



Floating anti-supply management messages

IN HIS MAY 29TH speech to the Canadian Chamber of Commerce, International Trade Minister Ed Fast announced the Conservative government's newly-minted advisory panel to "craft a new global commerce strategy" that will guide Canada's trade priorities in upcoming deals with the European Union, India, China and the Trans-Pacific Partnership bloc of Asia-Pacific nations.

Within hours, newspapers across Canada, under the banner Feds launch panel to help develop its global commerce strategy, touted the warning by panel member John Manley that Canada must "begin planning for a transition from supply management".

Manley, a former federal trade minister and now CEO of Canadian Council of Chief Executives, is quoted as saying it is "very much in the national interest" to grow out of the antiquated supply-management system that the

Watch for the end of supply management to continue to be predicted over the course of the summer

article says "has become an impediment to our expanding trade interests in our own region and elsewhere."

The article continues: "...the 40-year-old Canadian supply-management system protects fewer than 20,000 dairy and poultry farmers, handing them production quotas and shielding them with a tariff wall in a system that ultimately forces Canadians to pay inflated prices for products like milk, cheese, chicken and eggs. Manley and

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others on the advisory panel have cautioned that supply management remains an obstacle to Canada joining the TPP, which is viewed by many observers as potentially surpassing the North American Free Trade Agreement in economic importance."

In the upcoming months, expect to see an increasing number of similar "floaters" surfacing in the mainstream media criticizing supply management. Planted by spin doctors and ideologues frozen at the altar of the (clearly dead) "free market", floaters are set loose to muddy the waters/confuse the public when Ottawa is about to dump on the interests of Canadians – in this case farmers.

It is urgently important that such nonsense be vigorously rebutted in ways that are easily accessed and understood by Canadians. Otherwise, in the one-two punch world of federal politics, supply management will be an early sacrifice as Ottawa's pursues the Trans Pacific Partnership and other trade deals at the expense of food security and the sustainable future of Canada's farmers.

Simplistic critics of supply management – I began my career as one; it took six years to "get it" (Confessions of an economist, WDF, July/August 2008; www.theholmteam.ca/Columns.html) hammer on three quite worn and flaccid drums: price, quota and access.

Price: Because fair prices to farmers are legislated under supply management, critics argue this results in higher consumer prices. Wrong on several counts. Retail prices for dairy products are highly competitive and have on average been lower than in the United States for the past decade (Canadian Parliamentary Review, Autumn 2008).

Further, the farmer's share of the retail dollar is only a small part of the price paid by consumers (a \$2 glass of milk sold puts 21 cents in the farmer's pocket; a \$18.50 cheese pizza 69 cents).

Moreover, in Canada's concentrated processing and retail sectors (where the top three firms dominate 75 per cent in processing and 60 per cent in retail, of the market) any drop in farm gate prices is not likely to benefit consumers.

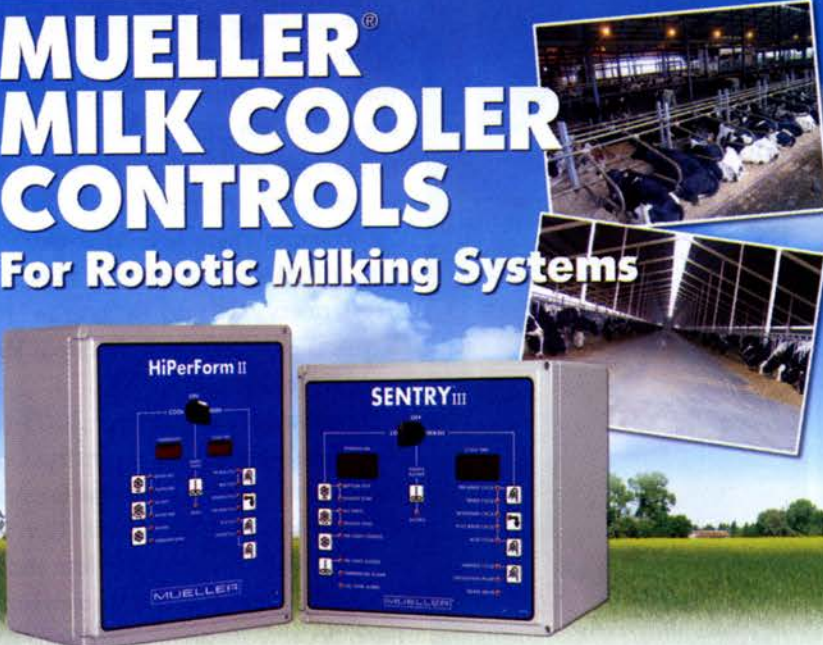
In fact, experience in England and New Zealand has proven quite the opposite: in both countries, dismantling of supply

management resulted in lower prices to farmers and higher prices to consumers. Today, New Zealand consumers pay higher retail milk prices than Canadians while their farmers receive less.

Quota: Because supply management has resulted in a stable farm sector, the right to participate (quota) takes on a value. The amount farmers invest in

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quota is a measure of the viability and profitability of efficient family farms in Canada. If the family farm is no longer profitable, the Canadian dairy sector will soon resemble that of the US, where large operations milk 15,000 cows daily and 1,000 to 5,000 cow herds are common.

Access: The argument that young farmers entering supply-managed sectors face high start up costs is valid, however this again reflects the stability of the sector. (If farmers were losing their shirts it would be cheap to buy-in, but what's the point?) Provincial associations are working hard to reduce entry barriers to young farmers. In Ontario, for example, there is a "new entrance with assistance" lottery that allows 10 new farmers each year to "borrow" (for 5 years) some of the milk quota they need to get started.

The financial meltdown of 2008 demands we rethink how we construct and run our economy to serve the interests of communities, not capital. Like the emperor's new clothes, globalism and its attendant neo-conservative constructs have become embarrassingly transparent. 2012's International Year of the Cooperatives could not have come at a better time. With capitalism unmasked and its faults and foibles exposed, co-operatives are again being recognized as credible and sustainable economic engines with the power to engage, empower and transform communities.

Supply management is, by its very nature, cooperative - in spirit if not in law. Under federal legislation, producers agree to cooperate to share markets, establish fair prices, maintain quality standards, support advertising, promotion and market research, liaise with Ottawa on policy matters, and monitor the performance of border and trade mechanisms necessary to protect and serve domestic markets.

Supply management ensures Canadian

farmers can sustainably offer a quality product to Canadian consumers at a price that is fair to both. This in turn serves and protects the interests of Canadian communities. If supply management is sacrificed to the trade dictates of those who would displace the production of Canadian cows with cheap imported milk derivatives, we all loose.

If supply management falls, Canadians need but glance to the south to see what will happen next. In the space of only one generation, under the pressures of globalization and sectoral concentration, the number of American dairy farms dropped from 648,000 to 75,000 (1970 - 2006). On the eve of the TPP, vigorous defense of supply management cannot be left to Ottawa lobbyists. The stakes are too high and the messengers ineffective: a dialogue only occurs when both parties listen.

On May 22, 2012 the Quebec government, in an attempt to quell mounting student protests against tuition hikes, enacted Law 78 criminalizing all "unapproved" marches or gatherings of more than 50 people. Instead, it had quite the opposite effect. Days later, some 400,000 outraged Quebecers took to the streets banging pots and pans in cacophonous protest. Common to Argentina, Chile and Uruguay, Canada's new Cacerolazos (casserole) brigades have attracted the international media and prompted solidarity protests in campuses across Canada and into the US.

As the most important cornerstone of Canadian farm policy, supply management warrants a similarly vigorous defense. Send this column to your local paper. Share it with your networks - twilight meetings, churches, Women's Institutes, your local co-op. Bring out the pots and pans. It's about the rights of farmers and the future of Canadian agriculture. **D**