



**NATIONAL  
FARMERS  
UNION**

November 10, 2008

The Honorable Charles E. Schumer  
Chairman  
Joint Economic Committee  
Room 804  
Hart Senate Office Building  
Washington, DC 20510

The Honorable Carolyn Maloney  
Vice Chair  
Joint Economic Committee  
Room 804  
Hart Senate Office Building  
Washington, DC 20510

Dear Senator Schumer and Representative Maloney:

This spring, multiple congressional committees convened hearings to examine the impact of rising food prices on American families. The testimony of multiple witnesses at these hearings suggested retail food prices were increasing as a result of higher agricultural commodity prices. Over the course of the past months, commodity prices have dramatically declined, yet retail food prices remain high. I urge your committee to reconvene hearings, with the same witnesses, to further examine all responses to the food price issue.

The testimony that I offered on behalf of National Farmers Union included a variety of culprits for rising food prices: skyrocketing energy prices; production shortfalls due to weather; market speculation; the weak U.S. dollar and increased export demand. Unfortunately, the media, food processors and retailers, among others, mischaracterized commodity prices and the creation of a national renewable fuels mandate as the cause of rising food costs.

Testimony from the Grocery Manufacturers Association, American Bakers Association and National Restaurant Association unanimously blamed the rising cost of agricultural commodities and renewable fuels for increased retail food prices. This portrayal of retail food prices is finally being proven inaccurate by recent market conditions. To offer an illustration of what has occurred both on the farm and in local grocery stores since congressional hearings were held earlier this year, it is clear to see retail prices are not moving in tandem with farm-gate commodity prices.


In May 2008, the retail cost of a loaf of bread was \$2.79, while a bushel of wheat traded for \$8.28. Today, the cost of a loaf of bread has increased to \$2.99, while a bushel of wheat dropped to \$5.79. Further, the retail price of one pound of top sirloin was \$7.99 in May and remains at \$7.99 today, however, cattle prices have gone from \$91.60 per hundredweight to \$88.60 per hundredweight today. I have enclosed a copy of our most recent Farmers Share document so you can see how little farmers receive of the consumer retail dollar.

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Similar data from the Bureau of Labor Statistics illustrates the retail price of consumer food items remain at the higher levels experienced earlier in 2008, while farm commodity prices have been reduced significantly. It is clear that contrary to claims of food processors, retailers and others quick to criticize agriculture commodities, commodity prices have very little impact on the American consumers' cost of food. It is equally clear processors and retailers are pocketing the economic benefit of declining farm commodity prices and reduced energy costs without passing those savings on to the consumer.

I hope you will consider my request to reconvene your committee to continue its review of the true causes of rising consumer food costs.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Buis". The signature is fluid and cursive, with a large initial "T" and "B".

Tom Buis, President  
National Farmers Union

cc: Joint Economic Committee Members

Attachment