



# CHALLENGING MARTHA

THEY SAY A LITTLE knowledge is a dangerous thing. And Liberal leadership candidate Martha Hall Findlay's opportunistic rant against Canada's supply management system for milk, eggs, chicken and turkey is just that.

To the media, Martha is a good "sound bite" – her edgy, combative style and quick-off-the-lip responses play well on the 6 o'clock news. Right wing think tanks love her (of course!) because she delivers the neo-conservative, globalist message: government should just get out of the way and let the market decide.

In her June 2012 report *Supply Management: Problems, Politics and Possibilities* (University of Calgary School of Public Policy), Martha alleges Canadians are paying almost three times more for their milk than Americans... That this is costing Canadian families close to \$300 a year... And that supply management "has to go..."

Martha's numbers were dead wrong. Lacking comparable price series (US tracks retail prices for a gallon of milk sold in 3-bag pouches, Canada tracks one litre containers), Martha simplistically multiplied Canada's one litre price by four. Never mind that bagged milk is dramatically cheaper (almost a dollar per litre less) than one-litre containers. The numbers backed her argument, and Martha ran with it.

(When this was pointed out, the report was quietly changed – no apology – cutting alleged "costs" in half (from \$300 to \$150 a year per family). Assuming a 4-person household, that's \$37.50 per person per year. Imagine.)

[ Wendy Holm is an award winning columnist and Agrologist writing from Bowen Island ]



But this too overstates the price differential between the two markets. Hall Findlay's "analysis" was based on 3 spot prices (March 2010, 2011 and 2012). Over the past decade, Canadian retail milk prices averaged lower than those in the US for approximately half that time.

Moreover, today's highly concentrated post farm gate sector means there is little connection between prices paid by consumers and those received by farmers. Global milk prices are highly volatile, and nowhere is this volatility greater than at the farm gate.

The past five years are an example: from 2008 to 2009, world milk prices to producers dropped by more than 50 percent - from \$US 47 per 100 kg of milk to \$US 20 per 100 kg. The International Farm Comparison Network (IFCN) estimates at \$US 20 per 100 kg of milk, 98 percent of milk produced around the world did not receive returns sufficient to cover production costs.

In 2009, the average world price for milk rebounded to \$US 30 per 100 kg - an increase of close to 50 percent within a few months. In 2010, this increased to \$US 42 per 100 kg.

Such price volatility plays havoc with supply and farm profitability. Canadian farmers, processors and consumers are protected from this by supply management. Only in Canada you say? Pity.

Today, US processors pay dairy farmers roughly \$48.50 per 100 kg, or 48.5 cents per litre for their milk. This is substantively below production costs; under the Milk Income Loss Act, U.S. dairy farmers receive an additional 31 cents per litre subsidy from the American

taxpayer. This brings them just above the 78 cents per litre received by Canada's dairy farmers under supply management.

(Had the US "fiscal cliff" not been avoided, US farm gate milk prices would have reverted to the "fair" government purchase price of \$88 per 100 kg set by the Agricultural Act of 1949, doubling retail prices...)

Of course, Martha Hall Findlay looked at none of this.

Instead, Hall Findlay cites the Australian dairy farmer experience as the model to follow. Yes, it is true, after deregulation, Australia's share of the global market increased, principally as a result of milk derivative exports. But what Hall Findlay fails to mention is that post-deregulation, retail prices increased and

farm gate prices fell. Same in New Zealand. In 2011, Australian consumers paid 10¢ a litre more for milk that did Canadians; New Zealand consumers paid 20¢ more per litre. Meanwhile, farm gate prices in both countries have dropped below Canadian levels.

Had Hall Findlay bothered to look beyond her own perky but highly partisan nose, it would have been more than evident that Canada's supply management system is GOOD PUBLIC POLICY - ensuring stability of supply to processors and consumers and a fair return to Canada's farmers.

Like all neo-conservatives, Martha completely ignores escalating industry concentration pre and post farm gate and its ability to strip the margins of

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the farm sector, destroying profitability and undermining national food security.

The North American processing sector is highly concentrated. In response to complaints by farmers, Barack Obama, when he entered the White House, vowed to look into the abuse of American seed, pig, cattle, dairy and poultry farmers by concentrated processors. Seven months of extensive hearings - begun in August of 2009 and overseen by US Antitrust Chief Christine Varney - represented the highest-level examination of American agriculture in decades.

The result was a series of USDA-sponsored amendments to the US Farm Bill that, among other things, would have prohibited processor retaliation against farmers operating

under abusive contracts. It would, in the words of US farmers, been a game-changer.

In the end, an obstructionist, Republican-led House Appropriations Committee stripped the USDA of money needed to implement the recommendations. In the end, the powerful processing lobby won.

Hall Findlay looked into none of this. Marching to the simplistic tin flute of the globalization gurus, she instead spent half her report documenting - in pedantic detail - how there were not enough dairy farmers in any federal riding to electorally punish politicians foolish enough to get in line with her pathetic little parade.

It's one thing to flimflam rookie reporters and right wing acolytes. Quite another to try to sell this dreck

to someone who knows what they're talking about.

**On Jan 25, Martha sent the following tweet to New Brunswick Ag Council, copied to me, criticizing them for re-tweeting a blogpost of mine:**

@monmills @wendyholm Shame for using this -- assumption re US price calc was fixed immediately in the paper. Analysis results the same. - @MHallFindlay

**My immediate tweet in reply:**

Martha I challenge u 2 a debate anywhere, anytime. U r dead wrong on supply management. @MHallFindlay @monmills

Anytime, anywhere Martha. Call me... 604-417-2434 ☎

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