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***A Call to Develop a Farmer and Rural Community Oriented  
Agriculture and Food Policy: An Open Letter to Small Farmers,  
Farmworkers and Rural People***

ISSUED BY:

*Rural Coalition/Coalición Rural*

*Institute for Agriculture and Trade Policy, Minneapolis, MN*

*National Family Farm Coalition, Washington, DC*

*Missouri Rural Crisis Center, Columbia, MO*

*Federation of Southern Cooperatives/Land Assistance Fund, Atlanta, GA*

With support from the undersigned organizations

As officials of our respective nations gather yet again at the international negotiating table to make decisions that affect the future of our food and agriculture system, we the undersigned farm, rural and allied groups from the US call for a dialogue with our counterparts across the globe to create our own agriculture and food policy that benefits people and communities rather than corporations.

Two decades of global deregulation of agriculture, and dismantling of domestic agriculture policies in many individual nations, have brought untold devastation to our land, resources, cultures and communities. These policies have created a global crisis in agriculture that benefits multinational agribusiness at the expense of farmers, consumers and the environment. These policies have made our nations, our world, and its poorest inhabitants infinitely less food secure.

The promoters of trade agreements have attempted to divide farmers from the North and the South based on the idea that our very survival depends on our ability to compete against each other for export markets. At the international level, it often appears that the US farm sector is monolithic, and everything that would work in its interest is contrary to the interests of producers elsewhere.

Such is not the case. Within the US, there is strong opposition to domestic and global policies that benefit only the corporate interests of agribusiness food cartels. For more than a quarter century, the small producers whom we call family farmers, as well as our diverse community of people of color producers and farmworkers, have collaborated many times to seek more just policies in agriculture, and sometimes we have succeeded. We, along with our allies in the labor, environmental and faith community sectors, have worked to educate policy makers on the need for sustainable domestic and global policies that benefit small producers, rural and indigenous communities, and our land water and climate. And we have worked to assure secure access to food for every person on this planet.

A just and sustainable food and farm policy is not impossible. New research presented in the paper "*Rethinking Agriculture Policy: Changing Course to Secure*

*Farmer Livelihoods Worldwide*," produced by the Agriculture Policy Analysis Center (APAC) at the University of Tennessee, with support from Oxfam America, provides new and independent evidence that the alternatives to the current US policy can bring mutual benefits to us all.

Based on these findings, a broad array of family farm, rural and allied organizations in the United States are embarking on a renewed effort to attempt to redirect the course of US agriculture policy because it has failed farmers and rural communities, both at home and abroad.

The purpose of this open letter is to invite you to join with us in forging new farmer and rural-oriented solutions that will restore agriculture and rural communities across the globe—solutions that provide for our mutual benefit rather than our mutual destruction.

### **US Farm Policy has Failed: Findings of "Rethinking US Agriculture Policy"**

According to the Executive Summary of "*Rethinking US Agricultural Policy*": "For more than a century, U.S. farm policy has included two major elements. The first was government investment in research, extension, technology, credit and marketing geared intensively toward expanded agricultural production. The second, precipitated by the organized efforts of small farmers, was government policy designed to intervene in the marketplace to stabilize prices and ensure a reasonable level of farm income.

"In the last decade, however, the focus of U.S. farm policy has shifted radically as government abandoned the historical market stabilizing tools in favor of 'decoupled' programs and trade liberalization."

The summary goes on to document the dramatic results, especially since these policy shifts were formalized in the 1996 Farm Bill called "Freedom to Farm": "Since then, U.S. crop exports have remained flat or declined, farm income derived from the marketplace has fallen dramatically, government payments to farmers have skyrocketed, and consolidation and corporate control in the marketplace have reached record levels."

The authors also document that the consequences of this policy shift, known by farmers in the US, as "*Freedom to Fail*" has been global, "making US agriculture policy a lightning rod for governments and producers around the world. Since 1996, world prices for America's four chief farm exports-corn, wheat, soybeans and cotton-have plunged more than 40 percent. In their wake, farmers from the U.S. to Peru, from Mexico to Burkina Faso have harvested poorer incomes, hunger, desperation and migration. "

We the undersigned propose a dialogue with you because we agree with the report's contention that: "Today, global agriculture faces a crisis. The crisis is no accident. While it is important to expand food production capacity to meet food needs, the unilateral elimination of tools in the US to manage that ever-increasing

capacity inevitably produces disastrous results. Crop agriculture does not quickly self-correct like other industries. Neither total crop demand nor total crop supply responds much to changes in prices. The 1996 Farm Bill was designed to phase out most government payments to farmers.” However, coupled with the phase-out and elimination of effective supply management tools—begun in the 1985 Farm Bill – these policies instead led to huge emergency disaster bailouts and record government expenditures of nearly \$20 billion per year. Despite these record level payments, net farm income in the US declined 16.5% between 1996 and 2001,”according to the report.

We further note that in the recent 2002 Farm Bill debate, the US Congress agreed that the decline in farm income needed correction and institutionalized the huge payments, but failed to institute supply management tools. The environmental costs of overproduction continue. However, without low prices and no provision for grain reserves, grain stocks remain precipitously low and our food security is threatened

We agree with the report that US agribusiness—but not U.S. producers-- has been rightly charged with “dumping” U.S. production on world markets for less than the cost of production. We call for action because we share the report’s conclusion that, ‘ this influx of under-priced grain has depressed world prices, which as this new research documents, closely follow US prices. It has also ratcheted up the cost of farm programs in other grain producing nations. Worse still, the under-priced grain ravages the agriculture economies of developing countries and reduces the value of agricultural exports from nations struggling to meet heavy debt burdens. The outcome of this ‘race to the bottom’ is certain: all farmers around the world will lose,” and multinational agribusiness cartels will win.”

### **The Impact of Trade Agreements and Deregulation – The Lessons of NAFTA**

The ongoing goal of the agribusiness cartels is complete deregulation and the elimination of agricultural subsidies both in the US and around the world. Some argue that such a course would benefit some of the poorest farmers in the world by providing them with expanded exports to the U.S. However, the APAC study indicates that complete elimination of US subsidies would not raise world crop prices, and that such perceived benefits are illusory. Under such a plan, farm income in the US would fall precipitously; but, without subsidies, US production would not fall as some have argued. Therefore, there would be little effect on world prices, and little tangible benefits for farmers either in the U.S. or around the world. Continued reductions in world crop prices envisioned by the promoters of trade agreements would not benefit farmers anywhere.

During the debate over the North American Free Trade Agreement (NAFTA), producers were told that the agricultural provisions of the agreement would benefit them by providing expanded export markets. However, despite support from some traditional commodity groups, many farm and farmworker groups concluded the proposed policies would only benefit corporate interests. We came together across borders to vigorously oppose NAFTA. Unfortunately, we did not prevail, and have

since witnessed the devastation created by NAFTA in the countryside of the US, Canada, and especially Mexico.

Now these agriculture provisions of NAFTA-which have failed utterly in all three nations--have nevertheless become the template for both national and international agriculture policy.

In fact, the experience of producers in North America underscores the need to reverse, rather than continue, the course of current agriculture trade negotiations. As a result of NAFTA, farm families across the continent have been displaced from the land. Rural communities and the quality of water and land are in decline. Falling feed grain prices have subsidies corporate animal factories to the detriment of independent farmers, rural communities, consumers and the environment. Corporate concentration and control has increased dramatically in all three nations. The conditions of the workers who labor in the fields have become more unjust and dangerous.

The following are only some of NAFTA-generated impacts on agriculture:

**In Mexico**, the rural landscape has been utterly decimated since NAFTA was adopted. Every truckload of corn that enters Mexico from the US displaces Mexican producers. More than 600 farmers are forced off the land every day. Prices have declined precipitously, and farmers in Mexico cannot sell the corn they have in stock. The tortilla market has become concentrated in the hands of a few large corporations, and tortilla prices have skyrocketed even in the face of collapsing corn prices exposing the corporate myth that low farm prices benefit consumers.

Despite promises that NAFTA would benefit rural people, Mexico now has more poor people than ever before in its history. According to the Secretary of Social Development, in 1992, 36% of the rural population was food insecure. Today that number has risen to 52.4%. World Bank and Mexican government statistic show there has been a sharp increase in poverty in the countryside. An estimated 75% of rural Mexicans live in poverty, and over half are in extreme poverty.

The Mexican countryside, where more than 80% of poor people in live, including two million who are corn producers, is in a state of economic, social and environmental crisis. Once self-sufficient in basic grains, Mexico now imports 50% of rice, 49% of wheat, and 40% of meat. The loss of these domestic markets has driven millions of farmers off the land and increased poverty levels:

- Before NAFTA, Mexico only imported about 2.5 million tons of corn per year. By 2001, imports increased to 6 million tons of corn.
- For every 10 tons of corn imported into Mexico, an average of two rural residents are forced off the land.
- Migration from rural areas has skyrocketed: today 270,000 Mexicans per year migrate to urban areas or to the U.S. in search of employment.

In order to support their families, the farmers of Mexico are forced by these conditions to come to the United States to labor in the fields. More than 2000 people have died crossing the US-Mexico border since NAFTA took effect. The influx of workers forced from the land in Mexico and beyond has also brought about a precipitous decline in the wages and working conditions for farmworkers in the United States.

**In the United States,** NAFTA also failed to deliver on its promise to bring prosperity to farmers and ranchers and rural communities. Since NAFTA took effect in 1994:

- The overall US agricultural trade surplus has declined from \$22.5 billion per year to \$12 billion in 2000, a 47% decrease.
- U. S. corn exports have decreased by 10.4 million metric tons, an 18% decrease. 3 agribusiness firms now control 82% of these exports.
- The profits of the agribusinesses that control the corn trade increased dramatically. Profits of Archer Daniels Midland grew from \$110 million to \$301 million in the first 7 years of NAFTA, while the net earnings of Cargill grew \$468 million to \$827 million between 1998 and 2002.
- As a result of U.S. farm and trade policy, the average price of the 8 largest U.S. crops from 1999-2001 fell 20% below the average price from 1985-1995.
- During the first decade under NAFTA, government payments to farmer have more than tripled, and 60% of net U.S. farm income now comes from the government.

In those same years, the U.S. has become a net importer of beef; U.S. beef imports climbed from 2.1 million live animals to 3.2 million per year, a 52% increase. Experience in the pork industry, considered the shining example of increased exports, demonstrates that focusing on exports does not translate into benefits to family farmers. While pork exports climbed dramatically since 1993, the number of hog farmers has declined a whopping 65% from 218,060 to 75,350 today

Since NAFTA, consumer prices were up 35%, and the farmer's share of every consumer dollar was down 38%. Since 1984, the real price of food has remained constant, while the price farmers receive has fallen by 38%. In 1999, farmers received 21 cents on the dollar from food products, as compared to 32 cents 10 years ago.

**In Canada,** the results of NAFTA are similarly dismal:

- Between 1996 and 2001, the number of family farms in Canada fell by 11% due to government policies that support corporate agriculture instead of family farms.
- When adjusted for inflation, net farm income in Canada has fallen by 24% between 1988 (1 year prior to the Canada-U.S. free trade agreement) and 2002.

Policies negotiated in NAFTA and on the international table emerge from the blueprint corporate agribusiness has also used to shape US farm policy in recent years. Yet these same policies have forced family farmers to leave the land in record numbers for years. The 1996 and 2002 US Farm Bills, despite their huge costs, only hastened this decline.

The substantial farm payments made in these bills represented only a small part of what farmers lost in the market place due to low commodity prices. The smallest producers benefited hardly at all from these expensive policies. Meanwhile, the decades of exclusion of minority, indigenous and other small farmers from US farm programs and payments continued. The population of African American producers, for example, fell below 18,000, down from 900,000 early in the century and 58,000 in 1978.

The costs of these huge subsidies—which benefited primarily the agribusiness sector—were borne by the US taxpayer who paid again as food prices continued to rise, due largely to increased domination of the marketplace by the agribusiness sector. Family farmers received 8 cents a pound for the pork that sold for about \$2.60 a pound in the grocery store. The price farmers received for a bushel of corn has fallen below \$2.00 in recent years, while, according to the U.S. Department of Agriculture, the average cost to produce a bushel of corn was nearly \$3.00 in 2002

Our power in our own nation to oppose and reverse these changes, while limited, can be greatly strengthened by cooperation with our fellow producers from around the world. Together we can develop farmer- and rural-oriented solutions such as those outlined in the APAC report. By working in solidarity across borders, we can secure alternative policies that are more just, sustainable and sensible for our national and international society.

### **Elements of a Farmer and Rural-Community Oriented Agriculture Policy**

As the APAC study notes, “Today’s global agriculture economy may be broken, but it can be fixed. It is time to replace the failed policies of the present with policies that can increase farm income to a reasonable and sustainable level and effectively manage excess capacity in U.S. agriculture.”

The APAC study has analyzed the impact of re-instituting price supports such as supply management, farmer-owned food reserves, and other tools used widely earlier times. By updating these tools to reflect current realities, they have developed an illustrative policy blueprint that could include a combination of (1) non-recourse loans and other price support mechanisms coupled with (2) acreage diversion through short-term acreage set asides, longer-term acreage reserves, or alternating energy crop production on excess capacity lands; and (3) a farmer-owned food security reserve. The simulation model APAC created using those tools shows total cropland planted to the eight major U.S. crops drops by 14 million acres in the first year, prices for the major commodities increase between 23 and 30

percent, net farm income rises while government payments fall by more than \$10 billion per year.

The APAC study provides compelling evidence that such policies would quickly and significantly increase world commodity prices to the mutual benefit of farmers around the world, while the elimination of subsidies would have a negligible effect.

### **A Call to Develop a Farmer and Rural Community Oriented Agriculture and Food Policy:**

The lobbying of agribusiness cartels for the total deregulation of agriculture now dominates trade negotiations. We reject this approach. The role of all of our governments is crucial in the unique economy of agriculture. While people consume all year round, only in agriculture does the majority of a product come to market during the short time span of the harvest. Only through government intervention can agriculture markets function properly for the benefit of people and their communities.

As we work in the US to strengthen the movement to pass a more just agriculture and food policy before the US Farm Bill expires in 2007, we commit to work with you on the development a ***Farmer and Rural Community Oriented Agriculture and Food Policy***.

We propose that the findings of the APAC study be used as a starting point in our discussion, because we concur with APAC that "...such 'farmer-friendly' policies have the potential to limit future asset consolidation, reinvigorate farmer investment in agriculture and eliminate global concerns for commodity dumping of US products. In short, farmer prosperity in the U.S. and world is not only possible, it is achievable." We would also add that it is imperative.

There are many issues related to the impacts of alternate US policies on the staple food and export sectors in each of the nations around this table, as well as on farmers and workers. We seek frank discussions with you on how these issues can be addressed in a mutually beneficial manner. We are certain, however, that they can be. We seek your insights and additional research to discern the effects of these policies on all nations.

We hope this dialogue will prepare us to pursue policies at the international level on issues such as the establishment of farmer-held grain reserves, the regulation of price and supply to achieve a more secure food supply and farm income, and anti-trust enforcement to disperse the concentrated corporate power of multinational food cartels. We commit to work with you to assure secure access to food for all people, and to guarantee food sovereignty—the protection of right of every nation to determine its own agriculture and food policy.

As such, we the undersigned invite and encourage you to join with us in a dialogue to develop a transnational ***Farmer and Rural Community Oriented Agriculture and Food Policy***. We pledge to work with you in unity to develop and carry the

policies we develop to our national governments and the international tables to assure the needs and interests of our communities are represented.

### **Sponsor Groups and Initial Endorsers of this Call**

Rural Coalition/Coalición Rural  
Institute for Agriculture and Trade Policy, Minneapolis, MN  
Missouri Rural Crisis Center, Columbia, MO  
Federation of Southern Cooperatives/Land Assistance Fund, Atlanta, GA

### **Other US Farm, Farmworker and Rural Groups**

### **Allied Groups from Other Nations Responding to This Call**

For more information or to sign on to this Letter, please contact:

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Please send the following information:

Please Add:

Organization Name:

City, State:

Contact Person:

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