

District 1, Region 1

Brief Submission

to

The Honourable Robert Ghiz, Premier of Prince Edward Island

The Honourable Neil LeClair, Minister of Agriculture

The Honourable Wes Sheridan, Provincial Treasurer

concerning

The current farm crisis: its causes and solutions

Charlottetown, PEI

June 12, 2008

Introduction

Thank you Premier Ghiz, Minister LeClair and Minister Sheridan for being available to hear the direct voice of the National Farmers Union (NFU). We understand that you may not know the nature, history and policy direction of the NFU. A short summary is attached as Appendix #1. An important note is that over the years we have presented more than one hundred briefs to governments and commissions. It doesn't make us happy to say that we have predicted the current crisis in agriculture (and earlier crises). We have always presented careful data and supporting documents concerning the root causes of the decline of family-based primary production. We have always outlined workable solutions and policy changes that could have helped us avoid the disaster that many farm families are facing today. We remember with regret the unnecessary and unacceptable loss of many excellent and efficient farmers. In the past, and even now, we are convinced that it is the factory farm types who have had the ear of government. Governments have freely given their attention to corporation CEOs. Governments are persisting in giving over their power to the corporate boardrooms.

Under the following headings we will identify some of the most obvious causes (the problems) of what we see as the death of farming in PEI and the possible solutions:

- **Free Trade in Food Has to Go**
- **The market place is dysfunctional for farmers: a deliberate public policy outcome**
- **Immediate government action and input are essential**
- **The fallout from the current farm crisis is irreversible**

1.0 Free Trade in Food Has to Go

The problem From the signing of the Canada-US Trade Agreement (1989) to the North American Free Trade Agreement (1994) to the World Trade Organization Agreement on Agriculture (1995), negotiators on behalf of Canada and Canadian farmers went to the table ready, eager it seems, to “give away the farm”. Politicians, bureaucrats, and even some unsuspecting farmers were convinced that removing barriers to international trade and increasing farm product exports would make farmers rich and would be a boon to rural communities. Canadian farmers played the game to perfection. They doubled and quadrupled their exports. They have become more and more efficient and have bought into the “competition is good” theme. It has been anything but “good” for farmers the world over who are in fierce competition with each other in a market that is more and more concentrated, powerful and hostile to farmers. A limited number of corporations (for example, Cargill, Tyson, XL Foods) control the market for the buying of farm produce. Another handful of input corporations amass untold wealth setting the prices for machinery, fertilizers, and seeds. The result for farmers, after 19 years of “free” trade is that in 2008, we are experiencing the worst farm income crisis since the 1930s. For more details, see Appendix #2 the NFU document, “*Free Trade*”: *Is it working for farmers? Comparing 2007 to 1988*. The graph on page 7 of that document shows how Free Trade, which ties food production to the export market, has generated vast wealth for the corporate sector, while threatening the income and life of farmers.

Another alarming legacy of free trade is that rather than facilitating the movement of food around the world, free trade has created a worldwide shortage of food. A major disaster in a

significant food producing area will result in an immense tragedy. People in positions of power dare to say that it is merely a result of speculation on the commodity market. The food riots we have seen in the media in recent months is just the tip of the iceberg. Human life is about to take a disastrous turn for the worse. The mixture of food and greed is an ugly mess.

The Solution The Federal Government and all Provincial governments need to give their heads a shake. The NFU is suggesting that you may need some serious education and rearrangement of values. There needs to be a concerted voice saying “we must take agriculture out of Free Trade/NAFTA/WTO. If you and the other political jurisdictions were convinced of the moral requirements to adopt principles of fair trade and national food security (sovereignty), this position would not be such a jump for you. If you would cut the tether which the corporations have on you, you would have political will. You, the Government of Prince Edward Island, have power. We insist that you use it to influence the current Federal Government. People ask us if the PEI Government is afraid to stand up in Ottawa. We are not impressed when you tell us there is nothing you can do, that PEI is too small to have influence. However, we are a province. We have the full voice of a province. You must know that we once had a Premier who claimed center stage for PEI in the Canadian scene. We may not have agreed with all his policies and statements, but for sure, as Premier of Prince Edward Island, he became a national figure. He made it clear that Canada’s smallest province can have an influential voice. He stood firmly against the Canada-US Free Trade Agreement even when an opposing party was in power in Ottawa.

Recommendations:

(1.1) that the Government of Prince Edward Island take every opportunity to learn about, and to analyse the economic history of farming over the past 40 years: the growth of corporate control, the diminishing power of farmers in the market, and the governments’ unnecessary submission to corporate dominance

(1.2) that the Government of Prince Edward Island develop a plan for seriously influencing the Government of Canada to withdraw agriculture from the World Trade Organization agreement and free trade agreements.

2.0 The market place is dysfunctional for farmers: a deliberate public policy outcome

The Problem The farm crisis we hear so much about today is now in its twenty-third year. What we are experiencing today is more than a crisis; it is an unprecedented level of disaster. From the earliest days, the formulation of a national policy for Canadian agriculture has been guided by conventional corporation economists and the self-interested corporate sector, poised to make super-profits. From *Canadian Agriculture in the Seventies: The Report of the Task Force on Agriculture* (1969) [implemented in PEI through the Comprehensive Development Plan (1969)], through *Growing Together* (1989) and *Agricultural Policy Framework* (2003) to *Growing Forward* (2007), all policies endorsed the capitalization of the food system, giving priority and control to the transnational corporations (chemical and machinery suppliers, transportation companies, banks, processors, wholesalers/retailers, produce dealers and exporters). In past and current Canadian agricultural policies, the demands and needs of those corporations are

promoted and protected, making it possible for this sector to demand their outlandish profit rates and to further enhance their accumulation and consolidation of capital. **The farm family on the other hand, which we know is the real generator of wealth in the food system,** is treated simply as a minor player, disposable even, and merely the producer of "raw product" used in this gigantic profitable network. It is the farm family which bears the major risk. The land, also considered disposable, is in jeopardy of depletion.

In the food system, it is only the farmers, lacking power and legislative protection, who have to accept the price they are given. This is usually below their cost of production. The other levels in the system have the protection and power to insure that they take their profit.

The National Farmers Union insists that nothing will improve for farmers in Canada as long as there is a denial that the interests of the industrial sector and the farm family sector are direct opposites, even antagonistic, and that there is a policy-based imbalance of power between the two sectors. We maintain that if farmers had the level of subsidies and protection enjoyed by the industrial level of the food system, farmers would be very wealthy. *By the way,* the so-called subsidies to farmers really are supporting the corporate sector and the buyers of cheap food from the grocery stores. The following is an interesting quote indicating that even some players in corporate circles understand that they have a built-in advantage: "The free market is a myth. Everybody knows that. Just very few people say it...If I (as a corporation CEO) am not smart enough to know there's no free market, I ought to be fired...You can't have farming on a total laissez-faire system because the sellers are too weak and the buyers are too strong." (Dwayne Andreas, CEO of Archer Daniels Midland Corporation)

Government policies were, and are, part of the man-made problem. Governments put into policy the protection of the interests of the corporate sector, providing corporations with the ability and the right to eliminate their competition through mergers and take-overs. Some governments in the past have supported various forms of orderly marketing and varying degrees of protection of cost of production for farmers (some grains, dairy, poultry and eggs). However, the commitment to this has wavered many times and in fact, has come under threat in the trade negotiations. In fact, some governments, including the current Federal Government are openly doing all in their power to dismantle those farmer-friendly systems. They use the same old bogus, threat of "United States countervail" to excuse their destructive action and to justify their supposed inability to create new orderly marketing systems. They don't seem to have noticed that the US economy is on the verge of collapse. The American government has very little power over us except that which it has turned over to the corporations and that which is invested in the military. Hopefully, they have no intention of invading Canada.

The solution Like any other man-made problems, the challenge of removing farming from the control of the corporate industrial sector has a human solution. Public policies are reversible. Farmers need legislation to protect their income. The National Farmers Union wants to know first of all if the PEI Government recognizes the meaning and importance of *Cost of Production*. Do you realize that your "buy local" campaign without "and pay cost of production" is creating a spirit of cynicism in the community. We want you to tell us if you think you are showing respect for farmers as long as you ignore *Cost of Production* as a basic necessity for the present and the future of farming.

Recommendations:

(2.1) that the Government of Prince Edward Island in its meetings with the Prime Minister, with other premiers, ministers of finance, and ministers of agriculture accept its responsibility to stand firmly against the inappropriate, free market, industrial model of agriculture and to promote cost of production as the norm for farmers in the market place

(2.2) that the Government of Prince Edward Island adopt an ongoing crusade to strengthen existing orderly marketing systems and to promote new ones for unregulated products.

3.0 Immediate government action and input are essential

The problem Many farmers are not putting in a crop this Spring. Banks are closing their doors to farmers who have had an impossible year (or two or three). The PEI Lending Agency seems to be following the banks' lead. Valuable farm families are facing the threat of foreclosure. The damage of this goes beyond the farm. The whole community is suffering the loss of economic spin-off from farming. It is still estimated that every dollar generated on the farm creates six dollars in the community. We know that some farmers, and the families they support through hiring farm labour, are looking at work possibilities in Fort McMurray. The recently-announced Commission on the Future of Agriculture and Agri-food in Prince Edward Island is important. We do need a vision and a solid plan for the future of farming on the Island. However, it may be just buying time to cover up government inaction and what appears to be disinterest. The Government is not addressing the urgency of these months of planting. Many farm families cannot wait until December to hear about a vision. They need an infusion of cash NOW. They need protection from creditors NOW. It is farm families, not the banks (and the free enterprise system), which need your protection.

The solution Your Government must take action immediately. It is almost the middle of June: it is late, but not too late. If there were a "natural" disaster, you would have to find the resources to cover the damage. This is a human disaster. You can find the cash. This is not a hand-out; it is a smart investment in the future economic progress of PEI. The PEI Government found somewhere 200 million dollars to create "hundreds of jobs" in bioscience, technology, renewable energy, and aerospace. Good for you. But would it not have made more sense especially at this crucial time to have supported the hundreds of people already working in the Island's primary productions. In the area of the threat of farm foreclosures, you have the power to stay the hand of the lending institutions and to declare a moratorium on farm foreclosures.

Recommendations:

(3.1) that the Government of Prince Edward Island make a major investment of one hundred million dollars over a three to four year period, beginning immediately, to bring affected farmers up to the cost of production (this would assume a cap so that factory farms would not gobble up the resources)

(3.2) that the Government of Prince Edward Island immediately announce a moratorium, of at least two years, on farm foreclosures until such time as the Government can come up with corrective measures to offset the skewed market

(3.3) that the Government of Prince Edward Island urge lending institutions to provide operating credit to avoid the collapse of farms suffering from below cost-of-production prices.

4.0 The fallout from the current farm crisis is irreversible

The Problem The NFU, hoping to be wrong, feels that the current government “does not get it” in a number of areas: that the family farm is a great contributor to the general economy of PEI; that the family farm is a basic element of the culture of PEI (which could never be created by a predominance of factory farms); that the farm crisis is a rural community crisis; that when farmers go they are gone for good and will not be returning to the land; that there is no middle ground for Genetically Modified Organisms (GMO) in PEI agriculture (in the confined space of the Island, we are either GMO-free or we are GMO-infested); that when hog farmers accept \$220 Federal money per sow to clean out their barns, they will be out of the pig operation for good; that when the infrastructure is destroyed, it is gone for good. Speaking of destroyed infrastructure: there is a sick feeling in the community over the hastiness of the closing, and sale of the assets, of the NOFG plant. People want to know how much money went to Quebec owners of that plant. And who owns the label?

The Solutions Many PEI citizens, residents and community-based social justice groups support the positions we are presenting to you today. We know that farm suppliers and some rural businesses are beginning to see what the real problem is. Support is growing for natural and humane livestock production. More non-farm people are demanding healthy food. The GMO-free-Island movement is gaining momentum in spite of the governments’ desire to follow the directions of Monsanto and associates. The interest in organic production is growing. The community would have little tolerance for a government which would allow the growth of factory farming with the ecological destruction it causes.

Recommendations

(4.1) that the Government of Prince Edward Island come up with an immediate short-term strategy to communicate its concerns about, and solutions to, the “fallout” items listed above in the statement of the problem

(4.2) that the Government of Prince Edward Island immediately declare PEI a GMO-free province.

Conclusion

As always the National Farmers Union has a spirit of hope as we present our concerns, analysis and possible solutions to the PEI Government. Otherwise we would not take the time and the energy during our planting time to meet with you. We expect a serious dialogue with you today, but we especially expect you to answer in writing what you intend to do with our recommendations. In general we need to hear from you whether you can work to turn this crisis around and whether or not you believe that the family farm can continue in PEI as the major form of production.

Once again the National Farmers Union thanks you for this opportunity. We look forward to more and deeper discussions with you.

Respectfully submitted.

The National Farmers Union
District 1, Region 1