

# Globalization, Speculation Threaten Canadian Agriculture, Grain Production

by Matthew Ehret-Kump

Sept. 29—Globalization has wreaked havoc on the physical-economic potential and sovereignty of every nation in the world, and Canada is no exception. In the process which began with the 1971 takedown of the Bretton Woods system, and which accelerated under NAFTA, the North American economy has become subjected to the “monetization” of food production, to the point that vast cartels, such as Cargill and Archer Daniels Midland, have destroyed much of small and medium-size agriculture, and the industrial enterprises which once served as the backbone of that economy.

In spite of this, Canada remains a vital producer of global foodstuffs, and is key to a global economic recovery. Although much of Canada remains underdeveloped, it is nonetheless the world’s leading producer of Canola, lentils, and peas, and ranks fifth for wheat, sixth for pork, and seventh for soybeans. The five major grains and seeds produced by Canada’s 260,000 farmers have amounted to an average yield of almost 50 million tons/year since 2000, although 2012 saw a high yield of 51.6 million tons. Ninety percent of that grain production is exported, with primary exports going to the United States, China, and Japan.

The high 2012 yield had nothing to do with a successful agricultural policy, but was merely the effect of 1) commodities speculation, 2) drought/flood ravaging of U.S. agriculture, and 3) the genocidal food-for-fuel/biofuel programs implemented largely under the 2000-13 Bush-Obama regime. The rise in yields was entirely speculation-driven, and not in any way the effect of a mission to end hunger, or of an intention to accomplish anything meaningful to society. The potential to double world food production in the short term can only occur on the condition that the entire green-speculative system is shut down with Glass-Steagall, and replaced by an international commit-

ment to end world hunger, driven by the construction of the nuclear NAWAPA XXI, and the Bering Strait rail/tunnel connection.

Such an approach, driven by Canada’s cooperation with Russia, China, and a rehabilitated United States is the only way for America’s northern cousin to finally break its affiliation with the British Empire, and earn a rightful claim to full sovereignty.

The following interview, conducted on Aug. 10, 2013, with Terry Boehm, a Canadian farmer and President of the National Farmer’s Union, recounts the primary dangers facing Canadian farming in the face of such secretive NAFTA-modeled free-trade deals as the Trans Pacific Partnership (TPP), the Canadian European Trade Agreement (CETA), and the destruction of protectionist programs which threaten to decapitate Canadian farming. These lessons apply just as much to the American citizen and farmer as they do to the Canadian.

**EIR:** What is the National Farmers Union, its role in Canada and your role as its president?

**Terry Boehm:** The National Farmers Union is Canada’s largest voluntary direct membership farm organization. So farmers have to want to join, and there are a lot of other organizations out there that farmers sort of become members of, by having sold some grain, and a check-off is applied, and they are called members of assorted organizations. A “check-off” is a sort of tax of every bushel that they might sell of an assorted grain or on an animal, etc. We’re different in that farmers have to want to join, and we’re 99% financed by farmer membership fees.

## The Shutdown of the Wheat Board

**EIR:** What do you see as the NFU’s role in the protection of farmers?



NFU

*Terry Boehm, president of the National Farmers Union of Canada: "We are trying to advance the economic and social interests of farmers, and that dovetails into broader citizenship."*

**Boehm:** The organization itself has several objects. We are trying to advance the economic and social interests of farmers, and that dovetails into broader citizenship. So we do that through education, analysis, and activism. Traditionally we have been an organization that has advocated for legislation that would advance those objects; and largely, we've been behind fights to retain the [Canadian Wheat Board](#), to rein in the big railways, to rein in large multinational grain-trading and meat-packing interests, and international trade agreements as well. . . .

**EIR:** What are the greatest threats now to Canadian farming, especially the small and medium farmer? You brought up the matter of the Canadian Wheat Board [CWB]. This is the first anniversary of its takedown. What do you see as the main ramifications of this maneuver by the Harper Government, and do you see any opportunities to bring the CWB back?

**Boehm:** We've had quite dark days in Canadian agriculture policy and beyond with the Harper government. We do know that [Prime Minister Stephen] Harper will not be in place indefinitely nor [will his] Agriculture Minister Gerry Ritz, so we're looking towards helping to facilitate more responsible policy in the future with whatever government might be in place. But we know that this government has been particularly aggressive at dismantling any farmer-friendly institutions, or a regulatory environment that supports small or medium-sized farms. That is the mandate of the NFU, to promote those as the fundamental food-pro-

ducing units in Canada.

**EIR:** One of the justifications for the shutdown of the CWB was shaped by the speculative financial activities which created a huge instability in the prices of farming goods, and pretty much everything else in our lives that we use. It was said that, under the CWB's single desk, the farmers were being deprived of the prices they could otherwise have gotten had the regulation not been there. How would you speak to that?

**Boehm:** Well, the Canadian Wheat Board, as a single-desk seller<sup>1</sup> gave us some advantages in both branding Canadian wheat and barley, and also in the possibility of negotiating stronger prices, and returning those stronger prices to the farmer, less a small administrative fee. With the dismantling of the CWB, that was one of the last institutions that gave western Canadian farmers (it only operated in the western Canadian jurisdiction) some agency to balance the powers of huge international companies that dominate the movement and exports of grains and foodstuffs around the world. With the loss of that, essentially, we're left with dealing with these companies that have far greater financial influence and powers than any individual farmer will ever achieve, and as a consequence, we will financially suffer under that system.

And we've been told that the instruments are available to us as commodities trading, futures markets trading, options, calls, and the whole collection of derivatives. The grain trade was sort of the early example of the derivatives market, and has carried on as such.

1. The Single Desk was the name used for the Canadian Wheat Board's monopoly for marketing wheat and barley produced in the western provinces. Its 15 directors gave it the power to bargain for the highest price possible, while ensuring the greatest possible rate of return for farmers. This body, created in 1935 under an FDR-modeled policy in Canada, ceased to function with the takedown of the fixed-exchange-rate world system in 1971. The Dec. 11, 2012 Royal Assent of Bill C-18 ensured the destruction of this Single Desk monopoly.

So I think that farmers are at a severe disadvantage, and the Harper Government is now going after the Canadian Grain Commission, essentially incapacitating an institution which was mandated to act in the interests of grain producers; its fundamental role was to guarantee the quality of Canadian grain and to balance the powers when there were disputes on grade and dockage between an individual farmer and a big company or big railway, so that it acted with a final say in any of those disputes. It moved the disputes outside of the court system, and the grain commission tribunals and commissioners would grade the grain; and their say was final, for both the companies and the farmers.

Increasingly, what we're seeing—and we ran into this during the CWB fight—is farmers or citizens being forced to use the courts, which are very slow, expensive; and often in that system, you're up against the wealth of these large players who have huge legal resources or the money to hire expensive legal resources, where they delay things. And it is often that court decisions take a very long time to come, and you never know whether you'll be successful or not....

The Canadian Wheat Board example, in many ways, represents a perversion of democracy. The farmers who utilize the CWB in western Canada, the vast majority of them, have always supported having that institution in place. It was in 1998, that the legislation was changed, allowing it to be directed by an elected-farmer board of directors, so it was kind of a mixed-management institution, with ten elected directors and five directors appointed by the government. This was taken away by the Harper Government, along with significant farmer assets, including a \$200 million contingency fund, the rail cars the Wheat Board had, and the building itself. And this was all taken away with the legislation that Harper rammed through with extraordinary measures; for example, normally a bill dismantling the Canadian Wheat Board would have gone to the Agriculture Committee for amendments



White House/Pete Souza

*Like U.S. President Obama, Canadian Prime Minister Stephen Harper has promoted the globalist program, such as diverting food for biofuels. Harper shut down the Canadian Wheat Board, which was widely supported by farmers. Harper and Obama are shown here at the White House in February 2009.*

and examinations. Well, he [Harper] created a special committee outside of the Agriculture Committee to look at the agriculture legislation, accepted absolutely no amendments, which is characteristic of this government, and also had the bill go through the Senate at the same time it was going through the special committee in the Commons. So it was rammed through with lightning speed, and it ignored section 47-1—that is, in the original 1998 legislation, that said that farmers should have a vote and a say in changes to the CWB. They ignored that completely and they said simply, “Well, we’re the government. That’s enough of a vote for you guys.”

I think one of the big worries in democratic processes is that citizens are increasingly being forced to use the courts rather than having their legislators act in a responsible manner.

**EIR:** It becomes a matter of “survival of the fittest” logic, where you say, “Eat or be eaten.”

**Boehm:** Yes, that’s very much the attitude of the government, and the federal Department of Agriculture, in particular. “Those who survive are obviously the good managers in this environment and that’s how it should be.”

## **The End of Multi-Generational Farms**

**EIR:** I was just watching a presentation by a president of the Illinois branch of the U.S. National Farmers

Union, who said that the average age of farmers is 60+, that young people aren't going into farming any more; and the upstream/downstream cartelization is reaping all the benefits, whereas the producer is being choked. Has this process been avoided by Canadian agriculture, or have we had a parallel issue?

**Boehm:** Very much parallel, although the U.S. situation has been mitigated by an awful lot of public funding going into agriculture, much more so than in Canada. So, we've actually experienced this in a more severe way than in the USA, and only recently (and I think it's only for a brief moment), we've had a little bit better farm prices, caused by several factors, including an interest in agricultural commodities by speculative funds, and partly by an ethanol mandate in the USA which has driven up prices somewhat, and some weather-related problems as well.

But all that aside, the number of farmers has been reduced drastically. In a vast agricultural nation like Canada, there are only about 220,000 farmers [of a total population of about 35 million—ed.], and those farmers are carrying about \$65 billion of debt. So the so-called “prosperity” being announced for agriculture, I think, is really not there. We're seeing, at the same time, agricultural land becoming the latest parking ground for all these pools of capital that have been created by “quantitative easing” in the U.S., which is essentially “printing money” in Europe and the USA, so they're looking for real assets to park their money in, and the price of agricultural land has skyrocketed in a few years....

The average age of Canadian farmers is also in that 55-60-year range.

**EIR:** When agricultural land is purchased by international speculators, is this land no longer used for agriculture?

**Boehm:** No, it's being used, but in general, it's being rented back to farmers. Unfortunately, one of the models that's showing up now, because of the extremely high capital costs for equipment, fertilizers, and the farmland itself, the new entrepreneurial model is, “Well, farmers, just lease your land, and lease the equipment, cover massive acreages, and off you go, and when the bubble bursts, then move on.” This is not a long-term vision for sustainable agriculture, including the sustainable element of people, and multi-generational farms.

So what we're seeing is a lot of money coming in with the liberalization of land ownership laws across the country....

The other fundamental problem, in agriculture, is parity pricing. In reality what is considered a boom in agricultural farm prices right now, is no boom at all. My father, in the 1970s, was receiving the same nominal value in the last “agricultural price boom,” as I am receiving today for some flax, Canola, wheat, and barley. The prices were almost identical. In the last months we've had a bit of a collapse in prices—they're actually below those levels now. And yet the purchasing power of that grain in the mid-1970s, at the nominal values of today, was far higher.

For 3,000-4,000 bushels of wheat, he could buy a brand new tractor. Well now, a new tractor is around \$400,000, and it would take anywhere from 65-75,000 bushels of wheat to purchase a new tractor. So comparatively, it's not a boom at all! Nor actually in this whole food debate are the prices higher. They're not. Because those same nominal values—the end processed product in the 1970s was priced far lower than it is now. A loaf of bread, box of cereal, beer, or whatever, made from these sorts of products, was far cheaper in the 1970s, with the same nominal value of the grain going into it than it is now.

**EIR:** This is an important issue you're bringing up, because back in the early 1970s, we still had the spirit of a productive agro-industrial society, whereas the new “religious dogma” has increasingly become that “We're in a post-industrial consumer society where we don't really have to think about projects for the future, or the physical aspects of what underlies human society. The idea is that by letting “the markets” take over, mystical forces that no one seems to fully understand, and wealth just happens. This whole shift has not only destroyed our agricultural powers of production, but our industrial powers too.

**Boehm:** I started farming in 1981, and I've seen numerous booms and busts. Mostly busts for a long extended period of time, with a little one- or two-year slight boom, and then we had, in the run-up to the 2008 financial crisis, in 2007 we had a spike in agricultural prices, but again, only marginally above the nominal values that we saw 30-35 years ago.

And I think that's part of the problem for young people entering agriculture. If they have any sense of





Canadian Wheat Board

*Despite the ravages of globalization and the “monetization” of food production by the huge cartels, Canada remains a vital producer of world foodstuffs, and is key to any global economic recovery. Shown: grain production in western Canada.*

history, or if their eyes are open at all, they realize that it's an extremely volatile industry and getting more volatile. Indeed, that's what the future market is like, as speculators can make money on both the falling of grain prices or the rising of grain prices, as they can go short or long. And they have a whole pile of other instruments that they can use, such that a steady pricing regime isn't so interesting.

### **A Profit on Destruction**

**EIR:** There are all sorts of new mechanisms which put a profit on the destruction of our productivity. Not only on what you mentioned regarding selling short to make money on the destruction of the economy but also you have things like biofuels, which as you mentioned earlier have been taking off, more in the United States. Is there a similar situation in Canada?

**Boehm:** Yes, there's a certain amount of mandated ethanol mixtures and biodiesel in our fuels. As a farmers' organization we very early challenged this whole idea of biofuels and the energy balances. If you looked at a whole system perspective, probably the energy consumption was exceeding the energy produced from

biofuels, so we worried about that in terms of diverting land from food production to sort of negative energy production. One of the problems that we have in agriculture, is that it's extremely energy-intensive. To a large extent, with fertilizers, pesticides, and fuel requirements, and the scale-up of individual farmers, we're essentially converting energy into food, and the biofuels thing is converting food into energy, which takes a tremendous amount of energy to produce. This touches a bit on the perpetual motion idea, but it just can't work!

**EIR:** Yes, it seems like there's a collapse point built into that; especially when you have 7 billion people on the Earth, it seems like a

remnant of that medieval idea of bleeding yourself to get healthy.

**Boehm:** Of course the hesitation amongst farmers, in terms of their own personal economic survival, which is always tenuous... the biofuels mandate in the USA and other places has led to a general rise in agricultural commodity prices, and so, if that disappeared, we wonder if we would return to the extreme money-losing prices that we went through for almost 25 years. So while we understand the equation, and the insanity of it, unless there are other adjustments made in this agriculture-commodity pricing system, we also understand that we're going to be individually economically impacted.

It doesn't make any sense, but neither does the way agriculture production is determined by a pricing system that is dominated, even manipulated, by these players that dominate international trade.

**EIR:** Right now, there are increasingly loud calls for a reorganization of the financial system around a Glass-Steagall separation of speculative activities, which would no longer receive government protection,

while real productive banking activities which are useful, are protected. If that were to occur, and the derivatives system were wiped out, and a new financial system were established, do you think that, under that new system, getting rid of biofuels, and a return to parity pricing could be viable?

**Boehm:** Well, I did read your article very quickly earlier this morning, on Glass-Steagall. I think that, at least on the surface, that makes a lot of sense—the separation of investment banking from commercial banking, I think fundamentally though, from an agricultural perspective, there was a great debate about parity pricing in the 1940s, up until the 1970s, and then it kind of evaporated. I think we have such huge problems now, examining agriculture just from an energy consumption scale, land degradation, water utilization, that we really have to be cautious.

For example, if we're going to continue on a very energy-intensive form of agriculture, then we actually have to start thinking of our energy resources, and allocating them for agriculture production. There's also a great debate about organic or ameliorated agriculture production that reduces the consumption of synthetic fertilizers that are energy-based, and moving into an ag-

riculture system that reduces the consumption of these high-energy inputs and maintains productivity. That requires a rethink and real research and an examination of the possibilities that are out there.

Right now, what farmers are confronted with, is that independent research has disappeared from our universities. One of the most pernicious things that happened about seven years ago, was a thing called the “matching investments initiative,” where agricultural public researchers first had to source 50% of their funding from a private source to proceed down a specific line of research. So what do you get at the end of the day, but crop varieties and production methods that increase the consumption of inputs supplied by these same private entities that put up 50% of the financing? So there's a whole series of greater and lesser changes in the regulatory/political environment that are forcing us down this particular path, which isn't replacing people in agriculture.

Like your farmer in Illinois said, it isn't a very encouraging profession to undertake, and this is the case all around the world. Farmers are aging and we're going to run into a demographic crisis unless we can get more and more people to return to agriculture.

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—Lyndon LaRouche, Feb. 11, 2013



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