As we enter a new decade, farmers are once again in crisis. Stories in the news point to rising bankruptcies in the dairy sector and the chaos in commodity markets created by Trump’s trade skirmishes. Presidential candidates are getting an earful from farmers and rural communities, and new ideas are on the table. But the causes of the farm crisis run much deeper than the latest round of tariffs. The issue is not only that so many farmers have been hit hard by years of falling prices and rising bankruptcies, but that the interlocking system of trade and farm policies are designed for exactly that kind of outcome. It is not so much a crisis of prices as a Crisis by Design.

That is the title of an article written by IATP founder Mark Ritchie and Kevin Ristau in 1987, in the midst of another farm crisis. It was a watershed document that has been the cornerstone of IATP’s work for many years and has catalyzed further analysis and action by family farmers and their allies. Crisis by Design traced the evolution of farm policy, from the historic pattern of price volatility through the eventual establishment of parity pricing and supply management that emerged in the 1930s. Now, more than 30 years later, we are in the middle of another farm crisis, with the added pressure of an impending climate catastrophe. We take a fresh look at the analysis and predictions made in Crisis by Design to understand how the farm situation has changed and what current policies imply for the future, as well as how U.S. agriculture intersects with global markets, the environment and broader disparities.

But from the moment farm families took possession of the land, whether they were freed slaves or immigrant families, they found themselves caught in a classic cost/price squeeze. Skyrocketing prices for the items they needed—such as seeds, credit and transportation—could not be covered by the prices the grain monopolies were willing to pay for their crops.

This squeeze between rising costs and falling prices caused a series of rural depressions and panics in the late 1800s and early 1900s. Seeing these economic crises as a threat to their survival, family farmers organized political movements to protect themselves and to lobby for changes in the government policies that were creating the crises.

That organized political pressure led to the establishment of federal legislation that set minimum prices for farm goods that met farmers’ costs of production—called parity pricing—and supply management to balance the volume of
production with demand. The parity program also created a national grain reserve to stabilize prices in times of droughts or other national disasters.

Ritchie and Ristau described the steady assault on these programs by corporate-led think tanks such as the Committee for Economic Development (CED), which argued that those programs were contrary to the “free market” and that farmers could be more “productively used” in other sectors of the economy and should be removed from agriculture through a series of policy changes. The CED recommended transforming the sector to require greater mechanization and reliance on agrochemicals.

Those proposals were backed by the Chamber of Commerce and American Banking Association, among others, and resulted in a series of policy changes that eroded the parity programs. Ritchie and Ristau reported that “As prices fell, many farmers were forced out. Farm population dropped by nearly 30% between 1950 and 1960 and another 26% between 1960 and 1970.” Congress passed a new farm program in which taxpayers partially compensated farmers when prices dropped below certain targets, allowing grain traders to buy at prices below the cost of production.

In 1987, when Crisis by Design was written, farmers were again in crisis. Farm debts and bankruptcies skyrocketed, and land values and farm prices plummeted. Those calamities spread throughout rural communities. Ritchie and Ristau noted, “Like any worker whose wages are cut in half, farmers faced with falling prices must work twice as hard and sell twice as much just to cover their bills.” This led to the abandonment of many soil and water conservation practices. Grain corporations took advantage of the situation to expand export sales of grain at below the cost of production, underpricing farmers in other countries, a practice known as dumping.

Ritchie and Ristau proposed a return to parity pricing and supply management, geared toward stabilizing prices and supplies and prioritizing local consumption over export markets. Unfortunately, in the decades that followed, the last vestiges of those programs were dismantled, definitively ending with the 1996 “Freedom to Farm” bill. Subsequent farm bills patched together various emergency fixes into the program of farm supports and crop insurance we have today.

And now more than 30 years later, we are in the middle of another farm crisis, with the added pressure of an impending climate catastrophe. We at IATP decided to take a fresh look at the analysis and predictions made in Crisis by Design, using U.S. Department of Agriculture (USDA) and other official data, especially from the Census of Agriculture, to understand how the farm situation has changed since then and what current policies imply for the future. We looked at nine factors in the farm economy, as well as how U.S. agriculture intersects with global markets, the environment and broader disparities:

**CORPORATE CONCENTRATION:**
The boom and bust cycles have continued, leading to sharp increases in corporate concentration and control over agriculture and rural economies. The horizontal concentration in nearly all aspects of agricultural production, processing and distribution that began in the 1980s has become entrenched. In beef slaughtering, for example, just four firms control 85% of production. Supply chains have become integrated vertically as well, both within the U.S. and globally, so that decisions and profits are concentrated in the hands of just a few corporations, while farmers and farmworkers take on the risks, with very few enforceable rights.

**FINANCIALIZATION:**
When Crisis by Design was published in 1987, traders and processes used agricultural futures and options contracts to manage raw materials price risks. Those complex but practical financial instruments have been dwarfed by more speculative financial markets. By 2012, agricultural contracts were an infinitesimal fraction of financial futures commodity contract transactions, both in number and value. When agricultural contracts are bundled with non-agricultural contracts into commodity index funds contracts, the fund formula, rather than supply and demand fundamentals, drives prices. The 2009 financial crisis led to certain reforms, but relentless industry opposition to rules designed to prevent and limit excessive speculation by financial entities continues to make even limited reforms difficult to enforce.

**GLOBALIZATION:**
Crisis by Design did not fully predict the expansion of global trade rules that came with the formation of the World Trade Organization (WTO) or the huge increase in bilateral and regional trade deals that go beyond WTO commitments. Those agreements were designed to facilitate exchanges of goods, services and investments across borders, not to promote fair or sustainable agricultural systems or economic development. IATP has been documenting the extent of dumping, i.e., exporting farm goods at below the cost of production, since the late 1990s. With some brief exceptions, there has been a clear and consistent pattern of cheap exports invading global markets to the detriment of farmers in the U.S. and abroad. While U.S. production doesn’t dominate world markets as it once did,
global traders easily shift purchases among suppliers and buyers, transferring risks to farmers.

TECHNOLOGY:
The vast expansion of agricultural production was enabled by the adoption of new technologies not envisioned in Crisis by Design. The use of new chemicals, seeds and farm machinery are major components of the cost of production, which has exceeded the farmgate prices for agricultural commodities in many states in most years since 2010. These choices were driven by USDA policies, often developed based on confidential studies provided by agribusinesses, more than economics. Globally, insect and weed resistance has increased on over two billion acres of first generation genetically engineered (GE) crops since 1996. Applications of gene editing techniques such as CRISPR have introduced new traits, including herbicide resistance. If the pest resistant management strategies fail in the second-generation GE crops, as they failed for the first generation, the “technology treadmill” will turn more rapidly and at greater cost to farmers.

LAND:
These changes in financial markets and trade, especially as they reinforce low prices paid by agribusinesses for crops, also affect land prices and ownership. Increases in farm debt, bankruptcies and land values have far outstripped farm assets and income, making it increasingly difficult for farmers to hold on to their land. Corporate and investor-owned land has doubled since the 1980s and the number of farms owned by corporations and investors rose by nearly 10% between 2012 and 2017. As Crisis by Design noted in 1987, these absentee landowners often treat “irreplaceable soil and water resources with the same narrow, short-term profit orientation that has characterized corporate treatment of other capital resources such as steel mills and railroads.” In addition, farmers and landowners are aging while young and beginning farmers are eager to start operations. Many aging farmers and landowners do not have a succession plan, and young and beginning farmers cite lack of access to land as their biggest challenge.

WATER:
Dramatic increases in agricultural use of chemicals and fertilizers and growing concentration of livestock production since the 1980s, linked to increasing farm size and the shift from family farms to larger corporate agribusiness, have also worsened water pollution. In 2016, the U.S. Environmental Protection Agency (EPA) reported that nationally, 71% of assessed lakes, ponds and reservoirs, 53% of assessed rivers and streams, and 86% of assessed bays and estuaries did not meet water quality standards. A majority of waterways are unsuitable for aquatic life and/or human uses, and drinking water wells, particularly in rural areas, are also contaminated. The laws intended to control pollution from agriculture are weak both as written and as implemented, with powerful farm and agribusiness interests effectively blocking protective standards and effective enforcement.

CLIMATE CHANGE:
While the scientific understanding of climate change has progressed since Crisis by Design was written, climate policy has stalled. This inertia can be traced to a three-decade-long disinformation campaign led by the oil and gas industry to dispute climate science and turn it into a partisan issue—feeding into larger political divides in the country. Climate related droughts and flooding are among the biggest stories in agriculture. Rural communities of color are often affected disproportionately by such events, exacerbated by preexisting environmental justice issues. The breach of manure lagoons following recent hurricanes affected the water in largely African American rural North Carolina communities. Agricultural workers are increasingly experiencing extreme heat events, an issue that is likely under-reported because many farmworkers are immigrants, with fewer legal rights. The growth of industrial agricultural operations and practices are also increasing greenhouse gas emissions from agriculture. Future climate policy must also address the economic drivers of the current farm crisis—primarily a glut of over-production and highly concentrated markets controlled by a handful of global companies.

RACE AND GENDER:
These changes, while harmful for nearly all farmers, particularly affect farmers of color and women farmers. Racial, ethnic and gender-based disparities in the U.S. agricultural and food system are most visible when we consider farm ownership and income from farm operations. This is especially evident in the steady decline in the number of African American farmers, from 746,717 African American farmers in 1900 down to a mere 18,451 in 1997, a whopping 97.5% decline. The continued decline in their share of farmland ownership, the lack of adequate measures to address ongoing discrimination and unequal access to information and loans continues to affect African American, Latino and other groups of socially disadvantaged farmers.
ORGANIC AND AGROECOLOGY:
There are some glimmers of hope. Organic agriculture has grown substantially since its beginnings as an alternative movement, including a 50% rise in sales in the last 15 years. However, the maintenance and enforcement of high standards in the USDA National Organic Program requires ongoing vigilance. Organic agriculture has expanded in other countries, too, along with new movements for regenerative agriculture and agroecology. Agroecology incorporates human rights and participatory dimensions to decisions on food production, emphasizing a dialogue between farmers and scientists. Agroecological practices focus on production intended for very local markets and quality assurance is based on relationships of trust between farmers and consumers. It represents a new approach to agriculture that builds on the principles of organic agriculture and emphasizes local communities over global markets and fairness for farmers and consumers.

Current U.S. farm and trade policies are not just inadequate to address the dire situation confronting farmers, eaters and the planet. They are causing it. Proven ideas like supply management and parity pricing are taking on new life as alternative solutions. While U.S. farm policy has yet to effectively respond to climate change, farmers are increasingly adopting practices, including building soil health, that can both reduce emissions and strengthen climate resilience. The elements—and the social movements needed to back them up—are there for a new approach to farm, climate and trade policies that take steps to resolve rather than reinforce the current crisis.

Unfortunately, nearly all of the themes and predictions outlined in the original Crisis by Design still resonate today, with new disruptions from the climate crisis, financialization and globalization. As we completed this new analysis, we contacted Mark Richie for his perspective. He answered,

For those who worked tirelessly to drive farmers off the land, they had great success for quite a few years. But there’s a whole new generation of young farmers, rural and urban, that are reversing the policies that have intentionally pushed their parents and grandparents off the land. This includes millions of new arrivals who have come to our country, like the Germans and Scandinavians last century, to make a prosperous life in partnership with the land, the rain, the sun, and their neighbors. They are making the case for the necessity of public policies that promote both sustainable production systems and robust resilience. Consumers and producers are finding each other and together co-creating a brighter future for all.

The challenges we face in our farm economy and rural communities will not fix themselves. As we enter a new decade, our policy framework needs a new design—a design focused on thriving rural communities, more farmers on the land and ecological resilience.