

“The Trouble with Low Prices”

“We may be loosing money on each bushel, but we’ll make it up in volume.” This is one of many funny things you’ll hear farmers say in order to cope with the challenge of farming profitably. Unfortunately, this saying is a pretty good description of the plight many farmers face, due primarily to low prices for their products.

Just how low are the prices farmers receive for their meats, grains, milk, and produce? Here are some examples:

- On average, U.S. farmers receive between \$.10 and \$.18 out of every dollar we spend on food. The other \$0.80-\$0.90 goes to packaging, shipping and distribution, marketing & advertising and retailing.
- In 1910, Americans spent about \$70 billion on food, of which farmers received more than \$40 billion. By the end of the century, we were spending nearly \$350 billion on food. Farmers were still getting about \$40 billion.
- Farmers received about 10% less in 2005 for wheat and corn compared with 1995.
- Although milk prices improved for farmers in late 2004 and early 2005, most dairy farmers have had to make do with 1970’s prices for milk throughout most of the 90’s into the present.
- Closer to home, local tomato growers usually see their prices plummet once the “tomato season” is in full swing. Current prices being paid to most local farmers range from \$4.50-\$7.00 per box, or \$0.18-\$0.28 per pound.

While some farm operations are more efficient than others, it is difficult for any family farmer to make a living with rising fuel and input costs, coupled with stagnant or declining prices. Or as another local farmer has put it, “It’s the only business where you’re expected to buy high and sell low.”

If we’re concerned about the health of our food and the farms that raise it, there are some things we can do.

First buy as local and direct as possible. When you shop at the farmers market or direct from the farm, the grower gets 100% of your dollar. Appalachian Sustainable Development has just published a “Local Food Directory” to help link consumers with a wide range of farmers.

The next best thing is to buy local brands at the supermarket, such as *Appalachian Harvest*, Scott Farms, and others. Farmers receive 50-60 cents of each dollar in these cases.

Secondly, look for organic or other “sustainable farming” products, like pasture fresh eggs or grass finished meats. Organic and sustainable farmers get paid a little more for their produce, meats and other products, and this helps improve their financial viability. Where you can buy local and organic, such as *Appalachian Harvest*, farmers are benefiting even more.

Lastly, when you're shopping, remember Wendell Berry's admonition that "Eating is an agricultural act." In other words, how we feed ourselves affects not only our own health, and well being, but that of thousands of farmers near and far.