

Learning to overproduce

food production dropped for the first time since 1954; the USSR cleverly and quickly bought up thirty million tons of grain at low prices, and food stocks dropped dramatically. The World Food Conference of 1974 heard angry demands from developing nations about the impact of what they saw as the irresponsible economic behavior of the superpowers. Canadian churches and NGOs put strong pressure upon the government to take a position at the conference which would assure long-term food security. By implication, this meant that the Canadian government would reject the emphasis on the working of free market forces which the US government continued to promote, with minor qualifications.

Canadian struggles

Internationally, the Canadian government tried to work towards regulation of the market in a manner which would assure stability on the one hand, and security of supply for developing nations on the other. In the turmoil of the 1970s, the Canadians also tried to cling to their traditional markets in the face of highly aggressive US and, later, Western European competition. The United States share of the world grain trade grew from 40 percent to 58 percent of total world exports in the 1970s. Naturally, their competitors lost and Canada, in particular, began to differentiate its interests from those of its neighbor more clearly. Eugene Whelan's angry attacks on American policy are memorable for more than their malapropisms.

Canada supported a new international wheat agreement and proposals for international grain reserves which would provide security and economy of supply for those nations which needed it most. The graphic television clips of starving Africans added poignant support for the Canadian position. These attempts at international cooperation failed. Canada, like its competitors, developed and extended a wide range of domestic programs which protected producers and consumers. Provincial governments and the federal government scrambled to offer income maintenance schemes for farmers through programs such as the Agricultural Stabilization Act (1975), the Western Grain Stabilization Act (1976), and the Farm Products Marketing Agencies Act (1972). These programs and others consumed roughly 40 percent of federal government agricultural spending, and the same process went on in the provinces.

Even worse in the 1980s

While Canada protected its producers, its competitors did so even more lavishly. At the beginning of the 1980s, Agriculture Canada published *Challenge for Growth: an Agri-Food Strategy for Canada*, which maintained an optimistic viewpoint derived in part from the tight market conditions of

the mid-1970s. The slowing of growth in developing countries, the expansion of agricultural protectionism and subsidization, and an increasingly aggressive export policy on the part of competing nations, especially the United States, made the challenge more one of survival and left the strategy in tatters. In 1985 the United States passed a farm bill which was to cost an estimated \$52 billion over the next three years at a time when the European Community's agricultural support program was costing roughly \$20 billion per year and was virtually bankrupting the Community. At the time the distinguished agricultural economist T.L. Warley wrote that, for Canada, "there seems to be no alternative but to meet this competition head to head." But their heads are much bigger than ours.

Canadian policy during the last two years has been marked by some desperation. When Saskatchewan grain growers expressed bitterness about their lot during the last provincial election campaign, an ill-defined billion dollar federal aid scheme appeared. One European Community commissioner bluntly said prior to the Economic Summit of 1985 that Canada was "on the same wavelength as the United States," and implied that it could no longer act as a "bridge builder." More creatively, the Canadian government tried to make common cause with other exporting countries who could not go "head to head" with the monstrous subsidies of the European Community and the United States. The so-called "Cairns Group" initiative brought Canada together with Argentina, Australia and other exporting nations, excluding the Americans and the Europeans. This coalition, which harked back to earlier middle power stances, attracted attention but brought few results.

The world financial crisis which has caused the Americans and the Europeans to recognize that their costly programs cannot endure has been a more effective prod. In mid-October 1987 Canada tabled a proposal for an agricultural trade code for the GATT. It appears to differ only in degree from that of the United States, which had earlier called for "a major reduction in all trade-distorting subsidies." The proposed Canada-US free trade agreement, with its provisions for elimination of tariffs on food and food products within ten years and of Canadian transportation subsidies for agricultural products shipped through the United States, means that Canadian policy in the future will, in a similar fashion, have to follow the United States more closely. Given that the American path has so often been erratic and that Canadians have in recent years sought a different route in order to protect traditional markets, to further Canadian diplomatic initiatives with the Second and Third Worlds, and to assure the security of the Canadian farmer, the future path promises to be strewn with thickets. □