

# Cargill seizes control of Canadian beef packing system



**Y**ou have to acknowledge Cargill's audacity. In the midst of the BSE crisis, with committee after committee spotlighting packer profiteering, with farmers waking up to the negative effects of packer power and the lack of competitive markets, Cargill moves brazenly to take control of 50% of the Canadian beef packing industry.

In mid-April, Cargill announced its purchase of Canadian-owned and Guelph-based Better Beef Ltd. This takeover, combined with Cargill's expansion of its High River, Alberta plant will give the company 50% of Canadian beef packing capacity. And just two companies—Cargill and US-based "protein giant" Tyson Foods—will control approx. 80% of capacity.

Better Beef Ltd. was founded in 1972 and has a slaughter capacity of 1,800 head of cattle per day. The acquisition of Better Beef will now give Cargill a major share of the Ontario beef slaughter and processing market. The takeover comes at the same time as Cargill's is expanding its Alberta packing to handle 5,000 head per day by the fall of 2005.

In an April 21 news release, Ontario NFU Coordinator and Livestock Committee Chair Don Mills said that the takeover will "extend Cargill's domination of the Canadian beef packing industry at a time when farmers are calling for more independent, Canadian-owned plants."

Jan Slomp, Alberta NFU Coordinator, said if the federal government approves the takeover of Better Beef by Cargill, it will set back farmers' efforts to regain more control in the marketplace. "In spite of tremendous odds, there are many independent and cooperative packing plants in the works across the country," stated Slomp. "Farmers realize that it's not enough just to increase capacity. Ownership and control of Canadian packing facilities is equally important if those facilities are to survive in the long term."

## NFU asks Competition Bureau to block Cargill takeover

"The NFU strongly urges the Competition Bureau to hold public hearings on the proposed merger, and ultimately to block the sale of Better Beef to Cargill," said NFU President Stewart Wells in a May 7 letter to the head of the Mergers Branch of Canada's Competition Bureau.

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*union farmer* monthly

# Curb rising imports of milk ingredients

“A sharp rise in unregulated imports of milk components poses a serious threat to Canada’s supply-management system for dairy,” said NFU President Stewart Wells in an April 27 news release.

Wells also sent a letter to Agriculture Minister Andy Mitchell in which Wells urged the government to stem the flood of imported milk protein (casein and caseinates) and butteroil blends. Wells said Canada has the ability, under Section 28 of the World Trade Organization’s General Agreement on Tariffs and Trade, to impose new tariff-rate quotas (TRQs) on milk ingredients. These quotas would cap the volume of milk ingredients imported into Canada.

Unrestricted importation of milk ingredients undermines Canada’s ability to regulate dairy production and prices, because processed food makers are able to utilize imported ingredients rather than utilize Canadian milk products. Over

the past year, Canadian ice cream makers have increased their use of butteroil and other milk ingredients by 48%. These ingredients have now displaced 50% of the milk for the ice cream market in Canada. Potentially, the use of imported milk ingredients could displace Canadian milk in the manufacture of cheese, which represents 36% of Canadian milk utilization. By allowing unrestricted imports of milk protein, the federal government is also contributing to the growing surplus of such protein in Canada. Farmers are responsible for managing overall protein levels, so higher surpluses result in lower blended returns for farmers.

The NFU supports the initiatives of the Dairy Farmers of Canada (DFC) to educate farmers, consumers and government on the dangers of unrestricted imports of milk ingredients. — nfu —

*(Cargill seizes control of Canadian beef packing system, from page 1)*

The NFU pointed out that the *Competition Act* includes several “trigger” numbers which indicate lowered levels of competition within the marketplace sufficient to prompt action by the Bureau. These trigger numbers include a CR4 (Concentration Ratio of the top 4 firms) of 65%, or a market share of the merged entity of 35%. With the merger creating a market share of 50% and a CR4 of over 90%, the trigger numbers are significantly exceeded.

In a similar situation last year, the Competition Bureau was asked to intervene in the hog processing sector and prevent the takeover of Schneider’s by Maple Leaf Foods. The NFU at that time pointed out that the acquisition would give Maple Leaf 80% of pork slaughter capacity in Saskatchewan to complement its existing 80% ownership of Manitoba capacity. This would have amounted to a virtual monopoly. The Competition Bureau, however, ruled in favour of the merger, saying the presence of US processors constituted significant competition to Maple Leaf Foods. The introduction of a countervail duty on pigs shipped to US processors, however, severely limited that option for Canadian farmers. Since the merger, the first quarter operating profit of Maple Leaf’s Meat Products Group has nearly doubled compared to the year previous, from \$10 million to \$18.7 million (*Meatingplace.com*, April 29, 2005). Meanwhile, farmers’ Realized Net Income has gone down. The benefits of the pork packing merger, which took the form of higher profits, did not accrue to family farmers. — nfu —

## NFU at WTO

*Danny Hendricken, NFU District 1 Region 1 (Prince Edward Island) Director sent in the following report on his work at the WTO meeting in Geneva.*

Hello from the East. I have just returned from the latest World Trade Organization (WTO) negotiations in Geneva, Switzerland. There were three of us who travelled to Geneva with funding from the Province: Bob Perrin, who works with international trade issues and is under contract with the Province; Ian MacIsaac, a dairy farmer and member of the Federation of Agriculture; and myself made up the PEI contingent. There were 1,700 representatives from countries around the world attending the meeting; 100 were from Canada.

It did not take long to understand that there was an atmosphere of unrest with many of the delegates from the developing and under-developed nations. Many representatives from these countries resent that there has been little or no change in the past decade in terms of the economic benefits that were supposedly going to be bestowed upon them as a result of WTO participation. These representatives are starting to reject the WTO as a means to attain a responsible formula that will bring economic stability to their countries. I certainly came to appreciate their situation after having the good fortune of meeting Kwabena Adusa Okerchiri from Ghana and Mohim Khan Baluch from Pakistan. Though they are from very different cultures, they both are of the same opinion: that the WTO has simply been an instrument of the powerful nations (US and EU) to exploit the less powerful nations. It has been a decade since the WTO was founded, and the economic situation of most member countries has not improved. The loss of nation sovereignty was a particularly sensitive area for many of the countries attending. The WTO, along with the International Monetary Fund (IMF) and the World Bank, have compromised the ability of governments from many countries to control domestic policies. This type of interference has rendered elected and non-elected governments helpless to oppose programs of conformity promoted by the WTO.

In order for the poorer countries to have some kind of influence at the negotiations, they have formed alliances to overcome the dominance of the US and EU. It is obvious that EU and US are not going to be deterred in promoting self interests and these countries will not eliminate the trade-distorting subsidies they utilize at the expense of other nations. The countries within the alliance realize this and I believe that this will compromise any chance of an agreement at future negotiations. Alliance nations maintain that preventing a bad deal is paramount, and they are prepared to end negotiations if necessary. The WTO, in their opinion, is simply a vehicle to maintain and expand the globalization theory.

This formula for disaster continues to frustrate their countries to the extent that they are looking beyond the WTO to the possibility of realigning themselves with other potential trading blocks. The problems once associated with distance to market are no longer an impediment to trade. Countries such as Brazil are making a concerted effort to reduce their dependence on the US in an effort to establish contacts with Asia and the Middle East. Canada, on the other hand, remains primarily focused on the US marketplace. Taking into consideration the ongoing trade disruption between the two countries, we must ask ourselves: Why do we continue along this path? Our Canadian negotiators promote the fact they continue to support Canada's producers, but I question their efforts. Canada is determined to eliminate farm support programs at a rate unmatched by our trading partners. What remains will be an impotent system that will reflect what is in the best interests of the corporate sector at the expense of farm families across the country. — nfu —

## GM crop profitability and BecA

**B**ecA stands for “Biosciences eastern and central Africa.” BecA is a key part of the Canadian government’s multi-pronged strategy to introduce genetically-modified (GM) crops into Africa. The Canadian government is aggressively promoting GM crops around the world.

BecA will pave the way for a network of African “centres of excellence” on “bioscience research.” According to the BecA website, “The goal is to support eastern and central African countries to develop and apply bioscience research expertise to produce technologies that help poor farmers to secure their assets, improve their productivity and income, and increase their market opportunities.” The main facilities will be located in Nairobi, Kenya.

Establishment of BecA has been made possible by an initial investment of more than \$30 million by the Canada Fund for Africa through CIDA (the Canadian International Development Agency). Additional funding has come from the Rockefeller Foundation and the Syngenta Foundation for Sustainable Agriculture.

So what will a “bioscience” research and development facility research and develop? BecA documents struggle to avoid the use of “genetically modified” or “genetically engineered”. But the aim of the BecA facilities seems clear: spread GM crop technology and GM crops across Africa and paint GM technology as a boon to poor farmers.

Kenya's Minister of Agriculture, Kipruto Kirwa, has called for rapid adoption of GM crops. "Agricultural biotechnology can greatly improve our food security situation and improve our farmers' income," he said. He has urged African governments to speed up the process of adopting transgenic crops.

But is there any evidence that GM crops actually *increase* farmers' incomes? Consider the following: Canadian grain farmers are among the most advanced in the world. Few countries can match our adoption of GM seeds, an arsenal of weed and insect sprays, high-tech seeders, computer-selected fertilizer blends, GPS-guided

tractors, and mega-combines. But as we've adopted these new technologies, our net incomes have gone down.

Over the past three years, Realized Net Farm Income from the markets (Market RNI) has averaged *negative* \$3.5 billion per year. And in order to fully cover all of our costs, farmers' net income would probably have to top \$5 billion per year. So we're falling short by about \$8.5 billion per year, and the number is rising. Spread over 90 million acres, we're losing about \$94 per acre. Any farmer farming with yak dung and a hoe would be able to do better, and most do. It is almost certain that most African farmers, for instance, earn small but positive returns per acre. Many manage to feed their families and earn small surpluses, even without subsidies—something impossible on the average 4,000 acre GM-equipped Canadian grain farm. It is probable that the average African farmer, farming without the advantages of GM seeds and other technology, earns net returns that are \$100 per acre higher than the returns earned by Canadian farmers. Seen another way, taking African farmers down the path that Canadians have followed would probably require that we first drive 80% of them off the land (to make way for large, high-tech farms) and then destroy the profitability of the remaining 20%.

Recent data from India adds evidence to the contention that GM crop technology *reduces* farmers' profitability. NFU Women's Vice-President Colleen Ross travelled to India in mid April. While there, Ross represented the National Farmers Union at an announcement of important new research that compares the profitability of Indian cotton production using traditional seeds and methods with production using GM seeds. The results of the three-year scientific study show that farmers are worse off financially after they switch to GM crops.

The study, released by the Deccan Development Society, showed that farmers who grew Monsanto's genetically-modified Bt\* cotton between 2002 and 2005 had higher input costs and lower yields than farmers who grew non-GM cotton varieties. Andhra Pradesh is located on India's east coast and is a major producer of cotton for the country's textile industry.

(continued on page 6...)

# NFU questions GM wheat cost-benefit process

The Canadian Wheat Board has taken the lead in convening meetings of farm organizations to hammer out a process to evaluate new crops (such as genetically-modified wheat) on the basis of economic impact. The CWB-led process, called RIONAP (Responsible Introduction Of New Agricultural Products), would have new crops evaluated and approved (or rejected) on the basis of a cost-benefit analysis.

Fred Tait represents the NFU at the RIONAP meetings and he has raised many pertinent questions. Most recently, Tait asked for clarification of comments made by Agriculture and Agri-Food Canada staffperson Peter Pauker who said: “Our trading partners would never accept us limiting the introduction of a novel or GM crop on the basis of its economic impact.”

Tait and the NFU sent three letters to Pauker asking that he clarify and expand on his remarks. Pauker declined to do so. So, on May 26, Tait and the NFU sent a letter to Minister of Agriculture Andy Mitchell. That letter asked the Minister if Pauker’s comments were valid and asked the Minister “to clarify how a cost-benefit assessment and approval process would affect, and be affected by, our trade agreements and international obligations.” The letter went on to ask specifically: “[W]ould rejection of a new field crop—genetically-modified (GM) wheat for instance—on the basis of a cost-benefit assessment violate any trade agreement Canada has signed? Could such a rejection trigger a Chapter 11 suit under the North American Free Trade Agreement? Could a rejection be challenged under the provisions of the WTO agreement? What are the implications for other treaties such as the Biosafety Protocol?”

The letter concluded: “Minister Mitchell, individuals and organizations are putting a great deal of time and energy into this RIONAP process. Thus, it is critical that we are sure we are not trying to do something impossible. Your clarification of this issue is of great importance to farmers.”

In a previous letter to the Canadian Wheat Board, the NFU raised concerns about a cost-benefit assessment process that might approve GM wheat. That letter said, in part:

*Costs and benefits shift over time. The past fifty years and the current farm income crisis show us that, in agriculture, costs are increasingly shifted onto farmers while benefits are increasingly captured by others. A cost-benefit analysis that merely took a snapshot would lead to an incorrect decision; but predicting costs and benefits far into the future is difficult, probably impossible. How would a CWB-sponsored cost-benefit assessment of a crop such as GM wheat take into account the shifts in costs and benefits over time?*

*Costs and benefits are lumpy. Costs and benefits, often reported as aggregates or averages, hide the reality that each farmer experiences unique costs and benefits. Taking GM wheat again as an example, some large farmers might experience small benefits but other farmers, organic producers for instance, might incur costs and risks so large that, in some cases, they are put out of business. How would a cost-benefit assessment take into account atypical and dramatic impacts on a minority of farmers? How do the CWB’s roots in the principles of equality and justice affect its decision to champion an assessment process that will inevitably create winners and losers?*

*Costs fall on non-adopters. If GM wheat were to pass a cost-benefit assessment and be introduced, many costs—such as market loss and agronomic costs—would fall on adopters and non-adopters alike. There is an injustice in imposing costs on farmers who do not benefit from a technology and who choose to not use it. How would a CWB-sponsored cost-benefit assessment take into account justice issues related to imposing costs on non-adopters?*

The NFU believes, for many reasons—including market loss, the cost and fragility of segregation systems, damage to the organic sector, and the irrevocability or release—that GM wheat should not be planted or sold in Canada. The NFU also believes that there are huge and possibly unsolvable problems standing in the way of any attempt to assess GM wheat and similar crops through the simple and limited methodology of a cost-benefit analysis.

— nfu —

(*GM crop profitability and BtA*, from page 4)

The study, entitled “Bt Cotton in Andhra Pradesh: a three year assessment”, is available at [www.ddsindia.com](http://www.ddsindia.com). Among its major findings were the following:

1. Farmers had higher yields from conventional, non-Bt cotton and their input costs for non-Bt cotton were lower than those for Bt cotton;
2. Monsanto’s Bt cotton did not result in significantly reduced pesticide use;
3. The three-year average net return for non-Bt farmers was 60% higher than for those farmers who raised Bt cotton;
4. Farmers who purchased Bt cotton seeds paid significantly more for their seed supply, and had to spend significantly greater time caring for and cultivating the Bt crop;
5. There was a significant increase in the incidence of root rot in soil which had been planted in previous years with Bt cotton; as well as an increase in the incidence and lifespan of a major pest, the American Bollworm.

Back at home, Dr. Martin Entz is a University of Manitoba plant scientist. He also leads the Glenlea Long-Term Crop Rotation Study. For fifteen years, Entz and his team have used test plots to compare costs and yields for conventional, low input, pesticide-free, and organic crop production systems. Their findings: farmers achieve their highest net returns per acre when they use no purchased crop inputs—when they farm organically. Further, farmers earn these superior returns even if they do not take advantage of premium prices for their organic crops. — nfu —

\* *Bacillus thuringiensis* (Bt) is a bacterium toxic to some insects. Using GM technology, Monsanto inserts a gene into cotton and other plants that causes the plant to produce the Bt toxic within its tissues.

## NFU urges Harper to remove Anderson as CWB critic

Conservative Party MP David Anderson (Cypress Hills-Grasslands) is either “willfully uninformed or [he] is conducting an ongoing smear campaign” against the CWB, said NFU President Stewart Wells in a letter to Conservative Party leader Stephen Harper. Wells told Harper that Anderson should be immediately stripped of his position as Canadian Wheat Board (CWB) critic.

During Question Period in the House of Commons on May 6, Anderson accused the CWB of engaging in “illegal” and “corrupt” activities. Anderson offered no evidence to back up his comments, and refused to repeat the allegations outside the House of Commons.

Anderson’s starting point appears to have been an abortive 2000 attempt by Sask. Wheat Pool to make a grain sale to Iraq under the United Nation’s Food for Oil Program. Even though Sask. Pool seems to have undertaken the sale on its own through the CWB’s accredited exporter program, Anderson seems to be either confused or trying to tar the CWB with some alleged guilt related to the Sask. Pool deal.

Anderson has not clarified his remarks. — nfu —

# Can Costa Rican vegetables farmers benefit by studying Canadian efficiency?

*This article generously provided by Keith Carter, CUSO Cooperant in Costa Rica.*

Since 1995, the Inter-American Institute for Cooperation on Agriculture's Canadian office (IICA-Canada) has financed a number of exchanges between the NFU and Latin American farm organizations.

After a two-year break, IICA sponsored an exchange that brought two Costa Ricans to Canada in July 2004. The participants, Diego Arroyo and Ronny Sanchez are members of a Costa Rican Marketing Association called Tierra Tica. The return visit took place in January 2005. Two NFU members travelled to the South: Cathy McGregor-Smith from St. Thomas and Corey Versnel from Leamington.

I have decided not to give you a blow by blow description of the exchange. I think it is enough to say that the Canadian and Costa Rican participants learned a great deal. Clearly Canada and Costa Rica are beautiful countries with super friendly, hospitable farm families. I can guarantee you that other than the multi-hour delay that Corey and Cathy faced on their way home due to a snowed in airport, everyone, including myself, had an enriching experience.

The exchange was designed to fulfill the interest expressed by Tierra Tica to help Costa Rican farmers modernize production and processing techniques. Simply put, Costa Rican vegetable farmers came to Canada to see how they could produce and process their production in a more competitive manner.

I can hear many a Canadian farmer wincing, considering that being competitive and being an economically successful farmer has been a race without end that has not guaranteed neither farmer nor rural community well being. In fact, the idea of becoming more competitive was a point of lively discussion between the Costa Ricans, myself, and NFU members at a NFU social event held during the July visit.

But what is one to do, when the Costa Rican Government drops tariff barriers and previously protected producers are faced with cheap exports from the North, including from Canada? Besides the use of tractors for preparing the ground, almost all vegetable

seeding, transplanting, harvesting, cleaning and selecting is done by hand.

Even with comparatively cheap labour costs, Costa Rican producers have had trouble competing without the assistance of tariff barriers. Many are simply being squeezed out. The majority of corn producers have disappeared and rice and bean producers have been hurt by low tariffs that allow subsidized exports from the United States to compete.

An example to help understand Costa Rican producer vulnerability: At present, Costa Rica has a 47% tariff rate barrier on onions. Every time that the Costa Rican Government negotiates trade agreements (it has negotiated a free trade agreement with Canada) onion farmers hope and probably pray that their sector will be left alone. Up until now, this has worked. But the truth of the matter is that without that tariff, Canadian, US and Chilean onions would become the norm, even though Costa Ricans are perfectly capable of producing onions for at least 10 months of the year.

The key here is that Costa Rican farmers could do more to protect themselves, at least in part by adopting more efficient technologies. In the vegetable growing sector, seedling transplanters do not exist, nor do simple harvesters. In January, a local merchant introduced the first onion sizer, a revolution one could say. Up until January, from the planting through to harvest and post harvest selection, everything was done by hand. This may sound good in terms of providing employment, but being honest, it is almost always cheaper to bring onions from Canada than to produce them here, even with the cost of transport included. If the tariff were to disappear, so too would Costa Rica's onion producers.

So what did the exchange do to help in this regard? Costa Rican producers Diego Arroyo and Ronny Sanchez could see that Canadian farmers minimize hand labour. Mostly flat fields have facilitated mechanization. Costa Rica is a fairly mountainous country, but there are many areas that could benefit from vegetable growing technologies that

*(continued on page 8...)*

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*(Costa Rican vegetable farmers, from page 7)*

have been around for decades in the North. Corey and Cathy visited a small onion field that had been transplanted by hand. It required 6 people for 4 days. Corey estimated that the same field with a mechanical transplanter would require 3 people and would take two days to transplant.

When Diego and Ronny visited relatively small green house operations in Leamington, they were able to see small scale washers and sizers. In Costa Rica, Corey and Cathy saw Tierra Tica employees cleaning tomatoes and peppers one by one with a rag. Hardly efficient and not exactly hygienic.

Tierra Tica processes from 5-10,000 kilos of vegetables a week. The entire cleaning, selecting and packing process is by hand. Costa Rican farmers pay for this inefficiency at the end of the day.

As part of a follow-up to the exchange, I will be visiting Corey and Cathy in May with a video camera in hand to film transplanters, washers and sizers in action. Tierra Tica has approved the purchase of a vegetable washer and sizer. A number of farmers are interested in transplanters and root vegetable harvesters.

In spite of the best efforts of Costa Rican farm organizations, to date not a single free trade agreement—many of which have included changes detrimental to Costa Rican farmers—has been stopped. For Tierra Tica and its affiliated farmers, becoming more competitive appears to have a better chance of protecting growers than the actual uncertain tariff rate barriers.

If you have ideas or comments on technology and farming, please write me, Keith Carter, at: [tierraticacr@racsa.co.cr](mailto:tierraticacr@racsa.co.cr). I would enjoy hearing from you.

— nfu —

# Why organic agriculture must be destroyed

**W**orldwide, the destruction of subsistence and family farm agriculture accomplishes an important goal—cutting off the escape route from the factory. (An insight by Michael Perelman in *Farming for Profit in a Hungry World: Capital and the Crisis in Agriculture*, 1977.)

Similarly, organic agriculture must be destroyed: to cut off the escape route from the factory-style farm.

To put it another way, until recently, farmers were like craftspeople; but increasingly farmers are becoming like factory workers. Craftspeople—chairmakers for instance—are notoriously hard to control. If you employ a chairmaker and you come to a disagreement, the chairmaker is free to pick up his or her small collection of tools and walk down the street and make chairs somewhere else—leaving you with the difficult task of finding another chairmaker. But if you fragment the chair-making process through the division of labour and the use of the assembly line and the factory, then the power and control passes from the worker—who now doesn't actually know how to make a chair and cannot make anything without a spot on a factory line—to the managers and factory owners.

Similarly, by moving to an industrial model of agriculture, you move away from a system of independent farmers who rely largely on their own

knowledge and resources and relatively simple tools to a system where farmers are *dependant* on high-tech GM seeds, chemical formulations, purchased fertility, and technology they cannot understand, reproduce, or repair. Organic agriculture not only provides an *environmentally*-superior alternative, organic farming centers knowledge, power, and control within farmers, families, and communities. And it seeks to limit dependence partly by limiting purchases of inputs. Organic agriculture seeks to retain knowledge, power, control, and, thus, profit, within the farm. Thus, both in terms of reducing purchases by, and increasing the power and self-reliance of, farmers, organic agriculture poses a threat to the agribusiness transnationals that are bent on colonizing, controlling, and extracting the wealth from farming.

Organic agriculture (in “developed” countries) and subsistence agriculture (in other countries) are forms of resistance, and they provide a working counter-model. Thus, they must be destroyed. This destruction is being accomplished through a variety of means: government policies, the introduction of new GM crops, GM contamination, promoting the “Green Revolution” in places where it gives no real benefits, trade agreements and the destruction of local markets, and the corporate grab for control of the organic sector.

— nfu —

## Value adding

**T**he solution to the farm crisis is simple: farmers just need to move up the value chain. Do more value-added processing.

“Value added” is too often trotted out as a panacea by politicians, academics, and reporters who have no real idea of the causes of the farm crisis and no real appreciation of the difficulties of trying to manufacture and market in a country where food processing and retailing are dominated by a small club of giant corporations. But adding value to farm products certainly does have some real potential.

The gold medal for value adding should go to a Saskatchewan organic firm, Prairie Sage Organics, that is marketing tea made from wild oats straw. In a feat befitting Rumpelstilzkin, the company is spinning that straw into gold. Tea bags weighing a total of 1.56 ounces retail for up to \$6.50. That works out to nearly \$150,000 per tonne for wild oats straw. Now, if we could only just make tea out of the entire Canadian grain crop, revenue on the average Canadian farm would rise to \$25 million.

# First they came for....

**I**n the years following the Holocaust and other Nazi atrocities, many people struggled to understand why there had not been a more unified resistance among German citizens, and among citizens and governments outside of Germany. Martin Niemoeller famously described the fragmentation of resistance thus,

*First they came for the communists, and I did not speak out--  
because I was not a communist;  
Then they came for the socialists, and I did not speak out--  
because I was not a socialist;  
Then they came for the trade unionists, and I did not speak out--  
because I was not a trade unionist;  
Then they came for the Jews, and I did not speak out--  
because I was not a Jew;  
Then they came for me--  
and there was no one left to speak out for me.*

Similarly, Antonio Gramsci struggled—for 10 years in prison, until his death there in the 1930s—to understand why Italian peasants and workers followed Mussolini, rather than following their own self interests. In his writings, posthumously published as the “Prison Notebooks,” Gramsci framed his concept of “Hegemony.” Hegemony is a complex concept, but part of its meaning is: the ability of the dominant class to project its own way of seeing the world so that those who are subordinated by it accept it as ‘common sense’ and ‘natural’.

In the current context, in the face of looming climate change, polluted waters, unprecedented species extinction, mass famine, AIDS devastating Africa, a widening gap between rich and poor, obviously-unsustainable food production, and other social and environmental threats, farmers and other Canadians struggle to understand why public opinion and action remains fractured and unfocused. Perhaps with a nod toward Niemoeller, NFU member John Fefchak CD\* from Virden Manitoba produced a pamphlet to help inform and mobilize citizens to oppose the proliferation of corporate hog barns. Part of the text of his pamphlet is reprinted below.

## Waiting

I did not speak out when a Corporate Hog Industry came to my municipality.

The peoples’ cries of anguish were not my concern.

Our elected representatives would protect us. Besides, it was too far away to bother me; and some people left and moved away.

I did not speak out; even when the Corporate Hog Industry expanded in my municipality. They were using even more land and causing much grief and apprehension. It was not my concern, and surely our elected representatives would protect us. It would not bother me; and some people left and moved away.

I did not speak out; even when the Hog Industry set up even more barns; now much closer to where I live. But, I was beginning to get concerned. Maybe, they wouldn’t move any closer; maybe, they had expanded to their capacity; maybe, it would not bother me; after all, would our elected representatives not protect us? And some more people left and moved away.

Now . . . I have heard that yet another huge hog barn is being planned within a few miles of my community, where I live. I am going to speak out . . . but . . . there is NOBODY left . . . to listen.

**I HAVE WAITED TOO LONG . . .**

Our future depends on many things . . . but mostly on us.

\*Canadian Decoration, a military honour

## Energy costs hit farmers hard

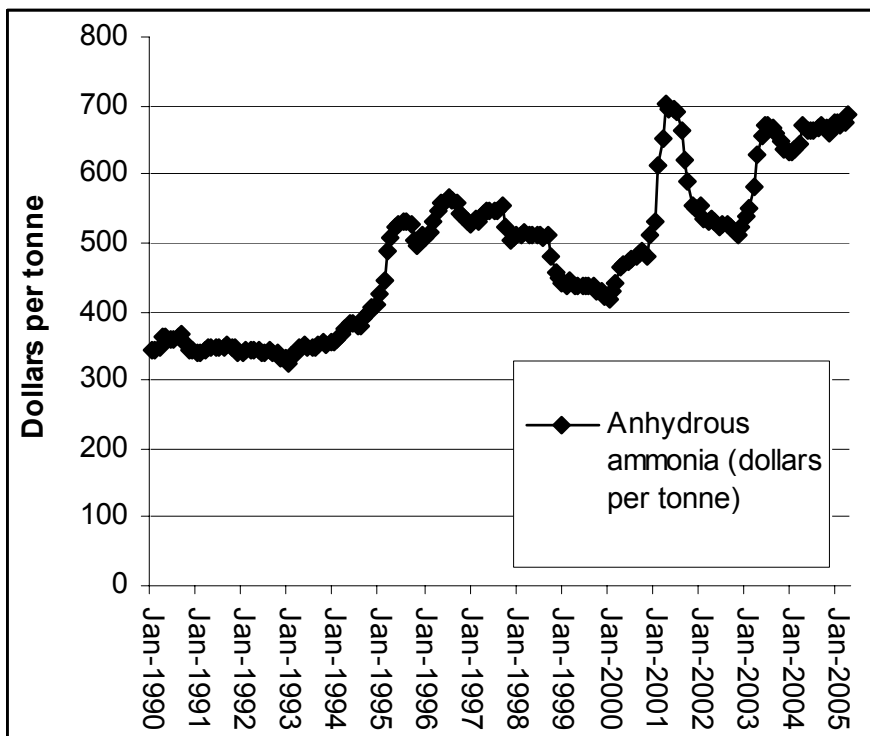
The Alberta Agriculture reports that the average price of diesel fuel in that province is 58¢ per litre—up from 43¢ a year ago. The price of gasoline is up similarly. And fertilizer—though not up as dramatically when compared with a year ago—is approaching a record high price (see graph). And when the average fertilizer price for the past year is compared to previous years, the price of fertilizer is at a record. [Note that Alberta provides the only remaining input price data in Canada.]

What effect will higher input prices have on net farm incomes? Research by Drs. Richard Taylor and Won Koo at North Dakota University found that input cost increases in that state in 2005 will reduce net income by approximately \$24 per acre [Cdn.\$].

Taken over Canada's approx. 90 million acres of "land in crops", a \$24 per acre cost increase would amount to a \$2.2 billion reduction in net income when compared to last year. And last year, it took nearly \$5 billion in taxpayer funded farm support to get farmers' Realized Net Income up to *zero*. While it is unlikely that our input costs will rise by a full \$2.2 billion, a rise of nearly \$2 billion is likely.

Thus, with crop prices well below last year's levels and with input costs nearly \$2 billion higher, this year's Realized Net Farm income from the markets (Market RNI)\* will probably hit a record low.

In contrast to the dismal prospects for farmers, other energy consumers, such as fertilizer companies, are predicting improved profitability, and oil companies are racking up record profits. The downstream links in the agri-food chain—



railways, processors, retailers, etc.—pass their increased costs back to farmers in the form of lower farmgate prices. Meanwhile, fertilizer and other input manufacturers, use their market power and lack of competition to profiteer—raising their prices while claiming increased energy costs. Farmers are caught in the middle, forced to accept price shocks from both sides. While on the surface it will be higher energy costs that increase farmers' financial suffering, the real culprits are extreme market power, corporate giantism, and the near monopoly conditions that exist at nearly every other link in the agri-food chain.

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\* *Market RNI is a measure that subtracts out government payments to better reflect how the markets are treating farmers.*

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# Canadian and US debt and return on capital

The graphs below are from Agriculture and Agri-Food Canada's *Farm Income Issues Data Source Book*. The graphs show vast differences in debt and return on capital levels in Canada and the US.

The left-hand graph shows Canadian farm Capital divided by farmers' Total Net Income. The Capital/Income ratio is increasing and is now in the 80 to 140 range. Thus, for every dollar of Net Income, farmers must first invest and risk \$80 to \$140. Canadian farmers have tied up an amazing \$198 billion in capital in order to earn a Total Net Income of \$1 billion to \$2 billion (a loss of \$3 billion to \$4 billion if we count only marketplace returns).

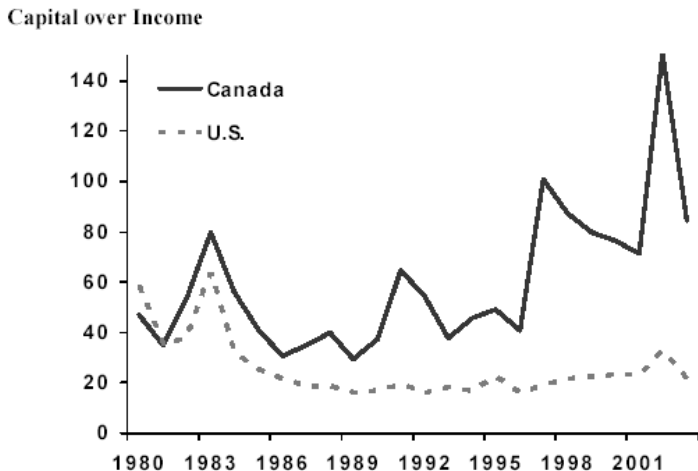
In the US, the investment required to generate a dollar in Net Income has remained fairly steady over the past decade: about \$20 to \$30.

While Canadian returns are pitiful, risks are huge. Canadian farm debt stands near \$50 billion—double the 1995 amount. The right-hand graph plots Debt divided by Total Net Income. Canadian farm debt is 20 to 35 times as high as Net Income. The US ratio is a more rational 3 to 4 times.

What does a Debt/Income ratio of 20 to 35 mean? First, farmers must borrow, invest, and risk \$20 to \$35 in order to generate \$1 in Net Income. Second, even with our low interest rates, interest payments exceed farmers' net income. Finally, in the current financial climate, Canadian farm debt is unserviceable from farm revenue. The only things standing between farmers and massive default are government payments, off-farm incomes, depreciation of assets, draw-down of savings, erosion of equity, and the ability to access further debt.

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**Chart B3.5**  
 Capital over Total Net Income,  
 Canada and the U.S.,  
 1980-2003



**Chart B3.7**  
 Farm Debt over Total Net Income,  
 Canada and the U.S.,  
 1980-2003

