

Presentation to What's Up In Sustainable Ag

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I. Introduction

- a. My name and background
- b. IATP: Promotes resilient family farms, rural communities and ecosystems. We analyze how global trade agreements impact farm and food policies, and advocate for independent family farmers and peasants, both in the US and around the world, within the context of the debates over international trade.

II. Collapse of WTO Trade Talks in Cancun

- a. The WTO failed in Cancun because farmers and peasants around the world have strongly resisted efforts by US government—on behalf of multinational agribusiness cartels like Cargill, ADM and Tyson—to expand and impose the US export-at-any-cost industrial model of agriculture on countries worldwide. This model is epitomized in the North American Free Trade Agreement (NAFTA) and the US Farm Bill, which critiques like IATP like to refer to as the “Freedom to Fail” Bill.

b. Of all the trade agreements to date, NAFTA goes the furthest in granting unaccountable, internationally enforced powers to multinational corporations at the expense of national sovereignty and democracy:

i. NAFTA demands all participating countries enforce patents of life forms in a manner that stacks the deck in favor of giant biotech companies like Monsanto at the expense of farmers' rights, for example, to save seeds.

ii. NAFTA demands the dismantling of import protections for domestic industries like farming. And,

iii. NAFTA has its now infamous Chapter 11 provision, which allows multinational corporations to sue governments for enforcing public health and environmental protection laws.

c. Despite enthusiastic support for the current US agriculture and trade policy by agribusiness front groups like the American Farm Bureau Federation, and other commodity groups, a corps of farm and rural activists have fought this current US policy for more than two decades, and in fact farmer resistance in the US can be traced back at least as far as the populist movement of the 1870s through the 1890s. We have warned that this policy would be disastrous for farmers, ranchers, rural communities and the environment—not only in the US, but also around the world.

- d. The NAFTA/Freedom to Fail record is now in, and a new, independent study by the University of Tennessee's Agricultural Policy Analysis Center (APAC), titled, ***"Rethinking US Agricultural Policy: Changing Course to Secure Farmer Livelihoods Worldwide,"*** provides new evidence that we were right: Since NAFTA passed in 1993, farmers, ranchers and peasants in the US, Canada and Mexico—along with the rural communities that depend on them—have been devastated.
- e. Neoliberal apologists for the current policy promised that, if NAFTA were passed, and agriculture deregulated through the Freedom to Fail farm bill, US farmers and ranchers would be free to export their way to prosperity.
- f. However, according to the APAC study, since passage of NAFTA, "...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."

g. In the US, since NAFTA was passed:

- i. The overall agricultural trade surplus has plummeted, from \$22.5 billion per year, to \$12 billion in 2000—a 47% decrease.
- ii. U. S. corn exports have decreased by 10.4 million metric tons, an 18% decrease.
- iii. 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.
- iv. During the first decade under NAFTA, government payments to farmers have more than tripled, and 60% of net U.S. farm income now comes from the government.

v. U.S. cattle imports have climbed from 2.1 million live animals to 3.2 million per year, a 52% increase. US domestic consumption of beef has nearly tripled, so that approximately one-fifth of the beef consumed in the US is now of foreign origin. A recent Colorado State University study found that the pound of hamburger that you buy at the grocery store might have remnants of as many as 1084 different animals. And those animals may have originated from as many as 27 different countries. This has resulted in several major recalls of beef because of e coli contamination. One of the major causes of this outbreak is that the meatpacking cartel has succeeded in replacing traditional government meat inspectors with inspectors hired by the company. i.e., meat inspection in the US has been deregulated. The meat industry's response to this epidemic of ecoli contamination is to irradiate the meat, NOT clean it up.

vi. Experience in the pork industry, considered the shining example of increased exports, demonstrates that focusing on exports alone 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 then, to 75,350 today

h. Canadian and Mexican farmers have not fared any better under these failed policies:

i. Canadian farm income fell C\$600 million (CANADIAN DOLLARS) between 1993 and 1999.

ii. And projections are that up to 15 million small farmers in Mexico will be displaced by US-subsidized dumping of key commodities such as corn.

III. Earlier this Year, IATP released a new study, titled, ***United States Dumping on World Agricultural Markets***. The study:

a. Documents US dumping of commodities at below the cost of production, as well as the impacts of this practice on farmers in developing countries

b. Exposes the hypocrisy of US free trade rhetoric, in which we demand that other countries reduce subsidies and open their borders to increased US imports, while at the same time we pass a farm bill with \$190 billion in subsidies, the vast majority of which represents a de facto export subsidy for multinational agribusiness cartels.

c. The study makes three major recommendations:

- i. Eliminate visible export subsidies as quickly as possible.
- ii. Keep below-cost-of-production commodities off world markets
- iii. Annual Publication of full cost of production estimates for developed countries.

d. You might think that all this dramatic lowering of farm prices would result in cheap food for consumers. After all, this is another one of the often-repeated claims by the advocates for further expansion of corporate hegemony over international trade. But, the reality is that the multinational food cartels do not pass onto consumers the savings they realize from exploitive low farm prices. They simply pocket it.

e. For example:

- i. The US Consumer Price Index shows that US consumer food prices increased by almost 20% during NAFTA's first seven years.
- ii. And, Mexican food staple food prices, such as tortillas, rose as well, even though the price paid to Mexican corn farmers dropped 48%.

f. So who did benefit? You guessed it: the multinational agribusiness cartels. For example:

- i. During the first seven years of NAFTA,
 1. The Profits of Archer Daniels Midland nearly tripled from \$110 million to \$301 million; and
 2. ConAgra's profits skyrocketed 189%--from \$143 million to \$413 million.
 3. And from 1998-2002, the net earnings of Cargill grew \$468 million to \$827 million.