



**Submission by the National Farmers Union  
on  
The Farm Income Crisis,  
Business Risk Management, and  
The “Next Generation” Agricultural Policy Framework**

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**Executive Summary**

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**Executive Summary**

1. Realized net farm income, or the lack thereof, is at the heart of the debate over Canada’s national Agricultural Policy Framework (APF) and associated Business Risk Management (BRM) programs.
2. Over the past five years, the period during which the Agricultural Policy Framework has been in place, farmers have experienced the worst farm income drop in history. In addition to their deepening dependence on farm debt - which now exceeds \$52 billion - the majority of family farmers in Canada rely heavily on off-farm income to keep their operations afloat. Meanwhile, corporate agribusiness is recording its largest profits in history. This discrepancy proves there is a fundamental problem with the existing farm policy framework.
3. The underlying cause of the farm income crisis is the unequal market power of corporations compared to farmers. As long as Canada’s Agricultural Policy Framework legitimizes and promotes this fundamental inequality, farm incomes will continue to decline.
4. Current safety net programs assume that farm incomes, while cyclical, will be adequate over the medium term. These programs attempt to average out the peaks and valleys of income fluctuations. However, the reality is that farm incomes are declining over time, and that net farm incomes from the marketplace are, in fact, zero. Smoothing and averaging a medium-term net income that equals zero still yields zero.
5. The key to designing BRM programs that will deal with the present reality is to recognize that the number one “risk” that farm businesses must “manage” is the heavy imbalance in market power within the so-called agri-food chain. Farmers are constantly in danger of being bankrupted by commercial pressures from agribusiness corporations at both ends of the chain.
6. There are two ways to stabilize and improve farm incomes. One way is to transfer money from taxpayers. This is a short-term, unsustainable option. The other is to equip farmers to capture income from the marketplace. This is a long-term, viable strategy. Orderly marketing programs, such as the Canadian Wheat Board and supply-management programs, created and strengthened through legislation, enable farmers to earn higher returns from their commercial sales.