

# **The Politics of Agricultural Policymaking**

by

Kerri L. Holland

A Thesis submitted to the Faculty of Graduate Studies of  
The University of Manitoba  
in partial fulfilment of the requirements of the degree of

**MASTER OF ARTS**

Department of Political Studies

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## Abstract

Over the last couple of decades, the agricultural industry in Canada has struggled with international and domestic pressures to the point that many sectors are experiencing a clear crisis. The present state of Canadian agriculture is the accumulation of many factors, some of which include low commodity prices, increasing input costs, international trade bans, disasters caused by weather, and ineffective government policies. Governments, at both the provincial and federal level, have been unable to enact policy measures that facilitate the conditions needed for stability and prosperity for the agricultural industry. Government policy has largely been reactive, short-term oriented, and lacking a coherent vision.

This thesis examines the 'politics' of agricultural policymaking, which encompasses both the characteristics of the political system and the nature of relationships between policy actors, in the domestic and international context. This research provides an analysis of the extent to which the interconnection between the political system and the policy network has ultimately affected the quality of policy created for the agricultural industry. In addition, the analysis provides a detailed comparison between the Canadian and American political systems to illustrate the impact of the political system on policy development. It is anticipated that by better understanding the capacity of the Canadian political system and the policy actors that operate within its framework, that more innovative and long-term strategies can be realized.

This thesis also examines the international context of Canadian agriculture and details some of the pressures placed on policymakers and the industry. The final chapters of this research paper discuss the significance of the agricultural industry within Canada, and outline a number of manageable steps that can be taken to enable better and more effective policymaking for the Canadian agricultural industry.

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**List of Abbreviations**

- AMI-** American Meat Institute
- APF-** Agricultural Policy Framework
- BSE-** Bovine Spongiform Encephalopathy
- CAIS-** Canadian Agricultural Income Stabilization program
- CFA-** Canadian Federation of Agriculture
- Crow-** Crow's Nest Pass Agreement
- DM-** Deputy Minister
- E.U.-** European Union
- FTA-** Free Trade Agreement
- GDP-** Gross Domestic Product
- GRIP-** Gross Revenue Insurance Program
- ILO-** Intensive Livestock Operation
- KAP-** Keystone Agricultural Producers
- MLA-** Member of the Legislative Assembly
- MP-** Member of Parliament
- NAFTA-** North American Free Trade Agreement
- NFU-** National Farmers' Union
- OECD-** Organization for Economic Cooperation and Development
- UPA-** Union des Producteurs Agricoles
- U.S.-** United States
- WTO-** World Trade Organization

## **Introduction**

Over the last couple of decades, the agricultural industry in Canada has struggled with international and domestic pressures to the point that many sectors are experiencing a clear crisis. The political actions and policy responses of the federal and provincial governments have significantly altered the state of agriculture in Canada. However, the majority of academic research on Canadian agricultural policy has given little consideration to the political factors involved with its creation and implementation. While economics and other forces in the policy environment help shape, and are themselves affected by agricultural policy, it is also essential to consider how the political system's characteristics affect policy development, the roles of the various institutions and interests involved, and the policy outcomes that the system produces. This thesis will examine these impacts on the Canadian agricultural industry.

The 'politics' of agricultural policy encompasses two main components. The first is the structural and procedural institutions and processes in the Canadian political system, which establish how policy is created and implemented. The second focuses on the networks of relationships that exist among major contributors to the policymaking process, including politicians, bureaucrats, stakeholders (farmers and agri-business), the media, and consumers, who all have major roles to play in the process and varying degrees of influence over each other's actions. In addition to identifying each source and the power they hold, we must in turn consider the political system that sets the framework, and influences how each group operates and the degree of power they exercise.

This thesis examines our political system and its ability to provide an environment that encourages the development and subsequent success of federal/provincial agriculture policies. As the primary focus of this thesis is the process of agricultural policymaking, any assessment of the substance of government policies will be limited in scope. In the past decade, Canadian producers have witnessed the collapse of international trade markets for certain agricultural products. While markets and trade disputes are hard to predict, they often expose weaknesses in a nation's political system regarding its ability to adequately plan for, and respond to the challenges faced by the agricultural sector. In Canada's current state, governments, at all levels, are setting short-term agendas. There are many reasons that government has become more reactive than proactive. This paper will address how the political system and the major actors in the policy process have contributed to a lack of foresight and incremental approaches to agricultural policymaking.

*The first chapter* will set the foundation of this paper by clearly defining what Canadian agricultural policy entails, discussing its constitutional jurisdiction, as well as establishing a set of goals that policymakers should set as objectives, and measure their success by. Furthermore, the current state of Canadian agriculture will also be addressed by detailing recent trends in levels of income and debt being faced by primary producers. The first chapter of this thesis will lay a framework for following chapters to build and expand upon.

*The second chapter* of the thesis will focus on two areas: the Canadian political system and the major contributors to agricultural policy that operate within its framework. Given the scope of the analysis, this is the longest chapter in the thesis and

comprises a substantial part of the integrating theme that agricultural policy is lacking in long-term vision.

The first section of this chapter will analyze how structural and procedural elements of the Canadian political system affect the quality of agricultural policy being produced. To expose some of the weaknesses of our system, this chapter will present a comparative analysis with the American political system. The United States has often been recognized as having one of the best political systems in the world for the development of effective agricultural policy.<sup>1</sup> Therefore, the comparative analysis will attempt to illustrate the impact that a political system has on policy development. It is with this understanding that potential solutions for better policymaking can be identified and evaluated. The comparison will examine the style of government, characteristics of the political system, the role of the Senate, and the nature of the federal system. By examining these particular aspects of the political system, it will demonstrate how the American system facilitates conditions that lend themselves to a more sustainable agricultural industry. The systematic comparison with the United States' political system will be confined to this one particular chapter but additional comparisons may be discussed throughout the thesis.

The second half of the chapter will discuss the policy network and detail the roles of the 'major players' in agricultural policy development. The section will analyze how the different levels of government and their officials, elected and non-elected, are obviously in the best position to shape policy direction through programs and legislation. Furthermore, it will examine the extent to which lobby groups, the media, and consumers, are able to exert influence over the political process. This chapter will

illustrate the interrelationships among the various actors who form the agricultural policy network. By examining these major contributors to the political process, it will unveil how the political system determines the amount of influence each contributor has and how this hinders or contributes to policy creation.

*The third chapter* will provide a discussion of the international context of Canadian agriculture and more specifically, how international pressures affect domestic policymaking. This chapter will make use of recent case studies to illustrate these challenges to the agricultural industry and Canadian policymakers.

*The fourth chapter* will briefly outline the importance of effective agricultural policy within Canada and demonstrate why more long-term goals will lead to more stability and benefit the entire Canadian population. This section of the thesis will use statistics to demonstrate how the benefits of a stable agricultural economy would be widespread. Based on this analysis it will become clear as to why long-term progressive policies are needed and how our political system must create a policy system that supports the definition and successful pursuit of long-range objectives.

*The fifth chapter* will explore possible steps that would enable better and more effective policy to be created, in an effort to achieve more stability within the Canadian agricultural industry. Together, these proposals will provide viable solutions to ensure that Canadian agricultural policy is of higher quality and is more effective in the long-term for the industry and its producers.

*The sixth chapter* will draw together the main arguments of the paper and state final conclusions of the research.

## **Methodology**

As research on agricultural policy is lacking in the political science field, the synthesis of a wide variety of sources is required. The research foundation will be based on the information gathered from secondary sources, including books, scholarly journals, newspaper articles, government publications, case studies, and various online sources. This literature review will provide the required framework necessary for the inclusion of primary sources. The primary sources will include, but are not limited to, personal interviews, statistical analyses, and government reports. Regarding the interviews, a total of four individuals were interviewed using a qualitative, elite interview approach, which allowed the respondents considerable freedom to offer their perceptions and interpretations of the agricultural policy process. The interviewees represented backgrounds in politics, farm organizations, the bureaucracy, the media, etc. Each interview lasted approximately 1-2 hours and all respondents agreed to be quoted within the context of this thesis. The list of individuals that were interviewed can be found in the bibliography section.

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<sup>1</sup> Andrew Schmitz, Hartley Furtan, and Katherine Baylis. *Agricultural Policy, Agribusiness, and Rent-Seeking Behaviour* (Toronto: University of Toronto Press. 2002) 25.

## **Chapter One: Canadian Agricultural Policymaking and the Current State of the Agricultural Industry**

To develop a clear understanding of how agricultural policy is developed, we must first determine the constitutional responsibility, define what public policymaking entails, and establish a set of goals that policymakers should be committed to achieving. It is also essential that the current state of the Canadian agricultural industry be explored to fully appreciate why better policymaking is needed.

### **Constitutional Jurisdiction for Agriculture**

The distribution of political responsibility and powers within Canada is set out in the *Constitution Act, 1867*. Specifically, Section 91 outlines federal powers, and Section 92 outlines the powers entrusted to provincial legislatures, with each level of government supreme in its respective area. Agriculture is one area that is defined in Section 95, as a joint responsibility within Canada's federal arrangement, which means that both levels of government have some constitutional authority over policymaking. As outlined in Section VI of the *Constitution Act, 1867*,

“In each Province the Legislature may make Laws in relation to Agriculture in the Province, and to Immigration into the Province; and it is hereby declared that the Parliament of Canada may from Time to Time make Laws in relation to Agriculture in all or any of the Provinces, and to Immigration into all or any of the Provinces; and any Law of the Legislature of a Province relative to Agriculture or to Immigration shall have effect in and for the Province as long and as far only as it is not repugnant to any Act of the Parliament of Canada”.<sup>1</sup>

It is important to understand that policy lines often intersect as both levels of government work together to achieve shared or similar policy goals. As agriculture is a joint responsibility of the federal and provincial governments, the political decisions that are

made by both levels of jurisdiction establish the overall picture of what constitutes agricultural policy in Canada.

### **Agricultural Policy**

Public policy is a general term that refers to a set of interrelated decisions in a particular area of government jurisdiction. The precise definition of 'public policy' varies among academics. In *Studying Public Policy*, Michael Howlett explains the merit of Thomas Dye's definition that appeared in the 1972 publication, *Understanding Public Policy*, which interpreted 'public policy' as the collective action or inaction taken by government in a given area of public interest.<sup>2</sup> Howlett notes that this definition entails two key components: it identifies government as the principle agent of public policy, and it implies that government has a fundamental choice to act or not act.<sup>3</sup> As such, it is the role of government to set direction, implement legislation, and develop general policy objectives. The result of this role is a framework for programs and regulations that work towards achieving set goals in a given area.

Agricultural policy refers to the legislation, regulations, programming, and government support for an industry that is defined as the "science, art, and business of cultivating soil, producing crops, and raising of livestock".<sup>4</sup> The Canadian Federation of Agriculture (CFA) has identified the five major agricultural production sectors in Canada based on the greatest amounts of farm cash receipts<sup>5</sup> for the year 2005. In precedence they are: Grains and oilseeds (34%); red meats (27%); dairy (12%); horticulture (9%); and poultry and egg production (8%).<sup>6</sup> The dairy, poultry, and egg sectors are oriented towards the domestic market and are regulated by a supply-managed system. The

research presented in this thesis will primarily focus on the grains, oilseed, and red meat sectors, which have both a domestic and export orientation.

### **Goals of Agricultural Policy**

Agriculture is such a diverse industry that it is crucial to identify and clarify general goals so that the aims or purposes of policy can find expression in legislation, spending, regulations, and administrative activities. General objectives include: the fostering of opportunities in our rural areas, the long-term stability of the industry, management and development of future market potential, the maintenance of a safe and quality food supply, environmental protection, and the humane and responsible treatment of livestock animals. If these goals are pursued in a consistent and coordinated manner it will help to build a strong agricultural industry, strong rural communities, and a strong Canadian economy. Goals and sustainable direction must be supported with political will, leadership, vision, commitment, and effective management of policies and programs.

The goals of agricultural policy all are cumulative towards a larger objective, which is the sustainability of the sector and its producers. Sustainability is a general term but in essence means how the agri-food system can meet society's need for safe and nutritious food, while conserving natural resources, and ensuring economic viability for producers.<sup>7</sup> For that reason, it is best to view sustainability in terms of goals, objectives, and indicators.

### **Current State of the Canadian Agricultural Industry**

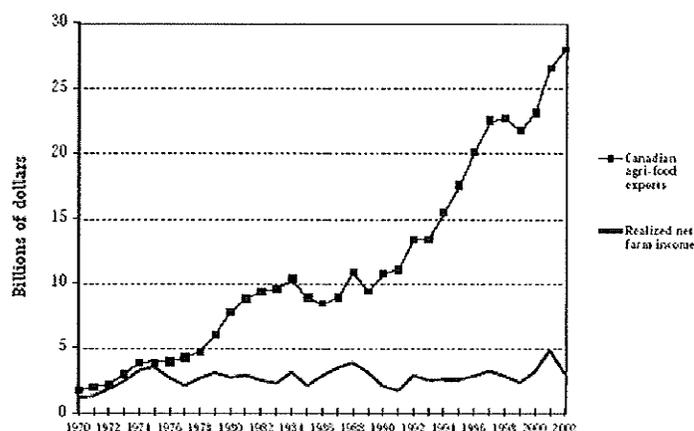
The concept of what is a 'crisis' often lacks a clear and concise definition. Kenneth Bessant, a professor of rural development at Brandon University, explains the many conceptual issues surrounding what is termed a 'crisis': one being whether it is

objective (empirical, factual) or subjective (perceptual, interpretative).<sup>8</sup> Furthermore, while the struggle of the Canadian agricultural industry is based on economic and social indicators, the reference to 'crisis' is primarily subjective as there is no empirical measurement to define what is, or what is not, a crisis. Academic P.R. Brass explains that a crisis situation commonly exists when the following conditions are present: 1) it is perceived "to have reality" by someone or some group; 2) is defined so as to convince others (not directly involved) of its authenticity; 3) involves a real or implied threat of a major loss or an unwanted change; and 4) conveys a need for some type of response.<sup>9</sup> Brass' conditions are all present in the current state of Canadian agriculture.

The crisis being felt in the agricultural industry is not the product of any given year, but rather has been gradually building to the point that income levels are at records lows, debt levels are threatening the stability of the industry, the farm population<sup>10</sup> is dramatically declining, and farms are becoming increasingly capital intensive and consolidated in the hopes that producing more will result in improved financial returns. If we measure sustainability in terms of indicators, the agricultural industry in Canada is clearly struggling regardless of the increased levels of commodities being produced.

As illustrated in Figure 1.1, since the early 1970s, Canadian farmers have consistently produced greater amounts of product that is exported to other countries. However, while the wealth that was created from these exports for the national and provincial governments increased over 1,400% to nearly \$30 billion between 1970 and 2002, the real net income<sup>11</sup> of Canadian farmers unfortunately remained stagnant during this same period.<sup>12</sup>

Figure 1: Canadian agri-food exports and realized net farm income: 1970-2002



Sources: Statistics Canada Cat. No. 21-603E; AAFC Agri-Food Trade Service, "Agri-Food Export Potential for the Year 2000"; AAFC, "Canada's Trade in Agricultural Products", various years including 1988, 1989, and 1990.

One sign that Canada's agricultural economy is in a state of crisis is the fact that Canadian farmers are currently experiencing income levels comparable to those received in the 1930s.<sup>13</sup> Between 2003 and 2005, the average farm in Canada had an annual realized net income of \$3,734- one of the worst ever recorded in Canadian history.<sup>14</sup> Furthermore, Canadian primary producers' net farm incomes are expected to fall by around 50%, from \$1.9 billion in 2005 to \$875 million in 2006.<sup>15</sup> These declining income levels are occurring despite large federal government programs that have paid an approximate net dollar amount of \$4.6 billion to the industry since 2005.<sup>16</sup> A general conclusion that can be made from this is that throwing money at the farm crisis is not providing any sustainable direction to the industry or the primary producers.

To some extent, government aid can end up doing more harm than good when it supports a policy environment that focuses on creating short-term ad hoc programs rather than generating long-term solutions. Moreover, the agricultural industry will not benefit from payment programs that are "propping up" farms that are mismanaged or government "band-aid" solutions that are merely delaying working towards finding long-

term solutions. Governments are reacting from crisis to crisis and as such are not taking a proactive role in developing sustainable long-term policy.

As commodity prices decline, farmers strive to produce more by intensifying their farming practices by purchasing larger machinery and more inputs. When farmers' only option is to become larger and more capital intensive in hopes that they will be able to pay more bills, it often leads to more debt when commodity prices remain low. For example, after a relatively stable decade through the 1980s, total Canadian farm debt increased from \$1.7 billion to \$23.4 billion at the end of 2003<sup>17</sup>, and then reached a record high of \$50.96 billion at the end of 2005.<sup>18</sup> While acknowledging that Canada's currently low interest rates are helping keep debt for many farms relatively stable, George Brinkman, a Canadian agricultural economist at the University of Guelph, stresses, "... the likelihood of increasing interest rates from this point onwards is much greater than the likelihood of further decreases, so we must be aware that rising interest rates could create serious problems for Canadian agriculture".<sup>19</sup>

While many farmers have not been able to manage, those who are left are forced to become larger and produce more to make the same amount. The average Canadian farm grew by 11.2%, increasing from 608 acres to 676 acres in the period between 1996 to 2001.<sup>20</sup> Further, a report released by Statistics Canada in 2001 stated that regardless of the size of farm, farmers are spending significantly more than they were in the mid 1990's to make the same dollar.<sup>21</sup> As farms have been getting larger, the industry has become more capital intensive as farmers rely on getting the highest yield from their crops just to afford the increasingly expensive inputs. Agricultural economists, Andrew Schmitz, Hartley Furtan, and Katherine Baylis, in their book, *Agricultural Policy*,

*Agribusiness, and Rent-Seeking Behaviour*, argue that the high cost of agricultural production is as much a part of the farm problem as are low commodity prices.<sup>22</sup> In 2001, for every dollar Canadian grain farmers earned, 87 cents went to pay for operating expenses.<sup>23</sup> For producers raising beef cattle the input expenses were even greater at 94 cents for every dollar of revenue.<sup>24</sup>

As farmers are becoming fewer and farms are becoming larger, the consumption of fuel has also become a greater cost for individual producers. Compounding these difficulties faced by Canadian farmers, there has been a dramatic rise in fuel prices since 1999. Between the years 1999 and 2005, the cost of farm fuel (purple gasoline/purple diesel) escalated 84.1% and 99% respectively.<sup>25</sup> By comparison, the prices for wheat and canola, over the same period only witnessed marginal increases of 2% and 20% respectively.<sup>26</sup> The high cost of inputs is not only a matter of the increasing price of products, but of augmented use. Since 1999, the price for potash and nitrogen fertilizers has increased by 74%.<sup>27</sup> The reason is that soil quality has been reduced as a result of continuous cropping.<sup>28</sup> Essentially, farmers have to apply more fertilizer to maintain crop yields and their income. This in turn results in increased costs for fuel, larger farm equipment, more bins for storage, and essentially additional stress and worry as commodity prices remain low and farm debt climbs.

The mounting stress and frustration that many farmers are experiencing creates serious problems for their families and their communities. In fact, eight of the ten Canadian provinces have set up specific programs within the last few years to deal with the problem of farm and rural stress, including the development of phone services/websites that provide information, support, counseling and referrals to other

assistance programs available in the province. For example, the Manitoba Farm and Rural Stress Line began operations in December 2000 and their website explains why there is a need for such a program. It states:

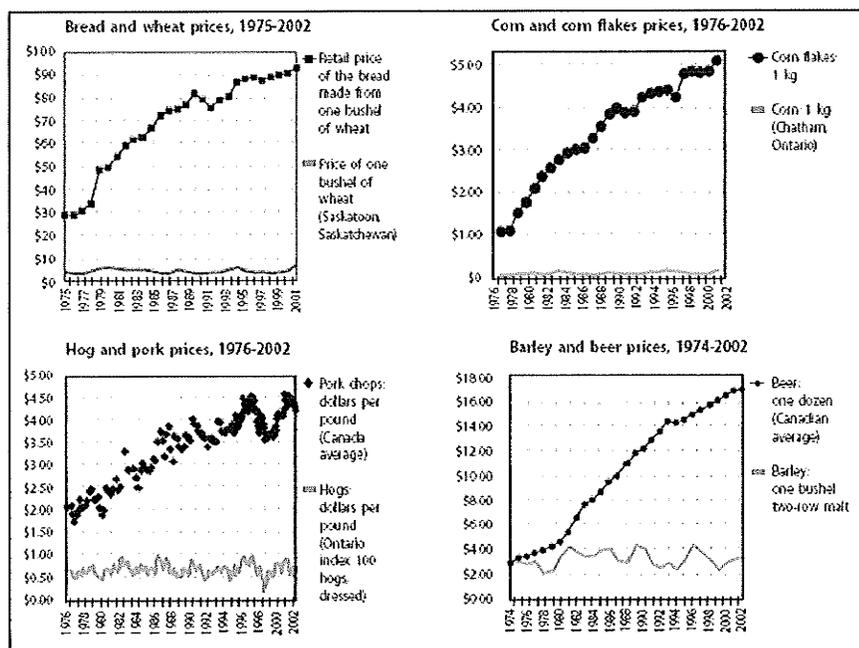
“Rural living and in particular farming has undergone many changes over the past decade. Weather, pests, volatile markets, global influences, and the effects of rural de-population are just some of the unique challenges facing farm and rural families today. Many of these issues are long-lasting and beyond our control, creating high levels of stress. Rural stress is a community problem that touches everyone whose life, livelihood and identity is linked to the land and agriculture.”<sup>29</sup>

The termination of the Crow Rate in 1984 and the subsequent Crow Benefit in 1995, which were two federal programs that covered partial costs for grain transportation, has also meant that individual farmers are absorbing additional monetary burden. Further, as rural communities have seen the demise of local grain elevators, farmers have to travel greater distances to move their grain. The higher consumption of fuel contributes to rising production costs and, as noted above, fuel costs have risen considerably since the late 1990s. To further appreciate the cost/price pressures that farmers are experiencing, it is essential to examine what has often been referred to as Canada’s ‘cheap food policy’.

As defined by *The Western Producer* columnist Barry Wilson, Canada’s cheap food policy “forces farmers to sell much of their produce much of the time at prices too low to return the cost of production, a profit on investment and decent return on labour”.<sup>30</sup> Critics of the ‘cheap food policy’ do not claim that consumers should be paying more for their food, but rather they argue that the primary producer should be receiving a larger share of what consumers are paying. In fact, only 7 cents of every dollar spent on food in Canada is returned to the farmer who produced it.<sup>31</sup> In addition, between 1997 and 2003, the price that Canadians paid for food increased by 13.8%. By contrast, the average price received by farmers for their produce only increased by

2.1%.<sup>32</sup> In total, Canadians spent 10.6% of their disposable income on food in 2003, which is one of the lowest amounts in the world.<sup>33</sup> Figure 1.2 provides a visual comparison of the costs paid by consumers for food and what farmers are being paid for their raw product.

**Figure 1.2 Selected Farm Gate and Retail Prices (not adjusted for inflation)<sup>34</sup>**



Sources: Statistics Canada, *Consumer Prices and Price Indexes*, Cat. No. 62-010 (with updates from the CANSIM database); Statistics Canada, *Livestock Statistics*, Cat. No. 23-603; Saskatchewan Agriculture and Agri-food, *StatFacts-Canadian Wheat Board Payments for No. 1 CWRS Wheat, Basis Saskatoon*; Canada Grains Council, *Statistical Handbook*, various years. Retail beer price is an estimate assembled from various sources.

Agriculture is a land-based business, not a margin-based industry. The difference being that in a margin-based industry increased costs of production are passed on to the consumer, while in a land-based industry they are not. Agricultural economist Hartley Furtan identifies this difference as a “serious error” in Canada’s agricultural programming.<sup>35</sup> Prince Edward Island Member of Parliament and former Liberal Parliamentary Secretary for Agriculture, Wayne Easter, has also identified the inability to pass on production costs as one of the main reasons why farm income remains chronically low.<sup>36</sup>

Farmers find themselves suddenly caught in the crossfire of consumers' changing demands regarding food preferences, health concerns, and environmental protection. Farmers are being asked to respond to these challenges in a time of economic duress, while agricultural commodities are at the lowest value in decades, and inputs, like fertilizer, fuel, pesticides, and machinery are at all-time highs. Therefore, Canada's primary producers need to see greater returns if the standards of production for safe and affordable food are to be maintained and management practices that sustain Canada's natural environment be promoted. With high inputs and low returns, the sustainability of agriculture at the current state is not viable. This point can easily be seen when we examine the decline in the number of family farms in Canada.

Consolidation of farmland, to a certain extent, is a natural progression of an industrial society. However, there are not fewer farms today because there is less of a demand. As decades of technological advancements have increased production per person by substituting capital and generic knowledge for labor and individual management, the number of farms decreased and the size of those left increased. The rate at which smaller Canadian farms are disappearing is unprecedented and cause for serious concern. In the latest *Census of Agriculture*, there was a decline of 10.7% in the number of Canadian farms between the years 1996 and 2001.<sup>37</sup> Manitoba had the highest rate of decline amongst all Canadian provinces, at 13.6% during this five-year period.<sup>38</sup> Since 2001, the exodus of farmers from rural Canada has dramatically increased due to financial troubles caused by the Bovine Spongiform Encephalopathy (BSE) crisis and drastically low commodity prices.<sup>39</sup>

Agriculture is directly linked to the rural communities that support it, and the crisis being experienced in rural areas is clear. Changes that affect farm payments, credit, and land values have implications beyond the farm gate to local farm supply companies, banks, retail outlets, schools, and so on. Nothing illustrates this fact more than the dramatic increase in the use of rural food banks in recent years. Winnipeg Harvest, a non-profit, community-based organization, compiled statistics regarding the number of households that were receiving help from Manitoba's rural food banks. They found that the number of people accessing rural food bank services increased by 69% between 2002 and 2004 (Appendix A).<sup>40</sup> At the height of the BSE crisis in rural Canada in 2004, food banks in Manitoba were providing food for an estimated 7,000 people (Appendix B).<sup>41</sup> While other factors contribute to these demands, one of the most commonly cited reasons was the economic crisis in agriculture. In an October 2004 news release, Winnipeg Harvest stated, "The effect of the farm crisis is severe, and food managers project worsening conditions as farmers who depend on grain and cattle have been hit on both sides this year due to the BSE crisis and the bad weather last summer".<sup>42</sup> For example, the food banks in the area of Selkirk experienced an increase of 233% between 2002-2004, and the food bank's manager identifies "farm issues" as the leading cause of the demand.<sup>43</sup> There are about 40 food banks<sup>44</sup> operating in rural Manitoba and Winnipeg Harvest provides assistance to 16. In 2002/03, Winnipeg Harvest distributed approximately 16,000 pounds of food, compared to 46,000 pounds during the 2003/04 year.<sup>45</sup> The Chief Executive Officer at the Regina and District food bank, Wayne Hellquist, has witnessed similar results in Saskatchewan. In reference to the Canadian

Association of Food Banks 2006 report, a Parliament Hill news conference was held in early December 2006 where Hellquist stated,

“Tough times in the prairie farm economy are increasing the lineups at rural and urban food banks, often forcing farm families to turn to charity for food. Rural food banks, something we never used to see are growing. It is a result of the agricultural economy and that puts tremendous pressure on rural communities. The erosion of the farm economy affects both farmers and small town businesses that depend on them, increasing poverty”.<sup>46</sup>

It is hard to believe that over 6 million people still live in rural Canadian communities.<sup>47</sup> This is approximately one-fifth of the total Canadian population. This means that the very people that are feeding the world are often unable to feed their own families. In fact, there is an estimated two million rural Canadians living in poverty.<sup>48</sup> The record use of lifelines like food banks puts the crisis into a human perspective. In March 2006, Canadian Senator, Hugh Segal expressed his concerns on the issue of rural poverty and stated that an investigation of the issue would “open the door on flaws in agricultural policy”.<sup>49</sup>

People in rural towns are also hurting, as their businesses have been strangled by the lack of disposable income of their residents. To illustrate, in March 2003, the beef industry in Canada was paralyzed when a cow infected with Bovine Spongiform Encephalopathy (BSE) was discovered in Alberta. This finding forced an economic crisis within Canada when international borders slammed shut to beef exports. Within the last three years, the federal and provincial governments have been scrambling to provide relief to livestock farmers. As rural communities are dependent on a healthy agricultural economy, they have suffered from the financial fallout of the BSE crisis. Local

businesses like veterinarians, implement dealers, hardware stores, and construction companies have all faced significant drops in their profit margins.<sup>50</sup>

As the farm population has decreased, so too has their political power and influence as fewer farmers translates into fewer votes. Based on the *2001 Census*, the farm population was an estimated 2.4% of the total Canadian population.<sup>51</sup> While this number may not seem very large, it is nonetheless significant. The small population of primary producers means that 100% of Canada's population is increasingly relying on fewer producers to fulfill the needs of food production and export potential. In addition, there is still 20.2% of Canadians living in rural Canada, which still depends on the stability of local farms to support their communities.<sup>52</sup> The percentage of the farm population varies across provinces, with the highest concentration in Saskatchewan at 12.6%, followed by Manitoba (6.1%) and Alberta (5.6%).<sup>53</sup> Combined, these provinces have over 50% of Canadian farms located within their borders.<sup>54</sup> In addition, the Prairie Provinces have the highest rural populations in Canada (Appendix C).<sup>55</sup> Therefore, agricultural policy is particularly important in these Western provinces, as the largest rural populations will directly feel the greatest number of effects from a struggling industry.

As the agricultural crisis in Canada continues to build, there are many economic and social indicators of the struggle currently faced by Canadian farmers: One of these problems focuses on the aging population in rural areas. Farmers are perhaps the one of the oldest occupational groups in Canada and this trend will continue as little incentive is provided for youth to stay in rural Canada.<sup>56</sup> To illustrate, the number of farmers under the age of 35 decreased by more than one-third between 1996 and 2001. Further, the

*2001 Census* also reported that 34.9% of all farmers were 55 years or older and of those, 15% were 65 years or older.<sup>57</sup> Statistics Canada concluded that another 68,000, or 20% of farmers would celebrate their 65th birthday by 2011.<sup>58</sup> In contrast, only 9% of the entire Canadian labour force will turn 65 by the 2011.<sup>59</sup> These figures bring up a critical question: To whom and how will agriculture's assets be transferred to the next generation when the industry is not an attractive occupational choice for youth?

The fact is that many older farmers are slowly consuming their retirement equity and/or are taking off-farm jobs to help support their farm because falling asset values are forcing people to work longer. These are the same individuals who are too young to consider retiring and cannot afford to sell their farm for basically nothing, when they have invested so much into their livelihood. As a result, more farmers are sustaining their farms by relying on off-farm income. For example, in 2001, 346,200 farmers had income from off-farm employment, which represented 45% of the total farming population, compared to 37% a decade earlier.<sup>60</sup> Although the occupation of farming is a respected way of life, the constant financial and emotional frustrations have forced many farm families to seek employment in urban centers. But the question that arises is why would a farmer be forced to rely on off-farm income? It only illustrates the dire situation of many farm families when they cannot make a living solely on the investment they have made in their land, buildings, and livestock. Many politicians, even agriculture ministers, have at times been very inconsiderate with regard to this issue. In May 2004, the Manitoba Agriculture Minister, promoted the floodway expansion as possible employment for farmers that were forced to seek alternative income.<sup>61</sup> Many criticized this statement because it completely disregarded the plight of struggling farmers.<sup>62</sup>

One objective of public policy is to reduce income disparity in Canada.<sup>63</sup> Per capita, the rural-urban income gap is largest within the provinces of Nova Scotia and Manitoba.<sup>64</sup> With all the wealth that is produced in rural communities, this fact illustrates that very little is being reinvested. Infrastructure repairs on highways and in the towns are desperately needed; there are closed businesses, healthcare facilities, post offices, and schools, and an abundance of catalogues advertising farm sales. Instability in the agricultural industry and lack of incentive and opportunity given to youth has created an out migration of people, which has been accompanied by the loss of public services. All these conditions have contributed to the perception among rural residents that governments are not fully committed to defending the well-being of those who live in rural areas.

Although the historical foundation of the Prairie Provinces lies in agriculture, the rural communities that were once its growth centers are mainly in decline. There are many factors that contribute to the eroding state that our rural communities currently find themselves in. Over the past few years rural Canada has witnessed many difficulties. Grain prices have shifted dramatically, a crisis has been faced by our livestock industry, and unpredictable weather conditions and export markets continue to create apprehension about what the future holds. These troubles have all increased the economic instability of farming communities that depend on their business. The sentiment in rural communities is one of pride, ambition, and independence. However, as rural people see their rail lines abandoned, grain elevators destroyed, and their hard work producing ever diminishing returns, their pride is replaced by feelings of frustration and despair.

Farmers have raised their productivity, improved their management practices, diversified, invested in new equipment and yet this is not being reflected in the form of higher incomes. If the matter was one of efficiency, good managers would have driven out bad managers by now and farm income would have shown improvement. Agricultural Economist Hartley Furtan has argued, "Policy is more important today than production problems".<sup>65</sup> This statement is significant because it uncovers a new dimension of the farm crisis in Canada. As the federal and provincial governments create policy, their ability to react in the short-term, but plan for reaching long-term objectives is what will determine how the agricultural industry overcomes their struggle. As the Canadian agricultural industry continues to flounder from crisis to crisis, the demand for more effective programs and political consideration must be addressed. It is necessary that the political system and the policy network be examined to understand why policy is mostly reactive and short-term oriented. It is only with this understanding that possible solutions for better long-term policy can be identified and pursued.

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## **Chapter Two: The Political System and its Major Players**

The policy environment encompasses all state and societal actors and institutions that directly or indirectly affect the development of a specific policy area.<sup>1</sup> Of course, in the age of globalization, and in terms of agricultural policy specifically, the policy environment also includes international influences and pressures. Chapter Three will examine these international pressures, but prior to that discussion, it is important to gain an understanding of how Canada's political system shapes the policy environment and how it determines the many relationships within the policy network.

This chapter will explore the complex interrelationships that exist between the political system and the policy actors that operate within it. As academic G. Bruce Doern explains, "public policy is best viewed as an interplay among ideas, structures and processes in which the direction of causality operates both ways, from society and economy to politics and government and vice versa".<sup>2</sup> Of course there are many variables that exist at any given point in the political environment, including shifting issues and the skills and priorities of the major policy actors. Therefore, by focusing on agricultural policy development, it will expose how institutions and policy actors should not be studied in isolation but rather as interrelated components of an intricate and dynamic process.

## **Chapter Two Part One: The Political System**

There are three branches of government in Canada's political system: the executive, the legislative, and the judicial. This thesis will limit the discussion to only the direct policymaking bodies, as the judiciary's involvement in agricultural policymaking is indirect. The executive and the legislative branches of government, and the federal nature of Canada's political system contribute to the overall development of agricultural policy. These structures establish a framework that essentially distributes power among policy actors. In Michael Atkinson's academic work, *Governing Canada*, he examines the institutional approach to public policy. This approach argues, "political institutions play a critical role in determining policy outcomes in Canada".<sup>3</sup>

To understand how the Canadian political system affects the development of agricultural policy, it is helpful to draw a comparison with the political system of another nation. An analysis of the similarities and differences between two types of political systems highlights the limitations and capabilities of the Canadian system to produce policy that maintains the level of stability that the agricultural industry is seeking against domestic and international pressures.

Canada and the United States share a border and are major economic trading partners. Furthermore, the United States is said to have one of the best political systems when it comes to developing effective agriculture policy<sup>4</sup>. As such, it is useful to compare and evaluate the policymaking systems of the two countries in terms of their relative ability to support long-term policy consideration and action. The approaches to agricultural policy in the United States and Canada have been much different especially in regards to farm programming. Agricultural policy in the U.S. is set in omnibus

legislation, whereas in Canada, there is no overarching policy but instead, governments have created a “patchwork” of statutes and programs for the agricultural industry.<sup>5</sup>

These differences in national policy styles in the field of agriculture reflect a number of differences between the two countries, including their constitutional and institutional arrangements for distributing legal authority and political power. The constitutional/institutional frameworks within the two political systems are fundamentally different. Furthermore, these legal features cannot explain everything about how agricultural policy is shaped, but they provide the necessary starting point for this analysis. To gain an understanding of policy development, it is essential to examine the main political structures that exist in both Canada and the United States and compare them in terms of their ability to establish agricultural policy. As such, this section will analyze the style of government, the executive, and the federal structure of each nation.

### **Style of Government**

The political origins of the United States and Canada led each country to develop a different political system. Due to an overwhelming distrust of government among the colonies at the time of its union, the United States adopted a presidential-congressional system that entrenched an elaborate array of checks and balances. Conversely, Canada’s cabinet-parliamentary system reflected the Westminster style of British government that was designed to give power to the prime minister and cabinet. Moreover, both countries operate differently under a bicameral system with an upper house in their national legislature. However, the Senate in the two countries is quite different, with the upper house in the U.S. being elected and the Canadian Senate being appointed. Both countries also adopted federal systems of divided constitutional authority between national and

regional governments. As noted in a later section, the Canadian federal system has become highly decentralized, with provincial governments wielding more power generally than their state counterparts in the U.S.

R. Kent Weaver and Bert A. Rockman identify four main differences between parliamentary and presidential systems that, to varying degrees, affect policy development: party discipline/party cohesion, recruitment of ministers, centralization of powers, and centralization of accountability.<sup>6</sup> Each of these distinctive components of the two types of political systems will be examined in turn.

### *Party Discipline/ Party Cohesion*

The first difference between parliamentary and presidential systems that Weaver and Rockman identify is strong party discipline/party cohesion. This difference affects the development of agricultural policy not only in how the interests of citizens are represented, but also the overall stability of government and the policies they generate.

In parliamentary systems of government, the executive is chosen from the members of the party that hold the largest number of seats in the legislature. Therefore, the cabinet will retain their positions as long as their party remains in government, and can only be removed at the will of the prime minister/premier. In theory, the prime minister and the cabinet remain in office for as long as they have the confidence of a majority in the House of Commons. Weaver and Rockman explain that if strong party cohesion did not exist in parliamentary systems, the executive would be constantly threatened with the fall of the government.<sup>7</sup> The cabinet solidarity that exists in Canada's political system ensures that any dissension on policy matters is dealt with behind closed doors. Furthermore, once the party develops a political position on a given issue, all

cabinet members are expected to publicly support their party's decisions, and all legislators are anticipated to vote along party lines. Party members that break from their party's position face various sanctions imposed by their party, which include: being ostracized by party associates; refused party funds and organizational support in election campaigns; passed over for promotion to cabinet; denied decent office accommodation and adequate staff; overlooked as possible members of prestigious parliamentary committees or of traveling parliamentary delegations; denied the opportunity to ask a question during Question Period; refused party assistance in performing services for constituents; or expelled from the caucus.<sup>8</sup>

In presidential systems, "the executive is separate from the legislature ... and does not need to retain majority support in the legislature".<sup>9</sup> Therefore, party discipline is not as essential in the United States, and as a result, individual legislators have more freedom to vote based on the constituency's interests and concerns. American politicians are often seen as representatives of their electorate first and members of their political party second.

Stability in the American system also comes in the form of fixed terms. The president and members of the legislative branch all have fixed terms in office, and elections are held on set dates. Therefore, there is more stability in government as the executive is not vulnerable to a vote of confidence, which in parliamentary systems like Canada's can trigger an election and a subsequent change in government. Since 1962, Canada's party system has produced several minority governments, all only surviving a few months in office before losing a vote of confidence in the House of Commons. The most recent example of a sudden change in the Canadian federal government was a result

of a vote of confidence in November 2005, which led to an election and the defeat of the minority Liberal government in January 2006. However, the Conservative party was only marginally successful as they formed another minority government, which again is vulnerable to vote of confidence from opposition parties. In the adversarial nature of Canadian politics, the opposition's decision to introduce a motion of non-confidence will be done as soon as the opposition feels that it is in the most strategic position to win an election.

As there is no separation between executive and legislative branches in Canada's political system, and governments, with the exception of three provinces (British Columbia, Ontario, and Newfoundland) do not have fixed elections dates, governments can change abruptly. As policy that has been agreed upon can change when governments do, the policy created by minority governments is not only weak in vision to ensure that it can gain multi-party support, but also can create inconsistent policy priorities. V.C. Fowke argues, "Canadian agricultural policy has no degree of permanence or internal consistency".<sup>10</sup> Furthermore, when governments change there is also a change in priorities and method of how to address issues of public concern.

As agricultural policy development is the joint responsibility of both the federal and provincial governments, the instability and inconsistency of policy is even further heightened. For example, a new party in power at the provincial level can effectively abandon a commitment to a federal program, which was agreed to by its predecessor. This instability does not help farm programming in Canada. For example, after the 1991 defeat of the Progressive Conservative government in Saskatchewan, the newly elected

New Democratic Party, dramatically lowered the support level for farmers available through the joint federal-provincial Gross Revenue Insurance Program (GRIP).

The uncertainty and inconsistency of government policies has escalated the instability for agricultural producers, as governments have proven numerous times that they are unable to maintain long-term contracts with farmers.<sup>11</sup> Agricultural economist, Andrew Schmitz explains that one of the best examples of this type of government failure was GRIP. Schmitz argues that the Canadian policy was sold to farmers as a long-term program to stabilize income, yet within the time period of eighteen months it was substantially changed and later abandoned. "The important point, however, is that farmers were faced with increased government induced uncertainty. This government failure was costly to farmers who committed resources to their farms based on promises made under the 1991 GRIP program".<sup>12</sup>

In comparison, the American political system is superior in providing more stable programming such as the *Farm Bill*, which establishes guaranteed minimum levels of funding. The American *Farm Bill* is a creation of the *Agricultural Adjustment Act*, which came into effect in 1933 and requires the national government to rewrite farm policy every four years. Through the *Farm Bill*, the U.S. government must set levels of commodity and income support (subsidies) for farmers and outline goals and objectives for the American agricultural industry. As politicians design the *Farm Bill*, it tends to be more detailed than in Canada, leaving less up to the discretion of the bureaucracy. For example, the legislation in the U.S. usually sets out the budget needed, whereas in Canada, the budget is set separately by the Treasury Board Committee, after the program details are developed by the bureaucracy.<sup>13</sup> In fact, Robert Sopuck, a journalist and

director for the Frontier Centre for Public Policy, argues that there is a “democratic deficit” in Canadian agriculture because policy is driven by the bureaucracy, compared to the American system that listens more to the needs of their farmers and is set out by the politicians that represent them.<sup>14</sup> The main point that Sopuck attempts to establish is that politicians in the American political system have greater control over the development of agricultural policy. However, while the bureaucracy is undeniably influential in developing Canadian policy, the final word on policy still rests with the ministers to whom public servants report, as the government is ultimately held answerable for policy decisions. In a later section, this thesis will examine the role of government officials in greater detail.

### *Recruitment of Ministers*

In parliamentary systems, prime ministers select cabinet members from among the elected members of their party. There is usually a minister from each province in Canada, with a member taken from the Senate if there are no available Member’s of Parliament (MP) elected. Therefore, cabinet ministers are “more often policy generalists than specialists” in that they usually bring more political experience than specialized knowledge to their assigned area.<sup>15</sup> In the United States, members of Congress are constitutionally prohibited from serving in executive positions. However, while many executives do have prior political experience (governorships, mayoralities, etc.), a cabinet member is usually not considered to be a “professional politician”, but rather have expertise in their assigned area of responsibility.<sup>16</sup> This aspect of the American political system allows for the executive to bring a wealth of knowledge to their portfolio. In addition, as mentioned above, the American political system creates stability for the

executive and by association, the priorities and vision that these individuals have. This is often a major benefit to areas like agriculture that require long-term goals and planning for effective programs.

Despite the fact that the executive, in both the Canadian and American political systems, is appointed by the prime minister/president, the political direction that is taken from the head of government varies considerably.

### *Centralization of Power*

The third difference between parliamentary and presidential systems is how the centralization of power affects policy development. The influence of the prime minister/president, the representation of citizens, and the access of citizens to the policy process, are all affected by the degree of control that the executive has in creating agricultural policy.

Weaver and Rockman explain that in parliamentary systems, party discipline can turn the legislature into a “rubber stamp” for executive actions, due to the limited power of backbenchers and legislative committees to make, or propose amendments to government legislation.<sup>17</sup> However, as academic Christopher Dunn identifies, there is some variation between federal and provincial cabinets, due to the smaller scale political dynamic at the provincial level.<sup>18</sup> Dunn explains that in addition to provincial cabinets being larger than their federal counterparts relative to the size of the legislature and government members, they are also more likely to integrate other members of the caucus in policy development.<sup>19</sup> However, it is still argued by academics G. Bruce Doern and Peter Aucoin in *The Structures of Policy-Making in Canada*, that government’s policy priorities stem from the executive, and more specifically, the prime minister/premier.<sup>20</sup> In

*Governing from the Centre*, Donald Savoie presents a similar argument, and explains that the power and control of the prime minister, as the central political authority, have grown substantially in the last thirty years.<sup>21</sup>

As the Canadian prime minister controls the cabinet, sets priorities, and makes major appointments to such bodies as the Senate and various committees, he/she holds enormous control over the resources that could be given to aid the agricultural industry. Therefore, the policy initiatives of a particular government are often interpreted as its priorities. Academic Grace Skogstad and Barry Wilson, a journalist for *The Western Producer*, both argue that policy development reflects the political priorities set by the first minister and their cabinet. Both Skogstad and Wilson cite examples of how agriculture was a low priority in the 1970s when Pierre Trudeau's Liberal government was in power at the federal level. Skogstad attributes the lack of support and direction for agriculture during that decade as a direct result of the underrepresentation in the cabinet and in the caucus of members from the Prairie region of Canada.<sup>22</sup>

Donald Savoie's book, *Governing from the Centre*, explains that the 'political authority' that the prime minister has, means that his support for particular issues will become the larger priorities of the government.<sup>23</sup> Barry Wilson argues the actions of agriculture ministers depend greatly on whether they are a member of a government which is sympathetic to agriculture, and whether they are adept enough at controlling the bureaucracy to ensure that their political gains are translated into action.<sup>24</sup> For example, while Wilson details the extensive support that the Diefenbaker government<sup>25</sup> showed towards agriculture, he describes the successive Trudeau governments<sup>26</sup> as 'indifferent' when it came to agricultural issues during their time in office.<sup>27</sup> Wilson quotes a senior

bureaucrat that worked at Agriculture Canada during the Trudeau government years who stated, "In meetings with officials from other departments, I could tell that my item would be the last one on the agenda and it was another indication of its relative importance".<sup>28</sup> This statement illustrates that for policy endeavours to be conceived and developed, it is essential that there is support from the prime minister.

While some literature has gone so far as to compare the power of the Canadian prime minister to that of a 'dictator'<sup>29</sup>, others like Paul G. Thomas argue, "the impression ... of a one-person rule is a gross exaggeration".<sup>30</sup> Thomas' article, *Governing from the Centre: Reconceptualizing the role of the PM and Cabinet*, explains that while the prime minister's position is prominent, "it does not make his cabinet colleagues any less ambitious. Smart prime ministers recognize the need to mobilize consent and support for actions of the government and they depend on other ministers to contribute to this process".<sup>31</sup> Furthermore, as Donald Savoie notes, Canadian prime ministers have all had different "personalities, styles, and approaches to governing".<sup>32</sup> Therefore, while agricultural policy is the compilation of many governments programs and policies, the extent to which agricultural issues are addressed, may largely be determined by the policy environment, political leaders, and public opinion at a given time.

Thomas also argues that given the scope and complexity of government issues in addition to fiscal restraint, "policies announced by governments today are modifications to existing programs, rather than entirely new innovations".<sup>33</sup> To illustrate, since the Canadian Agricultural Income Stabilization (CAIS) program was implemented in 2003, farm organizations have identified many problems with its design and implementation, such as the issue of declining margins, its complexity, slow payments to farmers, etc.

Despite their election promises to replace CAIS, the Conservative Party in office after the January 2006 election opted instead to make changes to the existing program. The fact that agriculture is a joint responsibility of the two levels of government, means that modifications to existing programs is politically easier than seeking intergovernmental agreements for new programs.

In Canada's system of government the executive proposes most legislation. Further, in parliamentary systems most legislation proposed by the executive is adopted by the legislature, especially in majority government situations when the governing party is not required to seek support from opposition parties to pass legislation. Conversely, in the American system, the legislature is autonomous of the government and as a result, the president and the executive must often strike bargains with the legislature (House of Representatives and Senate) or risk their proposals being rejected. Therefore, in the American political system, policy often changes from its original design to ensure passage. In Canada, if the government holds a majority of seats, the proposed legislation is expected to pass in its entirety. As such, while strong party discipline in Canada essentially suffocates independent legislators from taking an opposing stance against their party's position, the Canadian system allows for strong leadership and vision when it comes to policy development. This means that if the executive deems agriculture to be a high priority and commits to an agenda of short and long-term goals, they will face few obstacles from the legislature in terms of passing and implementing legislation. Of course, in setting the political agenda, government leaders will consider a range of factors including: who supports a given policy endeavour (media, farm lobby), what opposition they may face in choosing how they respond (opposition parties, stakeholders), and of

course the nature of the issue (international, national, emergency, etc.). In doing so, politicians are often lured into reactionary policy measures to keep up with day-to-day demands, which ultimately contributes to the discouragement of long-term thinking and bold action.

The level of power the executive holds in the political system is much different in the United States. Opposite to the Canadian system of collective cabinet decisions, the cabinet in the American system rarely acts as a collective decision-making body, as it is not seen to be beneficial to consult cabinet members outside of their department, unless a clear overlap exists. In addition, congressional committees and individual legislators have considerably more opportunity to introduce legislation through committee actions and floor amendments, compared to members of parliamentary systems. Moreover, as the United States has a presidential system of government where the executive branch is separate from the legislature, the executive is more dependent on retaining good relations with the Congress and Senate to ensure legislation is supported, which in turn weakens the executive's allegiance to the president and his priorities. Legislation like the *Farm Bill* is able to generate support from both major parties, which collectively must agree to a clarified long-term commitment and vision for agriculture. By establishing long-term objectives and standards for subsidy programs, it provides a predictable stability in American agriculture that is lacking in Canada.

The concentration of executive power in Canadian politics has only increased the conflict between levels of government. Academics Alan Cairns and Donald Smiley argue,

“Executive-dominated governments, led by different political parties, fighting elections at different times and over different issues, become

preoccupied with maximizing their autonomy and jurisdiction. The consequence is competition between governments with only very limited direct participation by groups and individuals".<sup>34</sup>

The power of the executive at both the provincial and federal level makes it difficult to hold these officials accountable for their actions or inactions. Government ministers are only truly answerable to citizens at election time. Further, the strict party discipline that exists in the party system does not allow for individual politicians to publicly debate over cabinet decisions in support of regional issues, like agriculture. Once cabinet develops a position, the party members are expected to support the policy. Academic Herman Bakvis explains that the Canadian cabinet is usually depicted as "a body that is unduly responsive to a wide range of particular interests and special pleadings, that is spendthrift, and that is unable to make hard decisions".<sup>35</sup> As such, the role of other policy actors, like the media and lobby groups become an essential part of the policy environment as they force the government to address issues important to Canadians.

Concentration of power in the hands of the executive imposes certain limitations on citizen participation in policy development. Therefore, the fewer points of access that a political system has, the more limited the contribution of those most affected have over policy creation. As the primary access route to the decision-making process is through the prime minister or cabinet, it is essential for agricultural lobby groups to gain access to government ministers to encourage them to support the industry and its producers. Academic Michael Atkinson contends that Canada has a less participatory policymaking process compared to the United States, specifically in regard to the legislative branch of government, due to strong party discipline and the highly concentrated level of power in the cabinet.<sup>36</sup> Furthermore, in the United States, individual politicians play a larger role in

farm policy, as the passage of the U.S. *Farm Bill* requires support from both major political parties (Republicans and Democrats), each chamber of government must approve it. Additionally, as party discipline in the American system is not as robust, legislators are more likely to be held individually accountable for the legislation they put forth and the positions they took on areas that are important to their constituents.

### *Centralization of Accountability*

One of the most obvious differences between the Canadian and American system of government is the way that governments and politicians are held accountable for their actions.<sup>37</sup> As party discipline and cabinet solidarity are very strong in Canada, individual legislators are not often expected to stray from party positions and are collectively held responsible for their party's actions. As mentioned above, due to the lack of strong party discipline in the American system, the manner to which legislators are held accountable for their policy stance is much different than in Canada. In the Canadian system, party discipline obliges members of a political party to form a cohesive stance on policy issues. Furthermore, while Canadian legislators are viewed as a member of a collective, those in the U.S. system are more likely to be seen as individuals, given that there are not as strongly bound to the political position of their party. Therefore, as citizens in the U.S. expect their representative to support the issues they deem important, legislators are individually more accountable for their actions on an issue of public policy.

In Canada's political system some of the formal legislative procedures that hold governments accountable are: parliamentary debate and questioning from the opposition parties, general inquiries by parliamentary committees, standing committees, which are somewhat independent of the executive, rare votes of non-confidence, and elections.

Therefore, if the Canadian government fails to prioritize agriculture, opposition parties are expected to hold them accountable. Academic Michael Howlett states, "Legislatures are crucial forums where social problems are highlighted and policies to address them are demanded".<sup>38</sup> While government procedures, such as Question Period, are presumed to be an effective way to hold government answerable for the actions, its efficacy is often questioned. The adversarial nature of legislative debate often reflects more dysfunctional features rather than productive outcomes. As opposition parties become consumed with trying to attract media attention by blaming government ministers rather than questioning them, the executive responds either with equal venom or general avoidance. As underlined by Paul G. Thomas' article *Performance Measurement, Reporting and Accountability: Recent Trends and Future Directions*, Question Period can create a situation in which ministers will seek to

"avoid the publicity and controversy that "bad news" brings- reacting defensively when something goes wrong. For their part, opposition parties can usually be counted on to interpret mistakes and shortcomings in performance in the worst possible light. When such clashes take place and are reported in the media, the issues involved become amplified and distorted. The whole process contributes to the public's impression that nothing or little in government works as intended."<sup>39</sup>

Similarly, as Aucoin argues in *Accountability: The Key to Restoring Public Confidence in Government*, Question Period is only a "limited device for extracting an account from government".<sup>40</sup>

The nature of legislative debate also contributes to why government policy is more reactionary. As ministers are constantly trying to avoid media attention that will expose any trace of failure on their part, they try to deal with issues immediately and quickly. As Susan Sutherland writes in her article, *The Public Service and Policy*

*Development*, "The House of Commons exerts a reactive accountability".<sup>41</sup> As such, important issues may not stay on the political agenda for long periods of time.

### **The Senate**

In addition to the four differences that Weaver and Rockman identify, the different roles of the Senate in the Canadian and American political systems also impacts how agricultural policy develops.

Canada and the United States both operate under a bicameral system with a House of Representatives/House of Commons and a Senate. However, there are some major differences in how these chambers of government are represented and how they operate. The members of the House of Representatives/House of Commons are elected in both nations based on population. In most instances, legislation begins its passage in the lower house and the Senate's approval is subsequently required for its passage.

Unlike Canada, the United States has an elected Senate. The elected Senate is one of the more notable differences of the political systems, and is also one of the principal factors used to explain why agriculture is given more attention in the U.S.. For a number of reasons the U.S. Senate is often recognized by scholars to be one the most powerful legislative institutions in the world. Each state, regardless of size or population, is allotted two Senate seats. This gives states that have small populations political leverage as they often bargain with the House of Representatives over legislation. Moreover, as agricultural bills start in the House of Representatives, they must also be passed in the Senate, where regions have more influence. In combination with the absence of strong party discipline, this arrangement gives regional concerns a much stronger voice at the federal government's policy table. Powerful elected senators from American farm states

ensure that the needs of their constituents are reflected in farm policy. For example, senators from the low-population Midwest states have been recognized as holding a large degree of political power in the Senate by forming a collective policy front on regional issues like agriculture (i.e. *The Farm Bill*).<sup>42</sup> Furthermore, as American senators are elected for six-year terms, with one third of the seats up for a vote every two years, the system allows for the continual progression of issues before Senate. This element of the political system allows for agricultural issues to be addressed in a consistent long-term manner.

The roles and power of Senate committees in Canada and the United States also vary in the development of agricultural policy. While the consultation process is relatively similar in both countries, the major difference relates to the first-hand policy development that the Agriculture Senate Committee has in the United States. For example, in the drafting of the *Farm Bill*, the Senate's Agriculture Committee will submit its draft to the Senate body once the committee members have come to an agreement on context and language. In Canada, a committee's duties are limited to conducting studies on issues, and reviewing legislation. This role results in the committee putting forth recommendations and reports. However, for Senate amendments and committee reports to have any impact on policy development in Canada, usually depends on a number of favourable circumstances, such as a minister who is genuinely seeking advice and/or is being pressured from provincial governments or lobby groups. Therefore, while Senate Committees in Canada are important, their power relative to that of Senate Committees in the United States is negligible- as is evidenced by the pivotal role the U.S. Senate Committee on Agriculture plays in the development of the *Farm Bill*.

The Canadian Senate is constantly criticized for its lack of power, which is closely related to its appointed status and lack of democratic legitimacy. Senators are appointed by the prime minister and can serve until the age of 75. Most Senate appointments represent prime ministerial patronage for past or future service to the governing party. Therefore, party loyalty is often expected to prevail over regional representation in the operating of the Senate. Academic Richard Simeon describes the Senate as, "primarily a retirement home for party warhorses, with little policymaking significance and even less function in federal-provincial relations".<sup>43</sup> This criticism reflects a longstanding, and widely held view of this institution, which may not be entirely fair. In *The Parliament of Canada*, C.E.S. Franks cites a number of reasons why the Senate may be a more useful institution than the quotation from Simeon implies.<sup>44</sup> One of these reasons is that while Canadian senators are most often appointed on a partisan basis, investigations do not usually reflect a partisan bias. Furthermore, there are many extremely able and experienced Canadians sitting as Senators that contribute to investigative work and who are able to contribute a longer-term perspective because they are not threatened by election defeat. Despite the positive contribution that many Canadian senators make to the policy environment by conducting research and producing reports, its deficiencies in terms of representation and accountability mean that there will continue to be calls for fundamental reforms to the institution.

As originally designed, the Senate was meant to represent the regions of Canada in the national policy process. Those regions have evolved in their economic and social characteristics over time. As noted in Chapter One, the Prairie Provinces are three of the largest dependents on a stable agricultural economy. Unfortunately, the political system

of Canada is not as supportive of regional issues as the United States. In comparing the role of the Senate in respect to agricultural policymaking, agricultural economist Katherine Baylis argues that compared to the United States, "Regional interests have a much smaller voice in Canada".<sup>45</sup> Baylis concludes that the equal number of elected representatives who serve for a specified term, make them more accountable for their policy positions, and therefore more loyal to their electorate's priorities.<sup>46</sup> However, it is important to keep in mind that the different roles and duties of the Senate are determined by the political system in which they exist. Therefore, despite the fact that the Canadian Senate was not designed to provide equal representation to regional issues, it does not mean that the institution is completely insignificant. In terms of agriculture, the Senate Committee does investigate a number of important topics facing the industry and often provides valuable recommendations in their reports to the House of Commons. Therefore, the extent to which the Canadian Senate is valuable to policy development in its current state is subject to ongoing debate. However, for the purposes of this thesis it is only necessary to focus on the extent to which the Canadian and American Senates' are able to provide regional representation and subsequent policy contributions.

While the Senate does not represent provinces and regions in Canada to the same extent as the American system, the joint constitutional responsibility for agriculture in Canada, and the decentralized character of the Canadian federal system allows for significant input from provincial governments. Therefore, the next step in assessing how Canada's political system affects policy development is to examine the federal relationship between the national government and its provincial counterparts.

## Federalism

Canada and the United States both have a federal system, which gives the provinces/states a great deal of power over their own affairs. However, the main difference between political systems is the extent to which the national government must consult with the provinces/states. In the United States the national government is able to produce legislation, such as the *Farm Bill*, which establishes national standards for American farmers' subsidies without requiring the approval of individual states. Conversely, in Canada the federal system has evolved to reflect a much more decentralized system than the United States, especially in regards to agriculture. As the jurisdiction for agriculture is shared between the two levels of government in Canada, it is essential to briefly examine the shifting trends of federal relations in Canada, and assess how the present state of federalism is impacting policy creation for the agricultural industry.

Until the 1960s, provinces were willing to let the federal government take control over agricultural policy direction and followed their lead.<sup>47</sup> Despite the shared jurisdiction over agriculture, there was little conflict between governments. Then in the latter part of the 20<sup>th</sup> century, provinces began to demand more control over policy matters. In the 1960s, Prime Minister Lester Pearson began an era that he called 'cooperative federalism', which offered provincial premiers a larger role in how national programs were designed and implemented. In return, the provinces accepted that the federal government would have some control in matters of provincial jurisdiction. At first this cooperative arrangement focused more on social services like health care, but gradually the provinces asserted themselves in more areas of public policy, including

agriculture. Academics William Chandler and Herman Bakvis argue that the constitutional jurisdiction that provinces have over natural resources led to the rise of 'competitive federalism', and an adversarial relationship between the federal and provincial governments".<sup>48</sup>

As in many areas of Canadian public policy, the trend in recent decades has been the rise of 'competitive federalism', where provinces are demanding more autonomy in policy areas and are fighting for federal resources. The first ministers' conference is a clear display of premiers seeking to gain maximum political advantage by demanding greater resources and autonomy. However, the efficacy of this type of negotiation between the two levels of government executive has been criticized. As Roger Gibbons argues, "The increasing executive control over policymaking has taken policymaking out of the legislatures and insulated policy decisions from public pressure, partisan debate, and electoral combat".<sup>49</sup> Limiting access of pressure groups and public accountability is obviously not beneficial to the creation of agricultural policy, as farmers greatly depend on farm organizations to lobby government on their behalf and opposition parties to challenge government on their actions.

Academics Paul G. Thomas and Robert Adie explain that the relations between the federal and provincial government vary across time and policy field and that relations between the two levels of government undoubtedly reflect a number of contributing factors. These include: "the historical nature of the relationship, the wealth and size of the province, the distributive nature of the provincial society, the political parties in office in the two capitals, and the relative bureaucratic capacity and competence of the provincial government".<sup>50</sup> The factors that Thomas and Adie identify all contribute to 'asymmetrical

federalism', which is a term most often used to describe the variation among provinces in their relationship with the federal government.<sup>51</sup>

As agriculture is a responsibility of both the federal and provincial governments, it is essential that both levels of government attempt to streamline legislation to prevent overlap, duplication, or conflict. To accomplish this, extensive discussions take place between ministers and bureaucrats at both levels. Not only is it difficult to achieve consensus among ten provinces and the federal government, but also there are many variations in how programs are implemented and funded.

The increase of provincial power and autonomy within Canada's federal system has complicated the policymaking process to a considerable extent. It is hard to reach a national consensus when provinces often clash with each other over resources, interests, and ideology. The joint jurisdiction over agriculture has meant that there is a great deal of time spent consulting, developing a funding formula, and formulating policy that all counterparts can agree on. Michael Howlett argues that the existence of a federal system affects the capacity of governments to deal with pressing issues in a "timely and consistent manner", because when different levels of government must negotiate to reach some agreement, policymaking can be a "long, drawn-out, and often rancorous affair".<sup>52</sup>

This position is valid in regards to the development of long-term agricultural policy and explains why Canada's policy environment favors policy that is "ad hoc" in nature.<sup>53</sup> As William Chandler and Herman Bakvis contend,

"The dispersion of power in federal systems and the necessity of seeking consensual solutions among a large number of policy actors combine to inhibit the prospects for effective planning of long-term economic strategies. In a series of ad hoc actions and uncoordinated initiatives by both the federal and provincial governments, all of which result in policies that lack coherence and comprehensiveness".<sup>54</sup>

The Royal Commission on the Economic Union and Development Prospects for Canada would agree with this perspective. In the Commission's 1985 report they state, "Decision making costs increase as eleven sets of political authorities must coordinate their activities. The result in shared fields often seems to be immobility and indecisiveness ... Federalism seems to be the enemy of policy that is planned, comprehensive, coherent, uniform, and consistent".<sup>55</sup> Grace Skogstad takes a similar position, arguing, "federalism has a direct and constraining effect", in regards to agricultural policy development.<sup>56</sup> Long-term objectives for the agricultural industry are difficult to reach in a competitive and often adversarial political environment. As the nature of Canadian politics often presents a climate of politicians fighting over who receives credit on a given issue, meaningful and progressive development often gets lost amongst political rhetoric. Therefore, pursuing some degree of cohesion on policy matters between the two levels of government is not an easy and uncomplicated task. As such, long-term policy development may reflect the limitations of the adversarial relationship.

The main issue fueling the struggle between the federal and provincial governments is often tied to the financing of policy initiatives. Not only is this conflict leading to inconsistent farm support programs across the nation, but agricultural economist, Andrew Schmitz predicts that it will lead to a decrease in provincial demands for more programming on behalf of their agricultural producers.<sup>57</sup> In Canada, the funding formula for stabilization programs has evolved from being solely a federal responsibility, to a federal-producer responsibility, and most recently to being a tripartite federal-provincial-producer responsibility. Andrew Schmitz argues that the Canadian federal government favors the tripartite funding formula, not only because farm programming is

expensive, but also because when the provinces are required to pay a larger share of the funding, the demands for new funding and programs decrease.<sup>58</sup> Furthermore, if there is a decrease in provincial demands for fear that they may have to assume additional financial burden, it further frustrates agricultural producers as they rely in part on the provincial government to lobby on their behalf at the federal level.

Beginning in the 1990s, the Canadian government required the provinces to assume a greater share of financing farm expenditure programs. The common formula has since been 60% federal funding, and 40% provincial funding. However, provinces vary considerably in their governing political parties, economic interests, and most importantly financial capabilities. For example, Saskatchewan and Manitoba, whose economies are highly dependent on agriculture revenues, have a more difficult time funding programs compared to wealthy province like Alberta or a larger province like Quebec. Grace Skogstad argues, "The result is that producers in different parts of Canada are treated differently, with some offered better insurance against the inherent income risks of farming".<sup>59</sup> In fact, Alberta and Quebec have both introduced provincial agricultural support programs, which has led to different levels of support among provinces. For example, during the BSE crisis, Alberta was able to offer their beef cattle farmers a level of aid through subsidy programs that was unmatched in the other Prairie Provinces. At the time, Manitoba's Agriculture Minister called for the Alberta government to reduce its levels of support and for the federal government to step in to level the amount of assistance across the country.<sup>60</sup> Obviously intended to deflect criticism of her government, the Agriculture Minister's comments nevertheless reflected the reality of inequality among farmers in different areas of Canada. Boyd Mullin, a

Manitoba farmer stated, "I know it's not right and I'd like to be treated as an equal. Just because I live in a different province I don't think I should be penalized".<sup>61</sup> In addition, when Alberta offers greater levels of funding for their farmers, it leaves producers in other provinces at a disadvantage, as they are more vulnerable to international and domestic competition.<sup>62</sup>

The lack of national standards in farm programs has led to demands that the Government of Canada assume a larger role in funding and most importantly in setting direction for agricultural programming. The lack of established national standards for farm programs is often identified as one weakness that the Canadian political system has produced. The diversity of Canadian provinces makes it difficult to achieve consensus on policy priorities and national programs. In turn, programs may be diluted or provinces may just choose to opt out of national programming and create their own. This produces a variety of programs across Canada. This is not the case in the United States, which as previously mentioned, imposes a national *Farm Bill* that establishes standards for all American producers. If the Canadian federal government legislated agricultural policy to the same extent, the federal law would establish national standards and reduce inconsistent programs among provinces.

One of the constant challenges of the federal government is to recognize the constitutional right of provincial governments to make farm policy, with the need for national program vision.<sup>63</sup> Barry Wilson argues that the federal government has two major complaints with regard to their relations with the provinces over agricultural policy. First, the provinces are not financially contributing enough to agricultural programs<sup>64</sup>; and secondly, provincial spending is not focused on national agricultural

standards, but rather promoting their own producers to the disadvantage of other provinces.<sup>65</sup> As in many areas of public policy, provinces routinely deflect the blame for lack of programs to the federal government's unwillingness to provide greater funding to the provinces. The mutual animosity that exists among governments over finances is apparent in the present state of agricultural programming in Canada.

The provinces have been eager to develop agricultural policy. However, they also expect the federal government to take the lion's share of responsibility when it comes to funding. Given the differing economic capabilities amongst provinces and regions, it is understandable that their position on economic policy and their distribution of resources vary. Moreover, most provinces are unwilling or unable to fund a larger share of agricultural programs. This presents an opportunity for the federal government to establish national standards for agricultural producers with the funding that it is able to provide. This does not mean that provinces should have a restricted role in policy development within their jurisdiction, but rather the national government must take a greater role in setting national policy direction. This proposal will be further explored in a later chapter, as one possible way to reduce the difficulties of creating long-term, effective policy for the agricultural industry. Successful agricultural policy requires coordination between both levels of government. There must be greater attempts to make the federal system in Canada more efficient in establishing a policy basis for future economic stability for the industry.

By comparison, the lack of jurisdictional disputes in the United States has made the development of a single agricultural policy (i.e. the *U.S. Farm Bill*) possible. Every four years, the United States has to pass a *Farm Bill* that develops a long-term strategy.

This is not the case in Canada, which partly explains why Canada has so many ad hoc programs that respond to issues as they arise. Creating the *Farm Bill* is a process that requires the bargaining between the Congress, the White House, the Senate, and special interest groups. By requiring a broad base of political support for farm legislation, it allows for long-term initiatives and national standards for agricultural producers.

The federal system in Canada should not be solely regarded as an obstacle to policy development in agriculture. In fact, the provinces can be “laboratories for innovation”, and there are clear examples of how provinces in many policy fields have developed innovative programming.<sup>66</sup> Further, what the provincial governments create could be used as a foundation in which the federal government could build upon to achieve short and long-term objectives.

### **Conclusion**

The political system of Canada has undoubtedly affected how agricultural policy is created. However, it is important to remember that policy is not only a product of institutional capabilities but also the actions and influences of domestic policy actors, as well as international and domestic pressures. As Canada’s policy process is concentrated in the hands of first ministers and cabinets at the national and provincial level, how other actors behave and their influence within the policy process is also shaped by the structures of the political system. While the American system creates a much different policy environment for agriculture and citizen representation, the Canadian system still holds the ability to produce better and more effective policy for agriculture. Therefore, to suggest how agricultural policy could be improved, it is necessary to look at the second component of the policy environment: the policy network.

## **Chapter Two Part Two: The Policy Network**

The previous section established an explanation of the institutional framework within which agricultural policy actors exist and operate. This framework determines, to some not easily specified extent, the nature of relations between policy actors and the degree of power they exercise. Michael Atkinson argues, "State organization has implications for the concentration and diffusion of power, for the manner in which societal actors organize and participate in policymaking, and for the process whereby some ideas are nurtured and others discarded or ignored".<sup>67</sup> Therefore, to provide an in-depth examination of the policy environment for agriculture, it is crucial to analyze the influence and capacity for action that individual policy actors have over the creation of agricultural policy in Canada.

The pattern of interaction that develops among societal and state actors is often characterized as a 'policy network' or 'policy community'.<sup>68</sup> In *Policy Communities and Public Policy in Canada*, William Coleman and Grace Skogstad define 'policy community' to include "all actors or potential actors with a direct or indirect interest in a policy area or function who share a common policy focus, and who, with varying degrees of influence shape policy outcomes over the long run".<sup>69</sup> In the development of agricultural policy, policy actors usually include: politicians, the bureaucracy, media, farmers/lobby groups/agri-business, and consumers. As these groups interact and exert varying degrees of influence and perspective, government responds by developing or modifying policy initiatives.

While there are generalizations to be made about policymaking, variations of the policy network lead to different patterns of development depending on the policy

domain.<sup>70</sup> Atkinson explains that there is no set pattern of public policy development, but rather, each area of public policy has “different actors, different coalitions, and different patterns of interaction”.<sup>71</sup> Moreover, the number of policy actors, their specific interests, and the distribution of power affect the outcome of policy creation. These differences essentially mean that the development of agricultural policy differs from areas like health and justice. Furthermore, even within the agricultural policy field, different issues will produce different patterns of interaction.

If each area of public policy is developed differently because of the association between policy actors, then the question that remains is, how does their interaction affect the quality of the agricultural policy that is produced? To attempt to answer this question, it is crucial to acknowledge that the relations between policy actors are not linear, nor do they exist in isolation from each other. Instead, the interaction between them is best understood as a matrix, with influence over policy direction flowing many ways forming a web-like pattern between the “major players” of agricultural policymaking. The following sections will expand on the roles of each policy actor, and will attempt to illustrate the linkage between them, in addition to detailing the roles they have in the Canadian policymaking environment.

### **Policy Actor #1—Government**

Elected and non-elected officials that exist within the institutional framework of government are the primary actors in the creation of agricultural policy. As governments set priorities, respond to issues, create policy, and implement programs, their role is unparalleled by any other policy actor. As such, what influences their policy decisions

and what guides their political direction, is the determinant in how agricultural policy develops.

The policy that government produces is a compilation of many factors- past and present initiatives, political objectives, and the consideration of other policy actors, most notably the media, stakeholders, and the electorate. As different levels of government and their officials, are obviously in the best position to shape policy direction through programs and legislation, attributing the ongoing struggle of the agricultural industry to the inability of government to provide effective solutions, could therefore be a reasonable assessment.

The following section will examine the role of government officials, explore the reactive nature of Canadian politics, and analyze the environment in which agricultural policy is derived. Through this analysis, it will provide a better understanding of why agricultural policy is not addressing the real problems within the industry.

### *Elected Officials*

The role of elected officials is essentially determined by their position within government. With regard to the policymaking process, the executive holds enormous power as it makes the major policy decisions of government. Michael Atkinson defines 'governing' as the "ability to set appropriate and attainable policy goals, to marshal resources for the achievement of those goals, and to pursue them in a manner that enhances the legitimacy of the institutions of government".<sup>72</sup> Of course what is appropriate and attainable is often very subjective and open to political dispute. Therefore, it is the legislature that gives legitimacy to the policymaking process by debating and approving the measures put forward by the executive. Performing these

duties, whether they are at the federal or provincial level, requires politicians to serve various responsibilities within the context of being a legislator.

As an elected member of the legislative branch, politicians are not only representatives of their constituencies, but also members of their respective party caucus. How politicians fulfill their roles, impacts how agricultural policy is created. As noted in Chapter One, party discipline in Canada's political system has a large impact on how politicians carry out their duties. Politicians are expected to publicly uphold their party's position on a given policy matter, even though behind closed doors they may disagree with the leadership or direction being taken. It is also true that the electorate most often bases their vote on the political party rather than the traits of the individual candidate. As such, when it comes to policymaking in Canada, serving the role as a representative of a constituency is closely linked to the role of being a member of a political party.

As demographics illustrate the decline in farm families in recent years, farmers have lost considerable political strength. Therefore, they rely on their elected representatives at the provincial and federal level, to serve on their behalf and be a strong voice for their industry. At the provincial level, ministers are closer to local issues and that presents more opportunity for producers to approach these officials, and their staff, whether it is directly or through lobby representation. However, even provincial agriculture ministers are often criticized for being "out of touch" with issues.<sup>73</sup>

At the federal level, farmers constitute an even smaller percentage of the general electorate, and therefore depend on the provincial government to put pressure on their national counterparts to address their concerns. Agricultural producers also access the federal government through their MPs. However, while MPs may present the interests of

the electorate to their colleagues, it may not matter unless the government establishes the issue as a priority. Richard Simeon, author of *Federal-Provincial Diplomacy: The Making of Recent Policy in Canada*, illustrates this perspective when he cites the comments of a Manitoba MP who stated, “[Being a provincial spokesman] is a pretty minor role for MPs. You hardly ever hear from the provincial government. Lines are all party down here”.<sup>74</sup> Therefore, as party discipline plays such a predominant role in Canadian government, agricultural producers ultimately depend on pressuring the executive at both levels of government to set agriculture as a government priority, devote resources, and develop policy that seeks to address the problems plaguing the industry.

The cabinet in the parliamentary system is the key political player in policy development. In addition to the fact that its authority faces few checks within the Canadian political system, it also has access to many resources that strengthen its position in policy matters. There are five main resources that are identified by Michael Howlett in his book, *Studying Public Policy*.<sup>75</sup> The first is the control over information. The communication staff and resources available to the prime minister and his cabinet, allow the cabinet to control an immense amount of information on a given issue and plan an elaborate strategy on how they will present their message. Moreover, the executive chooses what information it withholds, releases, and manipulates, and does this to present its position in the best possible light.<sup>76</sup> The second is control over fiscal resources, which allows the government the general discretion as to how it allocates resources and what areas of policy it wants to set as priorities. The third resource identified, is the unparalleled access to the mass media in publicizing the government’s position and undermining those of its opponents. The bureaucracy is the fourth powerful resource of

the executive, as it not only provides valuable advice but also carries out the government's set priorities. The fifth resource is the control that the executive has over the timing of introducing and passing legislation. By determining when bills are to be introduced to the legislature and when they are expected to pass, the executive attempts to control the political agenda.

In any government organizational chart, the Agriculture Minister is considered to be at the top of the agricultural policymaking structure. As government ministers are not expected to be experts in their assigned portfolio, they rely on the bureaucracy to provide the knowledge needed to make informed policy decisions.

### *Bureaucrats*

Appointed public officials who deal with public policy and administration are collectively referred to as the 'bureaucracy'. In this role, members of the bureaucracy advise government ministers on policy issues, draft legislation/regulations, propose budgets, spend government funds, and implement government policies and programs. Paul Pross argues that it is the considerable autonomy that is granted to the bureaucracy to carry out these roles that make the senior ranks of the public service the preferred target for interest groups.<sup>77</sup> In fact, agricultural economist Hartley Furtan argues that the bureaucracy's role in agricultural policymaking is so prevalent that, "in the U.S., politicians make policy, while in Canada, policy changes come from bureaucrats".<sup>78</sup> At first, Furtan's argument may seem to contradict the position that academics like Donald Savoie have taken, arguing the immense power of the cabinet in setting political direction. However, Furtan's position does not challenge the central role that the cabinet

has in policy direction, rather he focuses on how policy change is often central to the influence the bureaucracy has, as it carries out its departmental duties.

Given the complexity and sheer number of issues that are brought to the attention of government, politicians are forced to “leave wide discretionary powers to the public service to carry out their general, abstract goals”.<sup>79</sup> As a result, the bureaucracy is often the subject of extensive criticism when agricultural policy fails to address the concerns that it was intended to. As a result, agricultural policies are often deemed to be ‘illegitimate’. When it comes to agricultural policy, some may argue that legitimacy is subjective, as it is most likely assumed to be linked with how successful a policy or program is perceived to be. However, the legitimacy of a policy or program is more often based on two main factors: how it was derived, and more specifically who developed it.

Agricultural producers and farm lobby groups often attribute failed policy measures with the lack of consultation with farmers, or the disregard for the suggestions they make. For example, the *Agricultural Policy Framework* (2003) was a federal-provincial agreement that has been criticized for being ‘illegitimate’ because it “lacked practical farm input”.<sup>80</sup> Journalist Barry Wilson argues that the result has been, “one of the most unpopular and ineffective farm programs in a generation...”.<sup>81</sup> Another prominent example is the Canadian Agricultural Income Stabilization program (CAIS). Since the CAIS program began in 2003, farm lobby groups have been vocal in stating their concerns over how the program is designed and how it is administered. CFA president, Bob Friesen, states, “We could see the flaws, we could predict the failures, but the mindset in the department at the time was that they knew best and we were over-reacting. I think a lot of the problems could have been avoided if they had been more

willing to involve the industry in the design”.<sup>82</sup> From a political party perspective, a report released by the national Liberal party’s agricultural task force in July 2006 attributed the weakness of past Liberal government safety net policies to the fact that they were “made by bureaucrats and politicians without heeding the real needs and input of farmers and their representative organizations”.<sup>83</sup> While the Liberal party lays partial blame on politicians, the bureaucracy is also recognized to have contributed to failed programming. David Rolfe<sup>84</sup>, president of the Keystone Agricultural Producers contends that the bureaucracy is often lacking in frontline knowledge of the industry, resistant to advice from lobby groups, territorial over issues that cross departmental lines, and are often overly sensitive to criticism.<sup>85</sup> Barry Wilson, a journalist for *The Western Producer* for over 26 years, presents a similar perspective, arguing that politicians and bureaucrats most often accept farm organizations’ ideas only when they “support their prescription”.<sup>86</sup>

In *Breaking the Bargain*, Donald Savoie explains that there is “a thin line between what is policy and what is political ... governments now expect career officials to be policy actors not just inside but also outside government circles”.<sup>87</sup> According to Savoie, it is “extremely difficult for career officials to participate with non-government actors in the policy process as neutral observers unwilling to support a policy position”.<sup>88</sup> Therefore, conflict between bureaucrats and lobby groups may arise when there are clear differences in how policy is created and implemented. In contrast, retired senior public servant, Arthur Kroeger argues, there is a difference between political and partisan and while deputy ministers (DM) will lay out political arguments for ministers to consider, the final decisions always rest with the elected officials.<sup>89</sup> This latter viewpoint

minimizes the influence of senior public servants. Regardless, given the prominent role of the bureaucracy in the creation and implementation of agricultural policy they are often seen as logical targets to blame when programs fail or lobby group concerns are not addressed. Whether this is a valid assessment or not, it contributes to the contentious debate among policy actors on the topic of the bureaucracy's role in agricultural policy development.

Journalist Robert Sopuck has been a vocal critic of what he refers to as "the bureaucratic stranglehold on farm policy in Canada".<sup>90</sup> Sopuck argues that ineffective farm programs are the result of passive cabinet ministers who "act like interested spectators, but are divorced from the final result, and an unaccountable bureaucracy that is not heeding the advice of the agricultural community".<sup>91</sup> As one of the least visible policy actors in agricultural policy development, the public service is often cited to be 'unaccountable', 'unelected', 'large', and 'uncontrollable'. As farm organizations rely on their access to department officials to translate their concerns and suggestions to political leaders, the bureaucracy is the target of criticism when government policy fails to reflect the farm lobby's proposals. Without applying the advice of the farm organizations, bureaucrats often design farm policy according to what "should" work within the industry, but most often fails to do so once implemented.<sup>92</sup> Critics often cite the myriad of ineffective farm programs that have been developed by both levels of government over the last couple of decades as evidence of this phenomenon.

A link that is often drawn between bureaucrats and ill-designed farm programs is that the bureaucracy is 'permanent' and 'resistant to change'. As governments change regularly in Canadian politics, the bureaucracy remains almost completely intact within

departments at both the provincial and federal level. This combined with a lack of political direction from cabinet, is often used to explain why agricultural policy is rarely innovative. Donald Savoie, author of *Governing from the Centre*, states, "The role of senior public servants is to take political direction, and where it doesn't exist, to tread water until direction is given".<sup>93</sup>

As the bureaucracy's role is to execute the policy established by the Agriculture Minister and his government, they often consult with stakeholders such as business groups and farm lobby groups. As such, one should expect that they would be able to provide constructive suggestions for policy initiatives that would effectively connect government to the realities faced by producers. However, as Barry Wilson argues in his book *Farming the System*, many agriculture ministers, at both the federal and provincial levels, have often found the bureaucratic staff resistant to change, which Wilson cites as a main reason why new policy ideas "rarely are presented from the bottom up".<sup>94</sup>

As the above discussion would suggest, agricultural policy development may be ineffective given that politicians rely on the bureaucracy to suggest policy change, and the bureaucracy fails to do so. However, as G. Bruce Doern and Richard Phidd argue, "There is no satisfactory way to generalize about the balance, or the lack thereof, between "bottom-up" or "top-down" sources of policy initiation, since these are governed by both perception and by evidence".<sup>95</sup> However, Arthur Kroeger who over his career headed the federal departments of Transport, Industry, Energy, Economic Development and Employment, explains that in principle, the role of a deputy minister is to gather information and analyze problems.<sup>96</sup> However, Kroeger explains that in reality it is often difficult for bottom-up policymaking to occur because frontline administrators are often

spread throughout the nation and as such, ideas or concerns often do not easily filter through the lines of communication to the senior civil servants in Ottawa.<sup>97</sup>

As the bureaucracy will continue to remain directly accountable to ministers, and only indirectly accountable to Parliament and the public, it is necessary for politicians to become stronger leaders who can communicate a clear vision and work with the bureaucracy to achieve set goals. While ministers should encourage the public service to make suggestions on policy matters, it is the responsibility of elected officials to set the larger direction for government policy, as they will be held answerable to the public at election time. Academic Donald Savoie cites that in his research, career officials in central government agencies,

“respond whenever clear and consistent political direction is given, that when political authority decides to focus its energy on selected issues and clearly lays down the direction it wishes to pursue ... will give their best effort to make it work.”<sup>98</sup>

However, while political direction is important, it is still the bureaucracy that will help develop the design and implementation of the government policies. Therefore, if farm organizations still feel that their opinions are not contributing to policy development, criticism is likely to continue and ineffective programming may result. ‘Effective’ policy development requires the contribution of a range of policy actors: the provocation of issues by interest groups and the media; the initiative of politicians to seize political direction and establish a clear agenda; and the bureaucracy to appraise the suggestions of stakeholders, and present valuable advice to cabinet.

### *The Role of the Deputy Minister*

Donald Savoie quotes J.W. Pickersgill, a former federal cabinet minister, who stated, “No one with any experience expects a minister to manage his department. That is

the duty of the deputy minister”.<sup>99</sup> In carrying out their duties, DMs are expected to remain nonpartisan. While this is most often the case, it does not mean that they are isolated from the workings of political strategy that exist in government. Barry Wilson argues that bureaucrats “are at least equal partners in the policy-making process and often are the driving force”.<sup>100</sup> Wilson explains that bureaucrats keep the minister informed, meet with lobbyists, prepare supporting arguments to be used in political battles, and often succeed in swinging the political agenda by controlling the information that is filtered to officials.<sup>101</sup> The powerful role that a deputy minister can have in policy development is reflected in the following case study.

### *The Crow Rate Issue*

Elected officials make policy decisions based on the information they receive from the bureaucracy. The bureaucracy assesses whether a particular policy option is feasible, based on their available resources, and will provide advice to the minister. This advice is not always the result of a minister’s request. In fact, policy direction and change may be a product of a bureaucrat’s initiation. One of the best examples of this was in the early 1980s when the Deputy Minister of Transport suggested dramatic change to Canadian freight rate subsidies.

Arthur Kroeger, a highly accomplished public servant, had been appointed to the role of deputy minister to serve under federal Transport Minister, Jean-Luc Pépin. After receiving this appointment, Kroeger decided that one of the most pressing issues facing the department concerned freight rate subsidies, more specifically the Crow’s Nest Pass freight rate (Crow Rate). In an interview conducted for this study in December 2006, Kroeger explained that at the time, he observed that the state of the railways was

declining as a result of the lower freight rate charges and decided that government needed to address the Crow Rate issue. He believed that terminating the Crow Rate subsidy was in the best interest of the federal government, as it could not afford to increase the freight rate subsidies indefinitely.<sup>102</sup> He stated that, "There is a limit to how much the Federal Government can afford and there is a limit to how much you can spend on a particular industrial group in a particular part of the country".<sup>103</sup> Kroeger knew that any proposal resulting directly in higher costs for western farmers would be controversial. He recognized that the Crow subsidy "was part of western culture and it would take a pretty heroic approach to deal with it".<sup>104</sup> Kroeger argued that not all Westerners were in favour of changing the policy, but most farmers understood why action was being taken.<sup>105</sup> The fact that not everyone in the west was adamantly opposed convinced Kroeger that it was the right time to tackle the important and highly sensitive issue.<sup>106</sup>

Kroeger remained committed to the issue because he was convinced that in the long-term it would help the transport industry and the western economy.<sup>107</sup> Barry Wilson explains that due to Kroeger's initiative, Minister P  pin "was easily sold on the idea. He liked the logic and saw the economic arguments".<sup>108</sup> Despite facing strong opposition from western MPs, prairie wheat pools, farm lobbies, and western farmers, P  pin and Kroeger persevered for what they believed was a necessary step, because in Kroeger's words, "the railway system was at risk".<sup>109</sup>

There were two sides to the issue: there were those who supported maintaining the freight rate, and those who argued that the rate had to be increased to reflect the rising costs for the railways. Opposition to the proposed changes to freight rate subsidies proved to be a highly debated issue within the cabinet. Many of P  pin's fellow cabinet members

were skeptical of such a bold policy move that would impact the Prairie region, where they were already experiencing extremely low levels of political support. In the 1980 federal election, the Liberals had managed to form government, despite electing only two members west of the Ontario border, both of whom were from urban Winnipeg. By undertaking a contentious policy issue that had such economic implications for a region where they had such little representation in caucus, the Liberal government was reluctant to pursue a policy change, which could be seen to lack legitimacy.

Given that many cabinet members, including Prime Minister Trudeau, were hesitant to make a policy move that might further erode their popularity in the west, P  pin and Kroeger knew that their first obstacle was to convince the cabinet that the Crow Rate's demise was necessary and inevitable. Kroeger states that one of the lessons of governance is that "if in government you are trying to get a customer for your solution you have got to make them understand that there is a problem".<sup>110</sup> When asked whether it is the senior bureaucrat's role to pressure a particular direction of public policy, Kroeger affirmed that it is when it is in the "public's interest".<sup>111</sup> Once cabinet was supportive of the policy direction, then a strategy was put in place to gain the necessary support from the public. This strategy reflected political considerations and used the media as the main tool to 'sell the policy'.

In *Farming the System*<sup>112</sup>, Barry Wilson argues, "Political considerations were equally important" in considering whether or not to pursue the Crow Rate issue.<sup>113</sup> Taking on the issue that was considered almost sacred to western farmers, being often referred to as the 'Holy Crow'<sup>114</sup> meant that the Liberals would risk doing further damage to their already weak popularity in the Prairies. However, given that the Liberal party did

not have much to politically risk in the West, they had little rural support to lose. Further, if the demise of the Crow Rate led to benefits on the Prairies, they could perhaps gain some credibility in the region. The political move to end the Crow Rate would prove to be one of the most notable and controversial policies of Pierre Trudeau's last term in office.

Despite the overwhelming opposition to the proposed demise of the Crow Rate voiced by western opposition MPs, prairie provincial governments, prairie wheat pools, and farmers, the government still pushed the issue forward and developed a communications strategy to help sell the idea. Barry Wilson explains "The Crow Rate issue was primarily a political battle over public opinion, with economics playing a secondary role".<sup>115</sup> As such, media manipulation and information management proved to be "vital strategies".<sup>116</sup> Arthur Kroeger states, "Jean-Luc Pépin was obsessed with communications and he was prepared to do almost anything to sell the product, as long as it was honest".<sup>117</sup> As such, the government devised a strategy focused on communication projects that included: letters to 140,000 Wheat Board permit holders from Minister Pépin; a brochure sent to producers and rural residents of Saskatchewan; a program of response to editorials and letters to the editor, as well as sending letters promoting the reform of the Crow Rate on a 'proactive' basis; radio interviews by Pépin; a series of newspaper advertisements directed at prairie residents; and appearances by government officials at public gatherings.<sup>118</sup> Barry Wilson also explains that Arthur Kroeger,

"made a special point of contacting his own list of influential reporters. One such regular contact was Financial Post Ottawa bureau chief Hy Solomon, who would periodically write stories about economic benefits and industrial spin-offs that could be expected from freight rate reform".<sup>119</sup>

In his interview, Arthur Kroeger argued that the media strategy was not as prominent as Wilson claims and that his involvement with the media was mainly to correct misinformation that was being presented by opponents of the policy endeavour.<sup>120</sup> However, it is undisputed that Kroeger and his advisors constantly monitored the media to evaluate the message that the public was receiving, and how they were reacting to it. Once the government felt that the media had created the right environment to suggest change, they took the necessary steps to introduce the *Western Grain Transportation Act* into Parliament. After a long and contentious debate in the House of Commons, the *Act* was finally passed and received Royal Assent in November 1983.

Once the government was successful in passing the legislation, political considerations were again thrust into the spotlight to reveal the regional and divisive nature that often influences Canadian policymaking. When government officials agreed that some type of payment should be given to assist western farmers in the transition to higher transportation costs, there was a strong debate within government and in the larger national context as to whether payment should be distributed directly to western farmers. Arthur Kroeger explains that the government saw the clear benefit to giving the money directly to farmers to use either for diversifying their operation or their increased transportation costs.<sup>121</sup> However, Quebec producers strongly believed that this payment to western farmers would put them at a disadvantage. In the research study entitled, *Parties and Regional Representation*, Paul G. Thomas explains, that the possible emergence of a processing industry in western Canada as a result of more value-added industry would “upset the economic equilibrium in the livestock and meat processing industries to their [Quebec producers] disadvantage”.<sup>122</sup> As such, Quebec producers

exerted their influence through the L'Union des Producteurs Agricoles (UPA) lobby group and their seventy-four Liberal elected MPs, to pressure government officials to avoid direct payment to western farmers and instead, pay the railways directly. Arthur Kroeger argues that paying western farmers would not have made the industry any less competitive in Quebec, but that political pressure ultimately changed the government's direction.<sup>123</sup> The seventy-four member Quebec Liberal caucus warned that the party could lose 20-25 seats in the province<sup>124</sup> if the payment was not given directly to the railways and it was not a risk that the Liberal government was willing to take.<sup>125</sup> Kroeger explains that the government's choice to change the funding formula was "definitely political" and that the regionalism within the nation was clearly evident over this issue.<sup>126</sup> The dramatically reduced subsidy levels under the *Act*, also known as the Crow Benefit, would be eliminated years later by the Jean Chrétien Liberal government in 1995.

The end of the Crow Rate did not bring about the expected prosperity that Pépin and Kroeger had hoped for, and it remains a sore spot with many prairie farmers to this day. David Rolfe, president of Keystone Agricultural Producers (KAP) explains that the demise of the Crow Rate merely transferred the problem from transport to agriculture and that there was little long-term vision for what the impact would actually be on the industry.<sup>127</sup> Furthermore, whether it was the best policy choice to be made, or whether it served to help or hurt the agricultural community, is a question that is still open to contentious debate. However, the point of this case study is not to debate the validity of specific policies, but rather it highlights a number of significant points regarding the policymaking process in Canadian government.

First, it demonstrates the powerful role that bureaucrats can have in initiating significant policy endeavours. However, the influence of the bureaucracy is only as great as the prime minister and other ministers are prepared to allow. The fact that cabinet members are ultimately answerable to the public for policies provides an incentive for ministers to control the final shape of policy. This is supportive of Donald Savoie's argument that "the role of public servants is to advise the rulers on complex issues, not to make the decisions".<sup>128</sup>

Secondly, this case study illustrates how political strategy is a strong consideration for government action. Governments will assess the political risks and try to minimize them accordingly. *Financial Post* bureau chief at the time, Hy Soloman, wrote, "I thought it was one of the most fascinating stories I've covered in Canada. It was a great example of policy-making with bureaucratic, political and regional overtones".<sup>129</sup> As Canada has developed as a regional nation, regionalism in political policymaking is very much evident. This case study reflects the division often cited between 'East' and 'West'. The legitimacy of a policy measure that affects one particular region of the country in which the governing party has little or no support, will always be questioned especially if it appears to create an advantage or disadvantage by those most affected.

A third point to be made involves the media's power to influence the public and the government's attempts to use them to promote their position. This contradicts the usual assumption that the media creates the agenda of issues to which governments are forced to respond. Nevertheless, the influence of the mass media in the policymaking process is important because they must rely to a large extent on the media to reach the

public. This topic will be further explored in an upcoming section on the media's role in the policy environment.

This case study also reveals how a minister's commitment to an issue can be extremely powerful in determining how the government proceeds with the issue. Jean-Luc Pépin and his deputy minister, Arthur Kroeger, faced a great deal of opposition when they presented such a radical policy change affecting both the transportation and agricultural industries. Policy changes which cross departmental boundaries require a great deal of consultation, negotiation, and coordination for success. While it is necessary for departments to work together to deal with overlapping issues of public policy, there may be difficulties and inefficiencies that arise in the process.

#### *Government Accountability and Efficiency*

As the above case study illustrates, issues that affect the agricultural community span government departments. As such, there are implications concerning accountability on policy matters, as well as questions of the quality of policy that is able to be produced from such a diffusion of policymaking authority.

As Donald J. Savoie, in his article *Searching for accountability in a government without boundaries* argues, because public policies and government programs are "now the product of many hands ... we may well have reached the point where accountability in the sense that we can retrospectively blame single individuals or even single government departments for problems is no longer possible or fair."<sup>130</sup> Savoie also explains that policy outcomes are also affected by this arrangement of policy development: "The various incentives and constraints shaping behaviour in government

are so powerful that they have prohibited the development of a comprehensive policy agenda".<sup>131</sup>

It is clear that many issues require the involvement of a number of government departments, and for that matter, many governments. Donald Savoie states, "Everything in a government department now seems to connect to other departments and other governments, whether at the provincial level or abroad".<sup>132</sup> This overlap in departments can be seen in the above discussion on the Crow Rate, in which the Departments of Transport and Agriculture were involved in policy discussion. But as academics have argued, the outcome of having multiple government departments involved has not led to better or more consistent policy.

Grace Skogstad makes the argument that bureaucratic diffusion of policymaking authority has weakened the national state's capacity for coherent action on economic trade policy for agriculture.<sup>133</sup> Skogstad explains that within the national government, there is such a large degree of department overlap on trade policy, that it has caused considerable "co-ordination problems".<sup>134</sup> Given the fact that there are multiple government departments involved in developing international trade policy, the lack of 'coherent action' may be attributed to varying goals and perspectives from each department. Michael Howlett argues that the conflict and the lack of co-ordination results in a policy decision that "may be made on the basis of their acceptability to all concerned agencies rather than intrinsic merit".<sup>135</sup> The policy that results for the agricultural industry is therefore often more general than specific to gain some level of agreement from the various departments.

If policy direction is being complicated as a result of the lack of coordination between government departments, then what needs to happen to address this problem in policymaking? Donald Savoie cites the argument of various department officials, who believe that,

“... if the federal government is to have a strategic vision, it can only be constructed at the centre of government. Similarly, if coherence and coordination are important concerns to the government, then the centre should be held responsible for their promotion and their success or failure. ... when it comes to taking the lead on a file, in establishing a strategic vision for the government, or even in providing a sense of coherence and coordination, it fails”.<sup>136</sup>

Again, it must be reiterated that the government executive needs to establish a clear vision for policy areas. Furthermore, as areas of public policy intersect, it is essential that government's policy direction is collective in its approach, as one policy decision may affect multiple groups of citizens. As final decisions on policies and overall political direction, rest with the executive, it is imperative that more leadership is assumed, and subsequently, more responsibility taken for ineffective policy and programming. Power may be concentrated in the hands of the PM and the cabinet creating the potential for coherence in policymaking, but in reality policymaking has become more difficult because of the complicated, interdependent, turbulent, and uncertain nature of most policy fields. This creates a new set of challenges for public officials, both elected ministers and senior public servants, in seeking to manage the policy agenda.

### *Agenda-Setting*

Although politicians and bureaucrats have a great deal of power when it comes to formulating legislation and implementing policy and programs, we must look further to what guides their policy priorities. As the governing political parties decide how, and to

what extent, issues of public policy are addressed, the theoretical 'political agenda' of government develops. Agenda-setting implies that issues vary in importance according to the time and manner of how they are addressed by government. Studying the influences on the political agenda help to explain why some problems reach the political agenda but others do not, and why certain policies are consistently preferred in spite of their poor record of success. The upcoming sections on lobby groups, the media, and consumers, will provide greater detail into how these policy actors try to influence the government's agenda and policy development. First, it is important to briefly explain how elections/political goals and fiscal resources affect how agricultural policy development is affected.

Policy proposals and development is often part of a larger political strategy. Politicians will always try to gauge the response of critics, as they are made answerable for failures of policy and programs on a routine basis. Jean Chrétien once argued,

"the art of politics is learning to walk with your back to the wall, your elbows high, and a smile on your face. It's a survival game played under the glare of light ... The press wants to get you. The opposition wants to get you. Even some of the bureaucrats want to get you. They all may have an interest in making you look bad".<sup>137</sup>

Given the nature of Canadian party politics, it is essential for politicians to appear politically active. This is especially true when there is an approaching election.

Bruce Doern argues that the party system plays a large role in policy development, because the content and the timing of policy is often a reaction to an upcoming election.<sup>138</sup> 'Between elections', the focus on policymaking is slightly less grand in scope.<sup>139</sup> Doern explains that policy is directly connected to two powerful forces: "the need to survive politically and the obligation of the government to

govern".<sup>140</sup> Political survival is a powerful instinct and as such, political parties in power are often prepared to change priorities to help sustain the coalition of voter support that will help them to retain office. Further, these self-interest motivations are most often linked to dominant issues that surface through such mediums as public opinion polls and the media.

Due to the complicated nature of policy issues and the fact that the media presents a shallow understanding of news, widespread public knowledge is often lacking. Murray Edelman's *Symbolic Uses of Politics* provides insight into the regulatory process and the nature of public policy. According to Edelman, much of politics consists of the "manipulation of symbols to evoke public arousal or quiescence".<sup>141</sup> When the public is concerned about a particular problem, politicians often will try to take advantage of the situation by advocating short-term solutions and political support. Given the number and complexity of issues raised on a daily basis, governments are often provoked to be reactionary, and therefore are hesitant to concentrate on issues for too long without extended public support. This is not to say that political leaders and appointed officials are passive receptors of cues from the public, as there still must be some initiative taken to convert a problem into a "live" issue.<sup>142</sup> However, reactive policy is favored not only because it creates the perception of an active government, but also setting a short-term agenda allows for results to be seen sooner rather than later. For a government hoping to reap the rewards for an implemented policy endeavour, and subsequent public approval in the polls, a short-term approach is favourable. Of course, using this same logic, a flawed short-term program or policy could backfire on the government. However, in

considering political strategy, the risk may be better than seeking a long-term solution that a successive government may receive credit for when it produces positive results.

Politicians, along with other party members, will estimate whether decisions might win political support or insult potential voter groups. The reality of policy decision-making is more politically complex than is often realized. Agriculture Ministers, like all of their cabinet colleagues, are restrained by the system in which they operate as much as they are empowered by it.<sup>143</sup> They must work with the policies and programs they have inherited, and lobby their cabinet for budgetary resources.

Fiscal feasibility and available resources often determine whether a particular department pursues a policy direction or not. Furthermore, the distribution of government resources is linked to shifting priorities and often determined by larger political goals. For example, in 1994 despite the pleas of many of his cabinet ministers, Prime Minister Jean Chrétien made a firm decision to make massive cuts to many government departments and programs to address the federal deficit. This exercise called 'Program Review' lasted from 1994 to 1996 and involved varying depths of cuts to budgets and staffing in federal departments. Eleven departments were singled out including Agriculture Canada, for the greatest cutbacks. Ralph Goodale, the Minister of Agriculture at the time, questioned the extreme cuts to agricultural research and programming in his department. "What gives you the right to act as judges on what generations of other people have created? From what divine right do you derive the power to decide that fifty of my scientists will be without work tomorrow?" demanded Goodale at a 1994 ministerial program review meeting.<sup>144</sup> Unfortunately, Goodale was unable to convince Chrétien of the impact that massive cuts would have on Canadian agriculture, and there were many long standing

farm programs and subsidies that were eliminated, including freight rate assistance (Crow's Nest Benefit), inspection services, research programs, and industrial subsidies. In addition, the budget for Agriculture Canada was decreased by 30% and the staff cut by 20%.<sup>145</sup> Despite initial doubt, Goodale soon toed party line in his public statements stating, "Farmers are not victims of this budget. The cuts and end of the Crow Benefit subsidy will be the beginning of a new, more prosperous era for prairie agriculture".<sup>146</sup> This example once again demonstrates the dominant power of the prime minister in setting government priorities, which in this case proved to be addressing the national deficit rather than the maintenance of many agricultural programs.

As this research has shown, the key factors to the development of agricultural policy are political commitment and vision. To ensure that agriculture is given the support it requires, the actions of other policy actors becomes more significant in forcing the government to commit to issues of public concern. Michael Atkinson, author of *Governing Canada: Institutions and Public Policy*, explains that studying public policy and its outcomes, provides an informative "window on politics".<sup>147</sup> In examining agricultural policy, the 'window' exposes that in addition to institutional factors, government decisions are also influenced by a number of societal actors. The following sections will examine in greater detail the policy role of lobby groups, the media, and the public/consumer.

### **Policy Actor #2—Lobby Groups**

To gain a complete understanding of the significant role of agricultural interest groups in Canada's political system, it is essential to first outline who they represent, the roles they play, how their activities are affected by the political system, and what types of

obstacles they face. It is with this understanding that we can identify how it may be possible to improve their contribution to the policy process.

An interest group/pressure group can be defined as an organization whose members act together to influence public policy in order to promote their members' common interest.<sup>148</sup> The actions of interest groups are often referred to as lobbying, which is defined as "any organized attempt to influence decision makers".<sup>149</sup> Common objectives among Canadian farm lobby organizations are: striving towards sustainable farm income levels, the establishment of fair trade practices, the maintenance and improvement of rural communities, and providing accurate and up-to-date information for agricultural producers so they can make qualified, informed decisions relating to the day-to-day workings of their operations.<sup>150</sup> While farm lobby groups represent primary producers, they actively promote the entire agricultural industry encompassing individual farmers and the processing industry.

For the purposes of this thesis, analysis will be limited to the representation of the primary producer, given that the current 'agricultural crisis' is a reflection of the distress they currently face. Therefore, while it is important to realize that agri-business is active in lobbying government, their interests may not necessarily translate into benefits for primary producers. As such, the following section will specifically examine the role of farm lobby organizations in the Canadian public policy environment.

### ***Roles of Agricultural Interest Groups***

Agricultural interest groups serve many roles within the policy network and attempt to influence other policy actors like the media, consumers, and most of all, government policymakers. Agricultural lobby groups serve as a link between government

and citizens. In this role they provide representation, promote communication, and bring awareness to important issues. Interest groups can potentially provide a voice to those citizens who are otherwise underrepresented in political institutions. As there has been a dramatic decline in farmers in recent years, the political influence they have has obviously been affected. Therefore, primary producers greatly depend on farm organizations to relate their concerns to government, media, and the public.

As the distribution of seats in the House of Commons is based on population, the Prairie Provinces feel underrepresented in Ottawa as they only hold 56 out of a total 308 seats (18%) in the Canadian Parliament. In addition, rural communities also feel underrepresented within their own provinces, as the majority of the population lives in urban centers. Therefore, farm lobby groups provide a “supplementary kind of functional representation”.<sup>151</sup> This representation focuses more on the specific interests of its members, as compared to political parties who strive to engage wider public support. As such, the restricted role of interest groups allows them to complement rather than to rival political parties in the process of political communication.<sup>152</sup> Canada’s model of government has limited the extent to which individuals can participate in the policymaking process. As such, many citizens rely on interest groups to present their concerns and perspectives to government. The Government of Canada reaffirms that lobbyists and interest groups can “perform a useful and legitimate role in the complex system of contemporary government ... [and are] a necessary part of modern public policy making”.<sup>153</sup>

Secondly, interest groups provide a diverse communicative role in the political system. Not only do these groups relay the perspective of their members, but they also

inform their members about government policies and programs. Paul Pross stated, "Interest groups perform a vital communication function, linking the public to government they are able to carry information across institutionalized barriers ...".<sup>154</sup> As the Canadian political system makes it difficult for Canadian farmers to bring their concerns to the attention of policymakers, they must rely on interest groups to provide this two-way transfer of communication. For example, when effective farm lobby organizations are evaluating proposed government legislation, regulatory controls, and programs, they maintain a constant communication with government and their members, through meetings, newsletters, briefs to committees, etc.

The third role that agricultural interest groups serve is to bring awareness to issues affecting their industry. Farm lobbies that are perceived to be effective in contributing to the policy process tend to participate in more collaborative activities with policymakers and avoid protest-associated behaviour. Former Manitoba Agriculture Minister, Harry Enns explains that a lobby group's actions often determine the influence they have with government officials.<sup>155</sup> Enns cites the example of the National Farmers' Union (NFU) who he believes has lost a great deal of credibility with government at both levels, because of their often extreme 'left-wing' approach.<sup>156</sup> Enns argues that farm lobby groups are more influential when they focus on collaborating with government rather than promoting a strict ideological agenda.<sup>157</sup> As a result, agricultural interest groups are able to maintain a respectful position with government, which will help them gain access to officials to present their issues. According to author John Sawatsky, this illustrates that "effective lobbyists prefer to operate as insiders rather than outsiders" within the policymaking process.<sup>158</sup> In addition, when groups participate peacefully and

cooperatively, they demonstrate support for the political system and those with whom they are interacting.<sup>159</sup> While protests and demonstrations are often associated with small reactionary interest groups, well-established farm lobby groups have been known to organize such events to bring media attention and general public awareness to issues plaguing the industry.

Canada's political system has produced many governments, which have been more reactive than proactive in their policy development. During periods of farm prosperity there was a general lack of interest in farm policy matters. However, when the farm economy has collapsed, policymakers have rushed to find a band-aid solution. Policy that only reacts to crises often ignores careful consideration of factors affecting long-term sustainability. Therefore, the consistent pressure that farm lobby groups apply to government is important in bringing awareness to longer-term issues facing the agricultural sector, and encouraging the development of effective policy to address them.

Many agricultural lobby groups at the federal and provincial level play an active role in the policymaking process. When new legislation, regulations, and programs are proposed, agricultural pressure groups ensure that their members are represented by providing government with their insight on how policy may affect their industry. It is essential to understand that agricultural interest groups do not merely serve the role of critic; they often present well-researched criticisms and legitimate proposals. Governments value the information that interest groups can provide, as well as the legitimacy they can give to their policy actions. Continued access to government officials often depends on the extent to which interest groups can fulfill these two roles. In addition, despite the apparent decrease in farm population numbers, farm interest groups

in Canada and the United States have forged close links with politicians and civil servants.

As the issues that governments are dealing with are becoming increasingly complex, elected officials can no longer be expected to have substantial expertise in all policy areas. Interest groups, which are able to focus on one particular area, fill this void by acting as consultants and relaying their specialized knowledge. As academics Jacquetta Newman and Brian Tanguay state, "government policy seems to vary within restricted parameters. In such an environment, organized interests ... can be extremely important as sources of innovative ideas and as critics of conventional wisdom."<sup>160</sup> Interest groups act as an essential vehicle for the transmission of knowledge within the Canadian political system.

### *Influence of the Political System*

As interest groups play a valuable role in the policymaking process, the political system in turn, determines how they operate. Donald Smiley wrote that, "Government institutions will be shaped by, as well as shape the structures and activities of interest groups".<sup>161</sup> The same perspective is found in Paul Pross' *Group Politics and Public Policy*, which is regarded to be the leading full-length study of pressure groups in the Canadian context.<sup>162</sup> Pross also cites the work of Harry Eckstein who argued, "pressure group politics are a function of the variable attitudes of individual members and of the society at large, the structure of governmental decision-making, and the patterns of policy-making in the political system".<sup>163</sup> Characteristics of the Canadian political system such as: its decentralized federal system, the unrivaled power of the executive, the strict culture of party discipline, regionalism, and the increasing autonomy of the bureaucracy,

have made for a political system that is "lacking in opportunities for citizen involvement in policy formation".<sup>164</sup> Thus, agricultural producers, whose population is continually diminishing, increasingly rely on farm lobby groups to represent their interests.

The division of jurisdictional responsibilities in the area of agriculture has made it necessary for interest groups to lobby both levels of government. This also allows them two access points and while this may seem advantageous, it can lead to complications.

The nature of Canadian federalism is such that group access becomes severely restricted when an issue enters the arena of intergovernmental negotiations. Richard Simeon argues that the machinery of intergovernmental negotiations "limits the participation of interest groups in the bargaining process".<sup>165</sup> In addition, while farm lobby groups have much closer access to provincial government officials, many provinces do not have the financial capacity to implement programs without the federal government's support. The intergovernmental programming often means that programs are more general in nature due to the fact that the federal government has to satisfy the demands of provinces that want to control how programs are implemented within their own borders. The requirement to maintain contacts with both levels of government creates additional costs and staff requirements for farm organizations. Such groups do not have unlimited resources, especially given the income crisis in the industry, so farm lobbies must focus and often strategically limit their efforts.

The political system not only affects how farm lobby groups operate, but more specifically whom they target to achieve their objectives. Access can occur at a number of points in government: the bureaucracy, the cabinet, and Members of Parliament/Legislature. Since their resources are limited, farm organizations selectively

contact government officials and also seek to influence them indirectly by utilizing the media and informing the public.

Because the bureaucracy and the cabinet dominate the legislative process, most lobbying activity involves those officials. Farm groups, which have established credibility through membership, longevity, and a reputation for constructive collaboration with elites in government, can establish mutually beneficial and ongoing relationships with policymakers. Furthermore, both governments and interest groups gain legitimacy for their actions from such close relationships.

The targets of interest group activity reflect the concentration of power in the cabinet and the bureaucracy, and the relative decline of the legislature.<sup>166</sup> However, this does not mean that the parliament and legislatures should be completely disregarded. It can be argued that the parliament/legislature "largely legitimizes decisions previously taken by the executive".<sup>167</sup> Therefore, while individual members of the parliament/legislature may not hold immense political power, they still have a role in pressure group activity. Robert Adie and Paul G. Thomas argue that interest groups that are poorly financed, lack permanent organization, or are politically marginal, are often forced to rely on making their impact through opposition parties as they lack the organizational capacity and ongoing access to government officials.<sup>168</sup> As well, in a minority government situation, opposition parties can play a more collaborative role in policy creation. Therefore, it is in the best interest for all pressure groups to promote and maintain a relationship with both the government and opposition parties.

The media is also an important target of interest groups, as they want to be able to bring awareness to agricultural issues and capitalize on the influence of the media. The success of lobbyists is closely related to their access to media coverage.

### *Comparison of American and Canadian Lobby Group Environment*

Taking into consideration the position of Richard Simeon that interest groups are restricted in the Canadian political system, we can see how American farm lobbies do not face similar impediments. Thomas Patterson, a professor of American politics at Harvard University, argues, "The structure of the American political system provides fertile ground for group influence, particularly when a group seeks to protect government benefits that it already receives".<sup>169</sup> As the American's political system provides for greater checks and balances between the Senate and the House of Representatives, it makes it relatively easy for a lobby group, if it has support even within a single institution, to block efforts to cut the benefits that it receives. This means that the high levels of government subsidies that American farmers receive are very difficult to cut from government spending. Conversely, in Canada's political system, a majority government can slash programs and government spending with legislative ease. This of course could easily be seen in the dramatic cuts to federal government farm programs between 1993 and 1998, when there was a 50% reduction of federal funding to the agricultural industry and its producers.<sup>170</sup>

In the American political system, the relationship that farm lobby groups have with members of government is similar to the Canadian system in that it is mutually beneficial to both sides. For example, with support from Congress, farm groups can obtain the legislative help they need to achieve policy goals. In turn, the volume of

legislation that Congress deals with means that they must rely on established lobby groups to provide research reports, polling data, and strategic policy advice. American farm groups also lobby executive agencies in an attempt to influence policy decisions at the implementation and initiation stages. These executive agencies are parallel to the bureaucracy in Canada in the role they perform. The bureaucracy makes key administration decisions and develops policy initiatives that the legislative branch enacts into law. One major difference between the American and Canadian political system with regard to lobby groups is that they are much more political in nature in the method in which they seek influence over policy creation and implementation.

American lobby groups encourage the political participation of their members, support candidates for public office, and work to influence policymakers. Thomas Patterson argues that American interest groups approach elections by rewarding their friends and punishing their enemies.<sup>171</sup> Opposition to a powerful lobby group can openly obstruct political goals of a candidate who does not support the organization's stand on policy issues. The most common method in which interest groups try to gain influence through elections is by contributing money and resources to election campaigns.<sup>172</sup> An American lobbyist stated, "Talking to politicians is fine, but with a little money they hear you better".<sup>173</sup> After lobby groups support successful campaigns, they hope that elected members remember them when it comes to policymaking. The perception of lobby groups essentially 'buying' the support of American politicians has led to extensive criticism. In their article *Crashing the Party: The Politics of Interest Groups and Social Movements*, academics Jacquetta Newman and Brian Tanguay, explain that the tactics interest groups use to influence politicians have, in many cases, created a perception that

American lobby groups are undermining, rather than enhancing the legitimacy of the political system.<sup>174</sup> However, as interest group activity is more restricted in Canada's political system compared to the United States, they do not face the negative connotations to the extent of their American counterparts. Moreover, Paul Pross explains that while interest groups have similar functions; it is the political system they exist in, that essentially determines the 'style' used by groups to voice their demands.<sup>175</sup>

The type of direct political support common to the American system would not work in Canada due to strong party discipline and the lack of fixed elections. The level of party discipline in Canada is much stricter than in America. In the United States, the Congress strongly represents their districts as opposed to their party, and members are easily accessible to lobby groups. As party discipline is not heavily enforced, lobby groups can target blocs of members to support their interests when it comes to drafting policy and supporting/passing legislation. In the United States, it is common for members of Congress to form regional alliances across party lines on given issues including agriculture. In Canada, Members of Parliament/Legislatures do not often break from the party's position to form alliances with members of other parties. As such, when governments regularly change, it would not be wise to support one party and its candidates and completely disregard the opposition parties. Further, as Canada has a multi-party system that allows for minority government situations, the lack of fixed term elections means that a government can fall and subsequently be replaced. Therefore, it is wise that Canadian farm lobby groups meet periodically with opposition parties to not only discuss their concerns with a potential government in waiting, but also to ensure their concerns are more widely understood. Opposition parties often use the information

to provoke debate in Question Period, and subsequently in the media when the government fails to address farm interest groups' concerns or proposals. As such, it is wise that lobby groups attempt to remain as politically neutral as possible, or it may limit their credibility within the policy network.

### *Why Lobby Groups May Appear Ineffective*

While Canadian farm lobby groups make a consistent effort to contact the media and government officials, they are not always seen to be 'effective' in helping to set policy direction. Barry Wilson divides the farm lobby effort into two levels- the technical and the political.<sup>176</sup> The technical level involves consulting with bureaucrats on specific issues and making suggestions for preliminary drafts of legislation/regulations. In respect to this level, Canadian farm lobby groups are quite effective. The political level, where the bigger issues are decided including what direction and place government wants to give the industry within Canada's economic and political culture, is where Wilson feels that Canadian farm lobbies, with the exception of the UPA in Quebec, are "not effective".<sup>177</sup> Four explanations for why farm lobby groups are seen as ineffective are: symbolic consultation, finances, inability to measure results, and lack of unity.

While lobby groups in Canada are consulted on many proposed national and provincial programs and legislative bills, their suggestions are not often fully utilized. Meetings arranged between government officials and lobby groups are often seen as a formality in order to predict the organizations' response to proposed programs and legislation, and minimize the negative reaction that may result. This is unfortunate due to the knowledge that these groups bring of frontline experience with the agricultural crisis and the research they present goes far beyond what bureaucrats believe will work within

the farm gate. For example, in November 2006, farm leaders met with federal officials to once again discuss making changes to the Canadian Agricultural Income Stabilization program (CAIS). The farm lobby groups issued statements expressing their ongoing frustration over what they feel is the refusal of federal officials to heed their advice. Bill Dobson, president of the Wild Rose Agricultural Producers, stated, "I definitely wish they were making more progress and I wish they were really taking what farmers are saying into account and not just listening and then doing what they want to do".<sup>178</sup> As farm groups have continually lobbied government to change what they feel are inherent flaws, they have been relatively unsuccessful. As primary producers have witnessed the lack of change to the CAIS program, they may feel that the government does not value the advice of the lobby groups that are representing them.

The second problem that agricultural interest groups face is that their efforts are hard to measure. Measuring the effectiveness of farm lobby groups is difficult because decisions concerning farm policy are usually developed for reasons far beyond the demands of such groups. Governments make policies taking into consideration multiple factors, including economic stability, foreign policy, the environment, employment strategies, and the support of the public. As such, when farmers face the effects of an ongoing struggle within their industry, they may feel that farm groups are not effectively representing them. In fact, an Ipsos Reid poll conducted in January 2005 found that 30% of farmers felt that no farm group represented their interests.<sup>179</sup> The provinces of Alberta and Saskatchewan had the largest number of respondents (40%) that felt that they were unrepresented in farm policy debates.<sup>180</sup> The problem may be one of communication or general frustration, as it is difficult to truly measure the impact of lobby groups on a

farmer's bottom line. The exception exists in the province of Quebec, where a June 2005 Ipsos-Reid poll found that 68% of Quebec farmers claimed that the UPA adequately represented them, which was by far the highest score for a farm organization in Canada.<sup>181</sup> The reasons for this support will be discussed in an upcoming section.

The third problem faced by farm lobby groups involves a lack of financial resources. As indicated earlier, there is a dramatic decline in the farming population and their political influence is negatively affected. Fewer farmers often means less financial resources and lobby groups can only be effective if they have the adequate resources to carry out proper public relations campaigns, inform their producers, hire expert staff, and travel to meet with politicians. Clearly, a farm lobby group's capacity to influence the policymaking process is directly related to their financial ability. In addition, as mentioned in a previous section, the division of powers in Canada's federal system requires more resources to be shared between lobby groups at both levels. As Hugh Thorburn argues, "The development of cooperative federalism and later executive federalism have tended to place greater strains on the financial resources of interest groups".<sup>182</sup>

The fourth, and most often cited challenge facing Canadian farm groups, is a lack of unity. There is great diversity among agricultural producers in Canada. Canadian farms range in size, capital, and commodities. Some examples of lobby groups at the federal level include the National Farmers Union and the Canadian Federation of Agriculture (CFA). The CFA is an umbrella organization to provincial lobby groups like the Keystone Agricultural Producers in Manitoba, the Wild Rose Agriculture Producers in Alberta, and the Agriculture Producers Association of Saskatchewan. There are also

commodity specific groups that exist at both levels of jurisdiction (e.g. dairy, beef, grain). As such, lobby groups are often weakened by disorganization on specific demands, as the perception is that little common vision exists. This fragmentation of interests often presents conflict over government support programs as each commodity sector vies for a larger share of government resources.

Former federal Agriculture Minister, Eugene Whelan, who served from 1972 to 1984 (except for nine months in 1979-1980), once commented that, "I don't think they [Canadian farm interest groups] are very effective compared to say farmers in Europe where they are all one big group with a common goal".<sup>183</sup> Furthermore, in the United States, special interest groups have overcome many of their differences to speak with a unified voice on policy matters. Andrew Schmitz identifies the powerful unified stance that American farm organizations took with regard to the 1996 *Farm Bill*, where there was little dissent.<sup>184</sup> As the Canadian farm population decreases, the ability to unify the voice of diverse agricultural interests may be necessary to see improvements in long-term agricultural policy creation. The following section will illustrate that there is an example of a strong unified provincial farm lobby in Canada that other provinces could emulate to some degree.

### *The Quebec Example*

While farm lobby groups in Canada are often seen as ineffective, the province of Quebec is considered to be the exception. The L'Union des Producteurs Agricoles (UPA) has proven itself to be a powerful and influential group. Barry Wilson identifies the Quebec UPA as the "most powerful farm lobby in Canada".<sup>185</sup> The reasons for the UPA's strength are numerous. First, successive Quebec governments, starting with the René

Lévesque government in the late 1970s, have made a strong commitment to their farmers and have been prepared to spend much more than any other province in Canada. While most provinces aim to spend 40 cents for every 60 cents Ottawa spends, Quebec puts an average \$3 into provincial support programs for every \$1 contributed by Ottawa.<sup>186</sup>

The UPA was created following a plebiscite that established the *Farm Producers Act* in 1972. This law provided for the accreditation of a single professional association to represent farmers in the province of Quebec. The organization receives annual dues from all Quebec producers, whether they are members or not. The financial resources that the UPA has at its disposal allow the organization to fund research and employ staff with substantial expertise. As such, the UPA can generate policy specific and technical information, and mobilize members and public support for its policy proposals. While the UPA is a single organization that represents diverse interests, the organization is institutionalized and has a base organization of 180 local syndicates, which form 16 regional federations.<sup>187</sup> In addition, there are 150 commodity specific syndicates that producers can belong to.<sup>188</sup> These local and commodity specific groups provide enhanced representation for producers, which in addition to farmer delegates, speak on producers' behalf at the annual General Congress. In turn, these local groups are able to transfer information back to producers across the province.

In 2005, the UPA had an annual budget of \$26 million and employed 900 full-time positions to provide financial and technical advice to the 45,000 farmers, whom they serve.<sup>189</sup> To put this into perspective, the Wild Rose Producers in Alberta has an annual budget of only \$145,000.<sup>190</sup> As mentioned earlier, all provinces are not equal in financial capability but the commitment of successive Quebec governments to agriculture has been

consistent, regardless of political stripe. This commitment should be applied in other provinces, especially in the Prairies where the farm population is the most concentrated. The financial ability of the UPA is significant. Academic Kathy Brock explains that Quebec economic interest groups are “more likely to use public forums to ensure policy influence and to advertise their positions; their briefs tended to be better prepared and more competently argued before the commissions; Quebec economic associations made better use of academics and technicians in the preparations and presentation of their briefs.”<sup>191</sup>

The most significant factor in the UPA’s overall success has been the continuity and unified voice of the various sectors within the province. Quebec’s farm support program started in 1975 and has existed since, with nothing but improvements negotiated by the powerful UPA. Instead of many different commodity groups (e.g. dairy, beef, hogs, grain, etc.) the strength of the UPA comes from having one single voice that works on behalf of all agricultural workers in the province. UPA has stated that the main problem of lobby groups in the Prairie Provinces is that they seem to be competing with each other.<sup>192</sup>

Lobby groups in other provinces must learn to work together in order to have a larger base of support and to look at gains of one commodity group as a gain for the agricultural industry overall. Lobby group efforts are successful depending on a number of determinants: number of members, cohesion, resources (information and financial), financial position of government, and the absence of opposition. In addition, for farm organizations to bring awareness to issues that the agricultural industry is dealing with,

they often rely on their access to media sources to bridge the gap between farmer and consumer.

### **Policy Actor #3—Media**

Most Canadians rely heavily on the mass media through television, newspapers, internet websites, and radio, as their primary source for political and social information. Public policymakers in turn depend on the media for information, as well as for transmitting the messages that they want the public to hear. The media thus provide an important two-way communications link between the government and citizens. Further, just as the political environment influences the way in which the media operates, in turn they also exert their influence by helping to set the political agenda and presenting various perspectives to the public. The power that the media exercises in the policy network is very important to the overall understanding of how government policy is created and what it means for the agricultural industry.

As the media exists as a major player in policymaking, it is clear that other members of the policy network affect how they operate. The influence on the media emanates from actors within government, as well as outside of the government realm through interest groups and consumers. The media also contributes to the policy process, as it is used as a tool to spread the policy perspective of both lobby groups and government officials. As the media is a source of information for the public, both lobby groups and government officials try to influence what the media communicates to citizens, in the hopes of gaining support for their actions.

Politicians and their bureaucratic advisors seek publicity and subsequent support from the media in presenting their position to the Canadian public. Informing the public

and gaining their support helps to legitimize their policy direction. Further, politicians often use the media to their advantage by providing them with selective information in order to present a positive spin on a given policy endeavour. In this regard, it is often difficult to decipher valid information from political rhetoric. In politics, image is nearly everything and unfortunately news media simplifies complex issues, regardless of the area of policy, into sound bites, television clips or short newspaper stories. As such, government officials carefully monitor how the media cover their behaviour and actions. Harry Enns<sup>193</sup>, a Member of the Legislative Assembly of Manitoba (MLA) who served from 1966 to 2003 argues, "I think we are losing opportunities to engage in debate and I blame this on the influence of television which encourages us [politicians] to speak in 30-second sound bites".<sup>194</sup> In a January 2007 interview, Enns explained that the media has also increasingly affected the conduct of politicians during legislative debate over the last few decades- describing it as a "reduction in demeanor".<sup>195</sup>

Furthermore, the media also depends on inside government sources to provide them with stories, policy statements, and opposition parties' news releases. This flow of information is also reciprocated as government officials often depend on the media to provide information on the public's reaction to a given policy and/or political event.

Similar to the influence that government officials have towards the media, lobby groups also attempt to gain support for their respective issues by issuing news releases, setting up websites, writing letters to the editor in various newspapers, holding public rallies, publishing proposals for legislation/regulation changes, and conducting polls and providing media sources with the results. This contact, if consistent and credible, can help agricultural lobby groups keep farm issues in the media, thereby attempting to bring

ongoing public attention to the state of the agricultural industry. Lobby groups also hope that by providing accurate information to consumers via the media, the more support and recognition they will gain in the political agenda of government, as the media's power in the political landscape is greatly connected to their agenda-setting ability. In fact, author Michael Howlett states, "The manner and form in which problems are recognized, if they are recognized at all, are important determinants of how they will ultimately be addressed by policymakers".<sup>196</sup> The ability to reach both the public and government policymakers is farm lobby groups' primary objective, as they seek to gain citizen support and government action to address the industry's concerns.

The media, while receiving pressures from other policy actors to present their positions, also exert a great deal of influence over government action and the way information is presented to the public. A current perspective on the role of the media is that they help set the political agenda for the country.<sup>197</sup> In this respect, they help define what is 'political'. 'Agenda-setting' essentially refers to the act of prioritizing issues on a government's agenda. By recognizing and addressing an issue, it relates to the public how important the public body deems it to be. This is a function that the media share with political parties, and while parties may be more important as initiators of issues, those raised will not likely remain on the agenda without media attention. Prime Minister Pierre Trudeau observed the powerful role of the media in setting the political agenda. Trudeau claimed that, "Canadians are getting the kind of political discussion their media are encouraging".<sup>198</sup> Therefore, not only is the media powerful within the policy network in helping to set the government's political agenda, but their influence also affects what issues are brought to the public's attention and ultimately how the news is presented.

Reporters and editors can be considered 'newsmakers' as they define what is worthy of reporting and translate the stories that they believe should be related to their consuming public. Michael Howlett argues that the media, "function both as passive reporters and as active analysts, as well as advocates of a particular policy solution".<sup>199</sup> Howlett explains that it is the media's portrayal of issues that conditions how the public understands problems and/or solutions. This means that the way in which news stories are 'framed' or presented affects the public's political perception. As Canadian citizens largely depend on media for their political information, they expect journalists to not only present them with important issues but also delve into them to provide essential information. Unfortunately, the public often takes news stories at face value and considers the information as valid. This does not mean that all news stories are false or fabricated, but many reporters and media sources may carry a bias that affects how they present their stories. Some citizens may be able to separate this information from whatever commentary or biases accompany it, but the particular perspective that journalists may give to the data they present, may sway the viewpoint of many consumers.

It is also true that different media cater to their respective audiences, taking into consideration what they want to read or hear. For example, large urban newspapers assume most of their readers are disconnected and unfamiliar with rural and agricultural issues, and therefore they focus more attention on entertainment and urban affairs. Barry Wilson, Ottawa bureau chief for *The Western Producer*, explains that in the last two decades there are less and less reporters for agricultural issues and it is reflective of not only the general urban media's indifference, but how it is increasingly difficult to gain

the general public's interest in rural issues.<sup>200</sup> Senator Hugh Segal, a member of the 2006 Senate Committee of Agriculture and Forestry that detailed some of the problems facing rural communities in Canada, stated "Rural people tend to get forgotten: they don't get the media or the government attention that problems in the cities do".<sup>201</sup>

Barry Wilson also identifies how the coverage of farm issues can be very complicated in Canada's media, as several levels exist. Wilson describes the general interest media as often "disinterested and ill-informed", regional media as "better informed but often limited in their interest to issues of local relevance", and the specialty farm press as both "well-informed and often biased toward the farmer's point of view".<sup>202</sup> There are of course varying levels, including national, provincial, and more local news sources. Each presents a unique perspective, as their target audiences are very different. For example, rural newspapers, like the *Brandon Sun*, are much more likely to cover the farm crisis as compared to the *National Post*, as the *Brandon Sun's* readers are more likely familiar with the local impact of a struggling industry.

The role of the media is part of a larger democratic culture within the political sphere. A key step in putting pressure on the government is getting media attention, and through that, taxpayer and political empathy for agricultural issues. Considering the information that has been provided thus far, what does this mean for the agricultural industry and the policy creation that impacts it?

In an age when the political agenda often is set by nightly newscasts, it illustrates a problem for the farm population and the organizations that represent their interests. The "culture of commentary" often means that farm issues are not given the attention they merit. News is a business, which leads media outlets to prefer reporting on issues that

attract and hold an audience. As very few Canadians fully realize how agriculture issues affect our nation, political scandals and celebrity news seems to be much more attractive topics. Agriculture captures little sustained attention from the public. This is due in large part to the mainstream media that very often only gives farm issues attention when there is a new crisis like a health scare, a trade dispute, or increasing food prices that can sell a newspaper or hold the attention of the evening- news crowd. In the wake of a crisis, there is often a great deal of support shown for action to resolve the problem. However, as the crisis recedes, other issues top the news agenda.

Oversimplifying the media's role to merely that of an entertainer is a mistake. In reality, the media can perform an important function by following the actions of government and holding them accountable by making the public aware. Access to information is essential to the health of democracy for at least two reasons. First, it ensures that citizens make responsible, informed choices rather than acting out of ignorance or misinformation. Second, information serves as a "checking function" for government and points to weaknesses of existing policies.

The media are usually eager to publicize controversial issues and often delight in pointing out problems that the government has failed to resolve. The media, depending on the source, does bring awareness of the problems farmers are battling, as well as the government response, or lack thereof. In addition, the media can help lobby groups by presenting information and giving them a medium to voice their concerns. Government realizes how influential the media can be, and may respond more quickly to resolving an issue, especially if they are the targets of bad press. In this regard, the media has a indirect role in policymaking as their coverage may spark changes to agricultural

programs and hold government officials answerable to the public, and more specifically, the rural population that is most directly affected.

There are also some negative perceptions with regard to the media's power in policymaking. The first that is often cited by the farm population is what has been referred to as fallout from a "bumper crop of fake projections". By media outlets exaggerating harvest yields or livestock numbers, it is believed to lower the price of commodities when there is a perception that markets will be flooded. As mentioned, many politicians use the media as a source of information by monitoring their published opinion polls and commodity estimates, therefore projections could affect policy creation. David Rolfe, president of KAP argues that the media often do not fully realize the extent to which their projections or their 'spin' on an issue can impact the industry.<sup>203</sup> *Western Producer* journalist, Barry Wilson supports this argument by explaining that most reporters in the general media only consider the surface of agricultural issues and fail to understand the subtleties or underlying issues of how the agricultural industry is affected.<sup>204</sup>

The second negative viewpoint on the media is that by helping to set a short-term political agenda, they are supporting a reactionary policy environment. G. Bruce Doern argues that the media has created an environment of increased demands on government to the point that, "it is impossible for a politician to be seen doing nothing".<sup>205</sup> The limited resources at any level of government have created a tendency of what Doern identifies as "policies for show rather than for real".<sup>206</sup> In *The Politics of News*, Doris Graber presents a similar argument with regard to how the media can facilitate quicker responses of government but are "most effective in producing symbolic responses by

policymakers".<sup>207</sup> These symbolic policy gestures are one of the main reasons why governments are failing to look towards long-term solutions for the agricultural industry. Further, the inability of governments to find 'real solutions' is creating a cynical and pessimistic view of what government is capable of doing. Therefore, governments must take a greater leadership role and attempt to set a political agenda that the media is encouraged to follow.

The third negative viewpoint on the media in relation to agricultural issues focuses on the adversarial nature of reporting. On prominent policy issues it is understood that the media must attempt to present a 'balanced' story by writing opposing perspectives on an issue. However, the criticism that faces the media is that the focus on the opposing views often overshadows the real issues. Reporting the opposing viewpoints that may be extreme, ill-informed, or extremely minimal may not achieve a 'balance' at all. Furthermore, fairness to an issue does not necessarily mean that extreme opposites need to both be represented. Therefore, lobby groups, for example, not only have to actively seek media attention but also have to anticipate opposing views and worry about how their perspective will be presented.

As mentioned, the media forms a large part of the policy network as they can connect other policy actors through information and support. The influence that flows to and from the media is apparent in the Canadian political system. Citizens should not be mere receptors of information, but should be active in their pursuit for valid facts and perspectives. The public plays an important role in the policy network and therefore, should not accept complacency on issues as the norm. Consumers need to be informed of issues that will undoubtedly affect themselves and their families and seek both sides of a

given issue presented to them. Agriculture and food issues warrant more critical attention and the public should demand more. However, this is easier said than done. As citizens and consumers, we often wait until after the fact until we demand more information from our governments and our news sources. The next step in analyzing the development of agricultural policy is to examine the role that consumers/electorate have in the policy process.

#### **Policy Actor #4—Consumers**

Consumers are very powerful as their support translates into votes and it is in the best interest of political parties to monitor public perception and social values. Therefore, consumers hold the power to be one of the strongest influences over the development of agricultural policy, but remain a diffused group. The major problems are that not only do consumers not fully realize the powerful role they could play, but also they are often indifferent when it comes to agricultural issues. Saskatchewan premier, Grant Devine, once stated, “most consumers do not understand the problems in the farm sector, the complexity of the sector or its importance to the Canadian economy. For many Canadians today, agriculture is an invisible industry”.<sup>208</sup> Therefore, when most Canadians live in urban Canada, the only information they receive on agricultural and rural issues is from the media. Angus McAllister, president of McAllister Opinion Research of Vancouver, cited market research he conducted in early 2006. McAllister explained that young adults, especially city dwellers, are not engaged or informed on current issues concerning agriculture or related concepts like environmental sustainability.<sup>209</sup>

Currently Canadian consumers have a safe, adequate, and affordable food supply. As consumers, we rarely stop to think about where our food comes from and who

produced it. More than a decade ago, Brewster Kneen, an author and food system analyst, proposed that Canadians “are becoming increasingly separated from their basic food supply”.<sup>210</sup> Therefore, the consumer voice in agricultural policymaking is relatively weak. Only when issues of food safety or concerns over environmental stewardship arise, do most consumers give the primary producer a second thought. In 2001, a survey asked Canadians which agricultural issues were of a high priority. The survey showed that 84% of Canadians felt that “the environment” was a high priority issue and “food safety” ranked close behind at 80%.<sup>211</sup> In comparison, only 62% of Canadians surveyed stated that “farm income” was a high priority issue.<sup>212</sup> Although the concern for farm income is relatively high, compared to the environment and food safety, it is much less. This means that farmers need to balance environmental and food safety concerns with educating the general public on the extent of the plight facing the agricultural industry. In addition, it is in the agricultural industry’s best interest to address the rising demands of consumers for food safety and enhanced environmental stewardship, by reaching out to build broader organizational alliances with consumers and possibly environmentalists.

Canadian citizens can express their support for an area of public policy by writing letters to the editor, contacting their local public officials, voting, and filling out public opinion surveys. Public opinion polls are acknowledged to be one of the most significant links of communication between governments and their people. Governments and political parties use polls to assist them in defining and prioritizing their positions on numerous contentious issues. While governments use public opinion polls to gauge Canadians’ views towards government policies and practices, they do not solely rely on them to guide policy direction. The public plays an indirect role in the policymaking

process and the influence that polls have exists among other pressures on government officials. Michael Howlett cites the work of Anthony Downs, who studied the connection between policymaking and public opinion, Downs stated,

“Public attention rarely remains sharply focused upon any one domestic issue for very long- even if it involves a continuing problem of crucial importance to society. Each of these problems suddenly leaps into prominence, remains there for a short time, and then- though still largely unresolved- gradually fades from the center of public attention”.<sup>213</sup>

As Michael Howlett argues in *Studying Public Policy*, “in a democratic society the level of public support for the resolution of a problem is critical”.<sup>214</sup> In regards to problems facing agricultural producers in Canada, there exists a need to inform consumers, but also apply a constant pressure to all policy actors so that issues remain on the political agenda. Awareness is the only way this problem can be remedied. Most consumers are simply unaware of how they are impacted by the stability of the agricultural sector and subsequently why it is an important issue for policymakers to address. Moreover, without this understanding, government officials do not feel pressured from the general public to prioritize agriculture on their agenda.

In the years to come, many factors that relate to the industry, such as animal welfare, the environment, and health concerns will gain greater recognition and consumers may eventually start to pay more attention. However, the state of the agricultural industry may deteriorate in the future if the issues that continue to plague the industry are not addressed. In 1992, the Standing Committee on Agriculture reported that the Canadian agricultural sector is frustrated by a “lack of clear vision of what Canadians expect from the agricultural industry”.<sup>215</sup> Fifteen years later, the vision and expectations of Canadians is still not clear. As Canadians we must understand why the agricultural

industry is important and how the problems need to be addressed sooner rather than later. In doing this, we must contemplate the extent we are willing to go to preserve and promote a prosperous agricultural industry.

### **Conclusion**

Chapter Two has provided an analysis of the policy environment in which agricultural policy develops. The political system and the policy network have an enormous amount of influence over the nature of policy creation. The relations between policy actors and the framework that is set for them by the political structure, is promoting a style of policy that is primarily reactive and short-term oriented. This does not mean that there is no potential in Canada's policy environment for long-term objectives and manageable steps by all policy actors to achieve better policymaking. In forthcoming chapters, this thesis will explain why agriculture is important in Canada and explain how the policymaking process could be improved to benefit the industry and all Canadians. However, formulating agricultural policy is not an easy task, as there are many pressures outside of the Canadian political environment that ultimately affect its development. Therefore, before examining how agricultural policy could be improved, it is necessary to evaluate the international pressures that exist and determine how they impact the nature of policy being produced for the Canadian agricultural industry.

### **Chapter Two Endnotes**

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- <sup>17</sup> *Ibid.*
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- <sup>23</sup> Donald J. Savoie, *Governing from the Centre* (Toronto: University of Toronto Press, 1999).
- <sup>24</sup> Barry K. Wilson, *Farming the System: How Politicians and Producers Shape Canadian Agricultural Policy* (Saskatoon: Western Producer Prairie Books, 1990) 54.
- <sup>25</sup> The Conservative government of John Diefenbaker held office between June 21, 1957 - April 22, 1963
- <sup>26</sup> The Liberal government of Pierre Trudeau held office for two non-consecutive terms, April 20, 1968 - June 3, 1979 and March 3, 1980 - June 30, 1984.
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<sup>84</sup> David Rolfe has served as Manitoba's Keystone Agricultural Producers' President since 2004. Prior to be elected to this position, Mr. Rolfe served as Vice President from 2002-2004 and has been active in the farm organization since 1997.

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<sup>112</sup> *Farming the System* provides a comprehensive account of the Crow Rate issue. For further information, please refer to Wilson, *Farming the System: How Politicians and Producers Shape Canadian Agricultural Policy*, 214-232.

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- <sup>115</sup> Ibid., 218.
- <sup>116</sup> Ibid., 215.
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- <sup>139</sup> Ibid.
- <sup>140</sup> Ibid., 107.
- <sup>141</sup> Adie and Thomas, *Canadian Public Administration: Problematic Perspectives*, 340.
- <sup>142</sup> Ibid., 193.
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- <sup>144</sup> Savoie, *Governing from the Centre*, 180.
- <sup>145</sup> Barry Wilson, "Budget kills Crow, slashes Ag Canada", *The Western Producer*, March 2, 1995 [Online] <http://www.producer.com/free/editorial/news.php?iss=1995-03-02&sec=news&sto=0> [Accessed Nov. 22, 2006]
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- <sup>170</sup> Ingeborg Boyens, "Billion-Dollar Bailout", *Winnipeg Free Press*, April 7, 2005, A11.
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- <sup>172</sup> Note that the lobby group cannot give organizational funds, such as corporate profits or union dues, to campaigns. It can raise money through soliciting its members and the maximum amount that can be funded to an individual campaign was \$10,000 USD in 2000. Thomas E. Patterson, *We the People: A Concise Introduction to American Politics*, 4<sup>th</sup> ed. (Boston: McGraw Hill, 2002) 269.
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### **Chapter Three: The International Context of Canadian Agricultural Policymaking**

Prior chapters have addressed a number of challenges to the development of agricultural policymaking facilitated by the Canadian political system and the policy network. However, to gain a full understanding of agricultural policy development, it is essential to also address the multitude of pressures that exist beyond Canada's borders that affect domestic policy creation and the economic stability of the agricultural industry.

Canadian agriculture exists in a global market. Therefore, agricultural policy development must take into consideration the international pressures that are placed on the domestic industry. As indicated in the introductory chapter, the purpose of this thesis is to examine the 'politics' of agricultural policymaking in Canada. However, it is important to detail how public policy development in Canada is affected by international factors. This chapter examines how international commodity markets affect domestic economic stability, how international trading practices pressure governments to adopt similar economic policy, how international crises can help set the political agenda of Canadian legislators, how international agreements restrict policy tools of governments, and how these challenges require the Canadian government to develop innovative policy to stabilize the domestic market in the long-term.

#### **Dependence on International Markets**

In discussing how international commodity markets affect Canadian agriculture, it is useful to apply Grace Skogstad's concept of 'internationalization' as opposed to the broad term of 'globalization'. In her journal article, *Globalization and Public Policy: Situating Canadian Analyses*, Skogstad explains that the term 'globalization'

encompasses economics, politics, values, and ideology/market liberalism.<sup>1</sup> Alternatively, 'internationalization' is a term used to more narrowly describe the political and economic relations between nations.<sup>2</sup> Skogstad clarifies that 'internationalization' does not always translate into mutual interdependence.<sup>3</sup> However, the economic interdependency that does exist between Canada and the United States is illustrated in a number of trade sectors, including agriculture.

Canada and the United States enjoy the largest two-way trading relationship in the world. This relationship includes a dynamic flow of agricultural products in both directions, driven by geography, demographics, mutual advantage, and a history of stable political relations. Between January and September 2006, 59% or \$11.81 billion of Canada's agricultural exports entered the United States (Appendix D).<sup>4</sup> Furthermore, in the same time period, agricultural products imported from the United States accounted for 57.9% or \$9.647 billion of Canada's total agricultural imports (Appendix D).<sup>5</sup> In July 2006, Statistics Canada explained, "Canadians export about half of the food they produce and import about half the food they eat. This makes Canada one of the world's most agriculturally dependent nations".<sup>6</sup> The 1989 Canada-U.S. Free Trade Agreement (FTA) and the subsequent 1994 North American Free Trade Agreement (NAFTA) have also led to an increased level of integration between the Canadian and American agricultural food markets.<sup>7</sup> These accords removed most quotas and tariffs from trade of agricultural products and led to increases in exports. Given the clear interdependency of the North American economy, the Canadian agricultural industry is susceptible to fluctuations in economic stability as a result of the production of other countries. Furthermore, the

production levels of other nations is often reflective of modern technology and differing economic policies such as financial subsidies.

The increasing levels of exports in the international economy are largely due to the technological advances that have led to an increase in production. Agriculture is highly dependent on the international economy as Canadians are producing more than we need domestically. Currently, the primary agriculture sector exports 40% of its production, an increase from 32% during the 1986-1990 period.<sup>8</sup> Furthermore, while there have been notable increases in production, the reliance on international markets has also been gradually increasing. For decades agricultural commodity markets have reflected mutual dependency and competition between various countries. Some sectors have been especially vulnerable as a result of the variation in economic policies. Grace Skogstad argues, "Over the past two decades, grain markets have been unusually turbulent and prices low, in no small part because of the subsidy policies of the world's two most important agricultural powers, the United States and the European Union".<sup>9</sup> Commodity subsidies made available to farmers in other countries not only ensure a level of financial stability, which is lacking in Canada, but subsidies can also lead to overproduction and depressed market prices.

In a September 2006 news article entitled, *U.S. Farmers well fed by public trough*, Laura Rance argues that the high subsidy levels that American farmers receive is leading to overproduction as "farmers are encouraged to produce with little regard for demand".<sup>10</sup> As the economic principle of supply and demand is applied to international commodity markets it is understood that an increase in production naturally results in

lower commodity prices. In turn, as commodity prices fall, farmers will try to produce more in order to achieve a level of profitability.

In 2005, the Department of Agriculture and Agri-Food Canada conducted a series of consultations with agricultural producers across Canada on the topic of farm income. A commonly cited concern for farmers, lobby groups, and agricultural economists was the belief that government programs in the European Union and the United States were more "strategic" than those in Canada.<sup>11</sup> Farmers repeatedly commented that the unequal programming was, and continues to make "it difficult for producers to compete in a fully liberalized market".<sup>12</sup> The *U.S. Farm Bill* establishes safety net levels for commodities to protect American farmers from huge drops in market prices. The levels of support that the U.S. and E.U. farmers receive have also increased over the last decade. In contrast, the Canadian government removed most of its subsidies (e.g. GRIP, Crow Rate) by the late 1990s. Agricultural economist Andrew Schmitz argues, "This left Canadian grain producers vulnerable to large swings in international prices, while the United States and the European Union retained (and increased) their levels of domestic support".<sup>13</sup> Journalist Barry Wilson explains that while Canadian agricultural support programs were slashed in 1995 by the Liberal government, Americans have "built bigger shovels to get the cash out to farmers".<sup>14</sup>

The Organization for Economic Co-operation and Development (OECD) released a report in 2000 that examined and compared agriculture subsidy levels of various countries. In 1998, the OECD reported that the total value of Canada's subsidies had decreased by over 60% from our 1988 average.<sup>15</sup> In comparison, the U.S. was more than 10% above its 1980s average, and the E.U. was 20% above.<sup>16</sup> Furthermore, farm subsidy

levels in the U.S. have “increased dramatically” since the OECD numbers were compiled in 1998.<sup>17</sup> In 2000, the Canadian Press reported that United States’ producers were receiving the equivalent of almost eight times more financial support per tonne of wheat than Canadian producers.<sup>18</sup> Moreover, American subsidy levels are increasing. For example, in 2006, American subsidies totaled approximately \$20 billion<sup>19</sup>- an increase from the 1999 subsidy levels of approximately \$18 billion.<sup>20</sup>

The World Trade Organization (WTO) has addressed the issue of market distortions caused by commodity subsidies. According to Grace Skogstad, the WTO agreements have affected Canada in two ways: by circumscribing the use of some policy instruments, such as export subsidies, and by embedding a set of principles upon which countries should harmonize their agriculture and food policies.<sup>21</sup> Skogstad argues that the 1995 WTO agreements did little to open up foreign markets to Canadian products, and they also “effectively locked in American and European subsidies- the very subsidies that Canadian farmers now say are driving down commodity prices to unprofitable levels”.<sup>22</sup> There has been considerable pressure at various WTO meetings over the years to eliminate export subsidies. However, the large subsidies that are received by producers in the European Union and the United States are not likely to change any time soon, as they both have strong reasons for maintaining their domestic price supports, export subsidies and import quotas, which are designed to maintain the nations’ supply of agricultural products and to protect producers from financial instability and import competition.<sup>23</sup> Ensuring that there are competitive prices for their producers also translates into more stable food supplies in the event of an international crisis, supply shortage, or trade ban. But while Canada has been critical of the subsidy levels of other nations, the World Trade

Organization has stated that Canadian government support for farmers, both federal and provincial, is well below the allowed levels among industrialized countries.”<sup>24</sup>

The United States and the European Union both have agricultural programs that affect world prices and trade volumes through domestic price supports and export subsidies. Furthermore, the U.S. and the E.U. also have trade policies, including import quotas and tariffs that are designed to protect their producers from import competition.<sup>25</sup> This ‘protectionist’ approach is most notable in the grains and livestock (beef and pork) sectors as they are the “most dependent on export markets”.<sup>26</sup>

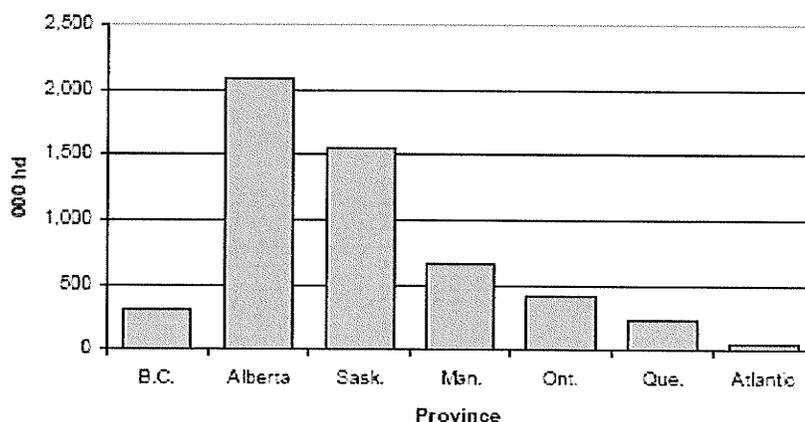
The increase in Canadian agricultural exports to the United States has often provoked a “protectionist reflex” on the part of the Americans, especially in regard to the exports of cattle, wheat, and hogs.<sup>27</sup> As such, the Canadian-American trading relationship has been “chronically beset by trade disputes”.<sup>28</sup> However, as Grace Skogstad underlines, the “internationalization” of agricultural products has not “affected all Canadian agricultural and food producers to the same degree”.<sup>29</sup> Skogstad explains that the supply-managed commodities like dairy, eggs, and poultry, sell their produce within a protected domestic market and are regulated in accordance with domestic demand. Therefore, product prices are set to ensure that these producers receive a profit. Furthermore, as the supply-managed sectors are concentrated in central Canada, “Ontario and Quebec farmers have been spared the instability and loss of market power experienced by producers in other parts of the country, most notably Prairie Canada”.<sup>30</sup> This instability was clearly evident in the Prairie Provinces as a result of the BSE crisis that began in 2003.

### *The BSE Crisis Case Study*

In May 2003, the beef industry in Canada was paralyzed when the Canadian government announced that a cow infected with Bovine Spongiform Encephalopathy (BSE), a chronic disease of central nervous tissue, was discovered in Alberta. Following the announcement, more than forty countries imposed immediate restrictions on live ruminant animals (cattle, sheep, goats, bison, elk, deer), meat products, and animal by-products from Canada. Imposed trade bans on Canadian beef led to a dramatic financial decline in the industry and the economy.

While the effects of the border closure were felt in every province, the most devastating impact was on the three Prairie Provinces, where approximately 81% of Canada's cow-calf producers and feedlot operators are found.<sup>31</sup> The concentration of Canadian beef cattle of 5.3 million head in western Canada is illustrated in Figure 3.1, which shows that as of January 2006, Alberta had 39% (2.05 million head), Saskatchewan 29% (1.56 million head), Manitoba 13% (688,000 head), Ontario 8% (410,000 head), B.C. 6% (285,000 head), Quebec 4% (225,000 head) and Atlantic provinces at 1% (59,000 head). These percentages are comparable to pre-BSE levels.

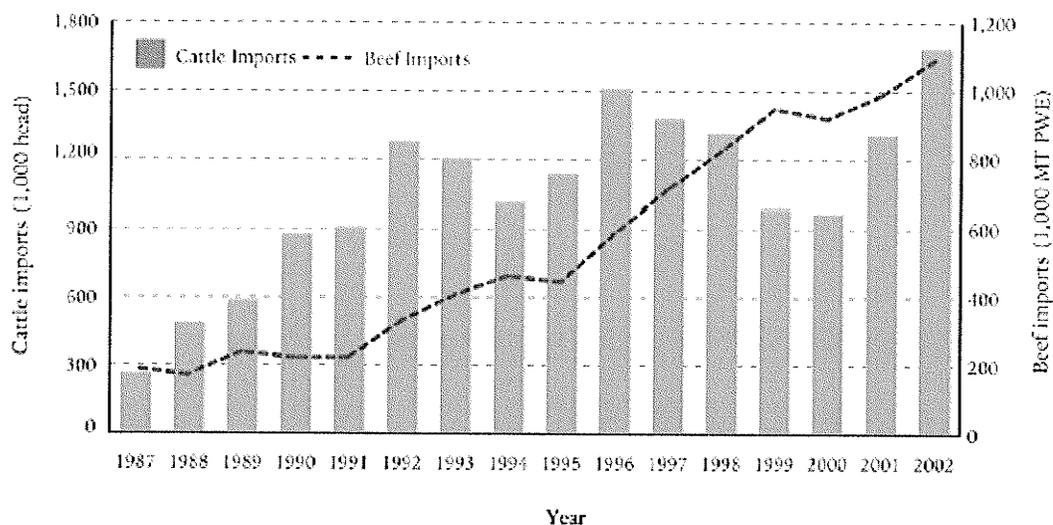
**Figure 3.1 Canada Beef Cows by Province (January 2006)<sup>32</sup>**

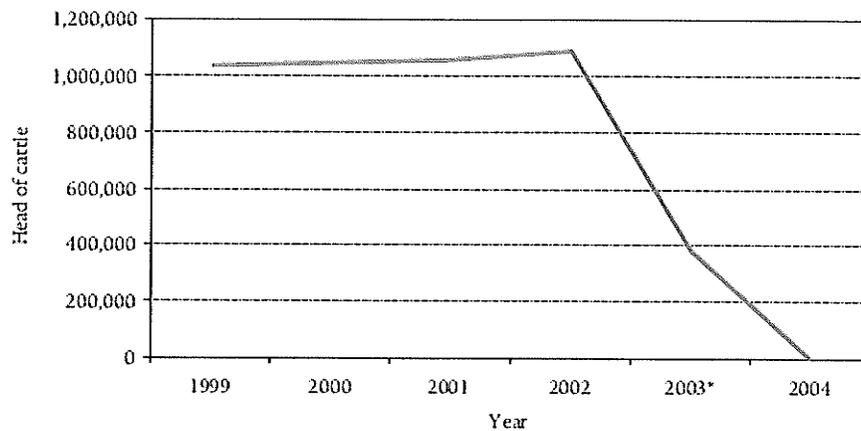


Source: Canadian Cattlemen's Association and Beef Information Centre

At the time of the BSE discovery, the Canadian beef industry was largely dependent on the United States for the export of live cattle and beef products. From the late 1980s, exports to the United States steadily increased as can be seen in Figure 3.2. In contrast, Figure 3.3, illustrates the market's plummet after the discovery of BSE in 2003. Farm receipts<sup>33</sup> from international exports of live cattle and calves plunged 67% to \$585 million, as almost all live cattle exports went to the United States and this market had collapsed<sup>34</sup>. On average, over one million cattle were exported per year in the four years prior to the border closure and following the first discovery of BSE, Canada's share of U.S. cattle imports fell from 60% in 2002 to 0.2% in 2004.<sup>35</sup>

**Figure 3.2 U.S. Cattle and Beef Exports from Canada, 1987-2002<sup>36</sup>**



**Figure 3.3 Canadian Exports to U.S. of Slaughter Cattle, 1999-2004<sup>37</sup>**

\*Note: The border closed on May 20, 2003.

In the years leading up to the BSE crisis, Canada had become so dependent on selling live cattle to the U.S. market that much of the domestic slaughter capacity was substantially minimized. Moreover, when international markets were not available to Canadian producers, the limited Canadian slaughter capacity had consequences for beef producers. For example, before the BSE crisis, Manitoba cattle producers sent approximately 80% of their animals to the U.S. for processing.<sup>38</sup> After the BSE announcement, Manitoba producers were forced to spend thousands of dollars feeding cattle they would have normally sold, either because they could not “find anywhere to slaughter them or because prices were so low there was no profit to be made”.<sup>39</sup> Cliff Graydon, a cattle farmer south of Winnipeg, claims that during the week of May 10, 2005, he sold an older “cull cow” at market for \$54 at 7 cents a pound.<sup>40</sup> That same cow before May 2003 would have been worth at least \$575.<sup>41</sup> As mentioned in the first chapter of this thesis, Canadian beef producers’ input expenses are estimated at 94 cents for every dollar of revenue.<sup>42</sup> Therefore, when beef farmers were faced with such low market prices, they were hesitant to sell their cattle. However, the realities of the livestock

sector meant that farmers could not afford to keep their calves and their cull cows indefinitely at such a high expense. This meant that farmers were faced with one of two options: sell at a reduced price or incur more cost and hope the border opens. For those producers that were forced to sell, the lack of processing facilities in provinces like Manitoba, meant beef producers had to compete to get cattle into slaughterhouses in Saskatchewan, Alberta and Ontario, which gave precedence to local cattle.<sup>43</sup>

As a result of this competition and lack of market potential, the prices for cattle were so low that many farmers decided not to sell them. As a result, the number of cattle on Canadian farms reached a record high of 14.7 million in January 2004.<sup>44</sup> Manitoba had one of the largest increases. Between March 2003 and April 2005, Manitoba's cattle herd grew by over 30% from 1,250,000 to 1,650,000 head.<sup>45</sup> With the lack of local slaughter capacity in Manitoba, producers demanded both levels of government provide assistance to help ensure the industry's short and long-term survival by constructing federally inspected slaughter facilities in the province.<sup>46</sup> Government scrambled to react to these demands, as years earlier, processing companies like Swifts and Burns left Manitoba due to the lack of incentives for staying and expanding their operations in the province. Agricultural policy is hard to develop within a time of crisis, and unfortunately, as this case illustrates, our governments are usually reactive as opposed to proactive on agricultural issues.

The American trade ban was warranted under terms that Canada and the U.S. had agreed to after BSE was discovered in Britain in the 1990s. However, the delays for the border's reopening were not anticipated. When the United States announced its first case of BSE in December 2003, which they traced back to Canada, it took the United States

Department of Agriculture (USDA) an extra year of “procedural changes and legal wrangling to re-open the border to Canadian cattle under 30 months”.<sup>47</sup> While the USDA favored resuming the beef trade with Canada, powerful opposition from Congress and American farm groups (e.g. R-CALF) led to further challenges and subsequent delays. However, some groups like the American Meat Institute (AMI) supported the reopening of the border to Canadian beef cattle of all ages, as they were suffering from a lack of supply that they were reliant on to maintain their production levels. Unfortunately for AMI, when the border closed, it experienced a 12% production loss and several thousand jobs had to be cut.<sup>48</sup>

Political relations between countries are undoubtedly important in economic policy matters. Over the BSE issue there was a clash between the American and Canadian heads of government. Former U.S. Ambassador Paul Celluci writes in his memoirs that President George W. Bush was strongly in favor of ending the trade ban. However, “there was not a strong rapport between the White House and the Prime Minister’s Office that may have given Canada extra political capital to advocate its case”.<sup>49</sup> In his study entitled, *Mad Cow: A Case Study in Canadian-American Relations*, Alexander Moens explains that relations between Prime Minister Paul Martin and President George Bush were strained over issues like the softwood lumber levies and the “American disappointment over a Canadian flip-flop on missile defense”.<sup>50</sup> With the political tension that existed between the two nations, the Canadian government was openly critical of the Americans and claimed that their actions were ‘protectionist’ over the refusal to end the trade ban. As Moens argues, “The Canadian government’s pronouncements in 2004 that the United States government was engaging in protectionist action or condoning such

behaviour were inaccurate and appeared politically motivated rather than substantive”.<sup>51</sup> Furthermore, Moens concludes that the Canadian government’s comments “seemed directed more at inflaming public opinion in Canada than at constructively cooperating to resolve the issue”.<sup>52</sup>

The prolonging of the trade ban affected both the Canadian and American agricultural industries. However, given “the difference in market size, the losses had a much greater impact in Canada”.<sup>53</sup> The economic impact of BSE has been substantial. In June 2004, Statistics Canada released a paper that analyzed the Canadian beef sector and the economic fallout from the discovery of BSE. This paper explained that the loss of income for beef farmers, as a result of the trade bans, was “significant”.<sup>54</sup> As of early 2004, the Canadian livestock industry had suffered a loss of an estimated \$6.3 billion in the first year after BSE was discovered.<sup>55</sup> The report also detailed the broader impact on the Canadian economy and stated that there was a loss of an additional \$2 billion from lost exports, a \$5.7 billion decline in “total output in the Canadian economy” (spin-off industries), a \$1 billion decline in labour income, and a loss of an approximate 75,000 jobs.<sup>56</sup>

The total impact of the BSE crisis is complex as agriculture permeates many areas of the Canadian economy. However, the statistics that are available are nonetheless significant as they illustrate the extent to which the beef industry is dependent on an international market. Therefore, the BSE case study illustrates some main points that are important to this research. First, the discovery of BSE in Canada reflects the international environment that many agricultural sectors exist in. Furthermore, there is an interdependence among countries not only in terms of global economic and monetary

trends, but also in terms of the movement of produce and in the case of BSE, diseases as well. Secondly, in times of crisis, the government is forced to address the issues that arise. This means that the policy agenda of government must sometimes be reactive and accommodate unforeseen events that require obvious attention by public officials to minimize the impact on the domestic economy. Third, while it is accepted that crises are 'unpredictable', governments can still develop contingency plans and take better account of longer-range considerations. In the case of an crisis like BSE, long-term planning includes, ensuring domestic slaughter capacity, diversifying markets, enabling research that examines the potential risk, and prevention of, diseases, and learning from what other countries have done to deal with similar crisis situations.

Scientific studies have proven that the fatal, brain-wasting caused by BSE is transmitted through feed, which contains animal by-products.<sup>57</sup> As such, Canada and the United States banned ruminant protein from cattle feed in 1997 when there was an outbreak of the disease in Britain. However, it "took months- and maybe years- for ranchers to actually end the practice of feeding protein from cattle parts to other cattle".<sup>58</sup> Furthermore, the ban did not require ranchers to dispose of the remaining feed in storage, and did not provide any incentive to do so voluntarily. Livestock operations including feedlots and dairy producers often had huge stockpiles of the feed, which may have been used for a considerable amount of time after the 1997 ban was in place. Since March 2003, six cases of BSE have been discovered in Canada, all of which were believed to have contracted the disease from feed that was banned in 1997.<sup>59</sup> Furthermore, while it is uncertain whether a total feed recall in 1997 and stricter compliance with feed regulations would have averted some of the cases of BSE in Canada, the federal government should

always consider what may happen in the event of a 'worst case scenario'.<sup>60</sup> Currently, there is a great deal of concern over pigs and chickens still consuming animal protein in their diets, in addition to the prediction that in the years to come the Canadian government may be faced with other livestock crises like avian influenza in poultry.

On July 18, 2005, the American border re-opened to Canadian cattle under 30 months and since then levels of trade are slowly increasing to pre-BSE levels. While the crisis is considered to be over, the effects on many producers in the agricultural community will be felt for years to come.

### **Pressures for Policy Congruency**

As our world becomes increasingly linked through trade, there is a need for cooperation and policy alignment. Agreements through NAFTA and the WTO affect the tools that nations can use for economic policy formulation. In addition, the domestic policy that a nation adopts can also affect how the Canadian agricultural industry operates in terms of market potential. The pressure for policy congruency is a reality in the current nature of international market access. Nations, as economic actors, want to trade with countries that have similar policies that do not conflict with the demands of their economic markets. This is especially true in regards to the agricultural industry.

### ***Intensive Livestock Operations Case Study***

Rising consumer demands for food safety, enhanced environmental stewardship, and animal welfare, all affect the Canadian agricultural industry's ability to access specific international markets. This case study examines the pressures that Canada is currently facing to make changes to the intensive livestock operation (ILO) industry.

The E.U. market is one the largest potential export markets that the Canadian agricultural industry is not capitalizing on. Until 1984, Europe was the second largest importer of Canadian beef until Canada lost the European market due to changing standards of import policies.<sup>61</sup> It is true that the E.U. has maintained high tariffs to protect European producers from import competition, but in regards to the beef market, there is enormous potential for the Canadian livestock industry. In 2005, the E.U. imported over 200,000 tonnes of beef, and in 2006, is expected to double their import capacity to 400,000 tonnes.<sup>62</sup> Furthermore, it is anticipated that by 2015, 7.5 million tonnes of imported beef will be required to meet the E.U.'s demand.<sup>63</sup> Ted Hanley, president of the Canadian Beef Export Federation has described Europe as a "beef deficit region", and has stated that in order to access the E.U. market, Canada must consider moving to similar standards of livestock production.<sup>64</sup> Two of the major issues in regards to production are animal welfare, and health concerns over the use of antibiotics and hormones in livestock.

The E.U. is the world's largest importer of food and the largest market for imports of food from developing countries.<sup>65</sup> The current position of the E.U. is "Farms and food producers in non-E.U. countries must respect the same safety principles, as apply in the E.U."<sup>66</sup> However, the E.U. resents the claim that high food standards are used as a means to restrain food imports. The E.U. argues that they have made a "political choice not to compromise over food safety rules".<sup>67</sup> Furthermore, these high standards for food production are applied as much to member states as their international trading partners.<sup>68</sup> The E.U. states,

“The concern of the European Union is to make sure that the food we eat is of the same high standard for all its citizens, whether the food is home-grown or comes from another country, inside or outside the E.U.”<sup>69</sup>

Furthermore, as the European Union is not expected to change their policies regarding the raising of livestock, the Canadian industry is facing the pressure to implement similar practices as the E.U. in order to access the potentially lucrative market.

The European Union, which is the largest economic organization in the world, has been gradually implementing policies that reflect changing consumer demands for livestock practices. The E.U. will ban narrow veal crates in 2006, standard cages for laying hens in 2012, and stalls for pregnant sows by 2013.<sup>70</sup> Concerns for animal welfare have fuelled these policy changes. Increasingly, the public is becoming aware of the changing nature of agriculture. Oftentimes, large farms view animals as units of production in a factory setting, rather than living beings. The less food that the animals eat and the less they move, results in less animal husbandry and human labour requirements. As *Hog Farm Magazine* once stated, “Forget the pig is an animal. Treat him just like a machine in a factory. Schedule treatments like you would lubrication. Breeding season is like the first step in an assembly line. And market like the delivery of finished goods”.<sup>71</sup> The Manitoba Agriculture website explains livestock production methods like sow/gestation stalls, veal crates, dairy stalls and pregnant mare urine (PMU) barns as “efficient methods that reduce disease and produce higher quality than traditional methods of farming”.<sup>72</sup> Additionally, the website states that Manitoba would prefer to avoid legislative bans of these questionable practices and instead would like to use codes of practice and societal pressure for change.<sup>73</sup>

It appears that change is on its way and the government's policies needs to be proactive rather than reactive. More export markets may be closed to our nation in the years to come if our governments fail to realize that a long-term strategy is needed to access international markets. For example, with regard to the pork industry, the E.U. instituted a complete ban of "sow stalls" by the year 2013. New farms in the E.U. are now required to comply with standards immediately and older farms are given financial assistance to slowly modify their operations. Food production in the E.U. also is being modified, as retailers have started to label their packaging to inform the public how their food is produced in anticipation of the rising consumer demands. For instance, egg cartons are required to have labels that provide a description of the raising practices (free range, caged, etc.). In addition to the E.U., many large food retailers in the United States have also begun to move in this direction. McDonald's, the multibillion-dollar fast food chain, has even started strictly purchasing their meat supplies from producers that have used 'humane' standards in raising their livestock.

Concerns of animal welfare focus on how intensive livestock operations virtually immobilize animals in crates or cages, or in overcrowded feedlots and buildings, which deny animals many of their basic behavioral and physical needs. Such artificial conditions cause animals to suffer from boredom, frustration, and stress, which often lead to abnormal behavior including unnatural aggression or neurotic and repetitive behavior. These conditions, along with the lack of sunlight, facilitate potential disease and health risks to livestock animals. As a result, animals in confinement conditions are given a large amount of antibiotics in an attempt to prevent or minimize disease. The E.U. is confident that production levels can still be high when animals are given adequate food

and room to exercise, which also means that the potential for disease is significantly lessened.

In a 2004 E.U. publication entitled, *From farm to fork: Safe food for Europe's consumers*, it states,

“It is a principle underlying E.U. policy that animals should not be subjected to avoidable pain or suffering. Research shows that farm animals are healthier, and produce better food, if they are well treated and able to behave naturally. Physical stress (e.g. From being kept, transported or slaughtered in poor conditions) can adversely affect not only the health of the animal but also the quality of meat”.<sup>74</sup>

The position that the E.U. has taken is reflected in the clear rules they have set on the conditions in which hens, pigs, and calves may be reared, and how farm animals can be transported and slaughtered.<sup>75</sup> Despite the changes that have taken place in the last few years with regard to livestock rearing and slaughter, there are many cases within the livestock industry that prove that alternate methods can be profitable. Even in Manitoba, experimental hog facilities that have incorporated the straw-based system similar to what the E.U. is promoting, have found that it has exceeded expectations in regards to lower capital costs, less odor, low morbidity rates, and potentially higher profit, as antibiotics are not used as growth promoters in the operation, which allows them to be marketed as premium pork.<sup>76</sup> In addition, fighting among sows has dropped significantly using the traditional straw-based system with protected food stations- “making these systems every bit as productive and perhaps more cost efficient” than rearing animals in confinement barns.<sup>77</sup> In addition, farms in the United States that have adopted these ‘less intensive’ operations have witnessed similar results, claiming that the minimized confinement and allowance of more natural behaviours has also led to less aggression amongst the

animals, less concerns about health issues from working in confinement barns, and lower input costs, which ultimately raises profit margins.<sup>78</sup>

Closely related to animal welfare is perhaps the most prominent concern related to the livestock industry. The use of antibiotics and hormones in livestock animals. For example, antibiotics are commonly used only as required in smaller cow-calf operations. However, in larger intensive operations, animals are often given a continual amount of antibiotics in their feed and drinking water. The use of antibiotics has increased substantially since intensive farming practices have become more common, with large numbers of animals confined together. Producers use the antibiotics to increase animal growth and treat and deter diseases.

One of the main reasons cited for reducing the use of antibiotics in livestock animals is to “reduce the risk that antibiotic resistant bacteria will develop into a threat to human health”.<sup>79</sup> Research on antibiotic resistance in humans has also questioned the overuse of antibiotics in addressing human ailments. However, concerns about the hormones, antibiotics, and chemicals used in the food we consume are also leading to questions about the agricultural industry. A 2004 report from the Canadian Integrated Program for Antimicrobial Resistance Surveillance, lends a degree of legitimacy over the concerns that meat consumption may be linked to antibiotic resistance in humans. The study conducted a check of healthy livestock and poultry being slaughtered at packing plants and found some degree of antimicrobial resistance in 80% of pigs, 78% of chickens, and 31% of cattle.<sup>80</sup> A report issued by the Canadian Medical Association in 1998 stated that excessive amounts of antibiotics being fed to livestock are creating “superbugs” that cause illness and death among humans.<sup>81</sup> In 2002, an advisory

committee was set up by Health Canada, to further investigate these concerns. The Committee stated, "There is a growing international consensus that antibiotic use in animals has a significant impact on resistance in some human infections".<sup>82</sup> The Committee made several recommendations, including that more should be done to restrict or abandon large unnecessary use of antibiotics in farm animals and the use and effects of these drugs should be monitored closely.<sup>83</sup> However, little has been done at the federal or provincial level to monitor the use of antibiotics in livestock. It can be anticipated that in the coming years studies on the effects of hormones and antibiotics will continue to be prominent and may invoke more public demands on the domestic industry in Canada. Intensive farming operations may need to plan long-term to adjust to such restrictions. Jim Romahn, a freelance journalist with the *Manitoba Co-operator* who has written many articles on the topic, argues that the livestock industry must be proactive in their actions to address the changes that may face their sector in the years to come.<sup>84</sup>

Furthermore, there are also implications on the health care system in Canada for people who are, or who have been, employed in ILO barns. For example, the air quality in ILO facilities has been linked to immediate health risks to workers. A report jointly released by some of the major universities in Canada and the United States, as well as the Institute of Agricultural Medicine and Occupational Health, examined the risks of air quality in confinement barns. They found that hog barn employees are at a high risk for developing bronchitis, occupational asthma and organic dust toxic syndrome.<sup>85</sup>

While the issues surrounding ILO facilities are complex and often evoked by animal rights activists, it does not make them any less significant. Health concerns about the use of chemicals in food we consume as well as the welfare of livestock animals, are

topics that will only increase in years to come as more studies are done and the public becomes more aware.

Accessing international markets in the long-term as well as meeting the demands of the domestic market, are both important for the sustainability of the agricultural industry. In Canada, there has been an increasing demand for organic products as a result of concerns over chemicals that are present in the food, whether they are applied to crops or given to livestock animals. Saskatchewan's Natural Valley Farms, which is a processor of 'natural beef' (Natural beef is defined as no administration "of antibiotics after weaning, growth hormones, or animal byproducts."<sup>86</sup>) is confident that there is market potential not only in international markets but also the domestic market.<sup>87</sup> David White, general manager of the Natural Valley Farm's location in Neepawa, Manitoba argues that marketing of natural beef in Canada will also help to make "natural beef producers independent of the U.S. market".<sup>88</sup> White advocates that as Canadian beef producers cannot afford to experience another international trade ban similar to the one that resulted from the discovery of BSE, value-added industries that slaughter and market domestically, will help to increase the sector's stability. A survey conducted in 2003 by the Canadian Council of Grocery Distributors, found that a majority of consumers would pay 5% more for humane handling in animal production.<sup>89</sup> The Grocery Distributors suggest that as more consumers become aware of animal production, there will be a demand to move to labeling similar to the E.U., which recognizes humane handling.

The pressure for policy congruence is present in many trade sectors. In regards to agriculture, the dependency on international markets means that the industry has to be flexible and plan long-term in order to attain stable market access. This case study

presented one specific example of the pressures that the industry currently is facing in Canada. There are changing demands for agricultural products and it is in the best interest of the Canadian government to consider adopting policy conducive to trade with international trade partners. The market potential for Canadian producers may require change within the industry, but it does not necessarily mean that it is a negative or non-manageable step to be taken. In the case of the E.U. and the requirements for livestock practices, it must be understood that the largest economic organization in the world would not adopt practices that would potentially hurt its economy. Furthermore, the E.U. claims that the rules for food standards are “updated in the light of new scientific data”.<sup>90</sup> President of the Keystone Agricultural Producers, David Rolfe, explained that strategic investment and research on the behalf of the government and the industry might facilitate long-term stability and profitability in years to come.<sup>91</sup>

### **Interest Rates and the Value of Currency**

Interest rates and the value of Canadian currency also greatly affect the Canadian agricultural industry. First, interest rates affect the value of the Canadian dollar and commodity prices, and second, they influence the cost of capital. As Canadian agriculture is largely capital intensive, the cost of capital is an important variable in the overall cost of production. Furthermore, as agricultural producers often borrow money to purchase equipment and land, the interest rate at which they borrow “directly affects the cost of financing such purchases”.<sup>92</sup>

According to agricultural economists Andrew Schmitz, Hartley Furtan, and Katherine Baylis, “exchange rates have a major impact on the competitiveness of agriculture”. For example, when Canada and the U.S. sell wheat to Japan, the price is

quoted to the Japanese in U.S. currency. This currency is then converted, and Canadian farmers are paid in Canadian dollars. As a result of the currency exchange, “the competitiveness of Canadian and U.S. wheat producers is determined in part by the Canada/U.S. exchange rate”.<sup>93</sup> Schmitz, Furtan and Baylis argue that a major reason why the Prairie grain and oilseed sectors are in crisis is a stronger Canadian dollar in recent years.<sup>94</sup> Furtan explains that the rising strength of the Canadian dollar negatively impacts agricultural export commodities. It is estimated that a \$0.01 rise in the Canadian dollar relative to the U.S. dollar equals a loss of \$232.7 million in export value.<sup>95</sup> President of Maple Leaf Foods, Michael McCain, explained in September 2006 that the rapid rise of the Canadian dollar over the past three years has been a “currency hurricane” that has brought “huge challenges to the Canadian pork industry”.<sup>96</sup> McCain stated that as Canada’s dollar has appreciated approximately 40% since 2003, “it has not only made Canadian pork exports more competitive, but also more imports of foreign pork have become more attractive as a result”.<sup>97</sup>

### **Conclusion**

There is a level of unpredictability in the agricultural industry in terms of weather patterns, the booms and busts of international markets, interest rates, the spread of disease, and the threat of economic crises. These unforeseen developments affect the policy that Canadian governments put forth, whether it is by addressing crisis through safety net programs, adopting similar policy as major trade agreements dictate, or implementing programs to ensure some level of competitiveness in the short and long-term.

As there are pressures that the Canadian government faces from international trading partners, the rise of the 'competitive' state could in one sense be interpreted as a loss of 'independence'. However, academics like Grace Skogstad and Susan Strange have presented a different viewpoint. The 'internationalization' that Skogstad describes, can effectively lead countries to not only create new opportunities for themselves, but also learn from the policy experiences of others.<sup>98</sup> Susan Strange presents a similar argument as she states that the rise of the 'competitive state' encourages governments to "embark on new policy initiatives designed to equip their labour force and economic sectors with the skills and technology needed to survive and expand".<sup>99</sup> Grace Skogstad's journal article, *Globalization and Public Policy: Situating Canadian Analyses*, which examines Canada in the context of the 'competitive state', argues,

"The Canadian evidence reinforces that of other industrial countries: economic globalization is not uniformly constraining, governments retain scope for independent economic policies if they are prepared to pay the costs and the parameters of the public domain stretch and shrink as governments reconfigure and assume new regulatory and expenditure responsibilities in an effort to render their industries more competitive".<sup>100</sup>

In the pursuit of developing policy that makes Canadian agriculture more competitive in the international market, it requires the commitment of both the provincial and federal governments. However, as was discussed in Chapter Two, the nature of federalism in Canada can make this process difficult. Skogstad explains that the federal nature of Canada's political system often gives rise to inter-provincial and federal-provincial conflict as each province has different economic interests. Skogstad states, "The consequence is a lesser probability of coherent adjustment and competitive strategies".<sup>101</sup> As such, it is necessary that the federal government take the lead in setting the long-term objectives for the industry to promote stability. However, achieving federal

policy leadership will not be easy given certain fundamental facts about the nature of the Canadian political system, most prominently the decentralized nature of the federal system which often produces provincial governments who adamantly guard their autonomy and jurisdiction. However, with regard to the international context of Canadian agriculture, the federal government does have the responsibility to establish domestic standards in an attempt to plan for future market potential. Both case studies that were reviewed briefly in this chapter demonstrate that long-term planning is necessary to not only plan for crises but also to look towards future goals. For the Canadian government to be proactive as opposed to reactive, long-term planning must consider ensuring adequate domestic slaughter capacity, consideration of banning animal protein in other livestock feed (pigs, chickens), and investing in research that allows for diversifying markets for all agricultural products, especially those most dependent on export markets (grains, livestock, etc.).

It is clear that in addition to the network of policy actors in Canada, there are also linkages that exist between domestic and international issues and policy actors. In response to the pressures from international markets, Canadian agricultural producers appeal to political forces for support. The Canadian agricultural industry relies on government officials to not only continue their fight for a more liberalized international market, free from distorting subsidies and protectionist policies, but also to support the industry by planning and setting short and long-term objectives. As governments respond to international pressures and domestic demands, there are a number of complexities that are present in the policymaking process as have been mentioned in previous chapters. In addition, limitations including financial constraints, lack of research, or treaty

obligations, undoubtedly influence how government responds through policy measures. Furthermore, given the international context of the Canadian agricultural industry, it also creates a complex policy environment for agricultural lobby groups as they must exert pressure and influence at various levels- local, provincial, national, and international. This influence on behalf of the industry is difficult to attain given the strained resources and need for consistency in their demands for all levels of policymakers to work towards similar long-term objectives.

International pressures on the agricultural industry require the government to be innovative in their policy development and strive for better and more proactive policy direction at the domestic level. As Canadian agriculture depends greatly on international trade, it is essential that the Canadian government focuses on long-term market potential and crisis prevention and does not merely accept 'instability' as an inherent characteristic of the industry. David Rolfe, president of KAP explains, that instead of constantly criticizing international trading partners for their trade policies, the Canadian government must 'strategically invest' by implementing domestic policies that meet changing export standards, as well as to set similar import requirements as Canadian producers face in international trade markets.<sup>102</sup> Rolfe believes that by investing in the domestic agricultural industry, the Canadian agricultural industry has a much better chance of retaining and acquiring new market potential and promoting Canadian products domestically and internationally, which will ultimately help to achieve the stability that producers are seeking.<sup>103</sup> The following chapters will examine why a stable agricultural economy benefits all Canadians, and provide some suggestions as to how agricultural policymaking in Canada could be improved.

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## **Chapter Four: Why Canadian Agriculture is Important to Canada**

*We are all connected through agriculture, whether we recognize it or not.*

*-David Rolfe, President of KAP.*

Agricultural policy in Canada is not often at the forefront of concerns for most Canadians. However, like many other areas of public policy, it is one that affects each Canadian on a daily basis whether it is through consuming food products, being directly or indirectly employed by the industry, or benefiting from a strong economy. Canadian agriculture is important economically and socially within our nation and yet most Canadians are becoming increasingly unaware of the state of the industry and the impact a struggling agricultural sector may have on their lives. Agricultural economist, Andrew Schmitz argues,

“Politicians and the general public ignore, to their peril, the economic conditions of agriculture. Only during turbulent times—in periods of food shortages or economic crises does agriculture get broad attention. Policy that only reacts to crisis is not generally the policy needed to sustain an industry”.<sup>1</sup>

Crisis does in fact act as a catalyst to promote government action and citizen attention. However, the current state of the primary agricultural industry is not the result of one particular crisis but rather the accumulation of many years of such factors, including dramatically low grain and livestock prices, changing weather conditions, uncertain export markets, increasing costs for inputs, and a fluctuating land market.

The interactions between the changing economic, technological, and social context of Canadian agriculture, and the actions and inaction of government, are multiple, complicated, and unpredictable. Thus, it is understandable that many Canadians are not aware of the political underpinnings that affect the development and implementation of agricultural policy. Nonetheless, the policy decisions that elected officials make will

affect every citizen, regardless of whether they are a primary producer or a consumer. As Canadians, we must come to realize that the health and stability of our agricultural industry is as vital to our rural communities as it is within the perimeters of our urban centers.

The agricultural industry is an important part of the Canadian economy. In 2004, the industry accounted for 8.1% of the total national Gross Domestic Product (GDP).<sup>2</sup> Furthermore, in fiscal year 2004-2005, the agricultural industry generated \$110 billion in the domestic Canadian economy.<sup>3</sup> The wealth that comes from our rural communities stabilizes our economy through business, investment and exports. In 2004, Canada exported \$26.5 billion worth of products, which accounted for 11% of total trade surplus.<sup>4</sup>

Canadian agriculture is also a major generator of jobs in both rural and urban Canada through employment on farms, in the production of agricultural inputs, in the processing of farm products, and in the service sector. The federal government reports that the agriculture and agri-food system provides one in eight Canadian jobs, which translates into over 2 million people employed directly and indirectly by the sector.<sup>5</sup> Moreover, for those provinces that are more dependent on agriculture, the economic statistics are even more substantive on a smaller scale. For example, in 2005, agriculture in Saskatchewan constituted approximately 14.2 % of the provincial GDP and was responsible for 23.7 % of total provincial employment (113,000 jobs).<sup>6</sup>

Agriculture is a significant sector of Canada's GDP and therefore a very strong contributor in our economy. Economic stability helps ensure job creation, food of high quality, and a strong business sector that greatly benefits from agriculture's many spin-

off industries. When farm families are in an economic crisis, the jobs and wealth they create are also at risk. For example, it is estimated that every year Canadian agricultural producers pay almost \$2 billion in salaries to Canadian workers, spend \$1.9 billion for fuel, \$2 billion for fertilizer, \$570 million on veterinary service and drugs, \$800 million on electricity and telecommunications, and over \$300 million on rental and leasing of machinery, equipment, and vehicles.<sup>7</sup> These expenditures produce stability for many businesses in rural and urban Canada. In Manitoba alone, \$3 billion was injected into the provincial economy through agricultural expenditures on the goods and services needed to run family farms in 2004.<sup>8</sup> In light of these statistics, it is clear that the boom and bust conditions of the agricultural industry would logically have repercussions elsewhere in the agriculture community and the larger society, including such areas as input supply, the financial sector, grain handling and transportation, etc. Moreover, businesses that exist in rural Canada are faced with even greater uncertainty than their urban counterparts, as they are more directly dependent on the financial capacity of residents and the generation of wealth that agriculture supplies to their community.

The first chapter of this thesis discussed the crisis being faced in rural communities as a result of the economic struggle of the agricultural sector. While some may argue that rural issues are increasingly distinct from agricultural issues, it is an argument that can easily be disputed. Despite the fact that the number of farms and the farm population itself are in decline, rural communities, especially in the Prairie Provinces, are still very much dependent on agriculture. In farm-dependent areas, farm support policies have a direct economic impact on their communities, whether it is through the collection of taxes on farmland for the rural municipality or the benefits that

local businesses reap when farmers purchase products for their capital-intensive operations. Furthermore, this means that government policies, which affect farm payments, credit, and land values have implications beyond the farm gate to local farm supply companies, banks, retail outlets, schools, and other organizations affected by agriculture.

Agriculture is also important in a broader social context. A June 2006 Senate Committee report stated, "Losing farmers and the jobs that rely on farm production will put pressure on social programs, increase unemployment, and place great demands on health services".<sup>9</sup> By committing to achieve a higher level of stability in the agricultural industry, it means that governments are preserving jobs, communities, infrastructure, schools, buildings, hospitals, and many other services. In addition, the aging population in the agriculture sector may put pressure on the industry in years to come, as the possibility of a lack of transfer to the next generation is very real. Furthermore, as smaller family farms are increasingly consolidated and agriculture is becoming increasingly intensive in nature, the implications for the environment and food quality will also receive greater prominence.

As mentioned in the first chapter, the farming population is estimated at slightly over 2% in Canada. While at first glance, especially in reference to political influence, this may not seem like much, one must realize that this 2% provides quality agricultural products to 100% of Canadians. The food that we consume is some of the highest quality in the world and we have primary producers to thank for that. As agricultural economist Hartley Furtan claims, "The idea that farmers do feed the cities is what makes policy so important".<sup>10</sup> It is undisputed that the quality of life in Canada is closely related to the

condition of our environment and our health, both of which are greatly impacted by the quality food we consume and the environmental stewardship that primary producers exercise in its production.

Canadian agricultural policy has implications for each citizen to varying degrees, and so too does a long-term vision and commitment to the industry. The advantages of a stable agricultural economy are much more extensive than can possibly be discussed within the limits of this thesis. However, the point to be made is that public policy that strives to produce a more stable and prosperous agriculture sector has the potential to benefit all Canadians. The primary agricultural industry cannot continue to operate in crisis mode indefinitely. Therefore, it is crucial to consider how policymaking can be improved and what manageable steps can be taken to ensure that not only does the agricultural industry continue to provide Canadians with quality products, but also that the industry can transcend into a state where its full potential is realized.

## Chapter Four Endnotes

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## **Chapter Five: Solutions to Enable Better Agriculture Policy**

*Any fact facing us is not as important as our attitude toward it, for that determines our success or failure.<sup>1</sup>*

*--Norman Vincent Peale, Author*

This thesis has discussed many of the challenges that are present within the agricultural policy environment. The political system and the policy actors that operate within its framework have all contributed to policy creation that has been unable to achieve and retain stability for the industry and its producers. Proactive and sustainable agricultural policy is not an unachievable goal within Canada, but rather a different approach must be taken to strive for better, more effective measures. It is not to anyone's benefit that the agricultural industry continues to struggle. Therefore, government must closely examine why agricultural policy continues to fail and what measures can promote more stability for the sector.

The notion of "stability" is more of a general concept than a well-defined term. In terms of agriculture, stability is multifaceted and far-reaching, and has implications of a sustainable environment, food quality, rural communities, livelihoods of producers, international market access, etc. However, what stability means to policymakers and those who are affected by them may often vary. To government, stability for the agricultural industry means that the industry fulfills the needs of Canadian exports, demands of domestic consumers, environmental sustainability, and perhaps most of all, an industry that is weaned off of government funding. To producers, stability focuses more on financial considerations, which are dependent on having access to markets and having adequate resources to grow crops or raise livestock. This conception of stability for farmers rests on a level of predictability for their operations. While the perspective of

government and farmers may be not always coalesce, their goals are quite similar, as each wants an industry that is viable in the long-term.

Agriculture is best viewed as a long-term industry. Capital investments such as buildings, livestock herds, machinery, and land, all form what is a long-term investment for a producer. With large capital requirements, there is also a greater dependency on future profitability. With the income problems that face primary producers it often means they are unable to, or are barely covering their costs of production. As a result, farmers often do not have sufficient income to operate their farms, maintain their capital investments, and plan for the future. Agricultural economist, Hartley Furtan argues, "Farmers have raised their productivity, improved their management practices, diversified, created valued-added industries, invested in new equipment, and yet they still can't make money".<sup>2</sup> Given the importance of the agricultural industry in Canada, there is really no question of whether the national and provincial governments need to do more to help sustain and promote the industry. However, as a long-term industry, agriculture requires long-term policy vision in order to succeed.

The agricultural industry has played a major role throughout the making of Canada's historic foundation. However, short-term vision for agriculture policy does little to ensure the industry will build upon its historical roots to ensure a sustainable, prosperous future. As a result, a void of long-term planning by policymakers may have grave consequences for the industry in the long-term. Furthermore, in order to realize the industry's potential, there needs to also be a transfer to the next generation. As such, the best way to encourage this step is to create optimism through stability. However, the challenge remains as to how to accomplish such an objective.

The following sections of this chapter provide a number of suggestions that would promote better agricultural policy in Canada. However, these suggestions do not encapsulate all that is needed, but rather represent meaningful first steps towards an end goal.

### **National Discussion**

The first element that would enable better agricultural policy is a national discussion on how agriculture fits into broader national goals. Barry Wilson argues that there needs to be some type of national discussion to ask Canadians what they truly want from the agricultural industry in Canada, what role the industry has in the future, and to what extent they are willing to support those goals.<sup>3</sup> This national discussion could possibly be initiated through a Royal Commission. Academic Grace Skogstad states, "In health care, the Romanow Commission reminded us that health care is a public good. We need a similar public inquiry on Canadian agriculture and food to allow Canadians to debate the public values served by Canadian agriculture and farmers".<sup>4</sup> From this discussion it is anticipated that government officials will have a clearer understanding of how Canadian agriculture fits into the broader context of national social and economic objectives. Former Manitoba Agriculture Minister, Harry Enns explains that initiating a national forum on the issue would filter out the 'politics' to everyone's advantage regardless of political stripe.<sup>5</sup>

As primary producers are the roots of the agricultural industry and have been experiencing an increased decline in profit margins in recent years, it is time that these problems are publicly addressed in a way that will force Canadians to think and government to act. Journalist Barry Wilson explains, "Decades of such reactive policies

have produced less than robust results- a farm community in almost perpetual income crisis with record debt levels and an unclear understanding of whether society want it".<sup>6</sup> Wilson argues that agricultural policy in the United States and the European Union are much more supportive towards their producers due to the fact that there is a clear understanding of what agriculture means to their nations.<sup>7</sup> Wilson explains, "The U.S. farm program is best judged not as a stand-alone policy aimed at keeping farmers in business, but as part of the American agribusiness industrial strategy".<sup>8</sup> This strategy is to essentially subsidize primary producers to ensure they keep producing cheap and constant levels of commodities to supply value-added industries. This gives businesses such as feedlots, packing plants, food processors, and ethanol operations, access to cheap raw products, which gives them a competitive edge in the global markets. Similarly, the European Union has developed a strategy that stems from the near starvation many of their nations faced following the Second World War. Grace Skogstad explains that in addition to promoting values such as a safe, secure, and affordable food supply, the E.U. model also recognizes the structure of the family farm.<sup>9</sup> Skogstad notes that the E.U. views agriculture as contributing to social values, including maintaining rural communities and preserving the rural landscape, and pays farmers for promoting these public goods.<sup>10</sup>

Similar to the U.S. and E.U., Canada must assess the economic and social importance that agriculture has within our nation. This analysis will assist policymakers in establishing a long-term vision by identifying the significance of agriculture to Canada, and by clarifying what lengths Canadians are willing to support and promote the industry through policy measures and funding. Academic Ronald Mazur argues that

public policies are more than solutions to problems; they incorporate a society's shared beliefs about the ends to which it is striving collectively, as well as the means to achieve these goals.<sup>11</sup> President of the Keystone Agricultural Producers, David Rolfe argues that one step to making agriculture a priority for policymakers is to address the disconnect between rural and urban, and farmer and consumer.<sup>12</sup> Having a national discussion that is initiated by government will not only help them develop a set of identified goals, but also legitimize their actions by having established public support.

### **National Direction and Political Leadership**

In Canada's political system there exists a trend towards decentralization in the federal system, which has led to a continual struggle between the federal and provincial governments on many issues, including agriculture. Although the responsibility of agriculture is shared between the federal and provincial governments, it is the former that should be setting the larger direction for the country's domestic and international policy. In addition to having greater resources at its disposal for research, crisis relief, safety net programs, monitoring of global markets, and statistical analysis, the federal government is able to apply these resources in ways that can ensure that all Canadian producers, regardless of which province they live, receive equal benefits.

A prosperous agricultural industry is also dependent on the ability to market Canadian products in global markets. The federal government must also take a strong leadership role when it comes to setting standards for future market development. Canada must attempt to prevent avoidable crises, and anticipate changing consumer trends related to food safety, in order to expand and stabilize future markets potential.

Establishing a clear national direction for Canadian agriculture does not mean that the contributions of the provinces should be reduced. However, as noted in Chapter Two, the federal government has become increasingly critical about what they deem as ‘unfocused’<sup>13</sup> spending by provinces with regard to agricultural programs. If the federal government commits to more funding for agricultural programs, the provinces should be prepared to accept some level of conditions that promote similar standards for all Canadian producers. Programs that prove to be effective in the long-term require the collaboration of both levels of government working towards similar objectives. One of these important objectives should be to devote resources that strategically invest in the industry.

### **Strategic Investment**

Recent years of crisis in the agriculture indicates that throwing money into short-term programming is not helping to sustain the industry. CFA president, Bob Friesen states, “If you look at the almost \$5 billion a year that both levels of government have invested in agriculture in the last few years, it’s a significant amount of money, but we need to ask ourselves whether we are flowing that money as strategically as we possibly can”.<sup>14</sup> It is not reasonable to expect government to allocate unlimited public funds to the agricultural industry. It is however reasonable to demand that government funding be used in the most efficient and effective way possible. Strategic investment is key to helping ensure that long-term objectives are attained. Research, ‘smarter’ marketing, and value-added industries are some of the ways in which government can support a long-term policy strategy for agriculture and its producers.

### *Research and Development*

The benefits of research in agriculture are unlimited in potential. Research and development in the field of agriculture not only benefit the industry, but producers and citizens alike. Investment in research enables new means for protecting the environment, reducing the risk of disease in livestock, promoting food quality, and increasing the competitiveness of the Canadian industry in the global market.

Agricultural economist, George Brinkman states, "Public agricultural research typically has provided very high returns on investment and represents one of the highest payback activities for the Canadian public sector. Continuation of research funding is likely to generate far more income over time than would the same level of funding delivered through transfer payments".<sup>15</sup> The federal Department of Agriculture and Agri-Food stated in 2005 that every dollar invested in research and development for agriculture, had a return of approximately twenty dollars for the industry.<sup>16</sup> Furthermore, every dollar earned by farmers in the marketplace is essentially less of a draw on government support programs. However, despite the clear benefit of investing public dollars in agricultural research, funding for such initiatives has decreased over the last decade. Journalist Allan Dawson explains in a November 2006 *Farmers' Independent Weekly* article that public sector research, as measured as a percentage of agricultural GDP, has steadily declined in Canada since 1990-91.<sup>17</sup> Dawson also notes that while Canada has decreased its expenditures on research, the U.S. has consistently increased its funding.<sup>18</sup> In fact, in 2001-02, U.S. funding for agricultural research was almost twice as much as Canada's, relative to their GDP.<sup>19</sup> Dedicating more funding for agricultural

research ensures that Canada remains competitive in the global markets, which is undeniably crucial for the grains, oilseed, and livestock sectors.

Between 1996 and 1999, funding for agricultural research was dramatically reduced by over 55%.<sup>20</sup> This lack of research capacity has had serious implications for an industry struggling with low commodity prices, rising inputs, and increasing debt. In order for research to benefit all levels of the food chain, it is necessary for the government to reinstate their financial commitment to find ways that help create a more prosperous future for Canadian agriculture. Furthermore, while private sector research is often valuable, it may not result in better returns for producers. Economist Alvin Ulrich explains that as research in the agriculture sector turns increasingly towards the private sector for financial support, “It may, in the long run, prove to be costly to the economy as a whole”.<sup>21</sup> Ulrich argues, “This is because private funding increases the chance that the direction of research will shift so that private benefits are enhanced”, whereas public research funds have “the potential of producing the maximum level of benefits to the economy as a whole”.<sup>22</sup>

Research also has the ability to promote better policymaking in general. Career civil servant, Arthur Kroeger explains that in order to create effective policy, it is important that government officials have access to updated statistics and research. Kroeger affirms that policy development requires reliable research to enable the capacity for good analysis.<sup>23</sup> Therefore, gathering information is important to creating informed, well-thought, effective programs that work towards the short and long-term goals of the agricultural industry. One way that the Canadian government can reach long-term

profitability for the agriculture economy relates to the ability to capitalize on research findings and encourage 'smart marketing'.

### *Smart Marketing*

'Smart marketing' requires the Canadian government to take a leadership role in creating an environment for producers to be competitive- domestically and internationally. Currently, limited marketing choices and availability for livestock and grain producers is supporting a struggling primary industry. With global competition, Canada must develop a strategy to move beyond dependency and acceptance of low prices and limited market potential. Canadian agriculture, especially the grains, oilseeds, and livestock (beef, pork) sectors, exist in an international market environment. Therefore, it is essential that Canada is setting standards domestically that translate into international standards, rather than merely being reactive and critical of what other nations are doing. Agriculture must keep up with rising demands for food safety, environmental protection, disease control, and animal welfare, etc. There is no doubt that Canadian farmers are resilient, efficient, and able to be competitive in the international markets. Therefore, we must plan ahead in order to attain the full potential of the industry and what it could mean for Canada and its citizens.

Canada holds one of the most established reputations in the world for high quality and safe agricultural products, and a marketing strategy that capitalizes on this recognition is needed. For example, decades ago Canada was producing grain varieties that were in high demand throughout the world. As such, Canadian technology was emulated by other countries, which subsequently led to an increase in the production of bulk grain. Presently there is no market for the bulk grain that Canadian farmers are

producing, despite the fact that it is some of the highest quality grain entering the global market. Canada also has some of the most productive land in the world, and experienced farmers who have consistently proved their capabilities. Therefore, it is an opportune time for Canada to once again regain the role as a world leader in agriculture and innovative products. Research could support this initiative by developing and promoting new varieties of grains and oilseeds.

As discussed in Chapter Three, international pressures are a large part of domestic agricultural policymaking. With regard to the livestock industry, specifically beef and pork, the Canadian government must be receptive to changing standards of major trading partners in relation to how animals are raised and processed. Former Manitoba Agriculture Minister, Harry Enns argues that governments are ignoring these international trends at their peril.<sup>24</sup> Canada must develop higher standards for domestic production and implement programs that support this endeavour. Continually being reactive to shifting consumer trends means that government is not planning ahead to ensure Canadian products and domestic operations are viable in the long-term. In 2004, Canada was the fifth largest exporter of agriculture and agri-food products in the world after the E.U., the U.S., Brazil and Australia, with exports valued at \$26.5 billion.<sup>25</sup> With an increasing world population, the potential for Canada to supply forthcoming demands is dependent on the ability to set high standards for products that our nation exports, in addition to those that we import. Also noted in Chapter Three, is the fact that Canada currently does not impose the same standards on products that are imported, as Canadian producers face in competitive global markets. In July 2006, the Keystone Agricultural Producers' general council adopted a series of strategic growth principles, one of which

relates to Canada's import standards. The principle explains that imported products, destined for industrial or human consumption, should meet the same standards as Canadian products with regards to health, bio-security, food safety and labour conditions of agricultural workers".<sup>26</sup> As Canada was the fifth largest importer of agriculture and agri-food products in 2004, with imports valued at \$20.4 billion<sup>27</sup>, it is essential that our nation helps promote greater consumption of domestic production, while imposing higher standards for international trade partners to meet, similar to those faced by Canadian producers in global markets.

### ***Value-Added Initiatives***

Value-added industry relates both to research capabilities and smarter marketing. Essentially, the principle of value-added industry is to help ensure that not only is there greater domestic market potential for Canadian commodities such as grain and livestock, but also that there is more money staying in the local economy. When Canada exports such a large amount of raw agricultural products to other nations, it often means that Canadians are importing finished goods with an enormous mark-up in price. Value-added industries hold great potential for long-term stability for rural Canada. These industries help local producers by creating local markets, local jobs, and wealth that stays in the provinces. Government, at both the provincial and federal level, must stop merely promoting value-added industries and actually start implementing policy and programs that would assist in their development.

Creating opportunity for primary producers through innovation is essential to the future of agriculture. For example, there is expanding potential for the biofuel industry as the public becomes increasingly concerned about the environment. Different varieties of

grain can be used in the production of ethanol, which has a lot of promise in future export marketing. Although the primary capital needed for investment would be large, the return from these industries in years to come would be much greater. Investment in rural areas and agriculture will also create much needed optimism within the industry.

Justifying why public money needs to be spent on research will only be understood when long-term benefits are realized. Research that is devoted to developing new varieties of grains and oilseeds, investigating health issues related to agricultural products, and enabling the sustainability of the environment, all lead to more stable market access and long-term stability of the primary industry and the profitability of the entire food chain. There needs to be critical long-term thinking and analysis to not only address what the sector needs, but also to build on its strengths and deal with its weaknesses. While the agricultural industry has, and continues to face serious challenges, it also presents the opportunity to explore innovative measures to address them and create a made-in-Canada approach for a viable agricultural economy.

### **Increasing Industry's Role**

For agricultural policymaking to become more effective, the agricultural industry must not be mere receptors of government direction. The industry has many roles to play, some of the most important are: the ability to communicate their concerns with the public and government officials, initiating higher standards within their respective sectors, and contributing to policy development through credible lobby representation.

Because so much power rests in the hands of the prime minister/premier and his cabinet, access to those offices and support from those officials is crucial to the advancement of a more progressive policy agenda in agriculture. Joint occupancy of the

agricultural policy field and the power that the provinces have within the federal system, mean that agreement and coordination among governments is required. These fundamental facts of Canadian political life complicates the efforts of farm lobbies to have an impact where and when it matters at different stages in the policy process. The ability of such groups to channel information from the government to the public, provide expertise and information on policies, bring awareness to issues, and provide a voice to those who are underrepresented in our political institutions, make them an integral part of the Canadian political system. As agricultural producers continue to decline in numbers, their ability to organize and lobby government is vital to their industry. As agriculture is a shared responsibility between the federal and provincial governments, the lobby effort at both levels must strive to bring issues to the attention of government, promote long-term policy initiatives, and encourage political support for the industry and its producers.

The agricultural industry can have a larger role within policymaking by taking the initiative to establish and promote higher standards themselves. As this thesis has shown, Canada's policy environment is often more reactive than proactive, and as such, it may not be realistic to assume that politicians will become long-term visionaries overnight. Therefore, the agricultural industry may want to start promoting their own proactive measures. The ability of the industry to respond to consumer demands domestically and internationally, will be a large determinant in future stability and prosperity. Farmers can be part of the solution by continuing to be environmentally responsible, anticipating changing consumer demands, and promoting diversification to attain new domestic and international market potential. If farm organizations have a clear vision of what is needed

for the industry, they are in a better position to contribute to long-term policymaking with the proposals they put forth to government.

Government officials must be receptive to the first-hand knowledge that farm organizations have, as those most affected by policy are often the ones that can communicate how programs can be improved. While not all farm lobby groups have the same amount of credibility with government, there are some that have been able to make significant contributions through research and constructive policy suggestions. The CFA and its provincial counterparts, have repeatedly put forth constructive policy suggestions that have earned them the right to have their understanding of farm issues valued by government officials. Unfortunately, government officials have often been resistant to farm organizations' suggestions. Once policies have been implemented, they should be consistently evaluated and the industry should once again be involved to provide their feedback.

### **Programs and Policy Evaluation**

There are many challenges to creating agricultural policy that effectively reaches the objectives they are intended to. Furthermore, the complex series of interrelated decisions that form a general understanding of what constitutes agricultural policy, demonstrate that no one grand solution can fix all of the problems that the industry faces in a short time period. Agriculture policy and programs need to be able to establish both short and long-term objectives and comprehensive programming that effectively deals with each issue individually, while understanding that all policies are interrelated. In recent years there have been numerous attempts by government to develop safety net programs that address the income crisis in agriculture.

One often cited problem with farm programming is that the 'one-size fits all' approach is not working. As each province varies in the characteristics of the agricultural sector and financial capacity, agricultural programming must be tailored to address the individual needs of each provinces' industry, while upholding national standards.

### ***Tailored Programming***

The enormous diversity between provinces can make policymaking difficult between the two levels of Canadian government. Formulating agricultural policy that effectively addresses the issues that each province has, is extremely difficult to achieve. Therefore, creating a set of broader national goals and standards for agricultural producers, and applying those principles to meet the needs of each province may be more effective than a generalized approach. This approach would be more effective in providing adequate and responsive programs that are tailored to each province's producers' needs.

One of the reasons why programs in the United States have been successful is that in addition to the broader policy framework established by the *Farm Bill*, American farm programs are often commodity specific. Tailoring programs that address the needs of each sector would be a progressive step in enabling better policymaking, as the needs of different sectors is apparent within the industry. Agricultural economist, Katherine Baylis explains that in the U.S., farm programs are targeted to the primary producer and are commodity-specific, which means there is a program for a corn farmer, a program for a beef farmer, and a program for a wheat farmer, etc.<sup>28</sup> Baylis argues that the United States' approach is more effective compared to Canada, in which governments tend to design

programs that encompass the entire agriculture chain, and therefore are often inadequate.<sup>29</sup>

The tailor-made approach could also address the issues that each province often has in regards to funding joint federal-provincial programs. Chapter Two discussed how both the provincial and federal governments often express concern over sharing financial responsibilities for agricultural policies. It is clear that there are many differences between provinces in their ability to contribute to cost-sharing programs. All provinces insist on input into national policy, but when it comes to financing programs they are far less unified. For example, Quebec would rather implement its own programs with federal resources; Alberta has a large base of wealth and doesn't rely as heavily on federal contributions; and others like Saskatchewan and Manitoba welcome federal assistance, due to their limited monetary and human resources. Furthermore, as provinces like Saskatchewan and Manitoba have a higher percentage of farmers in their population, the usual 60-40 funding formula for cost-sharing programs translates into higher costs in their jurisdiction.<sup>30</sup> In terms of general economic downturns or crises in farming, it can be difficult for less affluent provinces to fund relief measures. Tailoring programs to not only address the specific sectors within a province, but also to establish a funding formula that recognizes the financial capacity of the province, would be a step forward in agricultural policy. Former Manitoba Agriculture Minister, Harry Enns contends that companion programs, which take into consideration the needs and capacity of each province, would have benefits in many areas of public policy, including agriculture and child care programming.<sup>31</sup> As Canada's political system is federal in nature, farm programming must balance the provincial demands of autonomy with the need to have

greater harmonization and national standards of farm programming across Canada. However, even if these aspirations are realized, the real challenge still remains: Developing strategies for implementation and methods to achieve measurable success.

### *Policy Evaluation*

*One of the great mistakes is to judge policies and programs by their intentions rather than their results.*<sup>32</sup>

—Milton Friedman, Economist

The implementation of new programming always carries a certain level of risk. Policy is complex and multi-layered, and often fails despite good intentions or thorough planning. David Rolfe, president of KAP argues that one of the main problems with agricultural programs is that they often “treat the symptoms, not the causes”.<sup>33</sup> Therefore, it is critical that Canadian government evaluates the problems with past programs to understand why policies are consistently not reaching the objectives they were intended to. In the *Politics of News*, Doris Graber explains, “Policy evaluation involves identifying the goals of a policy, devising a means for measurement, targeting a population for feedback, and assessing policy goal attainment, efficiency, and effectiveness”.<sup>34</sup> However, Michael Howlett identifies how complicated policy evaluation can be in his book, *Studying Public Policy*. Howlett states, “Any emphasis on examining the extent to which policy objectives are accomplished by a program must contend with the reality that policies often do not state their objectives precisely enough to permit rigorous analysis of whether they are being achieved”.<sup>35</sup> Furthermore, in an area of public policy that involves both economic and social issues, it is often difficult to measure whether a program is really ‘effective’. Complicating matters further, in his article, *Performance Measurement, Reporting and Accountability: Recent Trends and Future Directions*, Paul G. Thomas points out, “there are a great many things done by government that cannot be measured”.<sup>36</sup>

Despite these challenges, long-term social and economic indicators can provide valuable insight as to whether or not government programs and policies are working as planned. Moreover, the dialogue that results from evaluating policy/program "effectiveness" creates a positive first-step that can help work towards the end goal of improving public policies. As Paul G. Thomas argues,

"There is no technical procedure available to rank and to combine different types of measures to reach a judgment about the relative worth of different policies and programs. Such judgments must ultimately be left to the political process. The real value of performance measurement [i.e. assessing policy and program outcomes/outputs in order to improve their results] and reporting comes not from providing the "right" answers, but by helping to frame questions and to structure a dialogue about how to improve public services.<sup>37</sup>

There have been numerous farm policies that government has developed in recent years. However, Barry Wilson explains that what has been lacking is "smart policy", which uses limited resources wisely and that "actually fixes what is broken and doesn't break what is fixed".<sup>38</sup> Many agricultural programs in the last decade have had serious flaws, including slow payout to farmers, being extremely complicated, easy to manipulate, and lacking in new approach. As such, government cannot continue to recycle old ineffective farm programs, but instead must evaluate the weaknesses of past policy attempts and build on the merits these programs may have had. Government must establish clear goals and be receptive to feedback from those who are most affected by their policy measures. To promote an agricultural industry that creates direct benefit for primary producers, there must be an attempt at stable and predictable government programming. David Rolfe, president of KAP, states, "We're not looking for bailouts, we're looking for investment. We want the kind of investment that comes as a result of

recognition and respect for the industry which is doing its part for rural communities, infrastructure, the economy and the environment".<sup>39</sup>

### **Conclusion**

These suggestions are some of the initial steps that can be taken towards enabling better agricultural policymaking in Canada. Given that the Canadian agricultural industry operates within a framework of interrelated policy decisions, it is not one specific policy that will reach a goal, but a series of policy initiatives over a long-term period, which are designed and applied in a coordinated manner. Furthermore, the most fundamental requirement to better and more effective agricultural policy is political will and commitment. Establishing a national long-term vision, requires leadership and initiative by both levels of government. Addressing the problems that the primary agricultural producers continue to face, will produce many short and long-term benefits for the entire nation and therefore, warrants meaningful political consideration.

### **Chapter Five Endnotes**

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<sup>2</sup> Adrian Ewins, "Society must decide future of farming: economist", *The Western Producer*, March 2, 2006, 4.

<sup>3</sup> Barry Wilson, Ottawa Bureau Chief, *The Western Producer*, Personal Interview, December, 20, 2006.

<sup>4</sup> Grace Skogstad, *Internationalization and Canadian Governance: The Case of Agriculture and Food*, 2006 Seagram Lecture, 2006 [Online] <http://www.misc-icm.mcgill.ca/enpages/pdf/skogstad-seagramlecture.pdf> [Accessed Sept. 14, 2006]

<sup>5</sup> Harry Enns, Former Manitoba Agriculture Minister, Personal Interview, January 11, 2007.

<sup>6</sup> Barry Wilson, "Fundamental question: what do we want of ag sector?", *The Western Producer*, July 13, 2006, 5.

<sup>7</sup> Barry Wilson, Ottawa Bureau Chief, *The Western Producer*, Personal Interview, December, 20, 2006.

<sup>8</sup> Barry Wilson, "Imitate American ideas, say Canadian farm lobbyists", *The Western Producer*, June 15, 2006 [Online] <http://www.producer.com/free/editorial/news.php?iss=2006-06-15&sec=opinion&sto=12> [Accessed Sept. 21, 2006]

<sup>9</sup> Grace Skogstad, *Internationalization and Canadian Governance: The Case of Agriculture and Food*, 2006 Seagram Lecture, 2006 [Online]

<sup>10</sup> Ibid.

<sup>11</sup> Grace Skogstad, "Globalization and Public Policy: Situating Canadian Analyses", *Canadian Journal of Political Science*, Vol.33, 4 (December 2000) 806.

<sup>12</sup> David Rolfe, President, Keystone Agricultural Producers, Personal Interview, December 4, 2006.

<sup>13</sup> Barry K. Wilson, *Farming the System: How Politicians and Producers Shape Canadian Agricultural Policy* (Saskatoon: Western Producer Prairie Books, 1990) 188.

<sup>14</sup> Barry Wilson, "Farm lobby wants NISA back", *The Western Producer*, October 26, 2006, 11.

<sup>15</sup> Laura Rance, "Public agriculture research best", *Sunday Plus*, February 6, 2005, 2.

<sup>16</sup> Agriculture and Agri-Food Canada, "Building a national science strategy for agriculture", September 23, 2005 [Online] [http://www.agr.gc.ca/sci/cons/index\\_e.php?s1=con&s1=doc&page=smr](http://www.agr.gc.ca/sci/cons/index_e.php?s1=con&s1=doc&page=smr) [Accessed Jan. 7, 2007]

<sup>17</sup> Allan Dawson, "The state of Canada's agriculture", *Farmers' Independent Weekly*, November 30, 2006, 2.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Laura Rance, "Public agriculture research best", *Sunday Plus*, February 6, 2005, 2.

<sup>21</sup> Alvin Ulrich, Hartley Furtan, and Andrew Schmitz, "Public and Private Returns from Joint Venture Research: An Example from Agriculture", *The Quarterly Journal of Economics*, Vol. 10, 1 (February 1986) 103.

<sup>22</sup> Ibid.

<sup>23</sup> Arthur Kroeger, Former Federal Deputy Minister of Transport, Personal Interview, December 12, 2006.

<sup>24</sup> Harry Enns, Former Manitoba Agriculture Minister, Personal Interview, January 11, 2007.

<sup>25</sup> Agriculture and Agri-Food Canada, "An Overview of the Canadian Agriculture and Agri-Food System", May 2006 [Online] [http://www.agr.gc.ca/pol/pub/sys/pdf/sys\\_2006\\_e.pdf](http://www.agr.gc.ca/pol/pub/sys/pdf/sys_2006_e.pdf) [Accessed Jan. 6, 2007]

<sup>26</sup> Keystone Agricultural Producers, "Strategic Growth Principles: Adopted by General Council, July 2006", Policy Paper, July 2006 [Online] [http://www.kap.mb.ca/briefs/strategicgrowth\\_jul06.pdf](http://www.kap.mb.ca/briefs/strategicgrowth_jul06.pdf) [Accessed Jan. 6, 2007]

<sup>27</sup> Agriculture and Agri-Food Canada, "An Overview of the Canadian Agriculture and Agri-Food System", May 2006 [Online]

<sup>28</sup> Kathy Baylis and Gordon Rausser, *Rules, Policy and Rent Seeking: A Cross Border Comparison*, (Department of Agricultural Economics, University of California, 2003) [Online] <http://are.berkeley.edu/~baylis/Rules.htm> [Oct. 18, 2006]

<sup>29</sup> Ibid.

<sup>30</sup> Barry Wilson, "Sask. stands alone on affordability", *The Western Producer*, March 30, 2006, 6.

<sup>31</sup> Harry Enns, Former Manitoba Agriculture Minister, Personal Interview, January 11, 2007.

<sup>32</sup> *The Western Producer*, Quote, September 14, 2006.

<sup>33</sup> David Rolfe, President, Keystone Agricultural Producers, Personal Interview, December 4, 2006.

<sup>34</sup> Doris Graber, Denis McQuail, and Pippa Norris, eds., *The News of Politics* (United States of America: Congressional Quarterly Press, 1998) 227.

<sup>35</sup> Michael Howlett and M. Ramesh, *Studying Public Policy: Policy Cycles and Policy Subsystems*, 2nd ed. (Don Mills, Ont.: Oxford University Press, 2003) 213.

<sup>36</sup> Paul G. Thomas, "Performance Measurement, Reporting and Accountability: Recent Trends and Future Directions", The Saskatchewan Institute of Public Policy, *Public Policy Paper* No. 23, February 2004 [Online] [http://www.uregina.ca/sipp/documents/pdf/PPP23\\_P%20Thomas.pdf](http://www.uregina.ca/sipp/documents/pdf/PPP23_P%20Thomas.pdf) [Accessed Nov. 26, 2006]

<sup>37</sup> Ibid.

<sup>38</sup> Barry Wilson, "Ag policy institute an idea whose time has come", *The Western Producer*, December 4, 2003 [Online] <http://www.producer.com/free/editorial/news.php?iss=2003-12-04&sec=opinion&sto=11> [Accessed Nov. 11, 2006]

<sup>39</sup> Yvonne Rideout, "Show me the money", *Farmer's Voice*, Keystone Agricultural Producers, Spring 2005, 5.

## **Chapter Six: Conclusion**

This thesis has discussed a number of areas relevant to the topic of agricultural policymaking. While broad in scope, each element combines to produce a larger and more coherent understanding of the connection between policy development and the political environment. The 'politics' of agricultural policymaking encompasses both the characteristics of the political system and the nature of relationships between policy actors, in the domestic and international context. The interconnection between the political system and the policy network ultimately affects the quality of policy created for the agricultural industry.

The present state of Canadian agriculture is the accumulation of many factors some of which include, low commodity prices, increasing input costs, international trade bans, disasters caused by weather, and ineffective government policies. As this thesis has identified, government policy has been primarily reactionary in dealing with the issues that have caused instability within the industry. Furthermore, governments seldom enact bold or innovative policy measures, opting to marginally change the programs inherited from the predecessors. This short-term approach has largely failed to facilitate the conditions needed for future stability and prosperity within the industry.

The comparison between the Canadian and American systems of government provided a number of valuable insights. Most importantly, the comparison illustrates the extent to which the political system affects the development of public policy. While the American system is not without flaws, its policy environment has successfully been able to produce stable, long-term, and effective programming for primary producers. The United States has firmly established the agricultural industry's role within larger

economic and social goals, and has provided fundamental support to help ensure that primary producers can continue to provide their defined roles for years to come. However, while the American political system seems to favour better policymaking for agricultural producers, this does not mean that the Canadian political system is not capable of developing a strategic vision for our domestic industry.

Many elements of the Canadian political system, including the increasingly decentralized nature of Canada's federal arrangement, the centralization of power in government, and the strict party discipline inherent in parliamentary style government, have all produced varying challenges to effective and coordinated long-term agricultural policymaking. Despite these inherent challenges, there are identifiable strengths that policymakers can capitalize on. Parliamentary style government has the ability to be flexible and responsive; federalism provides the opportunity for innovation within provinces; and centralized power and party discipline enable commitment to innovative policy when it is established as a government priority.

The political agenda of government is a compilation of issues that require immediate action, and areas of policy that are recognized as larger goals within a government's term in office. The complexity and number of issues that are present in any government's agenda require a careful balance of political commitment and allocation of resources. At this point, the relationships within the policy network are fundamental in ensuring how, and to what extent, issues within the nation are addressed.

Each actor within the agricultural policy network has an important role to play in the policy environment. The relationships that exist between government officials, farm organizations, the media, and citizens, are multifaceted and interconnected, and are set

within the framework of the political system and the larger context of society. As such, the interaction between policy actors often reflects their capacity for action and the prominence of their role within policy creation. The influence that each has within the policy environment is subjective, and often determined by the issue at hand or the government of the day. It is undisputed that farm organizations, the media, and the public, are all essential contributors to public policy development. However, the final decisions on policy and programming still rest with government officials at both the provincial and federal level.

Public policy development is a complex process. There are many challenges that face policymakers in their attempts to create policy that has a level of foresight. The adversarial nature of Canadian politics and the constant demands of government for immediate action by lobby groups, the media, and the public, all contribute to a reactive political environment. Canadian agriculture is constantly faced with international and domestic pressures in terms of food quality, environmental stewardship, changing consumer demands, etc. The development of a national vision for how agriculture fits into broader societal goals will assist government in establishing a political direction that will help the industry effectively deal with these pressures. Federal and provincial programs that continually fail to address the problems that plague the agricultural industry can no longer be accepted as the standard. To achieve sustainability for primary producers, government must acknowledge the impact of past policy endeavours, believe that it can do better, establish clear objectives for the short and long-term, and then commit to developing manageable steps and methods to achieve those goals.

A stable and prosperous agricultural industry is beneficial to all Canadians. As such, the agricultural industry and its producers deserve better and more effective policy and programs. Agriculture is a large part of Canada's historical past, and with political commitment it can be a significant part of the future. Hindsight tells us that the search for a grand strategy is seldom effective. However, political will and vision will help to find manageable steps to take towards progress. Optimism for the future is often mellowed by constant challenges, but the agricultural industry of Canada has immense potential. Future research on this topic in the field of political science is a worthwhile endeavour. Understanding the 'politics' behind agricultural policymaking, or any other area of public policy, is valuable in identifying trends within policy development. It is only with this understanding that the aspiration for more effective policy can be realized.

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**APPENDIX A**

**Winnipeg Harvest Statistics (Modified 29/03/2005)**

TOWN	FOOD BANK (FB)	HOUSEHOLDS MAR.02	HOUSEHOLDS MAR.03	HOUSEHOLDS MAR.04	CHANGE 2002-2004
ALTONA	RHINELAND AREA FB		80	60	-25%
BEAUSEJOUR	BEAUSEJOUR & AREA FB	48	41	85	77%
BOISSEVAIN	BOISSEVAIN & AREA FB	10	6	10	0%
BRANDON	SALVATION ARMY		77	116	51%
BRANDON	SAMARITAN HOUSE	599	828	800	34%
DAUPHIN	DAUPHIN FB	67	70	75	12%
DELORAINÉ	DELORAINÉ & AREA FB	5	7	6	20%
EAST BRAINTREE	A FEW LITTLE FISH	6	7		
FLIN FLON	THE LORD'S BOUNTY	41	48	58	41%
GIMLI	EVERGREEN BASIC NEEDS	24	28	28	17%
HAMIOTA	HAMIOTA FB	3	4	4	33%
ILES DES CHENES	ILES DES CHENES FB	15	18	8	-47%
KILLARNEY	KILLARNEY & AREA FB	15	54	15	0%
LAC DU BONNET	LAC DU BONNET & AREA FB	52	73	65	25%
LORRETTE	RM OF TACHE FB		7	9	29%
MELITA	MELITA FOOD PANTRY	5		12	140%
MELITA	MELITA FOOD BANK			58	100%
MINNEDOSA	MINNEDOSA CHURCH CUPBOARD			8	100%
MORDEN	CARING AND SHARING MORDEN				
MORRIS	RED RIVER VALLEY FB	18	24	20	11%
NEEPAWA	SALVATION ARMY			31	100%
NIVERVILLE	NIVERVILLE HELPING HANDS	5	13	20	300%
PORTAGE LA PRAIRIE	SALVATION ARMY		76		
RICHER	LIFE ENRICHMENT OUTREACH	51	110		#VALUE!
RIVERS	RIVERDALE HARVEST FOOD BANK			10	100
ROBLIN	ROBLIN FB		47	57	21
RUSSELL	RUSSELL & AREA FOOD			3	100
SELKIRK	SELKIRK FB	170	372	497	192
ST. ANNE	RICHER KNIGHTS OF COLUMBUS	12		16	33
SHOAL LAKE	SHOAL LAKE HEALTHY COMMUNITY		7	15	114
STEINBACH	SOUTH EAST HELPING HANDS	172	201	165	-4
STONEWALL	INTERLAKE FB	40	101	88	120
SWAN RIVER	SWAN VALLEY FB	97	101	111	14
TEULON	TEULON FB	40	8	19	-53
THE PAS	SALVATION ARMY			6	100
THOMPSON	SALVATION ARMY		N/a	49	100
VIRDEN	VIRDEN & AREA FOOD CUPBOARD			29	16
WINKLER	WINKLER & DISTRICT FOOD	38	49	44	69
	<b>TOTAL</b>	<b>1533</b>	<b>2457</b>	<b>2597</b>	<b>69%</b>

**APPENDIX B**

**Winnipeg Harvest Statistics (Modified 31/03/2005)**

TOWN	FOOD BANK (FB)	PEOPLE IN MAR.02	PEOPLE IN MAR.03	PEOPLE IN MAR.04	CHANGE 2002-2004
ALTONA	RHINELAND AREA FB		N/A	100%	
BEAUSEJOUR	BEAUSEJOUR & AREA FB	192	165	361	88%
BOISSEVAIN	BOISSEVAIN & AREA FB	22	15	30	36%
BRANDON	SALVATION ARMY		172	276	60%
BRANDON	SAMARITAN HOUSE	1692	2221	2200	30%
DAUPHIN	DAUPHIN FB	207	187	207	0%
DELORAINÉ	DELORAINÉ & AREA FB	N/A	17	14	-18%
EAST BRAINTREE	A FEW LITTLE FISH	14	26		
FLIN FLON	THE LORD'S BOUNTY	124	144	132	6%
GIMLI	EVERGREEN BASIC NEEDS	61	58	71	16%
HAMIOTA	HAMIOTA FB	10	14	18	80%
ILES DES CHENES	ILES DES CHENES FB	56	51	18	-68%
KILLARNEY	KILLARNEY & AREA FB	55	152	37	-33%
LAC DU BONNET	LAC DU BONNET & AREA FB	139	183	217	56%
LORRETTE	RM OF TACHE FB		12	18	50%
MELITA	MELITA FOOD PANTRY	20		37	85%
MELITA	MELITA FOOD BANK			91	100%
MINNEDOSA	MINNEDOSA CHURCH CUPBOARD			15	100%
MORDEN	CARING AND SHARING MORDEN				
MORRIS	RED RIVER VALLEY FB	58	68	69	19%
NEEPAWA	SALVATION ARMY			95	100%
NIVERVILLE	NIVERVILLE HELPING HANDS	22	39	N/A	
PORTAGE LA PRAIRIE	SALVATION ARMY		249		
RICHER	LIFE ENRICHMENT OUTREACH	141	170	170	21%
RIVERS	RIVERDALE HARVEST FOOD BANK			23	100%
ROBLIN	ROBLIN FB		125	87	-30%
RUSSELL	RUSSELL & AREA FOOD CONNECTIONS			10	100%
SELKIRK	SELKIRK FB	704	846	1172	66%
ST. ANNE	RICHER KNIGHTS OF COLUMBUS	39		33	-15%
SHOAL LAKE	SHOAL LAKE HEALTHY COMMUNITY		26	N/A	
STEINBACH	SOUTH EAST HELPING HANDS	395	644	441	12%
STONEWALL	INTERLAKE FB	N/A	130	246	89%
SWAN RIVER	SWAN VALLEY FB	276	264	262	-5%
TEULON	TEULON FB	128	21	54	-58%
THE PAS	SALVATION ARMY			N/A	
THOMPSON	SALVATION ARMY		153	169	10%
VIRDEN	VIRDEN & AREA FOOD CUPBOARD			73	100%
WINKLER	WINKLER & DISTRICT FOOD CUPBOARD	110	175	144	31%
	<b>TOTAL</b>	<b>4465</b>	<b>6327</b>	<b>6790</b>	<b>52%</b>

**APPENDIX C**

**Farm Population by Province**

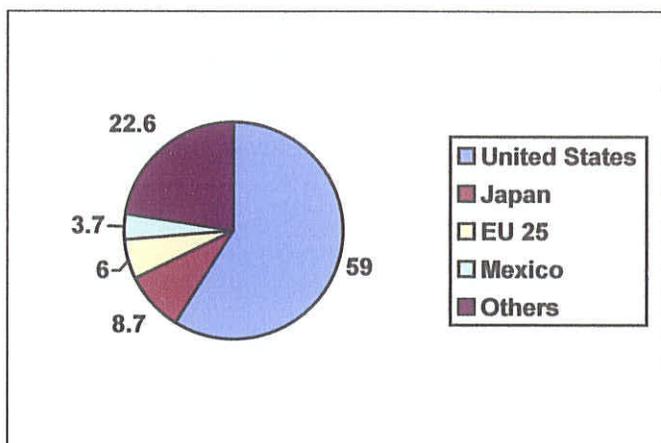
Source: Statistics Canada. "Farm Population, by province". *2001 Census of Agriculture and Population*. 2004 [Online] <http://www.40.statcan.ca/101/cst01/agrc42a.htm>

	<b>Total Population (2001)</b>	<b>Total # of Farms</b>	<b>Total Farm Population</b>	<b>Farm Population as % of total</b>	<b>Farm population as % of total of rural population</b>	<b>Rural population as % of total population</b>
<b>Canada</b>	29,914,315	246,923	727,130	2.4	11.5	20.2
<b>British Columbia</b>	3,907,736	20,290	61,370	1.6	8.6	15.3
<b>Alberta</b>	2,974,807	53,652	165,650	5.6	28.3	19.1
<b>Saskatchewan</b>	978,933	50,598	123,385	12.6	33.8	35.7
<b>Manitoba</b>	1,119,583	21,071	68,130	6.1	21.4	28.1
<b>Ontario</b>	11,410,046	59,728	186,085	1.6	10.4	15.3
<b>Quebec</b>	7,237,479	32,139	96,680	1.3	6.4	19.6
<b>New Brunswick</b>	729,498	3,034	8,145	1.1	2.2	49.6
<b>Nova Scotia</b>	908,007	3,923	10,475	1.2	2.5	44.2
<b>Prince Edward Island</b>	135,294	1,845	6,060	4.5	8.0	55.2
<b>Newfoundland and Labrador</b>	512,930	643	1,155	0.2	0.4	42.3

## Appendix D

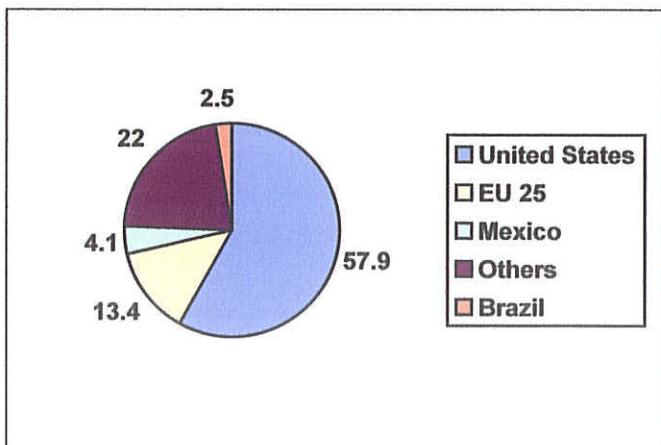
### 2006 January to September Export and Import Market Shares

#### EXPORT MARKET (%)



Agri-Food Markets (in \$ millions) 2006	
United States	11,810
Japan	1,748
EU 25	1,196
Mexico	744
China, P. Rep.	421
Korea, South	360
Hong Kong	257
Taiwan	133
Brazil	41
<b>Total Agri-food Exports \$19.97 Billion</b>	

#### IMPORT MARKET (%)



Agri-Food Markets (in \$ millions) 2006	
United States	9647
EU 25	2227
Mexico	691
Brazil	423
China, P. Rep.	298
Japan	32
Korea, South	27
Taiwan	26
Hong Kong	16
<b>Total Agri-food Imports \$16.49 Billion</b>	

Source: Agriculture and Agri-Food Canada. Imports-Agri-Food for January to September 2006. Statistics Canada, November 2006 [Online] [http://ats.agr.ca/stats/4142\\_e.pdf](http://ats.agr.ca/stats/4142_e.pdf) Agriculture and Agri-Food Canada. Exports-Agri-Food for January to September 2006. Statistics Canada, November 2006 [Online] [http://ats.agr.ca/stats/4141\\_e.pdf](http://ats.agr.ca/stats/4141_e.pdf)

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