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national farmers union
In Union Is Strength

FOR IMMEDIATE RELEASE

NOVEMBER 20, 2003

***THE FARM CRISIS, BIGGER FARMS,
AND THE MYTHS OF “COMPETITION” AND “EFFICIENCY”:***
NFU NEWS RELEASES MAJOR NEW REPORT

SASKATOON, Sask.—Between 1996 and 2001, government and corporate policies drove 11% of Canadian farm families off the land. “When you liquidate a population, one of the things that you need to do is to tell lies in order to devalue and marginalize those people. The most pernicious lie told about our family farms during this crisis is that they are ‘inefficient’,” said NFU President Stewart Wells.

Wells was speaking today at a news conference in Saskatoon where the NFU released a new report entitled ***The Farm Crisis, Bigger Farms, and the Myths of “Competition” and “Efficiency”***. The NFU’s report takes a critical look at the fundamental assumptions that underlie agricultural policy in Canada and in much of the world. Along the way it takes a fresh and original look at concepts such as efficiency, competition, economies of scale, the effects of technology, and the allocation of profits within the agri-food system. Wells was joined at the NFU news conference by officials and members from across Canada.

Wells continued, “Poor government policies, defective markets, and powerful corporations undisciplined by competition are wiping out families farms. And if everyone knew that these farms were highly efficient and productive, then their destruction would raise embarrassing questions about the functioning of our markets. But when family farms are painted as inefficient, then their loss can be swept aside as an unfortunate but necessary effect of progress,” said Wells.

Wells pointed out that there is overwhelming data showing that the family farm sector may be among the most efficient in the entire Canadian economy. He pointed to Statistics Canada data that shows that over the past 40 years, no other sector has matched the efficiency gains of farmers. (*Please see backgrounder.*) He also pointed out that the prices that farmers receive for their products have not increased in 25 years. “The assertion that farmers are inefficient is incompatible with the reality that many of us are still able to produce despite receiving 1975 prices. Only those who can today produce and deliver their products at 1975 prices are qualified to lecture farmers on efficiency,” said Wells.

NFU former Vice-President and Manitoba farmer Fred Tait explained farmer efficiency with reference to the production chain for bread. “In the bread production chain, you have farmers, millers who make flour, large baking companies that turn that flour into

bread, and grocery store retailers. Over the past 25 years, the price of bread has tripled. Farmers received none of that money. That means that the very large transnationals that mill our flour, bake our bread, and run our grocery stores must have tripled what they charge for their services. In this case, and in nearly every other case in the agri-food production chain, it turns out that our relatively small family farms are the most efficient link, and the huge transnationals that control the rest of the chain are far less efficient.”

NFU Executive member and Alberta farmer Jan Slomp suggested that the rising price of bread and other foods may indicate something else in addition to inefficiency on the part of large transnational processors and retailers. Those rising prices may reflect raw market power and a lack of competition. “Processors and retailers are taking huge profits out of the food system, squeezing farmers, and then making the false and convenient claim that farmers are ‘inefficient’,” said Slomp.

NFU Women’s Vice-President and Ontario farmer Colleen Ross stated: “You can spot the lies that they tell about farmers because many of the lies contradict each other. Government and corporate leaders tell the lie that farmers are inefficient. They then go on to tell the lie that prices are low as a result of overproduction. Can farmers really be inefficient and overproductive at the same time?” asked Ross.

NFU Board member-elect and Prince Edward Island farmer Ranald MacFarlane concluded the news conference by stating: “Inefficiency rhetoric is nothing more than a smokescreen: a propaganda tactic deployed against farm families, workers, and rural communities. Only by peeling away the myths and lies can we understand the rural crisis and begin to see *who* is destroying our farms.”

The Farm Crisis, Bigger Farms, and the Myths of “Competition” and “Efficiency” is available on the NFU website (www.nfu.ca).

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For More Information:

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Backgrounder to the NFU's November 20, 2003 news release

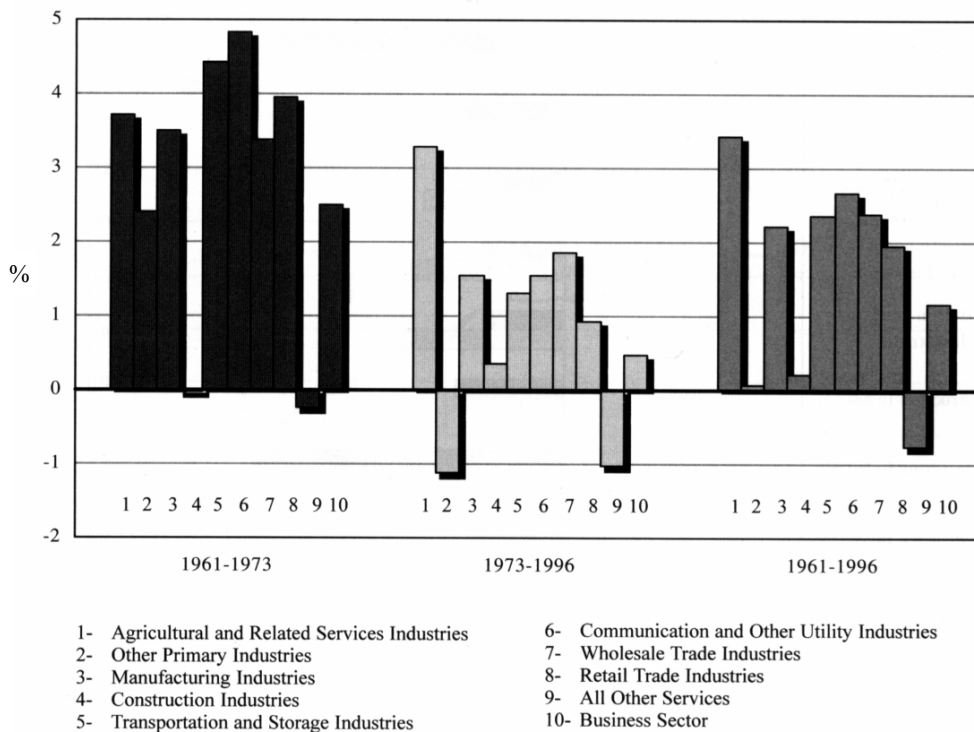
The page below is excerpted from the NFU's November 20 report, *The Farm Crisis, Bigger Farms, and the Myths of "Competition" and "Efficiency"*

... In 2001, Statistics Canada published *Productivity Growth in Canada*. This report calculates multifactor productivity measures for Canadian industries. Multifactor productivity growth is synonymous with increasing efficiency. . . .

Figure 6, below, is reprinted from *Productivity Growth in Canada*. The middle set of bars (the lightest grey) show that for the 23-year period 1973 to 1996, the largest increases in multi-factor productivity—the largest increases in “efficiency”—were in Agriculture and Related Services. This is also true for the 35-year period 1961 to 1996 (Figure 6, far right set of bars).

Between 1961 and 1996, agriculture's multi-factor productivity increased by 3.4% per year. The average increase for all businesses (the “Business Sector” in Figure 6) was just 1.2% per year. *Since the early 1960s, farmers have increased their efficiency at a rate unmatched by other sectors and at a rate almost triple that of the Canadian business sector as a whole.*

Figure 6: Multifactor productivity by industry group, annual growth rates, selected periods



Reprinted from Statistics Canada's *Productivity Growth in Canada*, January 2001, p. 19.

Despite decades of impressive expansion, the adoption of a vast array of new technologies, and Canada-leading efficiency, farmers are in crisis. The new NFU brief examines why. *The Farm Crisis, Bigger Farms, and the Myths of "Competition" and "Efficiency"* is available on the NFU website (www.nfu.ca).