



Committee on International Justice and Peace

3211 FOURTH STREET NE • WASHINGTON DC 20017-1194 • 202-541-3160

WEBSITE: WWW.USCCB.ORG/JPHD • FAX 202-541-3339

May 6, 2009

The Honorable Barney Frank
Chairman
House Financial Services Committee
Washington, DC 20515

The Honorable Spencer Bachus
Ranking Member
House Financial Services Committee
Washington, DC 20515

Dear Chairman Frank and Ranking Member Bachus:

The United States Conference of Catholic Bishops (USCCB) and the National Catholic Rural Life Conference (NCRLC) welcome the Congressional discussion regarding how speculation on food may contribute to excessive price fluctuations in agriculture and energy sectors and to dramatic rises in food prices. Although we are not endorsing any specific legislation, we ask you to provide the adequate oversight and transparency needed for futures markets to function properly and to prevent the excessive undue market volatility that too often hurts farmers and ranchers and sometimes leads to greater hunger, malnutrition and civil strife.

Since the beginning of the recent crisis, it is estimated that over 100 million people have fallen into poverty, bringing the total number of poor people in the world close to one billion. The terrible impact is felt especially in developing countries, where 40 percent or more of a family's budget is spent on food. The United Nations estimates that every increase of just one percent in food prices can cause another 16 million people to fall into food insecurity.

A variety of factors contributed to the recent food crisis, including increased planting of biofuels and worsening climatic events. Many experts believe that last year's massive increases in food prices involved more than just supply and demand. The deregulation of futures markets in 2000, according to many analysts, played a role in the global food crisis by creating an environment of excessive speculation and possibly manipulative trading practices for short-term gain.

Throughout the recent food crisis the Catholic Church has urged attention to the negative impacts of severe food price increases, particularly on the poor. We believe that every human life is sacred and that the measure of every policy is whether it protects the life and dignity of the human person and furthers the common good. Pope Benedict XVI in an address to the Food and Agriculture Organization in June of 2008 said:

... the growing globalization of markets does not always favour the availability of foodstuffs and the systems of production are often conditioned by structural limits not to mention by political protection and speculative phenomena that relegate entire populations to the margins of development processes. In light of this situation, one must strongly repeat that hunger and malnutrition are unacceptable in a world that, in reality, possesses production

levels, resources and sufficient knowledge to put an end to these dramas and their consequences. The great challenge of today is “‘to globalize’ not only economic and commercial interests, but also the expectations of solidarity, with respect for and valuing the contribution of each component of society.”
(*Address to the Centesimus Annus Pro Pontifice Foundation*, 31 May 2008).

United States policies should seek to protect the basic needs of poor people and vulnerable and small farmers in the United States and in the developing world by addressing speculation of food commodities to take into account that food is not just another commodity and access to food is a basic human right. As you evaluate legislative proposals, we urge you to consider the following:

- The regulation of commodity market transactions, particularly of food commodities, should ensure appropriate regulatory structures and measures to provide **transparency and monitoring** of all market transactions, commercial and noncommercial.
- Congress should consider addressing again the size and aggregate levels of **limits on speculative investments** (for all participants and across all trading environments) that would help avoid the instability in food markets which hurt small farmers and poor people across the world.
- Regulations should promote and ensure **efficient functioning of markets and price stability** for producers, processors and ultimately consumers.

As Catholics, we believe that access to food is a basic human right. We urge Congress to consider legislation that promotes orderly financial markets and avoids excessive price volatility to seek to **protect the common good** of all while giving **priority to the needs of the poor**, who have suffered the most during the food price crisis.

Sincerely,



Most Rev. Howard J. Hubbard
Bishop of Albany
Chairman, Committee on
International Justice and Peace



Most Rev. Frank J. Dewane
Bishop of Venice
President, National Catholic Rural Life
Conference

cc: Members of the House Committee on Financial Services
Acting Chairman Michael Dunn, Commodity Futures Trading Commission