

# Canadian agriculture and world politics

by John English and Irene Knell

In assessing the impact of the proposed free trade agreement on Canadian agriculture, *The Globe and Mail* pointed out that "Food has not attracted much attention in the free trade debate, yet food production is very important to certain regions in Canada, and free trade has significant implications" (October 16, 1987). Nevertheless, the *Globe's* own focus is narrow, describing the impact on particular sectors of the agricultural economy and ignoring the broader political aspects of Canadian agricultural policy. A few days later angry exchanges in the House of Commons reminded Canadians that food production is not a factor that can be isolated from international politics. When the United States began to sell their subsidized grain and milk to the Soviet Union, China and India shortly after the bilateral free trade agreement with Canada was announced, Canadian opposition leaders and even some supporters of the agreement cried betrayal. Those markets were ours, and surely the Americans should recognize, in the words of the proposed trade agreement itself, that such subsidized exports "may have prejudicial effects on the export interests of the other party."

## Changing market trends

Indeed they would, but the whole dispute illustrates the political character of international agricultural trade. For decades Canada had a special place in British markets because of imperial considerations. More recently the Chinese market has been a Canadian mainstay, largely for the political reason that we sold to them when the Americans did not. The Soviet Union, which has been Canada's largest agricultural products market, was restricted when Canada reluctantly submitted to US pressure to refrain from increasing its contracted sales during the American grain embargo in the aftermath of the Soviet invasion of Afghanistan. These patterns reflect a historic trend whereby Canadian agricultural exports are often determined by political relationships rather than market forces. For Canada, as for most other Western nations, agricultural policy stands apart from the broader trends of domestic and international behavior.

In the industrial and financial sectors of national economies, the postwar period has been marked by liberalization and increasing interdependence. This generalization has many exceptions, of course, but most observers do agree that the postwar boom of Western economies, the most sustained and fundamental in history, is in large part the product of the expansion of markets created by the lowering of protective barriers. Western governments drew the lesson from the Thirties that protection bred depression: larger markets, economies of scale, and, in most cases, international competition, created the higher incomes which democratic citizens demanded from their governments.

## Agriculture protection increases

In agriculture, the agenda was different. Domestically, there would be greater subsidy and government involvement; internationally, there would be protection and regulation. The lesson of the Thirties and the Second World War was a different one. As Alan Milward had written in his classic history of Western European reconstruction, "Any sacrifice of agricultural output on the altar of international efficiency now appeared as strategically dangerous and politically disastrous." Those memories — of food shortages in Western Europe and much of Southeast Asia, of that cold hard winter in 1947, of the scrounging of fields for rotten potatoes and the scurrying towards trucks bringing North American aid — remained strong and were the political foundation for the highly protectionist agricultural policies which developed in Western Europe and Japan. Autarky was not so discredited in agriculture as it was in other sectors in the wake of the Nazi collapse.

The war years had rejuvenated North American agriculture. Dust bowls, Bennett buggies, and poverty gave way to maximum production for solid profit and patriotic motive. These happy days lasted until the shattered agricultural economies of Western Europe recovered and until the United States, for domestic and international reasons, acted as though they had the responsibility to feed the world. Rapid changes in agricultural efficiency resulting in huge surpluses made it seem possible and even necessary. That was a problem, and the response of Canadians and others was to try to regulate the market through an International Wheat Agreement, but by the 1960s these hopes had evaporated. Agriculture in most Western countries had succeeded too well. In other traditional markets, although not all, the so-called Green Revolution made former importing nations largely self-sufficient.

The 1970s in agriculture, as in international affairs generally, were years of marked instability. The decade began on a note of optimism as some of the pessimistic scenarios of the 1960s, which envisaged an enduring world food shortage, were proven wrong and large surpluses developed in the late 1960s. Continued growth in production, however, led to cutbacks in acreage. Then in 1972-73 world

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