



Consumer Federation of America

May 1, 2008

Hon. Charles Schumer, Chair
Hon. Carolyn Maloney, Vice Chair
Joint Economic Committee
U.S. Congress
G-01 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Schumer and Representative Maloney:

Consumer Federation of America commends you for holding a hearing to examine how high food prices are affecting American families.¹

Rising food prices are a serious problem in the U.S. and globally. In many developing countries, where people live on less than a dollar a day there is a food crisis. Hundreds of millions of people are threatened by starvation. Americans are not starving but the rapid increase in food prices is a threat to the health of lower-income families and an unexpected and troubling burden on middle-income people already hit by increasing fuel prices and a sagging economy.

After almost two decades of stability, U.S. food prices increased 5.1% between February 2007 and February 2008. They are expected to rise by another 3% to 4.5% this year. The increases were greatest among foods that rely heavily on feed grains and fruits and vegetables. From March 2007 through March 2008, milk prices increased by 13.3%; cheese by 12.5 %; eggs by 29.9%; and bread by 14.7%. Moreover, gasoline prices have more than doubled in the past five years and diesel prices, which affect the cost of food, have increased even more.

¹ Consumer Federation of America is a non-profit association of over 300 organizations, with a combined membership of over 50 million Americans. Member organizations include local, state, and national consumer advocacy groups, senior citizen associations, consumer cooperatives, trade unions and anti-hunger and food safety organizations. Since its founding in 1968, CFA has worked to advance the interest of American consumers through research, education and advocacy. CFA's policy positions are determined by vote of member representatives at board meetings and the annual meeting. CFA's Food Policy Institute was created in 1999 and engages in research, education and advocacy on food and agricultural policy, agricultural biotechnology, food safety and nutrition.

Hon. Carol L. Tucker-Foreman served as Assistant Secretary of Agriculture for Food and Consumer Services, 1977-81.

Many factors contribute to increased food prices, including increased global demand, speculative bidding, changing weather patterns and increased oil prices. Developing renewable, alternative fuel sources is essential to reducing the impact of increasing petroleum prices.

Congress can and should act to control rising food prices and protect lower income Americans, the group most threatened by them. Congress must move away from the current emphasis on using basic food crops for fuel and must provide sufficient funding for food assistance programs to meet the increased need arising from higher food prices.

Current “food-to-fuel” mandates and subsidies led to over one quarter of all US corn being used for ethanol last year. The Energy Independence and Security Act of 2007 requires the use of 36 billion gallons of renewable fuels by 2022. It is critical that such mandates are met in a way that does not create upward pressure on food prices. A sustainable policy must set deadlines for shifting to nonfood fuels and investing in energy conservation.

The Farm Bill that Congress is close to completing does not address the problems of rising food prices. It extends unnecessary subsidies for corn ethanol. The additional money for food stamps inserted in the legislation last week may not be sufficient to meet the need. It is therefore crucial that hearings like yours raise awareness of this growing food price crisis and all of the significant reasons for it, as well as develop the desperately needed solutions to the crisis.

We urge you and your colleagues to continue examining food-to-fuel mandates, as well as the role of high energy costs in driving up food prices. We must quickly move toward solutions that result in the use of lower cost, sustainable energy sources that don't pit national energy needs against national food needs. We must also increase domestic and international food aid to ease the crisis for the least fortunate among us.

Sincerely,

Carol L. Tucker-Foreman
Distinguished Fellow
The Food Policy Institute

Christopher Waldrop
Director
The Food Policy Institute