



Global Agricultural Policy in an Age of Land Grabs

REMARKS OF JIM HARKNESS, PRESIDENT, IATP
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LONDON, MAR. 5, 2012 – Last year, I was invited to speak on a panel at the European Parliament with Professor Lang to provide some international perspective for a discussion they were having about the Common Agricultural Policy (CAP) reform. I was specifically asked to comment on how the issues and proposals raised in a communique developed by the Agriculture and Rural Convention (ARC)—a coalition of European civil society organizations—might resonate outside of Europe, and suggest possible areas for international alliances and dialogue on shared concerns. I am on my way back to Brussels this week, to speak at a forum on land-grabbing and I was delighted when Professor Lang invited me to stop in London first to share with you some thoughts on the current direction of agricultural policy around the world.

The ARC's critique of the CAP—in essence—is that it neglects genuine rural development and focuses instead on generating growth in agricultural production. The ARC proposal includes a call for more dedicated rural development programs, and for agricultural policies to support a paradigm shift toward ecological farming. As I pointed out last year, the basic problems ARC identified are not unique to Europe, and they appear—in different forms—in all other regions of the world.

In the U.S., as in Europe, rural development and agricultural growth have been conflated, not recognized as different, but overlapping processes. Worse still, farm policies in the U.S. have actually undermined rural development, or actively underdeveloped rural areas. In the past several decades, these policies have focused on driving down commodity prices, with no notion of fairness or equity or social and environmental impacts, and the result has been agricultural growth at the expense of—not for the benefit of—rural communities and the environment. From 1970 to 1990, the number of farmers in the U.S. went from 10 million to fewer than three million, a process that has continued ever since. Over the past two decades, liberalized trade with Mexico accelerated by the North American Free Trade Agreement (NAFTA) flooded that country with cheap U.S. corn, destroying its domestic farm economy and driving millions of Mexican farmers off the land, many ending up in the U.S. as undocumented workers.

About Jim Harkness

Jim Harkness joined IATP as president in July 2006. Previously he served as Executive Director of the World Wildlife Fund in China from 1999–2005. He has written and spoken frequently on China and sustainable development, and has served as an adviser for the World Bank and the United Nations Food and Agriculture Organization.

About IATP

Institute for Agriculture and Trade Policy works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems. IATP is headquartered in Minneapolis, Minnesota and has an office in Washington D.C..

Today, only three percent of rural people in the U.S. are engaged in agriculture, and 48 percent of Americans under the age of 18 in rural areas are members of non-white ethnic groups, but neither agricultural nor rural development policies are designed to address these realities. In place of what once were farm or ranching communities, we now have a land of low-wage, exploited labor on massive plantations; family farms kept afloat by off-farm work and government programs; and deeply-indebted contract farmers, who own neither the land they farm, the animals they raise nor the crops they harvest.

There is something of a renaissance of small farming occurring in the U.S., against terrible odds, but political elites in both major parties are still fully invested in the dominant paradigm of industrial agriculture. The Obama administration talks of a dual system, with local foods as a sort of quality of life amenity for urban consumers and “production agriculture” to feed the world. Rural development is at best seen as a safety net for so-called “inefficient” or “non-competitive” people and regions.

The drive for cheap food, is of course, only one part of the picture. It might be more appropriate to say that in 30 years of globalization, we have created a low-wage economy for which cheap food is necessary. In stark contrast to the Fordist notion of high wages supporting high-consumption is a full-time Walmart employee, who is also on public assistance in order to feed her family. In terms of public health, we have traded moderate food bills, low health care costs and an increasingly life expectancy—the situation for most of the 20th century—for low food bills, skyrocketing health costs and a life expectancy that is in decline due to obesity-related diseases.

Aside from the U.S. and EU, the other global agricultural giant is China, first or second in the world in the production of wheat, rice, maize, pork, seafood and many other agricultural products. The good news in China is there has been no famine in half a century, nor has China’s growing appetite starved the poor in other countries. China feeds 22 percent of the world’s people on just 9 percent of its arable land, and it has done so not with large-scale industrial agriculture but with 300 million tiny farms. Despite their many other neoliberal tendencies, the Chinese leadership has—until now—stuck with a policy of meeting 95 percent of domestic demand for staple grains with domestic production. China’s obsession with food self-sufficiency has come at a tremendous cost in terms of rural livelihoods, the environment and public health.

For time reasons, I will have to focus on the general situation of the rest of the global South, rather than doing justice to the diverse experiences of Africa, Latin America and South and Southeast Asia. Perhaps if there is interest in exploring some specific regional or national experiences, we can do so in the question period. Over the past three decades and in the development discourse of the Bretton Woods institutions, food production and agriculture-based rural development in the Global South was largely abandoned. With a few notable exceptions, governments have depended increasingly on low-cost food imports for politically volatile urban populations. But this neglect of agriculture and rural development has simply driven more and more people into cities, raising the stakes in the cheap food for cheap labor game, so that rising prices brings not just protests, but riots and regime change.

Which brings us to the food price crises of 2007-08 and 2011. IATP’s Sophia Murphy and Tim Wise of Tufts University have written a report reviewing the global response to the food crisis, but I want to look at it in a broader historical context. I think the crisis and the land grabs precipitated by it seem to be heralding a new phase in the global food economy, and perhaps the environment as well. The latter part of the 20th century was all about cheap food from the North undermining farmers in the South, first as food aid as a way to relieve Northern surpluses, later as subsidized Northern agro-exports justified by WTO rules. Starting in 2006, though, a half century of falling commodity prices suddenly reversed itself, and we had a new reality of high but unstable food prices and increasingly unpredictable and extreme global weather. The volatility of both climate and markets are of course gifts from the global North to the global South. (Since we’re not in America, I hope I don’t need to explain the part about climate change to you.) At IATP, we’ve done quite a lot of work on the ways in which deregulation of financial markets and the resulting casino-style commodity economy have driven up and destabilized global food prices.

Having created a single global market in which the poor are bidding against the wealthy, their automobiles, and now their hedge funds for food, we shouldn’t consider the rapid increase of global hunger much of a surprise. Professor Lang asked me to talk about agriculture policy, and five years ago I would have said that trade policy trumps farm policy. Now it seems that trade deregulation was part of a shift toward finance, a shift that has done varying degrees of damage to the rest of the global economy but is driving the food system toward the abyss. In this new world, agriculture and farmland in the South all of a sudden look more

valuable, as either a source of cash crops, biofuel feedstocks or a financial investment, so banks and corporations are scrambling to control as much Southern real estate as possible. The justification for the new push to invest in Southern agriculture is still about “feeding the world,” and I’m sure that many in government and civil society are sincere on that score. As long as basic issues such as land rights, corporate concentration and government support for smallholder food production aren’t given more play, it looks to me more like what Phillip McMichael calls, “an emergent regime of offshore food/fuel supply zones.” Even as the World Bank scrambles to develop voluntary codes of conduct for land grabs, while touting their potential for spurring agricultural economies, the ranks of the world’s hungry continues to grow.

A lot will need to change if we want to move away from this inhumane reality, but two key areas requiring urgent attention are global agricultural norms and financialization. The current conventional wisdom in the halls of power continues to be that large-scale, high-input farming is the only way to feed the world. Aside from being factually incorrect, this notion provides moral cover and the veneer of scientific authority for land grabbing. Increased aid for agricultural development could easily make hunger, poverty and environmental damage worse if it’s delivered in the form of high-input, industrial farming technologies. So there’s still much to be done in documenting and fighting for a more ecologically-based, farmer-centered model for agriculture. I am sure you are all somewhat familiar with The International Assessment of Agricultural Knowledge, Science and Technology (IAASTD). That study was a major step toward changing global norms, but when its conclusions became clear, the funding for its dissemination disappeared. In the past few years, a generously-funded new cottage industry has grown up around developing more agri-business-friendly alternatives to IAASTD. The spaces where new norms must be fought for are not just in scientific journals and assessments; but in various multilateral bodies such as the UN Food Security Committee and the agriculture section of the global climate talks; and in the media and popular culture. We are fortunate to have Olivier de Schutter, the UN Special Rapporteur on the Right to Food, as a strong spokesperson for farmer-centered agroecology. Better still, there is a growing body of practical experience, North and South, of successful alternatives to the “petroleum and poison” school of farming, and a growing consumer demand for food grown in a just and sustainable manner.

A second broad area for action is financialization, by which I mean not just the deregulation of financial markets, but the wholesale reorientation of economies so they are driven by the requirements of finance capital. Land grabs are the most deadly manifestation of this brutally predatory way of organizing economies, and some sort of moratorium on large scale land purchase would be a worthwhile goal for NGOs, if just as a way to drive home the urgency of the situation. But, there is a broader and deeper process under way. In sector after sector of the food system, finance capital is bleeding the real economy dry. Companies that have historically prospered with small profit margins are now expected to generate 15, 20 or 25 percent rates of profit. There are only a few ways to do this:

- Lay off workers
- Reduce quality
- Externalize costs, or push them upstream (the WalMart strategy)
- Or simply fix prices, which is easy to do once there are only a handful of firms dominating a given market

So from inputs to farm to plate, we now see unprecedented degrees of corporate concentration, workers under attack, decreasing quality of food, widespread problems with food safety, and environmental and public health threats on the rise.

Of course, rolling back three decades of economic orthodoxy has proven a daunting task, even when events have proven that orthodoxy wrong. But a few measures seem worth fighting for, and could possibly even become rallying points for growing grass-roots activism:

- A financial transaction tax
- Anti-trust enforcement
- Specific measures to curb speculation such as tight position limits and an end to over the counter trading

Each would, in a different way, limit the volatility and unfairness of the economy, and contribute to the larger task before us. In a world headed toward a three or four degree temperature rise this century, with a billion hungry and a billion over-nourished, we must re-assert democratic control over the economy, and re-embed it within society and nature.