



Deconstructing Martha...

The assaults on supply management suffer from problems of accuracy and an adherence to ideology rather than fact

HERE WE ARE IN the thick of it. There seems no end to the neo-conservative gurus crawling out of the woodwork to denounce supply management. Problem is, they know sweet fanny apple about it. Not that this stops any of them.

In late June, two reports on the evils of supply management hit the streets: one by Martha Hall-Findlay, failed Liberal candidate now writing for the University of Calgary's School of Public Policy, the other from Macdonald-Laurier Institute, Ottawa. The latter regurgitates neoclassical economic arguments with no substantiation.

The former received the most attention, largely because Martha Hall Findlay grabbed the spotlight by saying "Canadians are forced to pay almost three times as much for four litres of whole milk as Americans."

Martha is stunningly wrong about this. Why? To support her position, Martha needed price data but had a problem.

The US consumer price index tracks the retail price of a four-litre pouch of whole milk - the size preferred by consumers. But while 80 per cent of milk consumed in Canada is purchased in four litre pouches, Statistics Canada tracks the price of a one-litre container.

As anyone who has ever set foot in a supermarket to can attest, it is much cheaper to buy your milk in 4 litre pouches. This packaging/pricing strategy is set by processors and retailers, not farmers.

Did this thorny little data incompatibility stop our Martha? Not on your life. She simply took the price of a one-litre container and multiplied by four.

Pointing out that in March of this year, 4 litres of milk cost



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\$3.68 in the US and four one litre containers cost \$9.60 in Canada, Hall-Findlay concludes from this that Canadians are paying \$5.92 more per four-litre pouch of milk; or \$1.50 more a litre.

"Canadians will pay close to \$300 a year more than they should, just for their milk!" she crowed. "The system needs to go!"

It's simplistic analysis that needs to go: when a Canadian 4-litre pouch is correctly priced, the difference between the two markets is closer to 15 cents a litre - perhaps amounting to an additional \$35 a year for a family of three. That's a magnitude 10 error.

Furthermore, the Canadian milk that in March cost 15 cents more a litre had not one penny of government subsidy attached. Every litre of milk sold in the US costs American taxpayers 31 cents in subsidy.

Hall-Findlay goes on to say that under supply management "farmers are barred from taking advantage of the opportunities and efficiencies a truly free market affords".

More simplistic rubbish. Without the market authority of supply management, Canada's farmers would indeed "enjoy" the same situation facing farmers internationally: boom and bust production cycles, wildly fluctuating prices and low farm returns. In 2008, 98 per cent of milk produced around the world was not receiving sufficient returns to cover production costs.

Today, Australian farmers are saying no to demands by processors to boost production for derivative export markets because they can't cover costs. Farmers in the UK are circling the tractors over recent cuts to prices that are already below costs. In the US, four per cent of the dairy farmers produce 52 per cent of the milk; 40 per cent of farms milk over 1,000 cows a day.

Hall Findlay spends the rest of her report analyzing - on a riding by riding basis - why it's safe for politicians to bash supply management and jump onto her (presumably Liberal leadership) bandwagon. "There are now few, if any, ridings where dairy votes could plausibly swing elections" she argues. Votes over cows.

How crass. And how absurd. Why not say: let's dismantle health care policies, the number of doctors per riding is insignificant.

The problem is, such dreck is slavishly regurgitated by right wing columnists and pundits who worship at the alter of globalization and understand nothing of food policy.

As parents, we tell our children all the time that when faced with something that could harm them (drugs, people, acts) they should just say no. It's time we took our own advice.

Canada's cows and chickens, turkeys and hens need to mount an unprecedented offensive to preserve the benefits of supply management, benefits that add stability, sustainability and sovereignty Canada's food system. Benefits that make the food we eat safe, local, and ethically produced. Benefits that extend to the sustainable working of the land and respect for the environment. Benefits that support local families and put local dollars into the economy. Benefits that arise from leading edge, best practices farm policy. Benefits that cannot be recaptured once they are gone.

As happened following our recent appearance on CBC's Lang and O'Leary, I again challenge you to a debate on this issue Martha. You've got it wrong. Canadians deserve the truth. Our future as a food sovereign nation depends on it.

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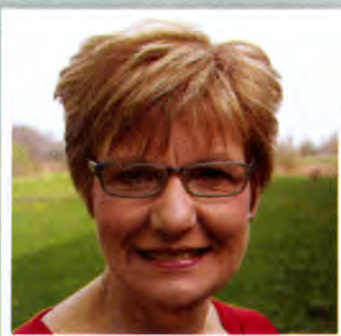
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