

Subsidizing Starvation

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Feature

How American tax dollars are keeping Arkansas rice growers fat on the farm and starving millions of Haitians.

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In the wake of Haiti's devastating 7.0-magnitude earthquake exactly three years ago, former U.S. President Bill Clinton issued an unusual and now infamous apology. Calling his subsidies to American rice farmers in the 1990s a mistake because it undercut rice production in Haiti, Clinton [said](#) he had struck a "devil's bargain" that ultimately resulted in greater poverty and food insecurity in Haiti.

"It may have been good for some of my farmers in Arkansas, but it has not worked," he [said](#). "I have to live every day with the consequences of the lost capacity to produce a rice crop in Haiti to feed those people, because of what I did."

Despite Clinton's dramatic confession and his role as the United Nations' special envoy for Haiti, little has changed in the last three years for the Caribbean country's farmers. If anything, they appear worse off. Before Hurricane Sandy hit the eastern seaboard, its rain and flooding caused \$234 million in agricultural losses in Haiti. For a brief moment, coverage of the disaster in the American [media](#) shone a light on the miserable conditions that the country's farmers are faced with — a lack of infrastructure, capital, and markets that could help their families and the country prosper.

Meanwhile, for the last year a piece of U.S. legislation that could have arguably changed the playing field for Haiti's farmers has been stalled in Washington, D.C. A new \$500 billion, five-year farm bill that might have cut subsidies to American rice farmers was never passed. And in the final hours of 2012, politicians [extended](#) the old one for another nine months.

The move effectively kicked the can down the road for changes to America's decades-old agricultural policies — changes that could represent the first challenge to the "devil's bargain" Haiti and Arkansas have been a part of for so long.

Rice is a big deal in Arkansas — the state produces half of the United States' [total rice crop](#) — and Stuttgart, a small community nestled in thousands of acres of rice fields south of Little Rock, is no exception. For a long time, it was considered an offense in Stuttgart to buy any beer but Budweiser. Even if you could find a Coors, drinking it was viewed as self-defeating, seeing as Anheuser-Busch was a significant purchaser of the region's rice.

The world's two largest [rice mills](#) are located in the center of Stuttgart and process 40 percent of the country's rice crop, shipping the product to domestic and foreign markets on trains and river barges. These mills, rising out of the farmland like glacial erratics, are cooperatives owned by over 9,000 farmers in the region.

In Stuttgart, the farm bill has been a tremendous source of anxiety over the last year. For rice farmer Dow Brantley, the consequences are huge. Cuts to subsidy programs would take away his safety net and the risk of growing rice would become prohibitive, forcing him to turn his fields to corn or soybeans. "There's a lot of fear in the countryside," he said.

Brantley's family has been farming in Arkansas for 100 years, starting out as sharecroppers on a small plot. Today they own a 9,000-acre farm in Stuttgart. Rice is Brantley's highest-grossing crop, and a third of the farm's acreage is dedicated to paddy that he harvests and delivers to Riceland Foods, Stuttgart's largest mill.

Brantley's farm is a marvel of modern farming technology. Thirteen satellite-guided tractors level his fields to pancake flatness, extensive irrigation pipes stream water from aquifers deep in the ground, and crop-dusting planes drop fertilizer and pesticides throughout the growing season. It takes just three employees to monitor 3,000 acres of rice once the crop is planted.

Thanks to modern farms such as Brantley's, and the efficiency and scale of rice production in Arkansas, the United States has been a major player in the global rice trade since the 1970s. The country may only produce around [2 percent](#) of global output, but it is consistently among the top five [exporters](#)

in the world. Arkansas rice is eaten around the world — from Japan to Mexico to Turkey — and roughly half of the rice grown in the state is sold in [foreign markets](#). "People don't realize how much that plays into what we do here, this itty-bitty community in Arkansas," Brantley explained.

One early morning in June, I drove with Brantley around his farm as he checked the water levels in the verdant rice fields. He pointed out the irrigation pumps his dad invested in years ago and talked about his deep love for agriculture. But his mind was in Washington, D.C., where the Senate was debating the farm bill. The legislation was being [touted](#) by many politicians on both sides of the aisle as a fiscally responsible measure that would yield \$23 billion in savings for American taxpayers, but those savings were created in part by cutting a subsidy program known as "direct payments" — one that rice farmers in Arkansas have heavily relied on for years.

According to the Environmental Working Group, Arkansas farmers received [more than \\$2 billion](#) in direct payments from the federal government between 1995 and 2011, half of which was for rice production. Riceland Foods and Producers Rice Mill, the [first- and second-largest](#) recipients of federal subsidies in the state, received over [\\$868 million](#) in subsidies during the same period. The new proposal in the Senate's farm bill was a crop insurance program designed to protect farmers in the event of shortfalls in yield. But rice is an irrigated crop and not dependent on rain, meaning yields are consistent; rice farmers would stop getting direct payments and the crop insurance program would likely never pay out for them.

Just hours after Brantley toured his farm with me, the Senate [passed the bill](#) by a vote of 64 to 35. The House of Representatives' version, which includes a "price loss coverage" system to support growers in the event of falling rice prices, never made it to a vote.

"If you take away these direct payments and the domestic market does not make up the difference, odds are farmers are going to grow more soybeans and corn," explained Keith Glover, the president and CEO of Producers Rice Mill. "What remaining rice is grown will obviously be at a higher price, and we're going to be less competitive in the world market. Over the long haul, if we're less competitive that means less exports."

While this prospect is a bleak one for the domestic rice industry, others view it as a long-overdue change. For years, organizations from [Oxfam](#) to the [Cato Institute](#) have harshly criticized American rice subsidies for enabling the United States to dump its product in developing countries at depressed prices, making it difficult for small-scale farmers to export their own rice or compete in their local markets. As these critics see it, taxpayer dollars have inflated America's competitiveness in global markets while destroying agriculture sectors in countries from Ghana to Indonesia.

Perhaps the most devastating example of this trade distortion, critics say, is Haiti. Since 1995, when it dropped its import tariffs on rice from [50 to 3 percent](#) as part of a structural adjustment program run by the International Monetary Fund (IMF) and World Bank, Haiti has steadily increased its imports of rice from the north. Today it is the [fifth-largest](#) importer of American rice in the world despite having a population of just 10 million. Much of Haiti's rice comes from [Arkansas](#); each year, Riceland Foods and

Producers Rice Mill send millions of tons of rice down the Mississippi river on barges to New Orleans, where the rice is loaded onto container ships, taken to port in Haiti, and packaged as popular brands such as Tchaco or Mega Rice. Haiti today imports over [80 percent](#) of its rice from the United States, making it a critical market for farmers in Arkansas.

Development experts argue that while U.S. exports may feed people cheaply in the short run, they have exacerbated poverty and food insecurity over time, and subsidies are largely to blame. "The support that U.S. rice producers receive is a big factor in why they are a big player in the global rice market and the leading source of imported rice in Haiti," said Marc Cohen, a senior researcher on humanitarian policy and climate change at Oxfam America. "If governments that preached trade liberalization in Geneva would practice it — and that includes reducing domestic support measures that affect trade — if everything was on a level playing field, that would be very helpful to Haiti."

"You have a country which is 70 percent farmers and you're importing 60 to 70 percent of your food," added Regine Barjon, the marketing director of the Miami-based Haitian-American Chamber of Commerce, in reference to Haiti. The country may have 700,000 hectares of underutilized arable land, according to Barjon's estimate, but it nevertheless maintains chronic trade deficits and has levels of [food security](#) that are only slightly better than those of Somalia and the Democratic Republic of Congo.

Still, changes to U.S. farm subsidy policy could arguably destabilize Haiti's food security if American agricultural products can't be replaced by equally cheap imports or the country's farmers cannot increase their own

production. One ton of Haitian rice is around \$300 more expensive than American rice on the Haitian market, according to Haitian importers. If imports drop and prices rise, not only will there not be enough local product to feed the population, but it will likely be difficult for average Haitian citizens, 75 percent of whom live on [less than \\$2 a day](#), to afford the household staple. Keith Glover of Producers Rice Mill likened American rice in Haiti to a Wal-Mart in a small southern town. "It hurts some people there and it helps other people have more purchasing power," he said. "We are able to ship rice at a better price that gives the average family in Haiti more purchasing power." But in 2011, the World Food Program [reported](#) Haitians' purchasing power fell by 10 percent because of rising food prices and widespread unemployment, raising questions about whether the Wal-Mart model is what Haitians need to ensure the country's food security.

Others don't see food security as the goal, they want food sovereignty — Haitians feeding Haitians, like they used to. "When I was growing up, Haiti exported rice, sugar, coffee, beans, a lot of things," said Josette Perard, who runs an organization in Port-au-Prince called the Lambi Fund that funnels money for development to farmer collectives in the countryside. Like a lot of Haitians, the 72-year-old Perard is keenly aware of the history that has contributed to the dismal state of agriculture today — a reality that she says has its roots in Haiti's declaration of independence from France in 1804, when foreign nations refused to trade with a country run by former slaves. "The United States, the British, the French, the Spanish, and the Portuguese had slaves in their colonies," Perard explained. "They were afraid that Haiti would export its revolution."

Shut out of global markets, Haiti's farmers managed to survive, feeding the population and producing trade surpluses into the 20th century.

Throughout the 1970s, Haiti imported a mere [19 percent](#) of its food. The regimes of François Duvalier and his son Jean-Claude ("Baby Doc")

Duvalier had abysmal human rights records, but they largely [protected](#) farmers from foreign competition by instituting virtual bans on foreign food with tariffs that neared 100 percent. The country was self-sufficient when it came to rice production in part because Haitians only ate rice two or three times a week as part of a diverse diet that included corn and sorghum.

According to Perard and many others from an older generation, the country was better off nutritionally as well.

In the 1980s, Baby Doc initiated a period of economic liberalization as part of an effort to establish a thriving manufacturing- and export-based economy that would create jobs for a large and cheap labor force. For a time, this vision seemed manifest. According to Ernest Preeg, the U.S. Ambassador to Haiti from 1981 to 1983, the country had around 200 domestic and foreign manufacturing companies and was producing everything from baseballs to clothing to tomato sauce. "Haiti was just as far along as anyone else," said Preeg. "People came to Port-au-Prince to get jobs because it was a burgeoning export economy." Preeg wrote an article in 1984 in which he [echoed](#) the view of many others that Haiti could be the "Taiwan of the Caribbean."

A series of international trade embargos in the early 1990s — prompted by a military coup against President Jean-Bertrand Aristide — not only destroyed the country's business sector, but also depressed agriculture by cutting off imports of raw materials like fertilizer. When the embargo was [finally lifted](#)

in 1994, the IMF and World Bank stepped into the void and promoted structural adjustment programs aimed at setting the country's economy back on track. Among their conditions was lowering tariffs on food imports — a policy Haitian farmers now call *plan lanmo*, or the "death plan" in Creole. Soon after, President Clinton signed the Federal Agricultural Improvement and Reform Act of 1996, which shifted farm policy to direct payments for farmers. It was this legislation that Clinton dramatically apologized for in 2010.

Open markets, virtually no access to banks and credit, and a lack of private and public sector investment made it impossible for Haitian farmers to thrive. Today, most farmers have an income level of just [\\$400 per year](#) and they view the policies that brought them to this state as not just bad economics for Haitians, but also as an ongoing assault by foreigners on their cultural independence. "It was a campaign against Haitian culture," said Ferry Pierre-Charles, an agronomist with the Lambi Fund. "We have a lot of big white people here, but they are coming to take care of their own interests; they don't really care about local production."

Symeus Doval is one of [130,000](#) rice farmers in Haiti's rural Artibonite Valley in the north, and she remembers when she first started to see American rice in the market. "It was almost for free," she recalled while we sat on wooden stools in the crowded Croix Des Bossales market in Port-au-Prince. "Like a gift." Demand for the affordable new rice increased as poverty levels rose and Haitians grew dependent on the grain.

Today, Doval, who has been farming for five decades, grows her rice crop in much the same way that her parents did before her. She plants the one

hectare of paddy field she owns by hand, relying on rain and small irrigation canals to flood the crop. After the harvest, she dries the rice on cement slabs in the sun before processing it with a small mechanical mill. Then she brings her product to Croix Des Bossales, where it sometimes sells for twice as much as the American rice hawked in nearby stalls. "This rice is good for you," explained Doval. "People want to buy it but they don't have the money." To compete with American rice, she needs the resources to improve her crop and grow more of it. "We don't have money or credit so we can buy more equipment and seed," she said.

Doval isn't alone. In the Artibonite town of Petite-Rivière, members of a farming collective called AIM explained that between their 600 farmers, they lack a single tractor and the ability to sell their rice when markets are favorable. "We don't have financing," said Gilbert Meulus, a farmer and one of the leaders of AIM. "If we had that we could do better and not sell [our rice] to pay for school or the hospital."

International development organizations have begun to recognize the importance of agriculture in Haiti after decades of prioritizing other sectors and delivering food aid that [some say](#) only further depressed local markets. In recent months, the Inter-American Development Bank [approved](#) both a \$27 million [land tenure security project](#) and a \$15 million agricultural reform project. USAID made "[food and economic security](#)" one of its four "pillars" of development in Haiti following the country's 2010 earthquake, and the World Food Program is beginning to procure some of its food aid from [local sources](#) ([4 percent](#) of Haiti's rice imports come in the form of food aid).

But the key partner in implementing these programs is the Haitian government, which has a history of neglecting its peasant base and relying on foreign countries for [over half of its anemic budget](#). "Changes in U.S. farm policy will only promote agriculture development and food security if the government of Haiti adopts policies that put agriculture higher on the agenda," argued Regine Barjon of the Haitian-American Chamber of Commerce. "The [government] said they want to reduce Haiti's reliance on food imports by 25 percent over the next four years. In order to do that, they need money."

In June, one month after he assumed his role as Haiti's [minister of agriculture](#), natural resources, and rural development, Thomas Jacques met me at his ministry's temporary offices. The original ministry building — a stunning French colonial-looking behemoth — was damaged in the earthquake and stands empty, rubble still pouring through its front doors as though it were frozen in January 2010. Jacques explained that he had spent six years in the ministry focusing on the question of rice, and one of his first acts as minister in the coming months would be to create a rice commission made up of agronomists, government officials, and businessmen that would focus on increasing domestic production. Not only would the commission create technology "packages" for farmers, he added, but it would also consider raising import tariffs to protect the local market. "The main function is to make sure that the price of the product is accessible and people can afford it," Jacques said. "It's a balance of production and importation. It has to be a fair balance." He admitted that the ministry's paltry budget is a "big problem" standing in the way of his goal.

Most significantly, Jacques said that Haiti's rice importers would be part of the commission. The business is dominated by a handful of figures, some of whom have longstanding business relationships with mills in Arkansas. According to a 2010 USAID [report](#), a mere six importers control 70 percent of the import market and often exhibit rent-seeking behavior — seeking profits without creating new wealth — that can further exacerbate food insecurity in the country. It is arguably these importers that have the greatest interest in Haiti's dependence on imports, but they are also uniquely capable of making significant investments in local agriculture if they could be convinced that doing so would be profitable. Although a price-control commission for food commodities [was created](#) in September, there have been no reports of a rice production commission beginning its work.

One of Haiti's major rice importers is SAJ Holdings, which Steeve Khawly's father started in the early 1990s. At one time, the company represented about 10 percent of the rice import market in the country, according to Khawly, who now runs the business. Khawly said he believes importers cannot invest in Haitian agriculture without government leadership to offset the considerable risks. "Only the government can invest in irrigation and the rehabilitation of the land," he noted. "And if all those conditions were met, the importers can then say, 'I want to be part of the process. I'm going to invest in the industry myself since I already have the distribution.'"

Ten years ago, Khawly bought a rice mill in Guyana, disassembled it, and shipped it to Haiti. "When I realized there were 40,000 hectares of land in Haiti and not one single rice mill, I said there must be rice to process," he explained. But even with a monopoly on Haiti's only mill, he could not process and sell enough rice on the local market to make the endeavor

profitable. He was forced to disassemble the mill and ship it back to Guyana. In spite of this failure, Khawly still marvels at the possibilities. "If we were to do the same tonnage that the U.S. does per hectare, that would mean 160,000 tons of rice per season. Every six months, we could do it."

Some experts believe investment will have to come from abroad, possibly in the form of large U.S. companies who invest in entire value chains, from farms to processing plants. But the barriers to entry in Haiti are formidable, particularly with a government bureaucracy that is sometimes its own worst enemy. Four years ago, Carl Brothers, the vice president of marketing for Riceland Foods in Stuttgart, began to think of ways that the company could invest in Haiti's agriculture sector. "It's an important market to us, we value our relationship with the Haitian people," Brothers explained. "We met with the last two Haitian presidents and talked to them about how we could help."

Brothers said he believes rice is simply too expensive to grow in Haiti but felt that investments in corn or other fruits and vegetables could give Haitian farmers a competitive advantage. Despite Riceland's efforts, however, the company was unable to make progress. "Everyone gets ferved up and we call and call and call and can't get anyone to call back," Brothers recalled.

A congressional effort to scale back U.S. farm subsidies as part of a new farm bill could give Haiti a rare window of opportunity to begin growing its own food. But if the country does not move fast enough, it may simply shift its dependence from the United States to other countries. Last year, in what

may be a glimpse of things to come, Brazil moved over a million tons of rice onto the world market — including [thousands of tons of rice](#) into Haiti.

The stakes could not be higher for Haiti as it attempts to rebound from the 2010 earthquake, as well as decades of stagnant economic growth and political instability. Food sovereignty, a quaint and impractical idea to some, is fraught with symbolism in Haiti — a country where foreign NGOs are often more visible than the national government and U.N. peacekeeping forces are in their ninth year patrolling the streets. "We are losing our identity," said Josette Perard, the nonprofit chief in Port-au-Prince. "When your belly is in the hand of the foreigner, you lose your respect. And people want to regain their self-respect."

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