

Economists spar in “overdue” supply management debate

The most positive aspect of the debate is that farmers now want to talk about the issue, Sylvain Charlebois said

BY IAN CUMMING
Ontario Farmer

Ottawa - A formal debate on the future effectiveness and necessity of supply management between Bruce Muirhead from the University of Waterloo and Sylvain Charlebois, from Dalhousie University, at the Agriculture Excellence Conference, kept a capacity crowd here at the edge of their seats.

There was concern about audience reaction in this room filled with all sectors of the agriculture industry, so the audience was instructed to signal pre and post-debate votes on which side of the subject they were on, with all eyes closed.

Debate moderator, agriculture journalist Lyndsey Smith, was ignored and then chastized by Muirhead when she repeatedly told him to stop talking at the end of his opening 10-minute remarks after he went well over his allotted time.

Charlebois, who is against supply management in its present form, noted in his opening remarks that “we’re finally seeing signs that farmers want to talk about it. This debate is long overdue.”

It was 20 years ago when he was hooted off a stage in Quebec while talking against supply management. But, in a Quebec debate in front of an all-dairy audience earlier this year, which pitted him against UPA president Marcel Groleau, “I initially thought I was going to get killed, but Groleau was heckled way more than I was,” said Charlebois.

“Operators out there are frustrated because supply management is providing no vision to them,” said Charlebois. “I see farmers today looking at their children and not knowing what to do. When you add in NAFTA, things are getting pretty complicated,” he said.

“Canada has a lot to offer the world, but supply management, in a highly polarized debate, is against that,” he said. “Meanwhile, things have changed everywhere around the world.”

“We don’t have a plan in Canada. NAFTA 2 is coming without a supply management 2. We need a transformed supply management and should be discussing what that should look like.”

He noted that it took the EU 13 years and Australia eight years to get out of their supply management systems, hence with Canada implementing a plan, it needed to be put in place fairly soon.

Working in Europe during 2015, “I witnessed the end of supply management,” said Charlebois. “I saw a lot of farmers doing quite well, but they weren’t talked about in the media.

MUIRHEAD NOTED that the seven per cent of world dairy production involved in global trade, “is negligible.” About 80 per cent of that seven per cent is NZ, Australia, U.S and the EU, he said.

With cyclical prices, “the statement that we are missing opportunities by not exporting is hogwash,” said Muirhead.

New Zealand, which has 32 per cent of the world’s exports, “is known as dirty dairy,” said Muirhead.

On a visit there, when interviewing a farmer, “my wife had to leave because manure got splattered on her legs,” said Muirhead. “New Zealand is a joke, not

one hell of a model,” said he said.

“You’ll find that cows splatter manure everywhere in the world,” quipped moderator Smith.

With the average Canadian herd being 75 cows and the average American one being 230 cows, “what we’re doing is sensible, so why are we even having this conversation,” asked Muirhead?

The reason that supply management has its critics is because “it violates every principle of big business,” said Muirhead. Those principles are free trade, rule of the marketplace, privatization, and elimination of the role of government for the public good, he said.

“Having herds of 30,000 cows is a potential for a national disaster,” he said.

Muirhead then showed how retail milk prices were far higher throughout the United States, “which is highly subsidized,” plus New Zealand and Australia, than Canadian retail milk prices.

“It’s farmers taking the hit for cheap milk, not the supermarket,”

IN QUESTIONS from the audience, Charlebois noted that we shouldn’t abolish the present supply management system, “for the wrong reasons.”

“We don’t know what store prices will be down the road and if we don’t get this supply management reform right, we’ll be eating American products,” he warned.

Both countries, with opposite systems, have lost 48 per cent of their dairy producers since 1998, said Charlebois, in response to Muirhead saying, “supply management has protected the family farm.”

But Canada’s dairy farmers, “have been trapped in an igloo and outside there is a storm and we can’t get out,” said Charlebois.

“We might be efficient, but we are not competitive.”

Both men sparred over an audience question from an Australian, as to if his country’s dairy system was so bad, why did Saputo just invest \$1.3 billion in processing in

his nation?

With all Canadian processors supposedly supporting supply management, yet buying plants elsewhere in the world and importing dairy ingredients, “there is hypocrisy going on. Let’s be honest and say how it is,” said Charlebois.

Saputo buying in Australia, “is not especially for export,” said Muirhead. “It’s not a contradiction; within Australia, they have the supply and the consumer.”

The U.S. “has massive overproduction and nowhere to put their excess milk,” said Muirhead. With the Canadian market open to them, “they’ll be on a more solid footing, it’s a society that will pay well for their products,” he said.

“The United States is the subtext of what we are talking about here,” said Muirhead. “Drive through the United States countryside, it’s devastated. The farms sure don’t look like ours.”

“Being close to the U.S. we need a strategy to become a superpower in dairy,” said Charlebois. “Why can’t we do that?”

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