

Jim **KNISLEY**

Full marks to Prime Minister Brian Mulroney.

This week in Venice, Mulroney and the Canadian delegation managed to maintain the momentum towards the re-emergence of some form of common sense in the international grain trade.

Mulroney also restrained himself from making some form of Chamberlainesque statement about "peace for our time" and was satisfied with saying the agreement doesn't represent "a quick fix."

Peace, the agreement in Venice isn't. But progress, it is.

It is, however, a funny kind of progress. In effect the agreement, no matter what the words seem to say, is an agreement not to make the situation worse.

This is not as much as many farmers would like to see, but it is more than they had any right to expect, even just a few months ago.

A key phrase in the communique said: "The long-term objective is to allow market signals to influence the orientation of agricultural support by way of a progressive reduction in agricultural support as well as by all other appropriate means."

But it also includes a provision that allows countries, when establishing agriculture and food policies, to consider "social and other concerns, such as food security, environmental protection and overall employment."

It would be easy to scoff and conclude that nothing happened. That would be unfair and untrue.

Getting agriculture on the agenda at the meeting of the leaders of the seven major western industrial nations was an accomplishment. And having the leaders affix their signatures to a document calling for reductions in agriculture subsidies, even if it is over the long term, is a success.

Just two years ago in Bonn the same seven countries (United States, Japan, West Germany, Britain, France, Italy and Canada) got together and a furious wrangle erupted at the mere mention of agriculture.

Particularly adamant were the French. But over the past two years French attitudes have changed — perhaps prompted by the cost of their farm programs and the storm signals that dominate that country's economic forecasts.

Now the hardliners in European agriculture are the Germans. It took a monumental effort to convince them that agriculture should be discussed in Venice and even

more lobbying to convince them to sign the final communique.

In all likelihood, it will be the Germans who will put the greatest emphasis on the provision that talks of regard for "social and other concerns."

Britain's Sunday Times said last week: "West Germany has become the leading villain in the European farm ministers' annual meeting in Brussels. France, which used to be cast in this role, is now acting like the damsel in distress."

Germany has moved a little in European talks designed to cut farm subsidies and rescue the European Economic Community's common agricultural program budget, but it is very much the reluctant bride.

The reason is politics.

The ruling Christian Democrats recently lost an absolute majority in a state election and, if they tread too heavily on farmers' toes, run the risk of losing an election in another state in September.

Ignaz Kiechle, the West German agriculture minister, has received the blessing of Chancellor Helmut Kohl and is determined to limit any rollback of subsidies that will hurt farm incomes.

Interestingly, Kiechle, who has become known as "Monsieur Non" in the French press, is fighting cuts that at their worst would be just five per cent.

And the five-per-cent reduction would come from prices that are more than two-and-a-half times higher than Canadians receive.

Meanwhile, Canadian grain producers will suffer a 15-per-cent cut in grain prices Aug. 1.

But Germany has a tradition of supporting inefficient farms that stretches back to the 19th century.

European economists estimate that an efficient European grain farm requires a minimum of 125 acres. Only five per cent of West German farms are that large and in politically important areas, such as Kiechle's home state of Bavaria, the farms are even smaller.

However, the West Germans just happen to be the current bad boys. As mentioned, the French were the villains two years ago and next time it could be the Japanese, Americans, Italians or the British.

It will be the internal politics of the major nations that determines how far and how fast progress is made in resolving the current farm problems.

Right now, the political winds are mostly favorable. Let's hope they remain that way.