

# **Farm to Table Finance: A Comparative Look at Agriculture in France and the United States and How Boosting Small Farmers Financially Will Help the Environment, Worker's Rights, and Promote Fair Competition in the Agriculture Market**

*“More needs to be done to support farmers through regulatory reforms so that they can grow their businesses and thrive,”*

**Simeon Djankov, Senior Director, Development Economics, World Bank.**

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## **Introduction**

Humans have long passed the days where we need to hunt and gather our own food to survive. Today we can just go to a store and purchase whatever food is available.<sup>1</sup> Yet, do we know the cost of our food and where it comes from? Shockingly, many people do not know these facts. Too many American adults are not familiar with where and how the food they buy is produced.<sup>2</sup> In Europe, however, people consider where their food comes from to be an important factor in their purchase choices.<sup>3</sup>

It is no mystery that our actions are having an impact on our environment. The food system, from production to transportation to consumer choices all impact the future of our environment. Thus, “we need action at various levels (regulation, food production, retail, etc.) to change the food

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<sup>1</sup> (Assuming one can afford what is available at the store, which is a whole other issue not touched on in this paper)

<sup>2</sup> The surprising number of American adults who think chocolate milk comes from brown cows, <https://www.washingtonpost.com/news/wonk/wp/2017/06/15/seven-percent-of-americans-think-chocolate-milk-comes-from-brown-cows-and-thats-not-even-the-scary-part/> (last visited April 30, 2023) Americans do not know much about food production, British People Know Terrifyingly Little About Where Food Comes From,

<https://www.vice.com/en/article/d75eem/british-people-know-terrifyingly-little-about-where-food-comes-from> (last visited April 30, 2023) British people do not know where their food comes from.

<sup>3</sup> Europeans on today's food issues: new EU-wide survey comes out on first World Food Safety Day, <https://www.efsa.europa.eu/en/press/news/190607> “The most important factors for Europeans when buying food are where the food comes from (53%)”, ONE BITE AT A TIME: CONSUMERS AND THE TRANSITION TO SUSTAINABLE FOOD: Analysis of a survey of European consumers on attitudes towards sustainable food, [https://www.beuc.eu/sites/default/files/publications/beuc-x-2020-042\\_consumers\\_and\\_the\\_transition\\_to\\_sustainable\\_food.pdf](https://www.beuc.eu/sites/default/files/publications/beuc-x-2020-042_consumers_and_the_transition_to_sustainable_food.pdf) (last visited April 30, 2023) “a growing number of [Europeans] are paying attention to how food is produced, where it comes from and whether it is good for their health and the planet.”

environment (i.e. all factors that shape consumer choices, such as pricing, availability and marketing...)”<sup>4</sup> to ensure sustainable food systems for the future.

First, I will give an overview of relevant agriculture and food system statistics in both the United States and France. For the purposes of this paper, I will look to specifically compare chicken farming in the two countries in this section. Then, I will define and detail how the business of agriculture is financed in both countries, analyzing the different cultural attitudes toward agriculture through policy with a lens of worker’s rights, national and international economies in regard to anticompetition, and environmental protection, and I will make recommendations for further policy changes.

## **I. AGRICULTURE AND FOOD SYSTEM STATISTICS**

In our modern world, money rules everything. In order to take a deeper look at some barriers to a more sustainable food system through economics, an overview of the agriculture in each country is necessary.

### **A. The Current System in the United States Encourages Corporate Farming Profits Over the Smaller Farmer**

The average American farmer is a white male above 50 years old.<sup>5</sup> However, there are increasing populations of non-white farmers.<sup>6</sup> Figure 1 shows the ages of the main farm operators, or people who consider farming as their main job. Figure 2 shows the statistics for non-white farmers in America.

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<sup>4</sup> *Id.*

<sup>5</sup> Farm Demographics: U.S. Farmers by Gender, Age, Race, Ethnicity, and More: Census of Agriculture Highlights, [https://www.nass.usda.gov/Publications/Highlights/2014/Farm\\_Demographics/Highlights\\_Farm\\_Demographics.pdf](https://www.nass.usda.gov/Publications/Highlights/2014/Farm_Demographics/Highlights_Farm_Demographics.pdf) (last visited May 4, 2023).

<sup>6</sup> *Id.*

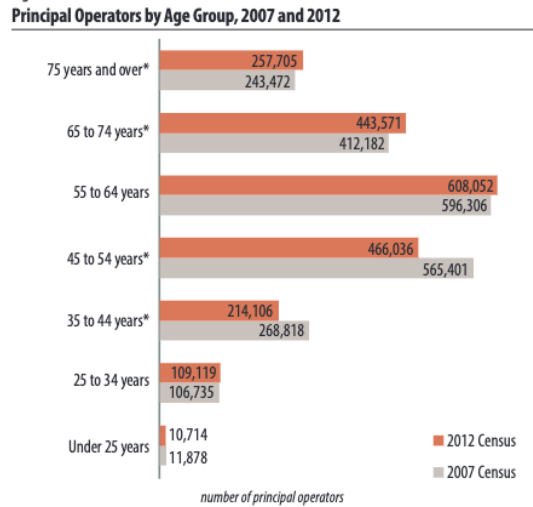
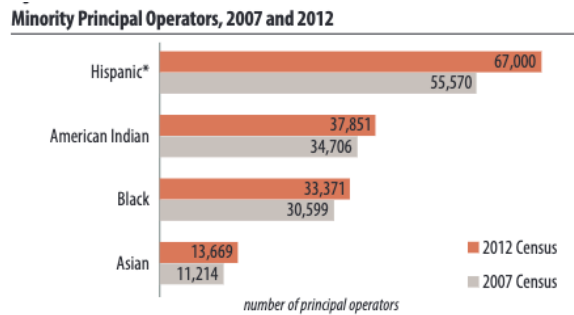


Figure 1<sup>7</sup>



Source: USDA NASS, 2012 Census of Agriculture.

Figure 2<sup>8</sup>

The average farm size in the United States in 2022 was 446 acres as opposed to the average of 445 acres in 2021.<sup>9</sup> “The number of farms in the United States for 2022 is estimated at 2,002,700, down 9,350 farms from 2021,”<sup>10</sup> and the number of farms in the two lowest profit earning categories as displayed in Figure 3, are the only categories that did not see an increase into 2022.<sup>11</sup> The average size of a farm in the United States is continuing to increase, while the number of farms is decreasing.<sup>12</sup> As shown by Figure 3, created by USDA NASS (United States Department of

<sup>7</sup> Farm Demographics: U.S. Farmers by Gender, Age, Race, Ethnicity, and More: Census of Agriculture Highlights, [https://www.nass.usda.gov/Publications/Highlights/2014/Farm\\_Demographics/Highlights\\_Farm\\_Demographics.pdf](https://www.nass.usda.gov/Publications/Highlights/2014/Farm_Demographics/Highlights_Farm_Demographics.pdf) (last visited May 4, 2023).

<sup>8</sup> *Id.*

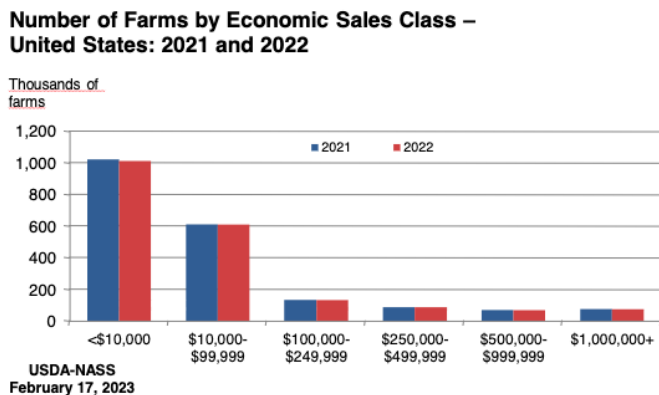
<sup>9</sup> Farms and Land in Farms 2022 Summary February 2023, <https://downloads.usda.library.cornell.edu/usda-esmis/files/5712m6524/bk129p580/2z10z2698/fnlo0223.pdf> (last visited April 30, 2023).

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> USDA, Farms and Lands in Farms 2019 Summary, National Agriculture Statistics Service, [https://www.nass.usda.gov/Publications/Todays\\_Reports/reports/fnlo0220.pdf](https://www.nass.usda.gov/Publications/Todays_Reports/reports/fnlo0220.pdf) (2020).

Agriculture National Agriculture Statistics Service), farms with the lowest income still remain the most prevalent in the country; however, year by year the smaller farms are dissipating.<sup>13</sup> The trend seems to be for smaller farmers to be bought out by the larger corporate farms.<sup>14</sup> For example, in 2020, “Dairy Farmers of America, the nation’s largest dairy cooperative, purchased Dean Foods, the country’s largest milk processor,” which means that they just acquired significant power in the dairy industry and in 2020 alone sold about 25% of all dairy in the United States.<sup>15</sup>



<sup>16</sup> Figure 3

Consequently, smaller farms are finding it increasingly difficult to make money to survive.<sup>17</sup>

Technology has made farms more efficient than ever before. But economies of scale meant that most of the benefits accrued to corporate farmers, who built up huge holdings as smaller farmers sold out. Even as four million farms disappeared in the United States between 1948 and 2015, total farm output more than doubled. Globalization brought more farmers into the international market for crops, flooding the market with soybeans and corn and cattle and milk, and with increased supply comes lower prices.<sup>18</sup>

Smaller farmers fear the trend of larger scale farming practices wiping out smaller, more local farming practices threatens the security of the national food chain supply; “If one company is providing all the milk or cheese to an entire region, what happens when that plant gets

<sup>13</sup> Farms and Land in Farms 2022 Summary February 2023, <https://downloads.usda.library.cornell.edu/usda-esmis/files/5712m6524/bk129p580/2z10z2698/fnlo0223.pdf> (last visited April 30, 2023).

<sup>14</sup> *Id.*

<sup>15</sup> Is It Time To Break Up Big Ag?, <https://www.newyorker.com/news/dispatch/is-it-time-to-break-up-big-ag> (last visited May 2, 2023).

<sup>16</sup> Number of Farms by Economic Sales Class – United States: 2021 and 2022, [https://www.nass.usda.gov/Charts\\_and\\_Maps/graphics/fncht2.pdf](https://www.nass.usda.gov/Charts_and_Maps/graphics/fncht2.pdf) (last visited April 30, 2023).

<sup>17</sup> TIME, <https://time.com/5736789/small-american-farmers-debt-crisis-extinction/> (last visited April 30, 2023).

<sup>18</sup> *Id.*

contaminated, or a storm isolates it from the rest of the country? ‘It’s an incredibly fragile supply chain, and when it fails, it fails completely.’”<sup>19</sup>

Big ag, or corporate agriculture seems to be dominating the profits of agriculture in America; “industrial agriculture has become an expansive presence in rural communities, where small local farms used to thrive<sup>20</sup>”. With problems of debt, increasing use of advanced technology, globalization, climate concerns and struggles to compete with corporate prices, small farmers are disappearing.<sup>21</sup> Small farmers complain that much of the government aid sent out to farmers after events like trade wars that affect sale of crops, is largely received by the biggest farms, who can more commonly afford bad luck.<sup>22</sup> As the large corporate farms are improving production and increasing supply, prices for consumers are going down.<sup>23</sup> However, for the smaller farmers, they are having to sell their products at a lower price than the costs of production, causing many to lose their farms and their livelihoods; “‘In America, the big get bigger and the small go out,’ Perdue said, at the World Dairy Expo in Wisconsin”.<sup>24</sup> Yet, the problem is not as simple as just allowing big corporate ag to take over production. Allowing big ag to run the country adds more problems to the list. Larger, more concentrated farms exacerbate climate change, and decrease adaptability.<sup>25</sup> In addition, corporate farms create riskier supply chains. If there is ever a weather catastrophe or disease that affects a plant, it affects a larger amount of people than it would if more diverse, smaller farms were being used to feed the surrounding areas. “The modern concentration of market power in a few firms is a relatively new, and by no means immutable, trait of the United States agricultural system.”<sup>26</sup>

“Small family and nonfamily farms [(farms making \$350,000 or less annually)] accounted for 46 percent of production in 1991, but by 2015, that share had fallen under 25 percent.”<sup>27</sup> As more concentrated animal facilities become the norm, waste disposal has created larger problems

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<sup>19</sup> *Id.* Internal quote from Marlow, of the Rural Advancement Foundation.

<sup>20</sup> Worker Rights, <https://foodwhistleblower.org/issue/worker-rights/> (last visited May 2, 2023).

<sup>21</sup> TIME, <https://time.com/5736789/small-american-farmers-debt-crisis-extinction/> (last visited May 2, 2023).

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> Alexandra Spring, Big Ag, Antitrust & Climate Change: The Environmental Impacts of Constrained Economic Choice, 23 Vt. J. Envtl. L. 266 (2022)

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

for greenhouse gas emissions in agriculture, with just one [large farm] facility “easily [having the capacity to] equal a small city in terms of waste production.”<sup>28</sup> CAFOs, concentrated animal feeding operations, are large scale farming facilities that create a large health concern based on how much manure they produce.<sup>29</sup> “Nationwide, CAFOs generate more than 500 million tons of animal manure annually, which ‘when improperly managed, can pose substantial risks to the environment and public health.’ In 2008, the EPA estimated that approximately 75 percent of CAFOs discharge pollution into waterways.”<sup>30</sup> Based on the EPA’s data, there were 21,465 CAFOs in the United States in 2019.<sup>31</sup> The average CAFO facility houses 10,000 pigs.<sup>32</sup> “A feeding operation with 800,000 pigs could produce over 1.6 million tons of waste a year. That amount is one and a half times more than the annual sanitary waste produced by the city of Philadelphia, Pennsylvania.”<sup>33</sup>

The government is indirectly subsidizing fossil fuel pollutions by subsidizing industrial animal agriculture; “Indirect subsidies are passed to CAFOs in the form of artificially low cost for feed for the livestock.”<sup>34</sup>

Subsidy reform represents the single biggest opportunity to close the funding gap (the gap between how much money is spent on harm to the environment versus how much is spent on aiding the environment). As much as US\$542 billion per year is currently spent on agricultural, fisheries and forestry subsidies that are harmful for nature. Redirecting those payments to incentivize more sustainable practices would benefit nature while also mitigating climate change and improving food security.<sup>35</sup>

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<sup>28</sup> EPA RISK ASSESSMENT EVALUATION FOR CONCENTRATED ANIMAL FEEDING OPERATIONS (2004).

<sup>29</sup> NATIONAL ASSOCIATION OF LOCAL BOARDS OF HEALTH, UNDERSTANDING CONCENTRATED ANIMAL FEEDING OPERATIONS AND THEIR IMPACTS ON COMMUNITIES (2010).

<sup>30</sup> *Food & Water Watch v. U.S. Env't Prot. Agency*, WL 5934671 (9th Cir. 2021).

<sup>31</sup> NPDES CAFO PERMITTING STATUS REPORT: NATIONAL SUMMARY, ENDYEAR 2020 (2021).

<sup>32</sup> Michigan State University Animal Legal and Historical Center, <https://www.animallaw.info/article/overview-cafos-and-animal-welfare-measures> (last visited April 30, 2023).

<sup>33</sup> NATIONAL ASSOCIATION OF LOCAL BOARDS OF HEALTH, UNDERSTANDING CONCENTRATED ANIMAL FEEDING OPERATIONS AND THEIR IMPACTS ON COMMUNITIES (2010).

<sup>34</sup> Randall S. Abate, *Anthropocene Accountability Litigation: Confronting Common Enemies to Promote a Just Transition*, 46 CLMJEL 225, 249-250 (2021).

<sup>35</sup> The Nature Conservancy, <https://www.nature.org/en-us/what-we-do/our-insights/perspectives/closing-nature-funding-gap-global-biodiversity-finance/> (last visited May 3, 2023).

Additionally, the majority of the agricultural subsidies are going to the largest farms.<sup>36</sup> Based on the data from the Congressional Budget office, farm subsidies have increased over time.<sup>37</sup> The United States government can make the decision to redistribute where money and resources are going. The U.S. government should redistribute agricultural subsidies to promote sustainable farming practices by choosing to support smaller farms over corporate agriculture.

### **B. Case Studies of Chicken Farmers**

To take a more specific example of corporate agriculture running the country, United States chicken farming is largely run in a vertically integrated system. This means that a corporation like Purdue owns many stages of the production of the chickens. The growers, or the people raising the chickens for slaughter, are the ones doing all the work, but only owning their land and not the chickens they raise.<sup>38</sup> Yet, it is tough to say they even own the land due to the massive amounts of debt the vertical integration system puts them in.<sup>39</sup> One farmer states:

I want to speak up about this because growing is not what it appears to be. I put my whole life into this, and I am treated so badly. I know so many others are treated badly too and are too afraid to speak up for themselves. They are afraid to be threatened and lose their farms and livelihoods by speaking up. I have spoken to so many others that used to grow for [the corporation] and had to sell their farms because of the stress... I have been so unhappy and stressed because of my work that sometimes I can't even sleep. I have been pushed so far to the edge with [the corporation]. They have so much power over me, and I stay in debt just to do what they want, but they could take everything from me if they want to...<sup>40</sup>

Currently, the chicken corporations are taking advantage of their market power and profiting off the debt of the chicken growers. They are forcing these growers to go into significant debt to run these farms however the corporation pleases. This includes taking more loans to purchase expensive machinery upgrades on top of the loans they already need to pay off for the land. The majority of the time the growers' pays are determined by factors uncontrollable to them like weather, the type of chickens delivered to them and when, the type of feed delivered to them and the amount, and when their birds are picked up for slaughter. However, these growers are ranked

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<sup>36</sup> Environmental Working Group, <https://www.ewg.org/interactive-maps/2021-farm-subsidies-ballooned-under-trump/> (last visited April 30, 2023).

<sup>37</sup> Congressional Budget Office, CBO's January 2020 Baseline for Farm Programs (2020), <https://www.cbo.gov/system/files/2020-01/51317-2020-01-usda.pdf>.

<sup>38</sup> Commercial Poultry Industry, <https://extension.psu.edu/commerical-poultry-industry> (last visited April 30, 2023).

<sup>39</sup> Interview with American poultry grower

<sup>40</sup> *Id.*

against each other which ultimately determines their pay. This is an unfair system, even with financial assistance that is available from the government. Another grower recounts:

We cannot sleep at night because we do not know what will happen tomorrow. Our farm and our home are not ours; we are at the mercy of [the corporation] and we are in debt that we can never get out of. I wish I had known how badly we would be treated and how the other growers are treated. I wish I had known that I would be forced to go into more debt for [the corporation], getting upgrades I could not afford. We are so close to giving up. I want people to know what poultry companies are doing to growers, especially the ones who can't speak English and cannot advocate for themselves. I want the industry to change because we are slaves. The current poultry industry is an example of modern-day slavery. We sign our lives away and become tied down with no way out. We wish the government would do something to protect us and see what is actually happening to its American citizens every day. We work so hard to feed the world, but no one understands what we are going through.<sup>41</sup>

As a farmer starting out in the United States, the world of farming may seem like an American dream; essentially choosing your own hours, working from home, being your own boss, and your income is largely dependent on yourself only. However, the reality for many farmers is much different. So many individuals in the farming business attempt suicide due to how severe their financial struggles are<sup>42</sup>; “The rate of suicide among farmers is three and a half times higher than among the general population, according to the National Rural Health Association.”<sup>43</sup> Farmers today are unable to compete in the market that favors big ag:

We are \$300,000 in debt not including our debt from buying the farm, which is another \$300,000. I have borrowed around \$250,000 for equipment and another \$50,000 was put on my credit cards towards upgrades and fixtures for the farm. We are forced to live off credit cards for everyday expenses because the income from the farm is barely enough to cover our bills. For example, even in the best-case scenario with a flock that makes us around \$70,000, that pays our \$41,000 mortgage, \$20,000 propane bill, and our other expenses. The flocks that make us around \$53,000 put us into even more debt because we cannot even cover our basic living expenses.<sup>44</sup>

In a country that struggles with healthcare and other social amenities, these growers are suffering. Bank loans and government aid are not solving the problem. These people need a system reform and financial aid with no strings attached.

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<sup>41</sup> *Id.*

<sup>42</sup> TIME, <https://time.com/5736789/small-american-farmers-debt-crisis-extinction/> (last visited April 30, 2023).

<sup>43</sup> NY Times, <https://www.nytimes.com/2023/04/19/us/politics/farmer-suicide-depression-wisconsin-rural.html> (last visited May 3, 2023).

<sup>44</sup> Interview with American poultry grower



### C. France’s Agriculture Systems in Comparison

“France is the largest agricultural producer in the EU, accounting for 18% of EU 28 agricultural output”<sup>45</sup>. Although there is an increase of corporate farms in France<sup>46</sup>, “small farms [still] make up the vast majority of the EU’s 10 million farms.”<sup>47</sup> In France, “agricultural production focuses on the following food crops: sugar beet, wheat, maize, barley and potatoes,” while it also remains well-known for its dairy production.<sup>48</sup> The average farm size in France is 69 hectares, or 170 acres, compared to the average farm size of 446 acres in the United States.<sup>49</sup> Although farm sizes are slowly increasing in France, they are not nearly the size of the average industrial farm in the United States.<sup>50</sup> About 50% of the land in mainland France is covered in farmlands.<sup>51</sup> Similar to the United States, the average farmer is over the age of 50.<sup>52</sup>

Currently, the loans being taken out in France for agriculture are mainly used for investment in new machinery and equipment and for working capital, as displayed in Figure 5.

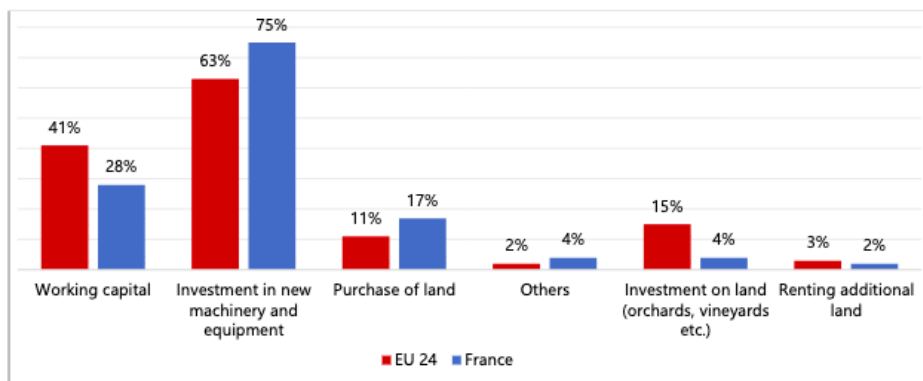


Figure 5<sup>53</sup>

<sup>45</sup> Financial needs in the agriculture and agri-food sectors in France, [https://www.fi-compass.eu/sites/default/files/publications/financial\\_needs\\_agriculture\\_agrifood\\_sectors\\_France\\_0.pdf](https://www.fi-compass.eu/sites/default/files/publications/financial_needs_agriculture_agrifood_sectors_France_0.pdf) (last visited May 3, 2023)

<sup>46</sup> *Id.*

<sup>47</sup> Small Farms’ Role in the EU Food System, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733630/EPRS\\_BRI\(2022\)733630\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733630/EPRS_BRI(2022)733630_EN.pdf) (last visited April 30, 2023).

<sup>48</sup> France, <https://www.croptrust.org/pgrfa-hub/crops-countries-and-genebanks/countries/france/> (last visited May 4, 2023).

<sup>49</sup> <https://www.reuters.com/markets/commodities/french-farms-get-bigger-still-smaller-than-american-rivals-census-2021-12-10/>

<sup>50</sup> *Id.*

<sup>51</sup> <https://tastefranceforbusiness.com/agriculture-is-still-a-major-asset-for-france/> (last visited May 3, 2023)

<sup>52</sup> *Id.*

<sup>53</sup> Financial needs in the agriculture and agri-food sectors in France, [https://www.fi-compass.eu/sites/default/files/publications/financial\\_needs\\_agriculture\\_agrifood\\_sectors\\_France\\_0.pdf](https://www.fi-compass.eu/sites/default/files/publications/financial_needs_agriculture_agrifood_sectors_France_0.pdf) (last visited May 3, 2023)

France treats its agriculture more traditionally than the United States does, placing value on quality, health, and sustainability, rather than quantity, speed, and making some extra money. Although vertical integration still exists, it is far less the norm in Europe in comparison to the United States.<sup>54</sup> “France is known to have a highly diversified poultry production system... poultry farming and family poultry hold a prominent place in the French poultry production sector.”<sup>55</sup>

Zooming in on chicken farming for example, 20% of chickens in France are raised free-range compared to the 1% in the United States.<sup>56</sup> As discussed above, the United States runs highly on the vertical integration system, growing chickens indoors, while France runs more on small farmers. France’s bird processing techniques also ensure quality of meat and health standards. Once chickens are slaughtered, the meat must be cooled to reduce the spread of disease. In the United States, the carcasses are typically dunked in a tank of cold water and other chemicals. However, in France, it is common to use chilled air instead of water, which preserves the quality of meat and reduces added chemicals. Although France’s methods are slightly less efficient, the benefits of this practice are noticeable.<sup>57</sup>

#### **D. Case Study of Farmer from France**

One farmer living and working in America, having moved from France describes her experiences coming to the United States as shocking.<sup>58</sup> She recounts that she is used to the farming of rural France, where there is no factory farming. She also explains that farmers in France have a real relationship with their clients, putting their needs and the quality of the ingredients first. When she arrived in the United States, she says, “the chicken was inedible to me—it was ‘Ah, how can something like this exist’—to me, it was impossible.”<sup>59</sup> As factory farming is much more common in the United States, the animals are not given fresh air and freedom like they are in France. Even on foie gras farms, typically seen as inhumane in the United States, farmers in France raise the birds outside for much of their lives, and then they mimic their own migratory phases of overfeeding.

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<sup>54</sup> <https://www.sciencedirect.com/science/article/abs/pii/S0167587721002555> (last visited May 2, 2023).

<sup>55</sup> *Id.*

<sup>56</sup> <https://foodinsight.org/the-scoop-on-poultry-labels/> (last visited May 2, 2023).

<sup>57</sup> <https://frenchamericancultural.org/2020/05/20/5-tips-for-cooking-chicken-like-the-french/> (last visited May 2, 2023).

<sup>58</sup> <https://foodtank.com/news/2016/07/rethinking-meat-an-interview-with-ariane-daguin/> (last visited May 2, 2023).

<sup>59</sup> *Id.*

You can differentiate between those farmers and those who practice factory farming... the foie gras from factory farms is bad. It doesn't taste good. There is not secret—if you treat an animal right, if they have a wholesome life with diverse food and ways to walk around in their natural habitat they will give you good meat.<sup>60</sup>

There is a significant difference in attitude toward farming in France versus the United States. In the United States farmers are expected to grow as much meat as possible in as little time as possible. This is simply unnatural and will not be sustainable for the future.

France, through the European Union is already working on addressing the needs of small farms, to ensure their stability and avoid their displacement by larger factory farms.<sup>61</sup> Small farms are significant for “protecting landscape features and biodiversity and the notion of providing public goods”.<sup>62</sup> Further, “it is small farms that suffer most from the challenges facing the agricultural sector, such as market pressures and weather extremes, and they have to invest greater effort to engage in innovation and new technology.”<sup>63</sup> Seeing the multitude of benefits of smaller farms over larger factory farms, governments should be doing what the EU is planning to do and support small farms.

## II. FINANCING OF AGRICULTURE

Both the United States and France support their farmers in the agriculture business. It is in any country's best interest to support its food system and provide assistance to the agriculture business.

Governments play a key role in enabling growth in agriculture. Laws and regulations influence the cost of production and determine the extent to which the private sector can benefit from investment and trade. Supportive regulations facilitate farmers' participation in agricultural value chains, whereas unnecessary burdens prevent them from reaping the benefits of the increasing global food demand.<sup>64</sup>

In a study done by *Enabling the Business of Agriculture* as part of the World Bank, countries were graded on key aspects related to financial inclusion like access to obtaining credit for purchasing items needing for their farming business.<sup>65</sup> Solely looking at each country's laws and regulations

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<sup>60</sup> *Id.*

<sup>61</sup> [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733630/EPRS\\_BRI\(2022\)733630\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733630/EPRS_BRI(2022)733630_EN.pdf) (last visited May 2, 2023).

<sup>62</sup> *Id.*

<sup>63</sup> *Id.*

<sup>64</sup> <https://openknowledge.worldbank.org/server/api/core/bitstreams/9cd7105f-e1c2-52ee-ad27-a63d983a2d2f/content> (last visited May 2, 2023).

<sup>65</sup> <https://eba.worldbank.org/en/data/exploretopics/finance> (last visited May 2, 2023).

on the use of warehouse receipts and inclusive finance<sup>66</sup>, the United States scored 100 points out of 100, and France scored 90 out of 100.<sup>67</sup> However, on an overall scale of a country's ability to enable the business of agriculture, the United States scored 88.76 out of 100, and France scored 93.70 out of 100.<sup>68</sup> Yet, both countries still have room for improvement, and it is of note that the factors analyzed are analyzed for success of sales, not quality of food nor worker's rights. In order to fully understand how to better agriculture systems, we need to speak to the farmers themselves. In addition, it is important to see what consumers think about the funding of different agricultural practices. Figure 4 shows that a majority of Europeans believe that governments should subsidize the production of food sustainably.<sup>69</sup> However, this cannot be done through factory farming and corporate control.

A higher share of consumers (53%) agree that farmers should be given incentives (e.g. through subsidies) to produce food more sustainably (19.4% disagree, 22.8% are undecided) (Figure 24). The wish for tougher environmental regulations is compatible with the desire to better support farmers, since consumers in Italy (62.3%) and Portugal (60.9%) are among those most in favour of subsidies for farmers to produce sustainably – together with consumers in Slovenia (63.4%) and Greece (60.6%). By contrast, Belgian (42.3%) and Dutch (37%) respondents are the least disposed to financially incentivising farmers to produce food more sustainably.

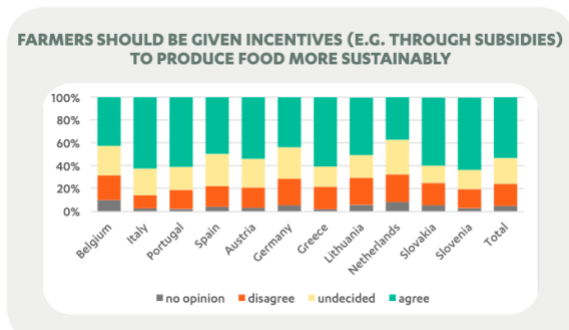


Figure 4<sup>70</sup>

For a country to rely on itself for food production, it must ensure the protection of its workers and environment. Farmers should be given adequate support. In rich and developed countries like USA and France, the governments should be focusing on improvements to their food systems. Putting more support into smaller farmers will aid the environmental damage from big ag, enhance worker rights, and fight the corruption of corporate anticompetitive.

### A. American Farmer Financial Assistance and Legislation

<sup>66</sup> (meaning equal access no matter race or sex)

<sup>67</sup> <https://eba.worldbank.org/en/data/exploretopics/finance> (last visited May 1, 2023).

<sup>68</sup> *Id.*

<sup>69</sup> ONE BITE AT A TIME: CONSUMERS AND THE TRANSITION TO SUSTAINABLE FOOD: Analysis of a survey of European consumers on attitudes towards sustainable food, [https://www.beuc.eu/sites/default/files/publications/beuc-x-2020-042\\_consumers\\_and\\_the\\_transition\\_to\\_sustainable\\_food.pdf](https://www.beuc.eu/sites/default/files/publications/beuc-x-2020-042_consumers_and_the_transition_to_sustainable_food.pdf) (last visited April 30, 2023).

<sup>70</sup> *Id.* at 37.

If one wants to start a farm business in the United States, the first steps would be to find land to either rent or purchase, and to secure funds for any necessary equipment and supplies like feed. In order to get a loan, you must have a business plan and financial statements. Through working with farmers in America, I have found that it is common for loans through bankers to be corrupt. The financing of farming in America is so problematic, especially within the vertical integration system that it affects all areas of the farming process. Given that the corporations are controlling all stages of the farming, the environment is harmed, animals are harmed, the workers are harmed, and the economy is harmed. A large concentration of market control and a large concentration of animals in any one facility causes damage to market competition as well as the environment.

Some assistance in financing a farm is available for Americans through the Farm Bill, which is federal agricultural legislation, or through bank loans. The first Farm Bill was enacted in 1933 to provide an “agricultural safety net” after the Great Depression and Dust Bowl.<sup>71</sup> Subsidies for farmers make up 25% of the funds in the Farm Bill.<sup>72</sup> In addition, the Bill mostly supported the top 10% of farm corporations, or the biggest meat producers.<sup>73</sup> Many people criticize the Farm Bill for raising prices of farm products.<sup>74</sup> The government spent enough in subsidies for farmers that the farmers were able to make more money by increasing prices.<sup>75</sup> Two insurance programs from the previous version of the Farm Bill, the “Price Loss Coverage” and the “Agricultural Risk Coverage” got a boost in funding for the 2018 version, even though they are “running 72% over their allotted budget.”<sup>76</sup> The current Farm Bill subsidizes corn and soy already; however:

the agricultural techniques that allow for higher yields of corn crops render much of the harvest unpalatable for human consumption . . . [f]armers therefore sell their corn to meat producers as animal feed, to gas consumers in the form of ethanol, or to producers of sweetened beverages in the form of high fructose corn syrup.<sup>77</sup>

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<sup>71</sup> Thomas J. McClure, *What's the Buzz? 2018 Farm Bill*, 92-JUN WILAW 30 (2019).

<sup>72</sup> *Id.* at 31.

<sup>73</sup> *Id.*

<sup>74</sup> Investors, <https://www.investors.com/politics/editorials/farm-bill-socialism-subsidies/> (last visited May 2, 2023).

<sup>75</sup> *Id.*

<sup>76</sup> *Id.*

<sup>77</sup> Andrea Freeman, *The 2014 Farm Bill: Farm Subsidies and Food Oppression*, 38 SEALUR 1271, 1280 (2015).

The 2023 Farm Bill should instead focus more on smaller farmers, reallocating subsidies and financial assistance in favor of the small and medium farms, slowly pushing out the corporations.

### I. Crop Insurance

First, Title XI addresses crop insurance and coincides with the Federal Crop Insurance Act.

The federal crop insurance program makes available subsidized crop insurance to producers who purchase a policy to protect against losses in yield, crop revenue, or whole farm revenue. More than 100 crops are insurable. The enacted 2014 farm bill (P.L. 113-79) increases funding for crop insurance relative to baseline levels by an additional \$5.7 billion over 10 years.

Agricultural insurance is governed by the Agricultural Act of 2014, as well as the Federal Crop Insurance Corporation, governed by the Federal Crop Insurance Act. 7 U.S.C. §1502 (a) defines the purpose of the federal crop insurance programs as “promot[ing] the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for the research and experience helpful in devising and establishing such insurance.”<sup>78</sup> Section 1508 provides that producers of agricultural commodities grown in the United States can be covered under one or more plans that are adapted to the specific commodity.<sup>79</sup> For agricultural losses to be covered by an insurance program, “the losses of the insured commodity must be due to drought, flood, or other natural disaster.”<sup>80</sup> 7 U.S.C. § 1508 (6)(A) states that the Federal Crop Insurance Corporation (as defined by 7 U.S.C. § 1503) shall annually:

. . . prepare, to the maximum extent practicable, based on data shared from the noninsured crop disaster assistance program established by section 7333 of this title, written agreements, or other data, and present to the Board not less than 1 of each of the following:

- (i) Research and development for a policy or plan of insurance for a commodity for which there is no existing policy or plan of insurance.
- (ii) Expansion of an existing policy or plan of insurance to additional counties or States, including malting barley endorsements or contract options.
- (iii) Research and development for a new policy or plan of insurance, or endorsement, for commodities with existing policies or plans of insurance, such as dollar plans.<sup>81</sup>

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<sup>78</sup> 7 U.S.C. §1502.

<sup>79</sup> 7 U.S.C. §1508.

<sup>80</sup> *Id.*

<sup>81</sup> 7 U.S.C. §1508.

While this is an important tool for farms with large losses during natural disasters or similar circumstances, it does little to help the small farmer who is losing profits due to corporate control of farms and largely the market altogether.

## II. Commodity Programs

Second, Title I of the Farm Bill addresses Commodities, and more specifically two major commodity programs<sup>82</sup>, the price loss coverage and agricultural risk coverage.<sup>83</sup> “The [Agricultural Risk Coverage] Program is an income support program that provides payments when actual crop revenue declines below a specified guarantee level. The [Price Loss Coverage] Program provides payments when the effective price for a covered commodity falls below its effective reference price.”<sup>84</sup> A farmer may enroll each commodity in a program<sup>85</sup>, or elect to enroll the entire farm in one or the other.<sup>86</sup>

Section 1106 under Title I addresses the price loss coverage program.<sup>87</sup> In the most recent version of the Farm Bill, “A producer on a farm may not receive Price Loss Coverage payments or Agriculture Risk Coverage payments . . . if the sum of the base acres on the farm is 10 acres or less, except for socially disadvantaged farmers/ranchers or limited resource farmers/ranchers.”<sup>88</sup> This seems to favor larger scale farmers over smaller farmers, which is problematic, as larger scale farms are more harmful to animals and the environment as previously discussed in this paper. Smaller farmers could benefit from agricultural risk payments, especially because they would depend on a smaller amount of land and crops to survive, in comparison to larger farms. Additionally, providing assistance to smaller farms over large corporate farms can supplement the

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<sup>82</sup> The Nature Conservancy, [https://www.nature.org/content/dam/tnc/nature/en/graphics/infographics/TNC\\_FinancingNature\\_Subsidies.pdf](https://www.nature.org/content/dam/tnc/nature/en/graphics/infographics/TNC_FinancingNature_Subsidies.pdf) (last visited May 4, 2023). “Price supports and policies reward high production levels, encouraging input-intensive farming practices and overproduction of some crops . . .”

<sup>83</sup> USDA, 2014 FARM BILL VS. 2018 FARM BILL – AGRICULTURAL RISK COVERAGE & PRICE LOSS COVERAGE (2019).

<sup>84</sup> *Id.*

<sup>85</sup> The Nature Conservancy, [https://www.nature.org/content/dam/tnc/nature/en/graphics/infographics/TNC\\_FinancingNature\\_Subsidies.pdf](https://www.nature.org/content/dam/tnc/nature/en/graphics/infographics/TNC_FinancingNature_Subsidies.pdf) (last visited May 4, 2023). “Crop specific subsidies disincentivize diverse crop-rotation eventually depleting soil-health”

<sup>86</sup> The National Agricultural Law Center, <https://nationalaglawcenter.org/overview/commodity-programs/> (last visited May 4, 2023).

<sup>87</sup> Agricultural Improvement Act of 2018, Title I §1106. H.R. 2, 115th Cong. (2017-2018).

<sup>88</sup> USDA Farm Service Agency, FSA Handbook: Agriculture Risk Coverage and Price Loss Coverage Program, [https://www.fsa.usda.gov/Internet/FSA\\_File/1arpl101.pdf](https://www.fsa.usda.gov/Internet/FSA_File/1arpl101.pdf) (last visited May 4, 2023).

risk of loss in traditional agriculture and farmed animal agricultural food loss as they can more quickly adapt techniques, materials, machinery, feed, etc. Especially in a time of climate crisis, humans need to be innovating, adapting, and changing to the new conditions.

The Farm Bill will renew in 2023, so now is the time to add key concerns to the new bill.<sup>89</sup> Currently, the Farm Bill encourages risky farming behavior by backing farmer failures, especially the corporate farms, with more monetary safety nets.<sup>90</sup> Instead, the new version of the Farm Bill in 2023 should encourage a more stable food system and a fairer economy. The American government needs to level the playing field for corporate and small, local farms by removing favoritism for the corporate farms. Some may say that the corporate farms are favored because of their size and efficiency; however, with all of the problems they cause, if as much protection and funding was put into smaller farms, they would have the opportunity to be just as successful, all while aiding with environmental concerns, worker's rights, and a more competitive market.

### **III. Federal Loans Through the USDA FSA**

There are multiple loan options available to American farmers through the United States Department of Agriculture Farm Service Agency, whether they are just starting out, or having problems after a lifetime of farming. These loans include, beginner farm loans, emergency loans, farm operating loans, farm ownership loans, guaranteed farm loans, microloans, minority loans, native American loans, and youth loans.<sup>91</sup> These loans are of course helpful; however, the problem lies in the fact that many farmers in America are given loans and then set up for failure and no ability to pay them back. This then hits them with additional fees and interest rates that they cannot afford. And we need these farmers to succeed because they are feeding the country.

### **IV. Traditional Lenders - Banks**

When additional funds are needed to support something like an expensive farm equipment upgrade, banks are a common means of finding funding in America. Through interviews with American farmers, it has become apparent that the bank lending system is failing them. For example, one farmer described his experience working in vertical integration. He explained that his boss – through the corporation – was casually speaking with his bank lender and discussing his

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<sup>89</sup> Agricultural Improvement Act of 2018. H.R. 2, 115th Cong. (2017-2018).

<sup>90</sup> Laurie Ristino, *Surviving Climate Change in America: Toward A Rural Resilience Framework*, 41 W. New Eng. L. Rev. 521 (2019).

<sup>91</sup> <https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/beginning-farmers-and-ranchers-loans/index> (last visited May 2, 2023).



finances and whether or not his loan should be given.<sup>92</sup> I have spoken with many farmers who have had little to no experience in farming, yet the banks are happy to give them million-dollar loans to purchase farms. Additionally, when the vertical integration system fails them, and they are unable to survive, let alone pay off their loans, they are subject to additional fees and interest rates. One farmer told that:

I paid 1.6 million dollars for my farm to work for [the corporation] ...I left my nail salon job and went into this business to be my own boss and have a more flexible schedule. My family and I put all our savings into the poultry industry and if I had known how I was going to be treated as a grower, I never would have gone into the business... Eventually, after the continuous pressure, I took out another loan of 150,000 dollars to complete upgrades, even though my contract said I didn't have to... I had so much debt from the upgrades.

It is no surprise that the banks are aware of these things and continue to operate this way, working with the integrators and maintaining a system where the small farmer is a slave to the corporate factory farms. This leaves farmers in debt for life, their houses, families, and livelihoods at risk, sometimes ending in suicide.

Furthermore, there are barriers to receiving loans that are not apparent on a surface level look. One farmer in particular told me that he contacted the USDA FSA (United States Department of Agriculture Farm Service Agency), “to get some government help with paying for my farm because of all the debt I am in for making farm upgrades.”<sup>93</sup> FSA replied by saying the integrator needs to approve it by submitting some paperwork. When the integrator refused to do this for the farmer, he was left with nowhere to turn. The loan programs are not as readily available and easy to access as one might think on a surface level reading of the loan options. Moreover, no one is currently looking into the bank involvement with the integrators. This is a significant problem in American agriculture funding that needs to be addressed. The United States could learn from European countries like France in terms of how to better finance its agriculture and regulate agriculture bank loans for the protection of smaller farmers.

#### **A. French Farmer Financial Assistance**

Starting as a farmer in France does not look terribly different from the United States, with the involvement of commercial bank loans. According to a fi-compass 2020 study on agriculture in Europe, “working capital is a central financial need [and] banks provide part of the

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<sup>92</sup> Interview with American poultry grower

<sup>93</sup> Interview with an American poultry grower

working capital needs of these farms, mainly through short-term loans and credit lines, but also through medium and long-term loans, although to a lesser extent”.<sup>94</sup> There are four banks that predominantly offer financial funding to farmers and these banks are all cooperative banks.<sup>95</sup> Commercial banks are much less involved, holding only 3% of the market share.<sup>96</sup> Even more, interest rates for agriculture loans in France are quite low – at an average rate of 2.57% for a short-term loan.<sup>97</sup> Further, only 17% of French farmers reported needing to use bank loans to buy their land.<sup>98</sup> More commonly, when someone in France wants to buy a farm from another individual in France, the seller of the farm will provide a loan to the new buyer that is equal to the value of the assets on the farm.<sup>99</sup> However, when bank loans are given, they are more regulated than in the United States. Applicants will be turned down if it is deemed there is too high of a risk not to pay it back, or the bank might ask for a guarantee. In addition, bank loans must be given to the farmer who runs the farm themselves because a goal of French agriculture finance policy is to support smaller family farms and agriculture standards of France and the European Union.<sup>100</sup>

Farming cooperatives are also quite common in France, where groups of producers or private groups provide credit guarantees for their members.<sup>101</sup>

In addition, farmers have access to national funds in France and European Union funding. Farmers in France can also receive funding from CAP (The Common Agriculture Policy), through

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<sup>94</sup> Financial needs in the agriculture and agri-food sectors in France, [https://www.fi-compass.eu/sites/default/files/publications/financial\\_needs\\_agriculture\\_agrifood\\_sectors\\_France\\_0.pdf](https://www.fi-compass.eu/sites/default/files/publications/financial_needs_agriculture_agrifood_sectors_France_0.pdf) (last visited May 3, 2023)

<sup>95</sup> Financial needs in the agriculture and agri-food sectors in France, [https://www.fi-compass.eu/sites/default/files/publications/financial\\_needs\\_agriculture\\_agrifood\\_sectors\\_France\\_0.pdf](https://www.fi-compass.eu/sites/default/files/publications/financial_needs_agriculture_agrifood_sectors_France_0.pdf) (last visited May 3, 2023)

<sup>96</sup> *Id.*

<sup>97</sup> *Id.*

<sup>98</sup> Financial needs in the agriculture and agri-food sectors in France, [https://www.fi-compass.eu/sites/default/files/publications/financial\\_needs\\_agriculture\\_agrifood\\_sectors\\_France\\_0.pdf](https://www.fi-compass.eu/sites/default/files/publications/financial_needs_agriculture_agrifood_sectors_France_0.pdf) (last visited May 3, 2023)

<sup>99</sup> *Id.*

<sup>100</sup> Global Vista | Agricultural Finance in France: Models, Insights, and Inspirations, <https://en.cafi.org.cn/portal/article/index/cid/7/id/1.html> (last visited May 1, 2023). Financial needs in the agriculture and agri-food sectors in France, [https://www.fi-compass.eu/sites/default/files/publications/financial\\_needs\\_agriculture\\_agrifood\\_sectors\\_France\\_0.pdf](https://www.fi-compass.eu/sites/default/files/publications/financial_needs_agriculture_agrifood_sectors_France_0.pdf) (last visited May 3, 2023)

both Pilar I (direct payments) or Pilar II (rural development grants).<sup>102</sup> Pillar 1 includes a special payment provision for young farmers, encouraging the youth to get into agriculture.<sup>103</sup>

Farmers can further gain aid from the Initiative Nationale pour l'Agriculture Française (INAF), which is a fund set up to encourage sustainable farming in France.<sup>104</sup>

While the agriculture systems in France and the United States are funded similarly, the countries have quite different outcomes. France is still highly reliant on small or medium sized family farms, while the United States relies heavily on large corporate factory farms. The big difference here is culture and agriculture policy. The United States is lacking on protecting the competitiveness for smaller farmers in competition with corporate agriculture. The policies surrounding agricultural loans in France, incentivizing sustainability, having more regulations around agricultural bank loans, and agricultural cooperatives, for example, encourage a stronger farming community and better farming outcomes in terms of market competition and small farm success and diversity. Even more, the France is ahead of the United States on providing funding for farmers to move toward sustainable farming practices. The United States should follow suit and provide no-strings-attached funding for American farmers to break away from the vertical integration system and add diversity and competition back into the American agriculture markets.

### **Conclusion**

“Increasing agricultural productivity in a sustainable manner is a priority in the race to fix food systems, so that farmers can produce higher quality food, feed growing populations, and improve their livelihoods while reducing the impact of agriculture on climate and natural resources,” said Martien Van Nieuwkoop, Global Director, Agriculture and Food, World Bank.<sup>105</sup>

American farmers are desperate for help and a way out. Although financial assistance is immediately necessary, I am unsure it will be a lasting solution for them. Legislative action and splitting up the vertical integration system coupled with financial assistance for anyone harmed by

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<sup>102</sup> *Id.*

<sup>103</sup> Aide à l'installation de jeunes agriculteurs, <https://agriculture.gouv.fr/aide-linstallation-de-jeunes-agriculteurs> (last visited May 2, 2023).

<sup>104</sup> L'Initiative nationale pour l'agriculture française : accompagner la transformation du modèle agricole en facilitant l'accès des agriculteurs au financement bancaire, <https://agriculture.gouv.fr/tout-savoir-sur-linitiative-nationale-pour-lagriculture-francaise-inaf> (last visited May 2, 2023).

<sup>105</sup> 47 Countries Make 67 Reforms to Help Farmers Grow Their Business, <https://www.worldbank.org/en/news/press-release/2019/10/21/47-countries-make-67-reforms-to-help-farmers-grow-their-business> (last visited May 1, 2023).

the system is necessary. Corporate farms having too much power and control within food systems is problematic for society as a whole, especially in the United States. Although there are multiple means of receiving funding for a small farm operation, the United States farm policy still favors big ag over the small farmer. This creates an anticompetitive economic environment, threatens farmers livelihoods, and damages the environment. In looking at a country like France, where more value is placed on factors left out by the United States like quality and health of food, community, and sustainability, the United States has a lot to learn. A combination of legislative reform, and better forms of financial aid regulations would help the United States farmers create a better food system in America. The 2023 renewal of the American Farm Bill must acknowledge the financial struggles of American farmers in a doomed system. I recommend incentivization of splitting up corporate farms and giving power back to the smaller farms. As a result, there should be less supply chain risk, improved quality of life for the farmed animals, less concentrated environmental damage put on surrounding communities, and better quality foods. I urge American legislators and policymakers to look to other countries to see what farmers and the public are saying about food production. The United States can learn a lot from France and its more efficient funding of agriculture, as well as its traditional respect for quality food and health, the environment, community, and competitive business practices.

However difficult it may be, the United States needs a paradigm shift in the world of agriculture. Politics is very involved in agriculture policy. The United States was founded upon the principal of every man for themselves, while France, still a capitalist society, gives strong importance to social programs and assistance. It is apparent that the French have a lasting culture of tradition in farming and food, while the United States thrives on speed and quantity, letting quality slip. It is my hope that exposure of this problem will lead to legislative reform and a future where farmers can care for their crops and animals in the way they see fit.

Although this is a preliminary review of potential the United States has in using agricultural policy and funding to make a large impact on the climate crisis, animal welfare, worker's rights, and a more competitive market, a much deeper analysis and further research is required.