



The Northeast Sustainable Agriculture Working Group

P.O. BOX 608, BELCHERTOWN, MASSACHUSETTS 01007 • PHONE 413/323-4531 • FAX 413/323-9594 • NESAWG@smallfarm.org

Digging Deeper: Can we have a sustainable agriculture without a sustainable socio-economic system?

Fred Magdoff
University of Vermont

The current trends in US agriculture and the food system as a whole are truly ominous, although some are only accentuating long-standing tendencies. The fast pace at which changes are occurring is also breathtaking. There certainly are some bright sides the tremendous interest in CSAs and other direct marketing efforts and the increase in organic production come to mind. However, these are dwarfed by the general direction that agriculture and the food system are moving.

So What's Happened / Happening?

* The number of US farms has decreased from about 7 million in the 1930s to less than 2 million today and the decline is continuing. Minority-owned farms have decreased from 14 % of total US farms to less than 1%. The 6% of the largest US farms produce approximately 54% of the total value of agricultural products.

* Today (October 1998) we are at the start of what might prove to be another great farm crises. The phasing out of price supports for the major commodities (in the 1996 Farm Bill), high production, and decreased export demand have combined to produce very low prices for wheat, corn, soybeans, hogs, and cattle. Exposing producers of the basic commodities to the full

effect of the "free" market (see below) is a sure recipe for the rapid loss of farms during a downturn like the current one.

* Concentration and integration of firms purchasing commodities from farmers has meant that there are fewer markets in which to sell commodities. In the extreme case of broilers "free" markets no longer exist for large numbers of birds. In fact, there is no place to even get them processed. And fewer firms are producing food for market it has been estimated that 10% of the US food dollar goes to purchases of products made by various branches of the Phillip Morris conglomerate.

* The consolidation of agricultural input suppliers is occurring by both vertical and horizontal integration. There are fewer suppliers of all sorts of inputs from tractors to fertilizers to seeds. Seed companies are being bought up by chemical companies ("reinventing" themselves as biologically based high-tech. Corporations. There are fewer choices for farmers to select from.

* Because of the consolidation and integration of input suppliers and the purchasers and processors of agricultural commodities, farmers are in a cost-price squeeze - where input costs increase

from year-to-year while the price received for the commodity they produces may stay the same, actually decrease, or increase at a much slower pace than costs of production. Less and less of the food dollar goes to the farmer with farmers receiving only 10 while 90 goes to processors, distributors, retailers, and input suppliers. This is down from about 40 of every dollar to the farmer at the start of the century.

* This general cost-squeeze problem as well as the trends toward larger and more integrated agribusiness corporations are natural outcomes of the way capitalism functions! The only thing unusual is how late the consolidation of agribusiness is occurring and the speed at which it is taking place.

* In addition, the agricultural system produces much environmental harm - pollution of groundwater and surface waters with nutrients and pesticides, direct health effects of farmer and farmworker contact with pesticides, excessive use of antibiotics in production of animals (because of the cruel and unhealthy way animals are raised), the production of animals far removed from the fields that produce their feed results in excess nutrients accumulating on animal farms and the need to import vast quantities of nutrients on crop farms (at great energy costs), loss of genetic diversity in crop and animal species, etc.

* And last though definitely not least: our system does not insure adequate supplies of healthy food to all people. (The gutting and partial dismantling of the Johnson era anti-poverty programs has certainly added greatly to the problem.) This results in hungry and malnourished people and a large charity effort has developed to try to supply food to the poorest people. This, of course, has nothing to do with the issue of whether or not there is sufficient food (there certainly is) only with the lack of recognition that poverty is also an

outcome of the way capitalism works and not a "character flaw" of the poor people themselves (as if that might reason to deny food, clothing, or shelter to them or their children!).

So the US agricultural/food system is not good for the mass of farmers, the environment, nor does it provide adequate quantities (and variety) of healthy food to all people. It does provide large profits for input suppliers, processors, distributors, and retailers.

How can farmers survive in such a hostile environment?

There are a few basic strategies that farmers use to try to survive in the environment described above. Some of the strategies listed below are not mutually exclusive.

A. Get large and take full advantage of economies of scale. Although production efficiency (output per person or per tractor) does not usually increase above the size of the family farm there are many financial efficiencies of scale (pay less interest per dollar of borrowed money, volume premiums on sale of products, volume discounts on purchases of inputs, more opportunity to make money through use of hired labor). This strategy has been pushed by many land grant universities, USDA, etc. Although this may help the individual farmer/farm family, it hurts other farmers (who cant produce as cheaply because they dont get the "financial efficiencies" of scale) and harms rural communities.

B. Give-in and become a hired laborer (under contract) for the integrated corporation. This hurts other farmers still struggling to produce and sell into the "free" market.

C. Reduce costs as much as possible more efficient use of fertilizers, intensive grazing instead of machine harvesting feeds, etc.

D. Produce a higher value crop or animal product (and keep more of the spread between costs of production and sale price) - organic production, medicinal herbs, etc.

E. Sell direct to the public farmers markets, CSAs, and other arrangements help get the farmer a better price by capturing some of the profits normally gained by purchasers, distributors, and retailers.

F. Add value to the product either on-farm or through cooperative ventures of groups of farmers. Farmers may get paid the same amount for the commodities they produce, but are making money on the added value of the processing venture.

Can the agricultural/food system be transformed through alternative agriculture efforts?

Will the trend toward lowering input costs, growing higher value specialty (or niche) crops, farmers directly marketing their products to the public, and adding value through processing be able to transform the system?

Although there is much to be gained from these endeavors which hold substantial promise for a reasonable number of farmers they each have their limits. Production for niche markets is by its very nature limited to few producers in a given area. Also, there is a market for only so many CSAs in many towns and villages. And direct marketing becomes more difficult in areas with sparse populations such as the Great Plains (or even in remote parts of more populated regions). Also, selling organic products to retailers may become more difficult for small growers if national organic standards are promulgated and large-scale organic production continues to increase in California. In addition, the vast economic and political power as well as control

over media messages of companies like Phillip Morris, Monsanto, Cargill, Tyson, Murphy "Family" Farms, IBP, etc. make it clear that any challenge to their profits will not go unanswered. As long as the alternative agriculture production-marketing system is very small, they see no threat or opportunities. But with sales of organic products increasing by 20% a year, some large companies see definite profit potential (for themselves, not farmers). Is it theoretically possible to enhance market access through use of anti-trust laws or to impose public control of biotechnology? Sure. But, given the political/economic power at stake, it would take a major upheaval to curtail the power of the national and transnational agri-food giants.

Although a local food systems can make inroads in many communities, a truly national sustainable agriculture and food system in which food is produced in environmentally sound way by many family farmers and is available to the entire population AND where technological decisions (including plant breeding) are made on the basis of what is good for farmers, the environment, for biodiversity, and for the general public rather than what is good for the bottom line of a transnational conglomerate is most unlikely in a system based where major economic and technical decisions are based on profits. A different type of economic and social system may be necessary.

An alternative vision: a sustainable socio-economic system that underlies a sustainable agriculture.

I suggest that a humane and sustainable economic-social system will create conditions and institutions that will:

1) meet the basic needs of all people for comfortable housing, clothing, safe and adequate

food, health care, and meaningful opportunities for personal fulfillment and enjoyment;

2) dramatically narrow the gap between the wealthy and the poor;

3) improve the condition of the earth's non-human species as well as its soil, water, and air;

4) promote true democratic involvement of an informed citizenry in political decisions;

5) put technology at the service of society's needs and interests while not neglecting environmental needs and concerns;

6) make decisions about whether or not to invest in factories, stores, etc. according to the needs of society as determined by democratic involvement of an informed populace; and

7) be able to function smoothly under conditions of no growth (once the goals of (a) has been met) or very slow growth while meeting all the above characteristics.

While I am sure a group sitting together might come up with other characteristics, we need to start thinking about how such alternative systems would be organized. *How would they function? – How do we change society to create such a system? – Would there be much long distance trade, or would we attempt to produce locally as much of what we needed as is reasonably possible? -- How would agriculture be organized? -- What kind of organizing principles are needed for local governments called upon to make economic decisions they never made before? -- How would local economic decision-making be integrated into regional, national, or international decision-making? And so on and so forth. Whatever such a system would be like and*

whatever it would be called, one thing is for sure: it ain't capitalism.

Such a system could not function without a sustainable agriculture. But at the same time a truly sustainable agriculture and food system cannot fully develop in the absence of a sustainable and humane economic-social system.