

## KS CONSULTATION ON ECONOMIC GLOBALIZATION

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### SOME IMPACTS OF GLOBALIZATION ON CANADIAN FARMERS

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The last time I was in Kansas was about 3 ½ years ago. Our son was playing on a Canadian volleyball team entered in the US University & College National Volleyball Finals. His team took first place in NIRSA Division II and our son was MVP and so it was a nice family outing, but on that trip south to Kansas City, my late husband and I managed a short side trip into Nebraska and we bought a used corn head for our combine. The selection and prices were very attractive in Nebraska compared to Manitoba where there were not all that many farmers growing grain corn. So how did we get it home, you ask? Well, there is a truck coming south to that dealership in Nebraska each week with load of tractors from a plant in Winnipeg, so we could conveniently arrange to have our corn head brought to us on the back haul.

Globalization ... or simply mutually beneficial trade?

Similar to many other Mennonite families, my father's family lost a very large farm and all their possessions in the Bolshevik Revolution and after a few years of disease, poverty and famine, immigrated to southern Saskatchewan in the late 1920s. They moved to a piece of farm property near Keydive, south of Regina, not far from the Canada/US border. They arrived just in time to be hit with the Depression and the Dust Bowl years on the prairies. Eleven children and my grandparents lived in a converted chicken coop. One of the factors contributing to their survival was a short line railroad running north from Montana and right past their little farm and on up north to the city of Moose Jaw. The railroad was in great condition and well served because ... it was a main service route during the Prohibition and apparently, on occasion, was traveled by Al Capone and his co-investors. The city of Moose Jaw had an elaborate underground tunnel system that was part of the whole boot-legging thing back then.

To my knowledge my grandfather never resorted to setting up a still, but the in-good-working-order railroad was the crucial transportation link that allowed his family to ship goats' milk, coyote furs, and rhubarb jelly to Moose Jaw – anything they could scrounge together for a bit of income.

Was that “globalization” ? ... decades ago? Certainly the issues were a bit murky... some evils, some benefits.

Here we are, gathered to dialogue, attempting to do some sorting out, to remind ourselves of some of the ideals and goals we hold important, and to recognize that imperfections and compromises are also part of our journey. The human species has been trading forever, but my 1991 edition of the Oxford English dictionary does not have the term “globalization” in it. And even if the term is recent, history is full of unhealthy concentrations of economic power and oppression. Like my uncle, the pessimist, says: “Give 100 people \$1000 each and by the end of the week, 5 of those people will be

holding most of the money.” Sometimes the task of seeking justice seems overwhelming, and yet that is our calling.

So where does the “rubber hit the road” so to speak, for me as a Canadian farmer?

Canada has a lot of arable land relative to its small population of 30 million people. It’s easy to produce more food than can be consumed domestically, meaning “exports” fill a large portion of our viewfinder, and that’s been our history for the past 150 years.

Despite that “export” orientation, we do have some sectors of Canadian agriculture organized in what we term “supply management” -- that is to say -- contracts are assigned to producers of poultry (broilers, turkeys, laying hens) and dairy (litres of milk) on a national basis. The contracts designate the amount of annual production and a base-line cost-of-production formula by which producers will be paid. The amount of production is set to meet domestic requirements. Over the years some export contracts have also evolved. For example egg producers in my home province currently have a contract to supply a certain amount of eggs to a powdered egg firm in Minneapolis. Outbreaks of Avian flu have resulted in some export sales of chicken to SE Asia in recent years.

There are many pluses to supply managed sectors. Marketing is very orderly. Processing plants can count on a steady supply without significant ups or downs in labour requirements. Consumers can count on freshness and quality all year round. One of the down-sides is that these production quotas have gained in value over the years. It is currently so expensive to purchase milk production quota for example, that it is a significant deterrent to new entrants into the dairy sector, even when quota is available to purchase.

And supply managed sectors only work if a country is allowed to have tariffs in place to keep similar commodities from other countries from coming in and flooding the market with sometimes lower priced product. As you can imagine, supply-managed agriculture is a target at any world trade talks. The tariffs are labelled protectionist. Of course they are. They protect the rest of the world from Canadian dairy and poultry farmers adding to the flooding of international markets! Which leads me to identifying what I consider the first great myth of globalization:

And that is that: “YOU HAVE TO BE ABLE TO PRODUCE YOUR PARTICULAR PRODUCT OR COMMODITY CHEAPER THAN ANYONE ELSE ANYWHERE ELSE IN THE WORLD.”

For decades Canadian farmers have heard that one message loudly above all others. Rewards and recognition have been assigned according to that premise. Food producers only earn the right to hold their heads up if they can produce food “cheap” and shame, shame on you if some of your costs or climate challenges or labour or capital constraints, are greater in one location than in another. Why have farmers bought into this prevailing mentality? Try to defend a philosophy of “local production for local consumption first, then export of excess” at any ag policy or trade negotiating tables. The subject of “food sovereignty” or “food security” is dismissed as outright ridiculous in North America. The focus is overwhelmingly only on increasing exports. As we give up control over domestic food production and protection, are we also giving up healthy rural communities, the basis of a healthy society? I recognize that export sales are largely responsible for

the economic viability of most sectors of agriculture in Canada, and of course, economic viability is essential, however, it has come at a cost of social, communal, and structural viabilities. I'm not entirely convinced that sacrificing national food producers' and food processors' security is the best long term trade-off. But, western democracies do not think long term – the political thought process seldom exceeds a four or five year block, obviously too short for good planning.

The “have to be the cheapest producer” dictum undermines many much more vulnerable rural communities globally. Farmers in countries with high population densities, traditionally small land holdings, and fewer economic options, are not well served by having western/northern mechanization styles thrust upon them. The social consequences would be (have been on many instances) disastrous. But WTO trade talks do not seem to pay much heed to social consequences. Rice growers in Bangladesh should not have to compete with (subsidized) rice growers in the US. The circumstances of the two producers are too vastly different to be compared, or thrown into the same “trading pot”. If the main criteria for trade was that the rules had to benefit all food producers first and foremost, we might be looking at trade through a more sustainable, long term (eg. centuries long) lens.

I say this recognizing that food has been traded for thousands and thousands of years and that is a good thing in many instances and that will continue. And I say this wondering when will we begin to factor in other global costs, including too much unnecessary transportation? Living in a climate where citrus fruits cannot be grown, I agree there are health and nutrition benefits to access to citrus fruits. But Manitoba producers grow hundreds of thousands of pounds of carrots each summer. They store well. There is no need for Manitobans to be eating carrots trucked from California. It is not logical. It is a huge waste of energy resources. And governments are perhaps the least effective in regulating the sensible movement of food. Educated consumers would be the option of preference, but the average food consumer overwhelmingly purchases on the basis of 1. price, 2. taste (sweet or salty sells well), and 3. convenience (as in pre-cooked, pre-cut, pre-portioned, etc.). Very rarely are consumer purchasing decisions made on the basis of how much transportation has been required to put this product on this shelf. I'm suggesting it should. There are many ways in which we could eliminate unnecessary transport (e.g. currently, the centralized collection of produce and redistribution system used by supermarket chains can take a food a thousand kilometres from where it was grown, only to return it to a store two hundred kilometres from where it was grown!)

Second myth: “A FREE MARKET WILL BE A FAIR MARKET”

Globalization for Canadian farmers has meant an endless string of irritating trade countervails, and tariffs as well as non-tariff trade barriers: whether it's potatoes, fish, beef, or pork. That the free market system values competition is not borne out in real life. The goal of the un-checked free market system is to eliminate competition. The Canadian Wheat Board, through which western Canadian farmers market their export wheat and barley, does on average \$4.5 billion worth of sales annually. ConAgra and Cargill do \$60 billion worth of sales annually. But the CWB has an ‘unacceptable’ label, that of a “state trading enterprise” and as such it has a “monopoly” and the tigers most certainly cannot allow this little rabbit to exist. But who are the real monopolies in the export grain sector? Those who have no bridles reining them in just because they do not fall within the label they've named as “unfair” !! Who among us believes that the ConAgra's and the Cargill's of

this world are without government supports?? Canadian farmers are feeling very discouraged about maintaining any determination of their own destiny, and are very cynical that trade agreements have any spirit of good will in them. Privatization is allowed almost without restriction, but nationalization (public ownership) is not allowed. The trade rules being advanced are very one-sided.

Another myth I have come to scorn as a Canadian farmer is the phrase: "LEVEL PLAYING FIELD".

While supposedly achieving this "level playing field" would eliminate government support payments in all countries, we have enough years of experience to go on, that Canadian farmers do not believe that will ever happen. Names of financial support programs and routes of delivery are simply changed to continue to be deemed "legal" but the supports remain in place. If push comes to shove, you create a WTO box of another color to accommodate your wealth advantage. If I sound cynical it is because as a Canadian farmer I am cynical – that is definitely one of nastiest impacts of globalization has on us. The Uruguay round of WTO was being signed off at the same time as our federal government in Canada was determining to get rid of our national annual deficit and reduce our national long-term debt. Laudable goals of a responsible government, however, the agriculture budget allotment took a 59% reduction. With farmers representing only 2% of the voting population, we posed no re-election threat. We lost transportation assistance, public research, technology transfer, as well as the option to have producer funded stabilization programs such as we had for hogs. The costs of licensing of herbicides, pesticides, etc. were passed onto producers, as were the costs associated with inspection and grading of agricultural products. We were assured that all other nations with industrialized agriculture were going to do the same. It didn't happen. We protested. We were told to shut up and adapt. Thousands of family farms simply gave up and sold out. To the extent that agriculture continues to exist in Canada is because farmers have adapted ... and to be sure that is not all bad. But the concept of a "level playing field" is an elusive mirage, and perhaps it should be. Applied only to the industrialized nations, it might have some limited merit. Applied equally to the less developed countries it is an absurdity. It is to my mind totally unrealistic to think that we will ever see that goal achieved even among a few countries. The lack of this "level playing field" is what Canadian political leaders conveniently use as the reason for all farmers' woes and as an excuse to do nothing to improve domestic agricultural policy, and that's a frustration for farmers in Canada. It's time to write the music to a new song, and a global view that considers the well-being of all, not just the material wealth of a few.

Another myth of globalization is that "ONE SIZE FITS ALL, AND THE BIGGER THAT SIZE IS, THE BETTER".

John Morris, editor of the Farmers' Independent Weekly", once wrote: "Commodities are what we produce. Communities are what sustain us." Canada lost  $\frac{3}{4}$  of our farmers between 1941 and 1996. The decline continues. As Katherine Ainger wrote in her 2003 article: "The New Peasant Revolt": that

The concentration of control into a few very large multi-national corporations works best if the family farmer is disappeared. "To disappear them, aside from killing them, you must turn them into vulnerable workers on an assembly line, without control over their own

operations, and obliged to corporations.” She asks: “Do vulnerable farmers themselves have meaningful choices?”

As a farmer on the Canadian prairies I would answer that yes I am very vulnerable, and yes, I do still have some meaningful choices, although some choices have certainly been removed over the past decade. And, I am witnessing many of my neighbours relinquishing choices, sometimes without even realizing it, sometimes because they’ve given up and have to the extent possible, reconciled themselves to “this is the new reality” and an attitude of “I’m helpless to influence it”. At the very least farmers need to respect and value other farmers of all sizes and priorities. Everyone else does not have to do what I’m doing exactly the way I’m doing it, and vice versa. Variety in farming is healthy, and I’m saddened that we’ve lost an appreciation for that. Food production has become so homogenized, which positions it in considerable long-term vulnerability.

Much of the hog production in Manitoba is now under contract with one vertically integrated company which owns the genetics or breeding stock, the feed mills, and the slaughter facilities. I am still an independent owner-operator of my farm, marketing about 10,000 finished hogs annually from a 500 sow farrow-to-finish livestock enterprise, as well as cropping 1500 acres. Although shrinking each year, we are still a few hundred independent hog farmers in Manitoba, and most of us belong to a marketing co-op, which we formed as one way to retain a bit of market clout. We have a lot of Hutterian Brethren colony farms in Manitoba, and they all joined the provincial hog marketing co-op, which gives us a large enough portion of market hogs that we cannot be ignored – yet. The one company which controls most of the hog production in Manitoba, albeit an internationally active corporation, is still predominantly Canadian. Everyone in our farming sector dreads the day when it will be bought out by a US based corporation.

We’ve been able to witness an example of how life is under that scenario, with the BSE situation in cattle in Canada. The only slaughter facilities of any capacity in western Canada are located in Alberta and both are owned by US based multi-nationals ... who also happen to own most of the feeder cattle in the large feedlots in Alberta. Those are the under 30 months old animals which are receiving slaughter spaces. Ranchers protest loudly, saying everyone needs to be able to sell a few animals, even at discounted prices, to be able to provide for their families. But the situation remains unchanged. It’s an extremely painful reality check. It certainly has given rise to conversations about food sovereignty in some unexpected places, like among the most conservative, politically right, **free** market champions. Time will tell if ranchers and farmers will make the changes necessary to regain control of their sector. In that respect, difficult as it is, the continued closed border on beef would be, in the long term, good for western Canadian agriculture. But at the moment that sounds very callous to families who have lost a member to suicide, or their farm to the bank, because literally overnight they were denied access to market any beef animals. Oh yes, and our federal government did put a few dollars into a “disaster assistance” program for beef producers, and you’ll not be surprised to hear that the money flowed straight into the accounts of the two beef slaughter companies, since the criteria to receive assistance was that the animals had to be slaughtered – hard to achieve when the slaughter facility says: No, we don’t have kill floor space for your animals.

Besides being part of a marketing co-operative, what have my late husband and I done to maintain a functional, profitable farm? I suppose one might say that we are also vertical integrators. Although not completely self-sufficient, our farm grows most of the feed grains needed for the hogs. The introduction of shorter season corn and soybean varieties – which require fewer heat units to reach maturity – has been beneficial for my farm, increasing the number of crops which can be utilized successfully in a cropping rotation. Hog rations are not purchased from a commercial mill, as producers under the corporate contract system are required to do by virtue of their contracts, rather the 12 different rations we use are all prepared on farm, most fresh ground 3 times daily, utilizing a computerized feeding system. A silo stores high moisture corn (or wheat or barley works also), right beside our feed mill. This storage system is common on dairy farms, but on no other hog farm in Manitoba that I am aware of. The advantage is that we can harvest the corn sooner, i.e. at a higher moisture level, and we can harvest faster, as we are not waiting for the grain dryer to catch up. And we can avoid the energy costs of drying the grain to a moisture level at which it can be safely stored as dry product. Transportation and handling are reduced – the corn is moved only once, from the field to the mill. Since we use a liquid feeding system, high moisture grain is an economical fit. Are all changes on our farm driven by globalization? Of course not, but the speed with which changes must be made has been accelerating.

Together with 4 other farmers, we formed a small company about 15 years ago, and own our own manure handling equipment. The manure from my livestock provides enough fertilizer for 500 acres each year. It is injected into the soil after harvest and is an important component in the farm nutrient cycle self-sufficiency and good soil health. Minimum tillage is practiced on my farm and most farms in my neighbourhood now. The driver has been an attempt to reduce costs but it also has a positive effect in reduced soil erosion. Chemicals such as glyphosate (Round-up) have made a positive contribution in encouraging alternative soil management techniques. With the rapid consolidation of seed and chemical companies into just a handful of corporations, operating on a global scale, they are an easy target, even a justified target sometimes, for our discontent. **But** some of their research has given us crop variety options and weed control options that I, and many other Canadian farmers, appreciate and use. Globalization certainly seems to have discouraged publicly funded, not-for-profit research. Do I or my fellow farmers like to see all those patents? Do we like paying “technical use agreement” fees annually? Do we like the fact that we cannot legally re-seed protected varieties without permission? No, no, and no. But those are, in the current reality, compromises that are being made, like them or not. According to Professor of Ag Economics, George Brinkman of the University of Guelph: “A number of studies of the benefit-cost ratios for public-funded agriculture research, typically shows returns of \$20 or more for every dollar invested.” But due to political expediency and public lack of knowledge or understanding, public research is mostly a dinosaur of the past. Private companies do step to the plate and provide the service, but the costs are huge and very long term.

It has been reassuring though, to know that there are occasions when farmers are heard and do have some influence in convincing corporations to have a change of mind. The example that I’m thinking of is the very strong resistance with which farmers met the proposed introduction of “Round-up ready wheat”. Although many, many farmers grow other glyphosate-tolerant crops, such as canola and soybeans, they did not want a grassy cereal such as wheat to come on the market with a glyphosate tolerant gene. For prairie farmers, one climatic advantage is the high quality hard red

spring wheat that is an important export component of farm cash flows. Strong indications were coming from all purchasers that they would shop elsewhere for their wheat if western Canadian wheat became contaminated with 'GM wheat.' Monsanto withdrew their licensing application for Round-up ready wheat in Canada, and also in the US, as I understand it. I comment on this, realizing that many feel Monsanto may be simply going underground to resurface at a later date at some other back door. However, the fact that farmers' cries and screams were heard is still significant. It is at least one small reassurance in the importance of speaking out persistently. Food producers must be respected.

For Canadian farmers, globalization trends have grown another myth of food production, that being: ALL PROBLEMS CAN BE SOLVED WITH MORE REGULATIONS !!

With the myth of the lowest cost of production wearing thin, it is being replaced by another; this one coming in the guise of regulated food safety standards. If we just increase regulations and corresponding paper trails and multiple testings, etc. etc. we will convince the global community that we have the very best quality, the "only obvious choice" and the global community will clamour to buy **our** food products. While awareness of the importance of food safety and adherence to a set of standards is important, Canadian farmers now face many multi-layered sets of regulations, a huge and growing burden of paper work and an increased cost of production, and all these costs are borne by the farmer without any compensation from the market place. For example all hog producers in Manitoba must be certified participants in the provincial "Quality Assurance Program" to be allowed to market hogs. A validator must do an on-farm visit at least once annually, at the producers' cost of several hundred dollars. Producers are required to have frequent laboratory analysis of all feed ingredients and all finished rations with physical samples and paper data on file, any and all interventions to all animals must be documented and signed off. Any medication given to any animal must have a corresponding veterinarian's prescription on file. I am required to file an annual manure management plan which includes soil tests, manure component analysis, records of crops grown and yields harvested as well as what is planned for future crop rotations, and so on. We did not file that paper work 20 years ago, the manure is still just as good for the land, but the cost of minute detailing is now subtracted from any profit realized. Soil tests alone must now be GPS identifiable and 4 times the number we used to do. Cost per soil sample collection, ID and analysis and filing with the Conservation department is over \$100/sample, with one sample required for every 40 acres. That one piece alone carries a \$4000 annual cost on my farm – it is a direct reduction in income.

When my parents were farming in the 50s, 60s, and 70s, they realized net gains of 20 – 25 cents for each dollar invested. Today that margin has slipped to 2 – 3 cents for each dollar invested. In a sector such as agriculture, so vulnerable to weather conditions, profit potentials which are that slim mean farmers are very exposed financially, and it is very difficult to recover from even one bad year.

Lastly, the myth that food must be produced with "CHEAP LABOR" must be debunked.

Our farm employs 3 people full-time besides myself, and part-time help summer and week-ends from my children. Because the positions on my farm are year-round ones, I do not face the question of migrant farm labourers, although there are many, many temporary labourers working on Canadian farms. Most frequently they come from Central American countries.

One of the justice issues employers always face is: “what’s a fair wage?” Ron and I decided early on that we would allow ourselves a personal draw from the farm of no more than the take-home pay of our lowest paid employee. (A reduction in the 200x plus spread between what corporate executives pay themselves and what they pay company employees, would go a long way to economic healing in North America.) We were raising 3 children who were active in organized sports, took music lessons, participated in 4-H, etc. plus Ron’s monthly medication costs since he was first diagnosed with a brain tumour in 1983 were significant. We always took at least a one week vacation as a family each year. So we felt we had an average cost of living and that would be one way to gauge whether our employees could also afford to live comfortably. The difference, of course, is that as an owner, hopefully your assets are appreciating in value. To balance that out, we set up registered retirement savings funds for our employees, which in Canada, is a tax-exempt option, up to a certain percentage of one’s annual earnings. In the early years we were sometimes accused of pushing up wage demands of employees on other hog farms. In the past 10-12 years however, the general labour shortage in our region of Canada, has kept salaries at reasonable levels in all sectors, including agriculture.

As an owner, I usually work a 12 to 16 hour day, however, my employees work a regular 8 hour day. Any overtime or weekends is compensated at time and a half. Holidays and sick leave and family needs are respected. We put a lot of emphasis on high safety standards and pleasant working conditions, training opportunities and upgrading of skills. Bonuses are based on production, and perks such as birthday and Thanksgiving and Christmas gifts, are of course, appreciated.

Most farmers value the contributions of their employees very much, and I am also aware of how difficult it is for farmers, taking losses due to weather adversities or market manipulations, to pay employees as much as they wish they could. However if we allow a mindset to develop which considers it ‘okay’ to produce ‘cheap’ food on the backs of those providing physical labor, we devalue food and most important occupation anywhere, at anytime, on our planet.

Conclusion:

Many Canadian farmers rely heavily on export opportunities. Trading is of great economic benefit, however the ‘trade-offs’ (what we are giving up for the continued ‘right’ to export) are troubling. Sadly, the negative impacts of globalization often seem dominant. Ask any individual Canadian farmer if his or her goal is to put a farmer in Nicaragua or India or Bosnia out of the business and the answer is “no”. But we feel like we have to and we feel we are being manipulated to do just that, or it will be done to us! We have been inundated with this ridiculous “kill or be killed” message. Farmers have fewer and fewer options in choosing the suppliers of inputs and the purchasers of their produce. Canadian farmers feel ignored and neglected by their government. It feels like the rest of society has little or no respect for the sacrifices farmers and their families make for the good of all. Food production happens and food producers survive because they co-operate with each other.

The most destructive element of globalization is the mind-set that tries to make me want to eliminate another farmer in my own country or across the globe. That mind-set completely misplaces the challenges of food accessible for all, produced responsibly, with good stewardship of ourselves, our communities and our environment. We need to **RE**place the focus of farmers in competition with one another to a focus of farmers in co-operation with one another, at home and abroad.

To quote Rex Murphy, a national broadcaster well known to Canadians: "Farming is something that extends far beyond the particular locations of the activity. It is an occupation that is tied to the rhythm of nature. It is the nursery of our values, what we became, and what we are" and what we will become, as a society.

Thank you.