COMMENT | Wendy Holm 

Dear Justin...

I became a Canadian citizen because of your father's vision for this country: a strong and compassionate society committed to economic and social justice. Living in Ottawa, I watched you grow up. First-born son of Canada's 15th Prime Minister, you sat at the knee of history, witnessing on an intimate level Pierre Elliot Trudeau's belief in the potential of this nation and his dreams for its future.

Following the policy destruction of the Harper government, you told Canadians we deserved better and campaigned on a platform of change. Communities from coast to coast to coast agreed, giving you a solid majority as Canada's 23rd Prime Minister to do just that.

Hard to think of a sector more deserving of your careful attention than food.

Your father recognized the importance of agriculture by putting Eugene Whelan in charge. Gene's job was to make sure farmers were understood and respected. He did it very well. One of the greatest policy instruments created under his watch was Canada's Supply Management System. Today, almost five decades later, while farmers around the world are losing their shirts, Canadian supply-managed farmers and the consumers they serve continue to be treated fairly and sustainably under Whelan's supply management system without a penny of taxpayer subsidy.

A lot of water has gone under the bridge since Gene's day. For farmers, the Uruguay Round of the GATT (1986-94) and the creation of the World Trade Organization in 1995 ushered in a new era: the commodification of food and the demise of state sovereignty over farm policy. The objectives of the Uruguay Round were ambitious: to include for the first time trade rules governing services, capital, intellectual property, textiles and agriculture. Goals for agriculture were to improve market access, reduce domestic support (subsidies and quotas), eliminate export subsidies and harmonize sanitary and phytosanitary measures.

From the outset, agriculture was a sticking point. Many of the 123 GATT member nations flatly opposed any interference in domestic food policy. The Cairns Group – a cabal of small and medium agricultural exporting countries including Canada, Australia, Brazil, and New Zealand – refused to sign the deal without an agreement on agriculture. At the eleventh hour, Arthur Dunkel, GATT's then-Director General, tabled a Hail Mary proposal: his "Dunkel Draft" divided farm support programs into three types: red box (unacceptable policy measures which distort trade/market signals); green box (ones that don't); and yellow box (ones that fall somewhere in between). Member nations were asked to accept "green box" rules for future farm policy and to eliminate, over time, all policy measures categorized as falling within the "red" and "yellow" boxes. An Agreement on Agriculture was signed, and the WTO created the following year to provide infrastructure to the new world of global trade.

While other GATT signatories rushed to convert red box to green box policies, Canada went about slashing farm support programs faster and harder than any other member nation with the exception of New Zealand and Australia. Add to this the legacy of the Harper government (destruction of the Canadian Wheat Board, closure of federal agricultural research stations, muzzling of agricultural professionals) and it is not hard to understand why Canada's farming sector will take a long time, and a lot of vision, to heal.

First up on your "to do" list should be the Trans Pacific Partnership.

The dairy trade concessions made at the TPP table have their origins in the Uruguay Round. Further to agreements arising thereof, Canada's public civil servants file with the OECD annual estimates of support received by farmers, broken down by commodity group. You would think, given that not one penny of taxpayer money supports supply-managed commodities, that Canada's dairy farmers would show up pretty well, no?

Not so. In fact, according to the OECD (Producer Support Estimate and Related Indicators of Agricultural Support), Market Price Support to Canadian dairy farmers in 2014 was a whopping $1.9 billion. Further, this is attributed as a "transfer to producers from consumers". Embedded in OECD data used worldwide by our trading partners, such misrepresentations fuel continued attacks on Canada's supply management system. (This was raised in a recent interview with an otherwise-well-informed New Zealand academic, who saw it as defending the legitimacy of her country's pressure on Canada to increase market access under the TPP).

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difference between the price Canada's dairy farmers are paid for their milk under supply management's administered pricing system and the average world price for milk on a global market.

$1.9 billion is a measure of the loss Canada's dairy farmers would have suffered without supply management (if the milk check was set by the world price).

$1.9 billion is a measure of what Canadian consumers would have to pay in subsidies to keep farmers viable if supply management failed.

$1.9 billion is most certainly NOT a measure of a "transfer from consumers" to dairy farmers. In fact, Canadian consumers enjoy some of the lowest retail dairy prices in the world.

How did this happen? The OECD Measures of Support for Agriculture tags Canada with a $1.9 billion subsidy bill for milk because they fail to recognize that higher farm gate prices do not always equate to higher retain prices nor to the existence of taxpayer subsidies. The OECD fails to recognize what old Gene knew from the start: good policy requires neither.

For a very thorough analysis of the flaws in the PSE calculation, University of Laval professor Maurice Doyon's 2001 report a Critical Analysis Of The Concept Of The Producer Subsidy Equivalent In The Dairy Sector (Dairy PSE) is an excellent reference. In its concluding chapter The PSE: a support indicator with major theoretical and methodological limitations, Doyon notes: Where producers benefit from collective marking, they may capture a larger share of the consumer dollar, a share which is otherwise in the hands of the intermediaries.

Precisely. The OECD's alleged "transfer from consumers" to milk producers of $1.9 billion is not a transfer from consumers, it is a measure of the margin that otherwise would be captured by the highly concentrated - oligopolistic AND oligopsonistic - dairy processing sector were it not for SM's administered pricing.

Over to you Justin. Drill down on the TPP agreement. My November column in Western Dairy Farmer (reprinted in October 27 Ontario Farmer) opens that door by arguing Harper's assertion of damage (3.25% of market share) is ludicrous. Increased imports of milk protein concentrates will seriously destabilize Canada's skim milk market, disrupting Canada's ability to balance our butter fat/non-fat-milk-solids ratio, undermining the long-term stability of the Canadian milk market and the supply management system that supports it. Just what the global processors want.

In the Haiku vernacular of Twitter: @JustinTrudeau FARMING is the ultimate "value added" (SUN+WATER+SOIL+SEEDS=FOOD) the rest is window dressing. NEED GOOD FARM POLICY. PERIOD

Look forward to positive change for farmers Justin... Beginning with respect. D