



# This fall, make sure ‘food’ is on every politician’s plate

Intended to lend credence to the rants of Hall-Findlay, Kenny and others that Canada’s agricultural supply management policies result in higher costs to consumers, the University of Manitoba’s March 2015 (10-page) report *Milked and Feathered: Regressive Welfare Effects of Canada’s Supply Management Regime* tarts up simplistic analysis in a flashy cloak of economic jargon, hoping for “formidable”.

Embarrassing, it achieves... Credible, not.

Opening with the assertion that Canada’s supply management programs result in lower productivity and higher prices to consumers, the authors never get back to the productivity question; they focus solely on price. Retail market price.

Had they looked at productivity, they may have been pleasantly surprised: Canada’s dairy farmers are generally acknowledged to be among the most efficient in the world. A 2014 Nielson study bears this out: consumers pay \$1.30 a litre for milk in Canada as compared with \$1.83 in New Zea-

land, \$1.81 in France, \$1.15 in the U.S., \$1.19 in Germany and \$2.35 in China. Further, had Nielsen added in the value of non-market “externalities” – stewardship of the food commons, benefits to the environment, soils and community, health, food security – put on the public table at no charge every day of the year by Canada’s sustainable family farms – the benefits of Canada’s supply management system would be beyond evident. Even more so when you consider the costs (“negative externalities”) arising from concentrated animal agriculture - e.g. 10,000 cow dairy barns in the US.

But the authors – like the market - do not recognize benefits and costs eternal to the product. Focused on their assertion that supply management results in “higher prices to consumers”, they capture RETAIL prices of milk, poultry and egg products in Vancouver, Winnipeg, Windsor, Montreal and the US mid-west during the three year period 2009 to 2011, then use elasticities of demand and food expenditures by income quartile to pronounce that supply management is

responsible for higher retail prices and, ipso facto, represents a regressive tax on lower income consumers.

Indeed.

First of all, the price the farmer is paid for fluid milk at farm-gate represents only a portion of the retail price paid by Canadian consumers for dairy products. Between the farm gate and the consumer lies a highly concentrated agri-food sector that processes, further processes, packages, labels and sells the many products produced from the milk, eggs or poultry purchased at farm gate. To allege farmers are responsible for what happens to price between the farm gate and the retail counter is absurd.

Yet this is exactly what the authors do. In a bizarre bit of economic mumbo jumbo, they both acknowledge and dismiss post-farm gate market imperfections in one fell swoop: “market concentration in the processing and retailing stages of the supply chain can also influence retail prices for SM products...it is unclear how a liberalized SM industry would affect this.” (this) has been shown to increase dairy prices in the United States...so we view US prices as the best comparators for our purpose.”

Translation? Market concentration in the food sector already inflates prices. So basing the cost of supply management on the retail price gap between Canadian and US is actually conservative – if US markets were competitive, the gap (purported “cost” of supply management) would be wider. Say what? And if wishes were horses, beggars would ride? Concentrated agri-food players dominate both markets. This statement is



[ The writer is an award-winning agrologist based at Bowen Island [wendy@wendyholm.com](mailto:wendy@wendyholm.com) ]

disingenuous.

Imperfections in the post farm-gate market have a direct impact on consumer prices in both Canada and the US. One doesn't need a crystal ball to know that a "liberalized" SM industry would increase the power of these already concentrated markets in Canada. When the United Kingdom and Australia deregulated their dairy industries, farm prices went down AND retail prices actually went up.

Lacking the market power afforded by Canada's supply management system, our farmers would be in the same boat as farmers in other countries, reduced to the role of price takers shipping at the whim of powerful multinational processors.

Globally, dairy farmers recover only 40 to 60 percent of their production costs from the market. European farmers receive \$55 billion Euros in subsidies per year; the U.S. pays \$4 billion in dairy subsidies. In comparison, Canadian dairy farmers receive zero milk subsidies.

Only in Canada you say? Extraordinary.

If the report's authors were seriously concerned with the price of food in Canada, they would be better advised to look at ways to increase competition in the food sector by breaking up concentrated players (oligopsonies and oligopolies) that result in inefficient profit taking and higher prices to consumers.

Alas, their concern is with the rights of global investors, not Canadian food security.

The report closes with Hall-Finlay's stunningly shallow and partisan: "no politicians need fear losing votes over this – most farms are heavily concentrated in election districts that predominantly support one particular party or another, and so very few of them would actually be won or lost over this issue."

(Kind of makes you wonder who this report is really aimed at? Inalcitrant MP's? Note to Martha: voters with a stake in sustainable food policy dominate every riding in Canada...)

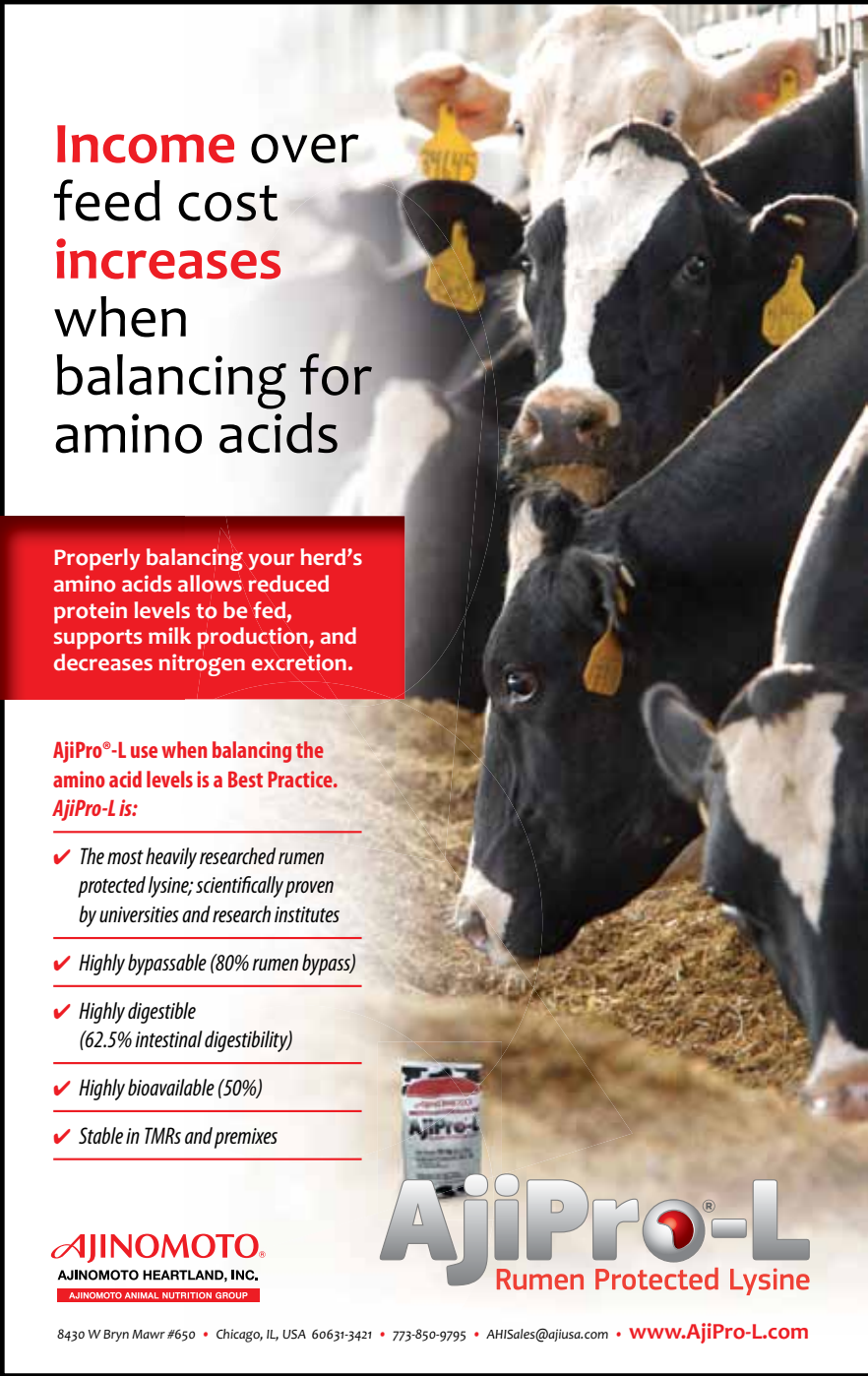
Investors don't like rules. We get that. Agri-food giants want greater access to our market. We get that too. But communities and the families they support want to know their milk is safe and comes from local farmers who are paid a fair price for their sustainable stewardship of Canada's food commons.

Politicians are elected to construct and defend good public policy. Canada's supply management policies are fair, sustainable and vital to the future of Canada's food security. If you tally

the non-market benefits – the value of environmental, ecological, social, economic and community enhancement placed on the table by Canada's strong network of family farms - Canada would win Gold in the sustainable farm policy Olympics.

Former Canadian Agriculture Minister Gene Whelan had a strong vision of what agriculture should look like in a well run and respectful economy. That vision is supply management.

This fall, make sure "food" is on every politician's plate. **D**



## Income over feed cost increases when balancing for amino acids

Properly balancing your herd's amino acids allows reduced protein levels to be fed, supports milk production, and decreases nitrogen excretion.

AjiPro®-L use when balancing the amino acid levels is a Best Practice.

AjiPro-L is:

- ✓ The most heavily researched rumen protected lysine; scientifically proven by universities and research institutes
- ✓ Highly bypassable (80% rumen bypass)
- ✓ Highly digestible (62.5% intestinal digestibility)
- ✓ Highly bioavailable (50%)
- ✓ Stable in TMRs and premixes

**AJINOMOTO**  
AJINOMOTO HEARTLAND, INC.  
AJINOMOTO ANIMAL NUTRITION GROUP

**AjiPro®-L**  
Rumen Protected Lysine

8430 W Bryn Mawr #650 • Chicago, IL, USA 60631-3421 • 773-850-9795 • AHISales@ajijusa.com • [www.AjiPro-L.com](http://www.AjiPro-L.com)