TITLE: Show Me the Money

OBJECTIVES: To understand decisions farmers must make in order to stay in business and how the government actions can impact these decisions.

TIME REQUIRED: 11/2 to 2 hours

PREPARATION: Arrange the room with tables in front where the buying and selling will occur. Have a chair for each of the industry reps and the buyers. Set up a table off to the side for the USDA Rep. Make signs for all the industry, buying and USDA stations. Make a poster of the Farmer Ground Rules and post on the wall.

MATERIALS:
For each farm team (at least 2/team)
- Consumer Advocate Cost/Benefit sheets
- Profit & Loss Statement sheets
- Farm Profile sheets

For each industry rep
- Farm Supplies Price Lists
- Industry Rep Profiles

For each buyer
- Markets Price List
- Industry Rep Profiles

For the USDA Rep
- USDA Subsidy List
- Industry Rep Profiles

DIRECTIONS:

1. Have facilitators split up the roles of industry representatives, Consumer Advocate and USDA Representative. Participants take on the role of farmers.

2. Farmer earns only $.19 out of every dollar spent on food. Very little of this money is actual profit. This game introduces participants to some of the decisions a farmer must make each growing season about what they want to grow, how they want to manage their land, and to whom they are going to sell their produce. Participants will gain insight into the risks that a farmer takes and what systems are available in this country to support various types of agriculture.

3. Object of the game: to survive one or more seasons of farming without going bankrupt.

4. Divide group into teams of 4-5 by counting off. Give each group a farm profile sheet and tell them to come up with a name for their farm and begin to think what type of farm they want to have – conventional or organic, monocrop or mixed crop.

5. Explain to the group that they are going to make decisions about what kind of supplies and labor they need to support their farm, and where they are going to sell their produce. In order to help them make their decisions, representatives from various industries are going to be making sales presentations. Farmers may want to take notes about what they have to offer.

6. Facilitators then make their presentations as industry reps.

7. A Consumer Advocate introduces him/herself to the farmers. The Consumer Advocate is concerned that the farmers are only hearing from large corporations who are interested in selling products to the farmers. The Consumer Advocate wants the farmers to know that there are costs and benefits to each decision they have to make so they have prepared some information sheets for the farmers. The Consumer Advocate then distributes the cost/benefit sheets to the groups and review them with the farmers as time allows.

8. Distribute a price list and money ($1000) to each group. Facilitators will leave their roles as industry reps for a few minutes and join the groups as coaches.

9. The farmers have 10-15 minutes to read through the cost/benefit sheets, discuss them, and make choices about how they will farm this season. At the end of the 15 minutes, the Farm Profile should be filled in so that they can see the USDA Rep. for their farm subsidy. Notify farmers that they should not worry if they do not have all the money they need for supplies at the beginning of the season (right now) because the USDA will be providing them with an agricultural subsidy. After they have presented their Farm Profile, received their subsidy and gotten a sign off from the USDA, they will be able to purchase their farm supplies.

10. Read the Farmer Ground Rules aloud to the group. (These should also be posted.) Facilitators should remind the groups of these ground rules as they coach them to make sure that all participants get involved in the game.

    - Your goal as a business is to cover your costs.
    - Each member of the group should be given responsibility for a different area of the farm (crops, seeds, fertilizers, pesticides, labor/equipment, sales), but
    - **You <u>must</u> make decisions as a group.**

11. When each group has completed its Farm Profile, a representative should be sent up to show the farm profile to the USDA Rep. The USDA Rep will determine what type of farm (organic/conventional) the government considers the farm to be and award the farmer a subsidy based on that type. Organic farms receive no subsidies, however the USDA can offer organic farmers a loan payable at the end of the growing season with 5% interest. (In other words, a farm that borrows $100 will have to pay back $105). The USDA Rep should manipulate farmers to get a variety of farms for this activity.

12. At this point facilitators return to their roles as industry reps. Announce to the groups that they are about to start the growing season. They will do it in this order:
    - Purchase supplies (seeds, fertilizer, pesticides)
    - Purchase equipment and labor
    - Sell produce.

    If at any point in the season, the farmers need more money, they can apply to the USDA for a loan. To do this they will have to answer some questions about the

choices they have made and why they need the money. If they receive a loan, they will have to pay it back right after they sell their produce.

13. Now the buying can begin. One farmer at a time from each group should be doing the buying. Lead facilitator should moderate the supplies by season (it's winter, time to purchase supplies; it's spring, time to pay for labor and tractors; it's fall, time to sell your produce.) Farmers need to show their farm profile sheet to the industry reps each time they make a purchase so that they stick to their plan. Make sure everyone has bought all supplies before anyone sells. Control the pace so it is not too frenzied.

14. After all purchases have been made, announce that it is time to sell. Buyers will now introduce themselves to the farmers and talk about what types of crops they want to buy. Since market prices fluctuate depending on how much is produced in a season and consumer demand, the farmers won't know what prices they will receive until they see the buyers. Buyers can lower prices for slower farmers if they have already bought several of that kind of produce. All loans should be repaid after the farmers have sold their produce.

17. Farmers now calculate their profits/losses for the season. They should try to figure out why they did or did not make money. At this point they can reassess their decisions and plan for the next season. They can:

- Change their farming practices (single to mixed, conventional to organic,
- Stay the same
- Increase the size of their farm
- Change markets

Give each team a new Farm Profile to fill in.

18. If time allows, play another round with the new farm profiles. Before the farmers sell, use the Situation cards to create some more realistic scenarios. If time does not allow, process the game.

DISCUSSION:
Process Questions

i. Who ended the season with money?
ii. Was that money profit? Where did it come from?
iii. What farms had to borrow money? Why?
iv. Why did some farms not have to borrow? Which farms were those? Why did some farms receive subsidies and some did not?
v. What did the subsidies do for farmers? Did these farmers actually have to make a profit?
vi. Who do you think the subsidies are designed to help? Why?
vii. Could organic farmers make any money? How?
viii. When farmers sell directly to consumers, who makes most of the money?
ix. Why do you think Star Market pays more for mixed crops than a single crop?

x. Why does McDonalds buy from only monocrop farms?
xi. Why does McDonalds pay such a low price?
xii. Why would any farmer sell to McDonalds?
xiii. If you were a farmer, where would you prefer to sell your crops?
xiv. What do you think of this system? What are the advantages and disadvantages? Do you think it should be changed?
xv. What can farmers do to receive a higher price for their produce?
xvi. Does this type of information change what type of farmer you would like to be?
xvii. What is it that you don't know or cannot predict about the choices you made? What are the environmental, social, and economic implications of the choices you made?

HINT:

- Have the facilitators and the industry reps, buyers and USDA Rep practice their speeches several times beforehand to make certain they know the tone they should use and what to stress in their pitch.
- Review the entire game with all the facilitators ahead of time. Stress the importance of timing and keeping the buying and selling from becoming out of control.
- Have facilitators work with the farm groups to keep them on track and to make sure they understand the rules of the activity.

FARMER GROUND RULES

1. Your goal as a business is to cover your costs.

2. Each member of the group should be given responsibility for a different area of the farm (crops, seeds, fertilizers, pesticides, labor/equipment, sales), but

3. **You must make decisions as a group.**

Industry Rep. Profiles

Fat Cow Livestock and Feed Co.: "There's more where that came from"

You are the manager of Fat Cow Farm, a large, organic farm that grows vegetables and raises grass-fed beef cows. You sell three products: natural seeds, organic compost/fertilizer, and organic pesticides.

The vegetable crops you grow are raised for their seed that you collect, package and sell. It is all natural seed, no GMO's are used.

The only crops that you don't use just for seed are the hot peppers and garlic. These you dry and turn into organic pesticides to keep aphids, flea beetles, cucumber beetles and other pests off crops. Your sprays work real well and don't harm the farm workers (unless they happen to get it in their eyes).

You also sell compost/fertilizer thanks to an abundance of manure from the grass-fed beef that you raise. This compost increases the nutrient and organic content of the soil and doesn't burn the plants.

Industry Rep. Profiles

Gene Giant, Inc. : "Changing nature to feed the world"

You are a representative from Gene Giant Corporation, one of the top five biotechnology corporations in the world. Your company recently bought out Pharm, Inc., one of the largest chemical pesticide and fertilizer companies in the U.S. You now sell new and improved genetically-altered seeds, chemical fertilizers, and chemical pesticides.

As a company employee, your goal is to sell products to farmers. Keep in mind that the more the farmer is dependent on you, the greater your profit margin. Let farmers know that if they buy your GMO seeds, they will get a discount on your chemical pesticides and fertilizers. You are a one-stop shop and can provide everything a farmer needs to grow lots of food without much work.

Industry Rep. Profiles

Big Tractors, Inc.: "We pull our weight"

You are a representative from Big Tractors, Inc., a farm machinery company. You sell tractors to farmers to help make them more efficient. Your goal is to sell as many tractors as you can since you make a commission on each of the tractors you sell. Therefore you want to encourage farmers to buy tractors so that they save money on labor, which can often be unreliable. Once a farm buys a tractor, it does not have to buy one the following year. Buying a tractor costs more up front, but will save the farmer money in the long-run.

Because farmers also need workers to run the tractors, you can arrange for both local and migrant labor for the farmers. Local workers are available, they work hard, speak English, and are familiar with farming in this region. Because of this they get paid more than migrant workers and receive some benefits. Migrant workers are also hard workers, but many don't speak English. They get paid only for the amount they plant or harvest so they get paid less than local labor which is a great deal for the farmers; but you can't guarantee that they have all their work visas. There is some risk in hiring these workers.

Industry Rep. Profiles

McDonald's: "We love to see you smile"

You are the buyer for McDonald's, and your goal is to get the highest quantity, most consistent quality and the lowest price possible from the farmers. You buy only from farms that grow a single crop (wheat, corn etc.) because you need such a large amount. It is not efficient for you to buy from small growers with mixed crops.

You pay a wholesale price so you do not pay as much as some of the other buyers, but you offer farmers a guaranteed long-term contract and the convenience of selling all their crop in one place.

Industry Rep. Profiles

Hit the Road Veggies Super Market: "We ship further"

You are the buyer for a large supermarket chain. You are interested in buying a variety of vegetables that can be shipped all over the country. These vegetables have to look good and have a long shelf life: you are not concerned with how they taste. You buy mostly conventionally grown vegetables, but since some of your customers are beginning to ask for organic produce, you also buy a limited quantity from organic growers as well.

You pay wholesale prices for produce, but farmers can sell all their produce to you.

Industry Rep. Profiles

Dudley Town Common Farmers' Market: "Local food, healthy food, food for all"

You are the manager of the farmers' market in Dudley Town Common. Your market sells only locally grown produce that is organic. You sell a variety of crops because you serve a diverse group of customers. You are looking for the highest quality you can find.

You are very interested in giving the farmers a fair price for their crops so you pay well above the wholesale prices offered by your competitors. Unfortunately, you still don't have many customers so you can only buy from one or two farms each season. You do not buy from monocrop farms or those that use GMO seeds, chemical fertilizers or chemical pesticides.

FARM PROFILE

Fill out this sheet to give to the USDA representative in order to receive your subsidy.

1. Name of Farm: _____
2. Size of Farm: 1 unit (50 acres)
3. Type of Crops Grown: Single Crop Mixed Crops
4. Seed Type: Genetically Modified Natural
5. Fertilizers: Chemical Organic
6. Pesticides: Chemical Organic
7. Labor: Local Migrant
8. Number of Tractors: _____
9. Distribution: McDonald's Hit the Road Veggies Super Market
   Farmer's Market/CSA

For USDA Office Use Only:

Farm Type: (circle one) **single organic** **mixed organic**
single conventional **mixed conventional**

Subsidy: _____

Loan: _____

USDA Subsidies

Units	Mix organic	Mix cnvntl	Single orgnc	Single cnvntl
1	0	$750	0	$1250
2	0	$1750	0	$2750
3	0	$3000	0	$3250
4	0	$4000	0	$6000

Farm Supplies Price List

Fat Cow Feed and Livestock, Inc.
- -Natural **seeds**:
  - -Single crop $200/unit
  - -Mixed crop $300/unit
- -Organic **fertilizers** $250/unit
- -Organic **pesticides** $250/unit

Gene Giant, Inc.
- -GMO **seeds**
  - -Single crop $250/unit
  - -Mixed crop $350/unit
- -Chemical **fertilizers**:
  - -For GMO seeds $50/unit
  - -For natural seeds $150/unit
- -Chemical **pesticides**:
  - -For GMO seeds $50/unit
  - -For natural seeds $150/unit

Big Tractors, Inc.
- -Migrant **labor** $150/half unit
- -Local **labor** $250/half unit
- -**Tractors** $350/half unit (but must be combined with half unit of labor)

Market Price List

McDonald's	(single crop)	$500/unit
Hit the Road Veggies Super Market		
	(single crop, organic, natural seed)	$1500/unit
	(single crop, conventional)	$500/unit
	(mixed crops, organic, natural seed)	$2000/unit
	(mixed crops, conventional)	$600/unit
Farmer's Market/CSA	(mixed crops, organic, natural seed)	$2500/unit

Consumer Advocate Costs & Benefits Sheet

CROP MIX

Single (Mono) Crop

Costs

- Harvests vulnerable to large scale disease and pest infestation and weather impacts
- Profits subject to fickle market conditions

Benefits

- Easier to manage production
- More mechanized, less labor needed
- Farms that grow corn, wheat, soybeans etc. receive larger subsidies from the government
- Easier to market

Mixed Crops

Costs

- More work to manage many crops than a single crop
- More manual labor required
- Greater variety of pest to deal with
- Mixed crop farms receive lower government subsidies

Benefits

- Farmer can charge more for crops
- Greater variety to offer consumer
- Benefits soil and limits pest problems

SEEDS

Genetically Modified Seeds (GMO)

Costs

- Some companies will not buy food grown from GMO seeds
- GMO seeds have unknown health/environmental risks
- Seeds are available for a limited number of crops only

Benefits

- Pesticide use is lower because pesticides are built into the plant
- Harvests are higher because plants are protected 24-7

Natural Seeds (non-GMO)

Costs

- Harvest are smaller
- More pesticides may need to be used

Benefits

- No restrictions on who will by the food
- Seeds are available for all crops, many varieties

FERTILIZER

Chemical

Costs
- Made from petroleum products
- Nutrients are released too quickly for plant uptake so nutrient runoff to water sources is a potential problem
- Does not improve soil condition

Benefits
- Cost less than organic fertilizers
- Can contain all of the nutrients required for plant growth

Organic

Costs
- Less available in stores than chemical fertilizers
- Lower nutrient levels with slower release than chemical fertilizers

Benefits
- Made from manure so recycles a natural material
- Improves overall soil conditions
- Can be produced locally so lower transportation costs to farmer

PESTICIDES

Chemical

Costs
- Shown to have adverse impacts on the health of the farmer, consumer and the environment
- Not pest specific so may have an adverse impact on beneficial insects and other animals
- May not break down rapidly so can bioaccumulate in food chain

Benefits
- Easier to obtain and less expensive than organic pesticides
- Easier to apply than organic pesticides
- Can provide immediate relief from pest outbreaks

Organic

Costs
- Expensive and often difficult to obtain in large quantities
- If used inappropriately, can cause harm to farmer and consumer

Benefits
- Break down rapidly so don't accumulate in food chain
- Target specific pasts
- When used appropriately, are safe for the farmer, consumer and the environment

LABOR

Migrant Labor

Costs
- Potential communication problems because of language differences between workers and farmer
- Workers must be managed

Benefits
- Cheap, seasonal labor
- Farmer does not have to provide benefits to workers
- Laborers have less impact on the land than tractors

Local labor

Costs
- Labor is expensive
- Workers must be managed
- Farmers may need to provide benefits, such as insurance or workmen's compensation

Benefits
- Provide employment to members of the community
- Laborers have less impact on the land than tractors

Tractors

Costs
- Compact soil and destroy soil health
- Can't be used effectively for mixed vegetable harvests
- Use fossil fuels
- Can break down

Benefits
- Less expensive than hiring labor to perform the same tasks
- More efficient for managing single crop farms
- Can be used for many seasons

MARKETS

Farmer's Market/CSA

Costs
- Farmer must provide labor to run the market
- Farmer may not be able to sell all produce

Benefit
- Farmer can sell at retail prices (means more income)
- Farmer receives 100% of the profit (no wholesaler involved)
- No/low transportation costs

McDonald's

Costs
- Only single crop farms can sell to McDonald's
- Farmer receives wholesale price for crop (means less income)
- Farmer pays transportation costs

Benefits
- Distribution of produce is simplified because McDonald's buys entire harvest

Hit the Road Veggies Market

Costs
- Farmer receives wholesale price for crop (means less income)
- Farmer pays transportation costs

Benefits
- Distribution of produce is simplified because farmer deals with only one distribution outlet

Farm Profit & Loss Statement

Farm Name:_____

Income:	Round One	Round Two
Starting Income	$1000	_____
USDA Subsidies	_____	_____
Vegetable Sales	_____	_____
Total Cash:	_____	_____
Expenses		
Seeds	_____	_____
Fertilizer	_____	_____
Pesticide	_____	_____
Labor	_____	_____
Tractors	_____	_____
Loan interest	_____	_____
Additional Cost	_____	_____
Total Expenses:	_____	_____
Calculating Profit(loss):		
Total Cash	_____	_____
- Total Expense	_____	_____
- Starting income	$1000	_____
= Profit(loss)	_____	_____

DISASTER SCENARIOS

The EPA has just detected pesticides in a nearby stream. They have decided to fine all farmers in the watershed that use chemical pesticides and fertilizers. If you use chemical fertilizers or pesticides pay $500 now to the USDA representative to help pay for the cleanup.

An unknown disease is sweeping though many farms, destroying only certain types of crops. If your farm is a monocrop farm, you must buy another application of fertilizer (either organic or chemical).

The residents who live adjacent to a local lake are up in arms because increased nutrient runoff to the lake has caused an algal bloom. They demand that all farmers who used organic fertilizers or pesticides pay $250 to help clean it up.

The INS just raided your farm looking for illegal migrant workers. You did not file your permits properly so all your workers have been deported. You need to hire local labor to replace them now or you will be unable to harvest and sell your crops.

Local workers have gone on strike. If your employ local workers, you must increase their pay by $200, or you will have to hire migrant workers.

The price of gas has gone up. You must pay $100 extra for each tractor you own.

Activists are refusing to buy GMO foods, and it is hurting the economy. If you have a GMO crop, its value has decreased $250.

There has been a huge insect invasion from Mexico. Pesticides are not effective against them, but GMOs are resistant to the insects. If your crops are not GMO crops, then the value of your crops has decreased by $250.