Scientists Support Farmers Regaining Control of Agriculture

Findings from the UN-led International Assessment of Agricultural Knowledge, Science and Technology for Development

Pesticide Action Network NORTH AMERICA

What's the IAASTD?

The landmark International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) is the most comprehensive and rigorous assessment of agriculture to date. The IAASTD examined the successes and shortcomings of the world's food and agricultural systems, and evaluated the impact that public agencies, agricultural research institutions and the private sector have on farmers, farmworkers and rural communities' well-being.

PAN Senior Scientist and IAASTD lead author Marcia Ishii-Eiteman summarizes,

> The IAASTD concluded that "business as usual is not an option." It highlighted the urgent need for radical shifts in both agricultural policy and corporate behavior. Acting now to support small-scale producers, family farmers and workers will enable us to create the vibrant, fair and sustainable food systems that the world needs.

The IAASTD took a close look at the impacts of agricultural technology development, corporate consolidation and market concentration on the livelihoods, health and well-being of farmers, farmworkers, consumers and the environment, in the U.S. and around the world.

Key findings:

- Technological advances in agriculture since 1945 have increased productivity, although hunger and malnutrition persist — including in the U.S.— due to poverty and lack of access to food that is healthy and affordable.
- Widespread adoption of — and in many instances, patenting and corporate control over — agricultural technologies have tended to benefit transnational corporations and wealthier groups, rather than small-scale producers and family farmers.
- Certain technologies (including agrochemicals, mechanization and monocropping) yielded short-term benefits early on, particularly for large-scale growers and agribusinesses, but have taken a heavy toll on our ability to sustain healthy soils, clean water, local economies and rural communities' health and well-being.
- In North America, growing market concentration in multiple agricultural sectors over the past several decades has paved the way for near-total control of the region's food and agricultural system by transnational corporations.

  The result has been a dramatic reduction in fairness and competition in the market for family farmers, small and medium scale producers, labor, independent retailers and consumers. As consolidation in the corn, seed, livestock processing, grain trading, dairy and retail purchasing markets rises, big business has amassed "increasing influence over the production of food" both domestically and internationally.

The International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) asked how agricultural practices and policies can reduce hunger and poverty, improve health and rural livelihoods, and lead to fair and sustainable development around the world. The IAASTD identifies policy, research and investment options to transition towards more sustainable food and agricultural systems in future.

IAASTD

The Assessment was conducted by over 400 scientists and development experts from more than 80 countries. It was sponsored by four United Nations agencies, the World Bank and the Global Environment Facility. The IAASTD findings were approved at an Intergovernmental Plenary in April 2008 and published in 2009.

The full set of IAASTD reports are available at www.agassessment.org.

Who put them in charge? Policy interventions are urgently needed to tackle the debilitating effects of corporate concentration on local economies, family farmers and rural households. This can be done by establishing, strengthening and enforcing anti-trust and anti-monopoly laws at national and global levels.

Agricultural market concentration hurts farmers

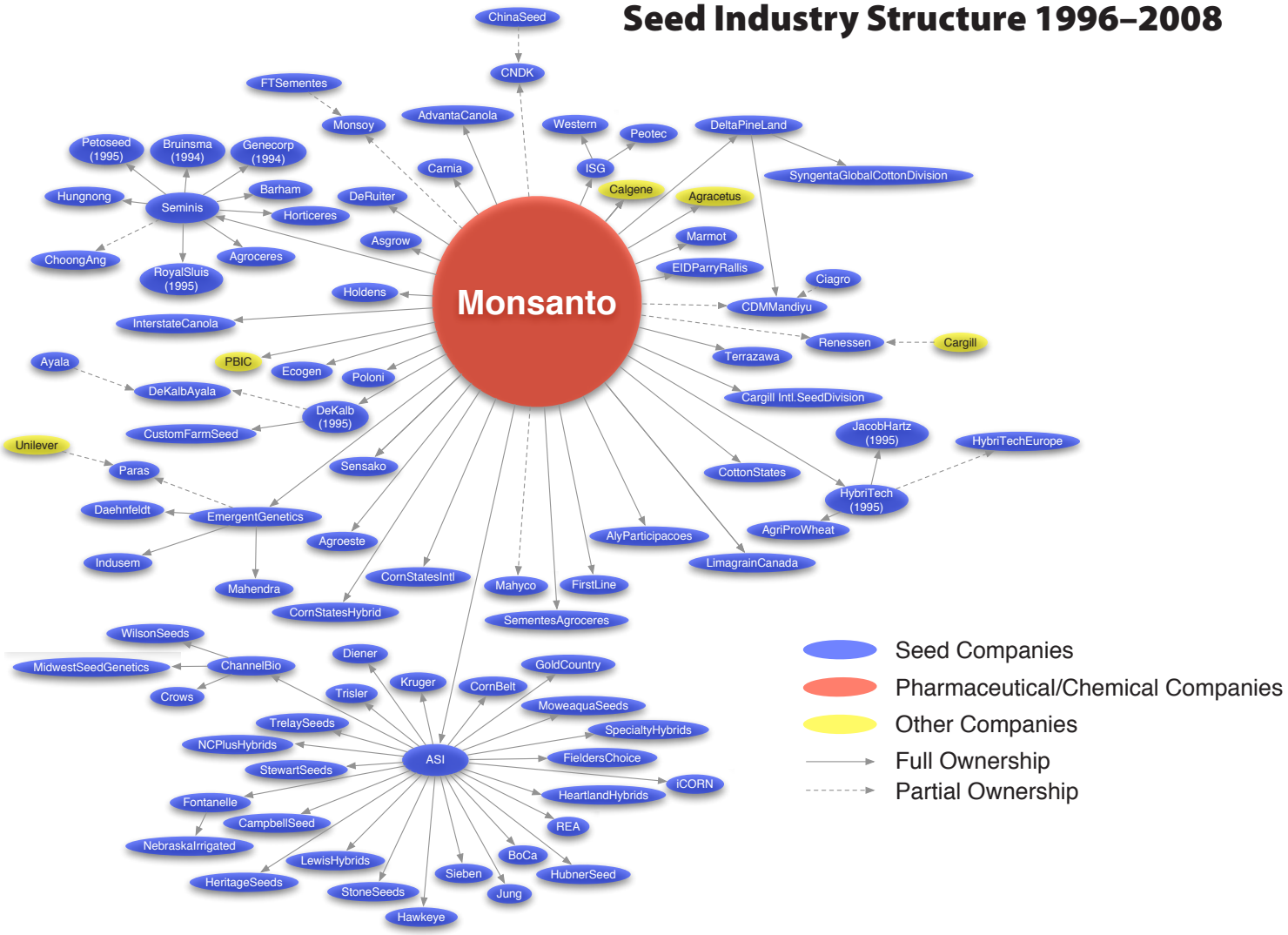
- *Increased vertical integration in the food chain squeezes farmers.* A few corporations have gained control over many sectors of the food and agricultural supply chain. As a result, North American farmers have fewer choices for purchasing inputs and selling their products, and they are less able to earn a living from agriculture.

  As corporations (or clusters of corporations) gain more control of the agrifood supply chain, farmers lose competitive power and are forced into becoming "price-takers." Anti-competitive behavior by agrifood companies is widening the gap between farm-gate and retail prices.

- *Modern technologies encourage concentration and loss of farms.* Reliance on chemical inputs and mechanization can reduce labor and let farmers operate bigger farms. But continual pressure to meet the high cost of equipment, inputs and fuel forces farmers to "get big or get out." Where new technologies and products (such as transgenic seeds) have been developed and protected by intellectual property rights rules, industry consolidation has taken place rapidly.

- *Intellectual property rights over agrichemicals and emerging plant and animal biotechnologies increase corporate control.* Corporate assertion of intellectual property rights over certain technologies have helped create the transnational agribusinesses that currently hold rights to almost one-third of the global commercial seed market as well as a large portion of livestock genetics.

- *Corporate consolidation increases vulnerability of food system workers.* Large-scale fruit and vegetable production operations and food processing businesses increasingly rely on immigrant labor. Low wages, poor enforcement of health and labor laws, inadequate protection of their human rights and fear of reprisal leaves farmworkers and other food system workers vulnerable to exploitation.



The dominance of Monsanto Company in the seed industry exemplifies the breakneck pace of corporate concentration in that sector. Today Monsanto controls 60% of the corn seed market, 62% of the soybean market, 95% of the transgenic cotton seed market and is quickly consolidating control of vegetable, sugar beet and wheat markets. Monsanto's transgenic soybeans and corn cover 92% and 85% of total U.S. acreage of those two crops, respectively. Phil Howard, Assistant Professor, Michigan State University www.msu.edu/~howardp

Solutions: Action Needed for Fairness in Food & Agriculture

Rebalancing power in the food system requires devising new policy frameworks. The IAASTD presents many options for action that government agencies, universities, the private sector and public interest groups can take to help build fair and sustainable food systems.

Two promising approaches identified by the IAASTD include rebuilding local and regional food systems and reversing trends in agrifood corporate concentration.

Options for Action: Rebuilding local and regional food systems

- **Strengthen connections among farmers and other actors in the food chain.**
  - » Support more direct farmer to consumer marketing and sales and farmer/worker-owned cooperatives to strengthen negotiating power with buyers and retailers.
  - » Encourage geographic, fair labor and sustainable production labels with affordable third-party certification, so that consumers understand where their food comes from.
  - » Increase public investment in local and regional markets, market infrastructure and on-farm processing to increase local value of products.
  - » Establish democratic local and regional food policy councils; increase institutional food procurement from local farms using best labor and environmental practices.

Decisive action to re-balance power in the food system and to establish fair, vibrant and sustainable *localized* food systems can help feed the world, sustain family farmers, give people jobs with living wages, and protect the health of children, rural communities and future generations.

- **Level the playing field for small-scale, fair and sustainable farming.**
  - » Ensure farmers have secure and affordable access to land, water, seeds, information, credit, certification and marketing infrastructure.
  - » Provide technical assistance in business and marketing skills and up-to-date market information to producers, particularly family farmers and smaller-scale operations.
  - » Recognize the multifunctional role of agriculture in providing diverse economic, environmental, natural resource, social and cultural benefits, and reorient public policy and incentive structures accordingly.

- **Establish supportive economic policies, incentives and opportunities.**
  - » Stabilize prices for farmers and consumers.Volatility in commodity and food prices can be reduced by establishing grain reserves, price bands and other supply management mechanisms.
  - » Provide financial incentives (credit lines, crop insurance, income tax exemptions, payments for ecosystem services) to reward best farm practices, i.e. having fewest social, environmental and economic costs.
  - » Foster innovation in agriculture markets: devise new patterns of ownership and employment that include more diverse voices and viewpoints from the agricultural community.
  - » Assess the social, environmental and economic costs of smaller vs. larger-scale farm operations (using full cost accounting measures, for example) and revise agricultural support policies accordingly.
  - » Establish fair regional and global trade arrangements that enable countries and farmers to meet their own food and livelihood security goals.

"One of the major anticompetitive effects of globalization has been a rapid concentration of market power away from producers into the hands of a limited number of trade and retail companies.... This situation means that even when farmers organize and aggregate, produce quality goods, and sell collectively, they have insufficient volumes of sale to negotiate effectively with four to five giant corporations." IAASTD Global Report, p. 466

"Vertical integration of successive stages in agricultural and food supply chains under the control of single corporate organizations or clusters of corporations can reduce the competitive power of farmers who have become disadvantaged, inadequately rewarded "price takers" facing limited opportunities for their produce…. There is thus an urgent need to develop policy instruments to remove incentives for farm concentration and agribusiness concentration."

IAASTD North America/Europe report, p. 226

Options for Action: Reversing trends in and effects of corporate concentration

- Strengthen competition policies that monitor corporate concentration, mergers and "strategic business alliances."
- Enact and enforce stringent anti-trust measures to break up monopolies and global price-fixing cartels.
- Investigate anti-competitive practices and impacts within and across national borders.
- Strictly monitor and externally verify "corporate social responsibility" standards.
- Increase transparency in corporate transactions.
- Identify and remove other incentives for farm and agribusiness concentration
- Establish an international review mechanism to investigate and monitor agrifood sector concentration, investigate the behavior of international corporations engaged in agricultural trading and food retailing and impacts on farmers, farmworkers, consumers and vulnerable populations

  This international body could also develop standards of corporate behavior and recommend effective policy options such as international competition policy and multilateral rules on restrictive business practice.

Addressing corporate concentration in the U.S. agricultural sector will help protect family farmers, small and medium producers, independent retailers, and consumers from corporate agribusiness practices that are undermining food and livelihood security the world over.

U.S. anti-trust laws exist to protect the many actors involved in creating diverse and thriving markets from unfair practices that occur when corporate concentration becomes too great.

Strengthening and enforcing anti-trust laws in the agriculture sector, while also strengthening local food economies, can help create a sustainable, fair, and equitable food system today and for generations to come.

Reference: McIntyre, Beverly D., Hans R. Herren, Judi Wakhungu and Robert T. Watson (ed). 2009. *International Assessment of Agricultural Knowledge, Science and Technology for Development: Global and North America/Europe Reports*. Island Press, Washington DC. Available at www.agassessment.org.

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