

One potato, two potatoes: the new ag economics.

June 1998 Column, Country Life in B.C.

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As an Agrologist who has taken an increasingly public role in the discussion of farm policy in this province, I was particularly pleased to be asked by the B.C. Ministry of Finance and Corporate Relations to address the Premier's Economic Summit on the concerns facing B.C.'s farm sector.

Water. Air. Land. And the power of human capital to transform these elements. To conserve or to waste. To squander or to sustain.

A decade ago, it was I who raised the issue of water's inclusion in the trade agreement. And the problems which this would engender for future generations. Who most certainly will have to deal with the spectre of thirsty buyers knocking at our door saying "we want to buy some too."

A few weeks ago, when the story of the Ontario firm who secured an export license to draw tankers of water from the Great Lakes for sale to offshore buyers made the news, I received a flurry of calls from the media.

It was, of course, amusing for me to read Andrew Coyne's column in the Vancouver Sun that week saying precisely what I was saying in 1987. What is now so credible, so "matter-of-fact" seemed at the time quite unbelievable to many Canadians.

It was also amusing to see Axworthy and others running around trying to "see if we can stop it" by "putting in place a Canadian law banning exports." (Let's all watch how the Americans react to that one... can we say "nullification and impairment"?) And I am quite pleased to see Canada invite the Americans to join them in asking the International Joint Commission for a ruling. (Despite the fact that a similar request to the IJC from all of BC's commodity groups for a ruling on downstream benefits to American farmers under the Columbia Treaty went unheeded... Pity...)

And so, when asked to speak on water over the past few weeks, I have politely refused. Its done. Its over. There's little percentage in weeping and gnashing of teeth. Farmers are the endangered species now. And its sustainable farm stewardship that I want to speak about.

But first, a quickie on economics. And the physics of capital. And the role of the State.

There is nothing particularly complex about economics. It is intuitive, really. If I were to pour a glass of water down a bumpy surface, every reader of this column would know, if they were watching this occur, how the water would move in response to the bumps and hollows of the surface as it made its way down to its base. Not because you necessarily understand the particular molecular properties of the water and the surface it is passing over, but because you understand that water will respond immutably (fully predictably) to certain principles of gravity and form. We know that water, when it is spread across the landscape in fine tributaries, is nurturing and productive through irrigation. We also know (if in doubt, watch any two raindrops running down a window pane) that left to its own devices, water tends to draw to itself. When it does, it increases in velocity and force, at times becoming difficult to control and destructive.

Capital too responds to similar and equally immutable rules. When it is spread out evenly across society (in fine tributaries) we have a strong middle class and economic growth. When it draws to itself, it leaves vast arid areas of the economy. In great, swollen rivers it is destructive and costly.

The role of the state is to create the small, run of the river dams to ensure that capital — as it moves through our economy — spreads out and backs up into those fine tributaries to ensure a productive

economy and a strong middle class so that when society gets to the medium term, it is as it should look: healthy and secure and bountiful.

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It should come as no surprise that farming is not going to be here in ten years time unless we fundamentally rethink how we "do" agriculture in this province.

The B.C. Fruit Growers Report shows how the rest of the world values — through the payment of Green Subsidies — the benefits which sustainable farming returns to the community.

The Kyoto Agreement of Greenhouse Gas Emission Reductions recognizes the importance of sustainable agriculture as a carbon sink.

Other jurisdictions (including at least three US states) are shifting tax systems towards a Green Tax which supports sustainably produced goods. The fruit growers' report calls on the government to develop a Foot Print Tax — a graduated tax developed initially at the fresh food level but eventually applicable to all goods such that items produced sustainably get a small footprint (no tax), with the footprint increasing to medium and then large (some tax, more tax) as sustainability (economic, social, cultural) is lost in its production, processing and distribution. And so the consumer seeks out the sustainably-produced (BC) product. Because it has no tax. And its all perfectly legitimate under the WTO.

As former Chair of the Board of Trustees of Ethical Funds Ltd., I know first hand that it is possible to develop a set of screens to assign sustainability footprint values to goods. Giving consumers the choice coincident with sending them the price signals to reinforce decisions in their long term, beneficial interest is such a lovely ethical/economic pirouette - using the market to discipline the market... What a clever idea. And it could be ours. A gift from an enlightened province (ours) to a deserving world (our children's)...

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Consumers are always going to be faced with the "one potato, two potato" dilemma. One potato — produced by BC farmers using sustainable farm management practices on high cost land under stringent environmental regulations and paying fair wages — puts many benefits on society's plate beyond the simple potato. The other — produced on a 1000 acre spud farm with more chemicals and less environmental regulations paying migrant wages and transported 500 miles to market - is clearly the more expensive choice when all factors are considered. But the consumer doesn't see it that way. It is the role of public policy to devise another way to pay the farmer producing the "sustainable" potato for all the other goodies he/she puts on society's plate. If not, the farmer, like Canada's sovereignty over our water resources, will be gone in a blink.

So many good ideas. So little time.