

# Preserving independence.

## October 2001 Column, Country Life in B.C.

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Over the past several months, a flock of MP's and Senators (The Prime Minister's Caucus Task Force on Future Opportunities for Farming) have been traveling across Canada to "consult with and learn from farmers, processors and other stakeholders and experts in studying and assessing the long term opportunities and challenges facing the farm community."

The recipe for good farm policy isn't rocket science: good soils, climate and water, solid research and extension support, accurate and timely market information and skilled and independent farmers. Mix it all together with a dash of good public policy (because delivering communities safely to the medium term is the responsibility of government not markets) and you get a vibrant farm sector that can turn on a dime competitively and farm sustainably and profitably. For a long time to come.

The keyword? INDEPENDENT. The other stuff is easy. Canada \*used\* to be a leader in farm research and extension, political will can make us one again. Canada is blessed with some of the finest agricultural soils, climate and irrigation capacity (if Chretien has the cajones to demand an exemption for water under the NAFTA) in the world. Farmer-friendly market statistics is easy stuff to deliver. Canada's farmers are amongst the most skilled in the world. Independence is not so easy. But independence is the key that will make the rest of the ingredients work. Or not.

Think of independence as the yeast; the catalyst that lets farmers take good soil, climate, water, research, extension and market information and make sustainable farm management decisions.

What does independence look like? In general, calling the shots to and from the farm-gate. The ability to decide who you will buy from (suppliers) and who you will sell to (processors/buyers). The ability to decide where and when to add value. The ability to decide how and what you will farm.

### THE PROBLEM? AGRI-FOOD INDUSTRY CONCENTRATION!

Problem is, most farmers presently face oligopolies on the input side and oligopsonies on the sell side. Governments have failed to keep agri-food markets competitive and consequently there are HUGE barriers to entry and high economic rents (profits) extracted by concentrated market players pre and post farm-gate. Its not the fault of capital. This is simply what capital does. A farmer bound up in a monoculture contract with "Moe or Joe" has little breathing room at the end of the year. Too broke to quit is a sorry excuse to get up in the morning. Without independence, without the sustained ability to look out over your land and with confidence, experience and commitment make the best farm decisions, it all goes teats up.

### TWO CHOICES

Two simple choices. Fly fully in the face of Pac-Man globalization and restore competition (small, healthy, local competitors who vie for farmers' business) to the agri-food sector so farmers have a chance to capture back the financial margins that appropriately accrue to the sustainable producers of our food. Or find a way to get creative with subsidies to ensure that farmers are appropriately paid for their stewardship skills.

Economists call stewardship a "market externality" because it has an obvious value to society but there is no transaction market to generate cash to the farmer in exchange for undertaking it. It is now government's job to design subsidies that pay farmers for their stewardship, with its value pegged to the medium term. (For example: "Here's what would likely happen to this land/water/airshed/community/drainage basin/ecosystem if you didn't farm it. Measure society's loss 15 years out and pay the farmer on an annual basis today for protecting it in perpetuity.)

It's not rocket science. It's green under WTO. And it's something that most of Canada's trading partners seem to have gotten the hang of, putting Canada behind the competitive eight ball.

It will come as no surprise to farmers that the situation has gotten dramatically worse for Canadian farmers as compared with their global counterparts. During the past decade, according to the OECD's latest (2001) report on Agricultural Policies in OECD Countries:

- PER CAPITA fiscal support for Canadian agriculture declined by close to 40% and now falls 45% below average OECD support levels. During this same period, per capita support to American farmers increased by 22% and now exceeds average OECD support levels by 14%. Canadian farmers now receive 55% lower levels of per capita support than do their American counterparts.
- PER HECTARE support for Canadian agriculture has declined by 32% and now falls 74% below average OECD support levels. During this same period, per hectare support to American Farmers increased by 22%. Canadian farmers now receive 58% lower levels of per hectare support than do their American counterparts. Per hectare support to Canadian farmers is amongst the lowest of all the OECD countries. Per hectare support to Canadian farmers is roughly equivalent to that received by farmers in Mexico.
- As a PROPORTION OF GROSS FARM RECEIPTS, support to Canadian producers declined by 45%. During this same period, support to American farmers decreased by only 8%. Canadian farmers now receive 22% lower levels of support as a proportion of farm gate sales than do their American counterparts. Canadian farmers receive 50% less support as a proportion of farm gate receipts than the OECD average.
- Canadians pay a smaller proportion of their consumer dollar on food than any other nation of the world other than the US.

#### ESSENTIAL PLANKS IN A CANADIAN FOOD STRATEGY

The following are essential planks in any Canadian farm strategy:

- Restore funding for agricultural research and extension to a world class level.
- Enact legislation to entrench and enhance farmers beneficial and sustainable rights of access to soil, climate and water.
- Design and implement a farmer-friendly (touch screen) market data access system that wins global awards.
- Develop and implement creative new-age subsidy programs that key on Canada's stewardship leadership and provide a level of support that ensures our farm sector can continue to deliver the medium term with dignity, security and certainty.
- Particular emphasis must be placed on ensuring that Canada's farm sector quickly evolves to one characterized by independence, optimism and competitiveness.
- Models which combine competition and cooperation (e.g. University of Bologna, Italy) should be studied to determine strategic directions for Canadian agriculture.
- Given the events of September 11, domestic food security must become a policy priority.

PUT YOUR TWO CENTS IN

The Prime Minister's Caucus Task Force on Future Opportunities for Farming visited BC in September. In the event that you were not invited to give \*your\* thoughts to the PM's policy SWAT squad, consider dropping them a personal note, perhaps attached to this column. Their fax number is 613-996-2551. Or, if you prefer, mail your comments directly to Prime Minister Jean Chretien, Prime Minister's Caucus Task Force on Future Opportunities for Farming, Ottawa, Ontario, Canada.

Consider also sending this column to your local paper (electronic copies available from [holm@pinc.com](mailto:holm@pinc.com)) and to your local politicians - federal, provincial and municipal. Tell them good farm policy ain't rocket science. It's just plain common sense. And time is quickly running out.