corporations are encouraging production of corn all over the world.”*

Additionally, and perhaps most concerning, is how biofuels programs are being confused for farm programs. As George Naylor explains, *“Farmers are basically told that in order to get a decent price we have to have a shortage, a scarcity of food – somehow Mother Nature has to create a drought or flood or whatever. We should not have to have scarcity of food in order for farmers to get a decent price.”*

Although biofuels mandates like the RFS might provide some short-term support for farmers, their contribution to unsustainable long-term trends, including price instability and pressure for overproduction, means that they must be phased out for the benefit of both farmers and the environment.

ActionAid works to stop the expansion of U.S. biofuels targets because they are fueling industrial agriculture, land grabbing, and environmental destruction in rural communities around that world that cause hunger and poverty and force local communities off their land. We campaign for an end to policies that incentivize biofuels and agribusiness expansion, and support family farmers here in the U.S. and around the world.



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