Canadian Agricultural Programs and Paradigms: The Influence of International Trade Agreements and Domestic Factors

Grace Skogstad

Professor, University of Toronto, Department of Political Science, Room 3023, 100 St. George Street, Toronto, Ontario M5S 3G3 (phone: 416-978-8493; fax: 416-978-5566; e-mail: skogstad@chass.utoronto.ca).

Tracing developments over the past two decades with respect to Canadian farm income support, orderly grain marketing, and supply management, this article argues that Canadian agricultural policy has undergone programmatic, but not paradigmatic policy change. International trade agreements, alongside domestic factors like budgetary pressures, have helped to promote programmatic change. However, paradigmatic change in the form of a rejection of the core ideas and instruments of the post Second World War state assistance paradigm has not yet occurred. The article discusses the conditions for paradigmatic change and argues that the state assistance paradigm is likely to prevail until influential decision makers becoming convinced of its failure and judge an alternate paradigm to be politically and economically viable.

INTRODUCTION

Agricultural policies in industrialized countries are evolving (Coleman et al 1997; Coleman 1998; Moyer and Josling 2002; Garzon 2006). For some analysts, policy changes are radical—paradigmatic—and entail transition away from the paradigm of state assistance or paradigm of dependent agriculture constructed in the post Second World War period. In its place are market liberal (Moyer and Josling 2002) and multifunctional paradigms (Garzon 2006) that embrace new ideas about the place of agriculture in society and the economy, as well as new policy goals for the sector. Others agree that agricultural policies are being reformed but argue the changes are programmatic and consistent with the state assistance paradigm of agricultural policy (Daugbjerg 2003).

There is also disagreement about the factors driving agricultural policy changes. Some point to the negotiation and implementation of international trade agreements in the late 20th century as catalysts to agricultural policy reforms (Patterson 1997; Coleman 1998; Moyer and Josling 2002; Garzon 2006).
and Tangermann 1999). Others argue that domestic factors largely determine agricultural programmatic and paradigmatic change and continuity in industrialized countries (Orden et al 1999).

This debate about the scope and drivers of agricultural policy reform—paradigmatic or programmatic, international or domestic—is joined here in an examination of Canadian agricultural policy. Discerning whether paradigm changes are under way in Canadian agriculture is important because the consequences of paradigmatic change are considerably more far-reaching than those of programmatic change. As Hall (1993, p. 279) observes, all policy making takes place within an “interpretive framework” or policy paradigm that includes beliefs about the problems to be addressed and hence the goals of public policies, as well as the appropriate means or policy instruments to realize them. Thus, the policy paradigm structures policy making by keeping programmatic changes to policies “inside the box” of ideas understood and accepted—as axiomatic—by influential decision makers. More radical policy changes are possible only when influential policy thinking occurs “outside the box”—in the form of new ideas about the place of the sector (agriculture) in the society and economy, its problems, and their solutions. In establishing the parameters of possible public policies, policy paradigms are therefore worthy subjects of social science inquiry.

Understanding the conditions that precipitate transformations in policy paradigms is also of theoretical and practical importance. Hall’s (1993) theory of paradigm change, elaborated more fully below, describes a process of change in the domestic institutional, political, and ideational context. Can international developments, and in particular, the terms of international trade agreements, also induce reform of domestic policy paradigms? If so, then Hall’s (1993) theory of paradigm change will need revision. At a practical level, there are clearly greater, potentially more constraining, implications for countries’ domestic policy autonomy if international trade agreements can induce paradigmatic and not simply programmatic changes.

This article examines the scope and drivers of programmatic and paradigm change in Canadian agriculture by tracing policy developments in Canadian farm income support, orderly grain marketing, and supply management. It appraises the effects on policy developments of the 1989 Canada–U.S. Free Trade Agreement, the 1994 North American Free Trade Agreement (NAFTA) and the 1995 WTO agreement. It also examines the impact of domestic political economy factors that include, most prominently, structural changes in the agri-food sector, the organizability and cohesion of agricultural producers, and the mobilization of nonagricultural interests around food production issues.

The analyses presented below reveal both programmatic change and continuity in Canadian farm income support, orderly grain marketing, and supply management policies. Programmatic developments are the result of international trade agreements and domestic political economy factors that include the fiscal situation of governments. Consistent with Hall’s (1993) formulation, the evidence of programmatic change consists of alterations to the “settings” of existing expenditure and regulatory policy instruments—adjustments to the level of benefits provided by a farm income support program, for example—as well as the replacement of one policy instrument (import quotas, for example) with another (tariffs).

By contrast, there is little compelling evidence that international trade agreements—alone or in combination with other factors—have induced paradigmatic reform of
Canadian agricultural policy. Although new ideas and policy goals have been injected into Canadian agricultural policy—suggesting some adaptation of the paradigm—the central ideas in the post Second World War state assistance paradigm continue to resonate. These ideas are that agriculture is an exceptional sector in some important respects and, further, public policy goals can only be realized by government expenditure and regulatory intervention in the sector. Failing the abandonment of these ideas, the case for arguing paradigmatic change in Canadian agricultural policy is weak. In its analyses and findings, the article makes three contributions. First, at an empirical level, the article provides an overview of important programmatic changes in Canadian agriculture and the factors that have helped propel them. Second, it suggests the need to treat with caution claims of agricultural paradigm change and their attribution to international trade agreements. And third, the article provides further support for the conditions theorized by Hall (1993) as necessary for paradigm change.

The next section describes the salient features of the policy paradigm of agriculture that developed in the post Second World War period and reviews the literature on policy paradigm change, including that which links policy and paradigm reforms to international trade agreements for agriculture. It also identifies factors in the domestic political economy of agriculture with implications for the resilience of agricultural policies and paradigms. The section “Continuity and Change in Canadian Agricultural Policy” examines the degree to which there has been programmatic and paradigmatic evolution away from the Canadian paradigm of state assistance by, first, documenting articulated government policy goals for the sector at four distinct points in time: 1989, 1994, 2003, and 2006–07; and second, tracing policy developments in the three areas of farm income safety nets, orderly marketing of prairie grains, and supply management in the dairy, egg, and poultry sectors. “Accounting for Policy Developments” assesses what is the contribution of international trade agreements and the domestic political economy to these programmatic and paradigmatic policy developments. “The Concluding Discussion” appraises the prospects for more radical—paradigmatic—change in Canadian agricultural policy.

LITERATURE REVIEW

A prominent idea that shaped agricultural policy across industrialized countries in the post Second World War period was that agriculture was an exceptional economic sector, and that “without [government] intervention, agricultural producers, consumers and society at large would be adversely affected” (Ingersent and Rayner 1999, p. 7). Agriculture’s exceptionalism was based on several considerations. Farmers face unmanageable natural risks, their fortunes varying with the vagaries of the weather and disease outbreaks. Moreover, they are structurally disadvantaged in the market economy, with limited individual bargaining power over input costs and product prices. In these circumstances, and in order to promote societal-wide goals like secure food supplies, state intervention in the market place was justified to yield more efficient outcomes and increase society’s welfare to a greater degree than would a laissez faire (market liberal) approach (Allen and Elliott 1988; Ingersent and Rayner 1999). Such ideas led governments to deploy their regulatory and expenditure authority to support commodity prices, raise farm incomes, and shield producers from market forces. This amalgam of ideas and public policies
for agriculture constituted a paradigm of state assistance (Skogstad 1998) or dependent agriculture (Josling 2002).

Whether the state assistance paradigm is now vulnerable to overthrow would appear to be contingent upon the existence of the conditions Hall (1993) identifies as necessary for paradigm change. The first and triggering condition is the perceived failure of the existing paradigm. Influential decision makers must perceive the core ideas of the paradigm to be faulty in some important respects—they do not serve desirable policy goals, for example—and are incapable of being shored up by reforms to existing policy instruments. Even if the current paradigm is perceived to be a failure, a second condition is necessary for its replacement: the availability of an alternate politically and economically viable paradigm (Hall 1989, 1993; McNamara 1998; Walsh 2006). The alternate paradigm must have the support of the dominant political coalition and be consistent with the fiscal resources of governments and the perceived economic interests and imperatives of the sector. And third, paradigm change normally requires a shift in the venue of policy-making insofar as paradigms tend to become taken for granted and institutionally embedded. New actors with new paradigms must be brought into authoritative decision-making positions, or a new political coalition installed in existing decision-making bodies (Hall 1993; Howlett and Ramesh 2002; Patashnik 2003).

Although Hall (1993) focuses on domestic conditions in his account of macro-economic paradigm change in the United Kingdom, some analysts implicate international factors in the form of WTO agreements in agricultural paradigm change. With agriculture now inside the global trading regime, Josling (2002, p. 256) claims that the WTO Agreement on Agriculture embedded a competitive paradigm of agriculture. Its premises are that agriculture should be governed by free markets, and that governments should largely remove their expenditure and regulatory supports for the sector, assist only competitive farmers, and design programs to encourage those who are not competitive to quit farming. Garzon (2006) associates WTO agreements with a paradigmatic shift to a “multifunctional” paradigm in the EU that sees EU governments continue to support farm incomes but to make fiscal transfers conditional on agriculture providing valued public goods like safe food, biodiversity and environmental protection, and maintaining populated rural areas.

There are reasons, however, to question the link between international/WTO agreements and agricultural policy paradigm change. First, some deny that international agreements embody new paradigms. Tangermann (1994, p. 144), for example, writes that the WTO Agreement on Agriculture “is not an agreement on free trade, and even less is it an agreement to do away with all agricultural policies.” Indeed, both NAFTA and the WTO Agreement on Agriculture treat agriculture as an exceptional sector in some important respects by preserving higher levels of tariffs on agricultural goods than on manufactured goods and “legitimizing” export subsidies “by their incorporation in country schedules” (Barton et al 2006, p. 105).

Second, even while recognizing the impact of international trade agreements on policy developments, some argue they have induced *programmatic* but not paradigmatic reforms. Daugbjerg (2003) agrees with Garzon (2006) that international trade agreements have been a catalyst to Common Agricultural Policy (CAP) reforms, but denies the effect has been paradigmatic. In his view, CAP reforms have been consistent with its underlying goal: to protect farmers from the market and ensure their economic well-being.
Third, international trade agreements may reflect domestic agricultural policies rather than be inconsistent with them and thus catalysts of change. The Uruguay Round Agreement on Agriculture was only agreed to after the EU had reformed its own agricultural policy and was able to persuade the United States to accept CAP reforms as sufficient to strike a multilateral agreement (Moyer and Josling 2002).

Fourth, the effects of agricultural trade agreements may be felt only in combination with factors—most of them in the domestic political economy—that have weakened the political influence of agricultural producers (Moyer and Josling 2002; Garzon 2006). The construction and maintenance of the state assistance paradigm has been closely linked to the clout of the farm lobby and its ability to establish a privileged relationship with the government ministry responsible for agricultural policy (Halpin 2005). Yet there are several reasons to suspect a waning in the political influence of the farm lobby and erosion of crucial supports for the state assistance paradigm.

First, structural changes have divided farmers in their interests and organizational representation, even while their numbers dwindle. Food production has become concentrated in fewer, larger, and more specialized farms (Agriculture and Agri-Food Canada 2006a, p. 66). Canada, for example, had 500,000 farms in 1961; today it has less than half that number. Across farmers, schisms have become more acute between export-oriented producers and their inward looking counterparts, with the former less willing to support protectionist strategies at home. For example, the Canadian Federation of Agriculture, which has traditionally brokered the interests of inward-oriented (supply managed) and outward-oriented (grains, oilseeds, red meats) farmers across provinces and commodity groups, is challenged on trade policy matters by the Canadian Agri-Food Trade Alliance, a coalition of export-oriented commodity groups, processors, and export trade associations advocating trade liberalization. On domestic policy matters, there are evident and fairly long-standing ideological divisions between the export-oriented commodity groups which represent grain and oilseed grower interests, and the provincial farm federations that are members of the CFA. These fissures weaken support for protectionist policy instruments in the state assistance paradigm. Support for the latter paradigm requires coalitions that cut across segments of the food supply chain; for example, of producers and processors.

Second, the economic significance of primary agriculture has declined relative to the downstream, value-added activities of food processing, manufacturing, and retail sales. It is in these other downstream activities where most jobs and profits are found. In Canada as elsewhere, the trend toward fewer and larger firms in the food processing and retail sectors (Agriculture and Agri-Food Canada 2006b, pp. 49, 59–60) is replicated upstream of the farm, in the seed, chemical fertilizer, fuel retail, and machinery sales sectors (Agriculture and Agri-Food Canada 2006b, p. 90; International Federation of Agricultural Producers 2002, 4; Easter 2005). Selling to conglomerates whose operations are transnational or global (International Federation of Agricultural Producers 2002; Coleman et al 2004, chapter 2), farmers not only have weak market power but may also have diminished political power. Their governments may be reluctant to thwart the interests of mobile food manufacturing and processing companies who can take their investments and jobs elsewhere.

Third, nonagricultural interests have become important members of the agricultural and food policy community. Consumers and environmentalists are increasingly interested in how food is produced and agriculture’s contribution to publicly valued goods. Coleman,
Grant and Josling (2004) suggest a “politics of production” centered on agricultural producers’ concerns has given way to a “politics of collective consumption” preoccupied with agriculture’s contribution to socially valued goods like biodiversity protection, safe and high quality food, and population of rural areas. Garzon (2006) links this “politics of collective consumption” to the rise of the multifunctionality paradigm in Europe.

CONTINUITY AND CHANGE IN CANADIAN AGRICULTURAL POLICY

Ideologically and organizationally pluralist, with the most important commodity growers dependent on export markets, the Canadian farm community never stood four-square behind a single (protectionist) vision for the farm sector as its counterparts did in many European countries (Skogstad 1987; Skogstad 2008, chapter 2). The Canadian paradigm of state assistance was constructed incrementally in the postwar period and in reaction to protectionist measures of other industrialized countries. It nonetheless shared features with the state assistance paradigm elsewhere. Canadian policy makers defined agricultural policy largely in terms of the problems besetting agricultural producers: low farm incomes, low and fluctuating commodity prices, unstable world agricultural markets, and limited farmer bargaining power in the market place. A foremost policy goal of governments was to raise and stabilize the incomes of producers.

Agricultural policy was never solely about producers, however, and was also linked to other goals, including providing a secure and safe food supply for domestic consumers (Federal Task Force on Agriculture 1970, p. 4). To achieve producer- and consumer-oriented goals, Canadian governments intervened in agricultural markets, empowered producers with collective marketing power, subsidized farm incomes, and often protected their agricultural economies from foreign competition. They also provided farmers with subsidized credit to help them increase their efficiency and productivity through larger and more mechanized farms (Skogstad 1987).

How, if at all, do international trade agreements and/or the contemporary political economy of agriculture and food jeopardize these programs of state assistance and their underpinning idea of agricultural exceptionalism? We address this question next by studying (a) the governments’ defined visions, problems, and policy goals for the sector and (b) the actually observed policy reforms. Studying the actually observed policy reforms is needed because policy goals may fail to be incorporated into actual public policies.

Table 1 extracts visions and goals for Canadian agriculture that governments have formally articulated at four points in time. The four vision statements have been selected because they comprise comprehensive statements of policy goals for the sector over time and either precede or summarize periods of agricultural policy discussion and reform. Table 1 shows a diversity of policy goals. They include stalwarts of the state assistance model, like financial security for producers (Agriculture and Agri-Food Canada 1994). They also include goals in the competitive paradigm like improving the domestic and international competitiveness of the Canadian agri-food sector. The 1994 document, Future Directions for Canadian Agriculture and Agri-Food, balances state assistance and market liberal goals: “security will ultimately come from growth and diversity in the market-place, rather than from government programs” but “there is a role for government in helping to manage production and market risks to stabilize farm income without distorting production and marketing decisions” (Agriculture and Agri-Food Canada
Table 1. Problem definitions, policy goals, and visions for Canadian agriculture

1989 *Growing Together*\(^a\)
Problem: Existing programs and supply chain practices slow adjustment to a more competitive market place and changing consumer demands
Vision: “A more market-oriented” agri-food industry; “a more self-reliant sector that is able to earn a reasonable return from the market place”; “recognizing and responding to regional diversity”; “environmentally sustainable”
Policy Goals: Develop and liberalize markets; diversify agriculture; recognize regional diversity; increase environmental sustainability; protect food safety and quality

1994 *Future Directions for Canadian Agriculture and Agri-Food*\(^b\)
Problem: High public debt unable to sustain large expenditure role; Canada not capturing share of world market growth
Vision: “A growing competitive, market-oriented agriculture and agri-food industry that is profitable and responds to the changing food and nonfood needs of domestic and international customers; is less dependent on government support; and contributes to the well-being of all Canadians and the quality of life in rural communities while achieving farm financial security, environmental sustainability, and a safe, high quality food supply.”
Policy goals: Sustainable growth; rural opportunities; long-term financial security; resource and environmental sustainability; safe, high quality food supply

2003 *Agricultural Policy Framework*\(^c\)
Problem: Declining competitiveness of Canadian bulk commodities; lower real farm income and lack of farmer profitability
Policy goals: Business risk management (to encourage producers to be proactive to reduce business risks); food safety and quality; the environment; renewal (of farmers’ skills); science and innovation

2006-07 *Growing Forward*\(^d\)
Problem: Lack of global competitiveness as commodity exporter; future international trade agreements will require reductions in government support; consumer demand for healthy food
Vision: “A profitable and innovative agriculture, agri-food and agri-based products industry that contributes to and benefits from the development of vibrant rural communities”
Policy Goals: Compete successfully in domestic and international markets . . . achieving sustained growth and profitability; contribute to society’s priorities of food safety, environmental sustainability, and health and wellness; manage and mitigate income risks

\(^a\)Agriculture Canada 1989.
\(^b\)Agriculture and Agri-Food Canada 1994.
\(^c\)Agriculture and Agri-Food Canada 2003.
\(^d\)Agriculture and Agri-Food Canada 2007.

1994). And vision states embrace policy goals associated with the multifunctionality paradigm: food safety and quality, environmental sustainability, and the promotion of regional interests and rural communities.

There is some, albeit limited, evidence that beliefs in agricultural exceptionalism have influential adherents in Canada. Public opinion data show that Canadian taxpayers are sympathetic to the farmer and support governments subsidizing farm incomes (Thompson 2006). Particularly when agriculture is under economic distress, parliamentarians, too, champion agriculture as an exceptional sector. The Standing Senate Committee on
Table 2. Programmatic continuity and change

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<th>1985</th>
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<td>Pooled pricing</td>
<td>Pooled pricing &amp; producer payment optionsf</td>
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<td>Government commissioners</td>
<td>Elected (10/15) board of directorsf</td>
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<td>Supply management</td>
<td>Dairy subsidye</td>
<td>Production control</td>
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<td>Administered pricingh</td>
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<td>High border protection via import controlsi</td>
<td>High border protection via TRQs</td>
<td>High border protection via TRQs; increased imports</td>
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aAgricultural Stabilization Act (amended 1985); Western Grain Stabilization Act 1976.
dWestern Grain Transportation Act 1984.
eCanadian Wheat Board Act (1947, consolidated 1985).
fCanadian Wheat Board Act (amended 1998).
gCanadian Dairy Commission Act 1966.
hRegulations implemented 1970–75 pursuant to Canadian Dairy Commission Act; Farm Products Marketing Agencies Act 1972.

Agriculture and Forestry (2006, p. 3), in its June 2006 interim report, Agriculture and Agri-Food Policy in Canada: Putting Farmers First! defined the multiple functions of agriculture beyond supplying food that made it “truly the backbone of rural Canada”: providing habitat to wildlife, environmental benefits such as storing carbon in the soil, and innovative products such as biofuel.

Now turning to the actual agricultural policies, have they undergone reforms, and if so, do these reforms amount to programmatic or paradigmatic change? The data presented in Table 2 provide evidence of programmatic change but also continuity. First consider farm income safety nets. Continuity can be found in the preservation of an important role for governments in supporting and stabilizing farm incomes. As in the mid 1980s, provincial and federal governments transfer substantial sums annually to support and raise farm incomes. These transfers dipped in the late 1990s only to rise thereafter. In recent years, government safety net programs have transferred $5 billion annually to Canadian producers; programs to help farmers manage their income risks accounted for 70% of total federal and provincial program expenditures in 2005–06 (Agriculture and
Agri-Food Canada 2007, p. 6). These data do not include the transfers from consumers to producers as a result of border protection for supply managed commodities.

There is also evidence of programmatic change in farm income safety nets. Commodity price stabilization programs have given way to programs to stabilize the income of the farm unit as a whole (Agriculture and Agri-Food Canada 2002, 2007; Skogstad 2008, chapter 3). Programs have assumed different permutations since the early 1990s but in their 2008 version they include first, a producer savings account financed on a 50:50 basis by governments and farmers on which farmers can draw in the event of small income declines; second, a margin-based income stabilization program to support producer incomes when the income drop is larger; third, an extended production insurance program to provide protection against income losses when yields declined owing to weather, pests, and disease; and fourth, a disaster relief program (Agriculture and Agri-Food Canada 2008).

Programmatic continuity and change are also evident in grain marketing and supply management policies. Barriers to trade continue at the Canadian border for dairy, poultry, and egg products, and the Canadian Wheat Board remains the single desk seller (monopoly marketing agency) for prairie-grown wheat and barley for export and domestic human consumption (Canadian Wheat Board 2008). Programmatic change entails abandonment in 1995 of government subsidies for the export of grain, and the phased elimination between 1996 and 2002 of industrial milk product subsidies. Pricing schemes in supply management have also been modified. Cost of production formula for dairy and poultry product prices have been modified to allow Canadian-based processors to be more competitive with international (American) imports (Skogstad 2008, chapter 5). There are also new pricing options for grain sold through the Wheat Board and changes to the governance structure of the Canadian Wheat Board have put a majority of farmer-elected directors, rather than government appointees, in charge of its operations (Canadian Wheat Board 2008).

This overview of policy developments suggests considerable resilience of the idea at the core of the state assistance paradigm: to wit, governments have an obligation to intervene in agricultural markets to serve public policy goals that include higher and more stable farm incomes. The persistence of this idea is found in continuation of core policy instruments and marketing institutions in the postwar paradigm: border protection, surplus buying and supply controls for the poultry, egg and dairy sectors; a state trading enterprise for prairie-grown barley and wheat; and government fiscal transfers to raise and stabilize farm incomes.

Should evidence of programmatic change be interpreted as evidence of the adoption of new policy goals and solutions–and thereby paradigm change? The elimination of export subsidies and the shift to decoupled risk management/safety net programs could be interpreted as consistent with ideas central to Josling’s (2002) competitive paradigm. However, the fact that governments share with farmers’ fiscal responsibility for managing farm income risks (Skogstad 2008, chapter 3) suggests that ideas (of agricultural exceptionalism) integral to the state assistance paradigm persist. The adoption of policy goals identified with the multifunctionality paradigm could also be interpreted as evolution away from the state assistance paradigm. Again, there is reason to be cautious. While the Agricultural Policy Framework (APF) (see Table 1) led to initiatives to link agriculture to the provision of public goods like environmental sustainability and food safety,
expenditures allocated for these new initiatives pale in comparison to those for business risk management programs. The latter absorbed 90% of funding under the 2003–2008 APF (Agriculture and Agri-Food Canada 2006c, pp. 25–26). In short, the Canadian agricultural policy paradigm—at least as viewed through articulated policy goals and the translation of these goals into agricultural programs—appears in the early 21st century to preserve ideas integral to the state assistance paradigm. At the same time, ideas consonant with the competitive and multifunctionality frameworks have been layered on.

ACCOUNTING FOR POLICY DEVELOPMENTS

Most reforms to agricultural policy instruments have been in response to requirements of international trade agreements or the norms and guidelines of international organizations. Farm income safety nets have been configured as decoupled, whole farm income support measures in order to be consistent with WTO rules (See Schmitz (2008) for details). OECD (1998) documents that recognize the multifunctional character of agriculture provided the blueprint for the business risk management programs in the 2003–08 APF. They legitimize state support of farm incomes to advance valued goods that the market fails to provide: land conservation, the sustainable management of renewable natural resources, the preservation of biodiversity, and the socioeconomic viability of rural areas (OECD 1998, p. 3).

Reforms to supply management policy instruments have also occurred as a result of provisions of the WTO Agreement on Agriculture and the rulings of its dispute adjudication bodies. Import controls were replaced with tariff rate quotas in 1995, and a new dairy export subsidy program was eliminated when it was ruled illegal by the WTO (World Trade Organization 1999). The elimination of tariffs on manufactured foods by 1999 under NAFTA put pressure on administered pricing formulae and required changes to price some dairy and poultry products (used in further processed products) more competitively with their imported substitutes. In supply management, market integration pursuant to the NAFTA has therefore also been a driver of programmatic change (Skogstad 2008, chapter 5).

Absent from the list of policy areas that have witnessed change as a result of market liberalization/integration and international regulatory governance is prairie grain marketing. The internal divisions in the prairie community over orderly marketing became more intense and politically salient once trade agreements in the NAFTA bloc took effect and the American market became a more attractive and accessible market. However, not exogenous pressures, but the need to maintain prairie farmers’ support for the Wheat Board, best accounts for changes that have introduced cash-pricing options and replaced government-appointed commissioners with a farmer-controlled board of directors (Goodale 1996, 2003).

Indeed, international trade agreements and the WTO bodies that uphold these agreements have often stayed clear from statist policy instruments and collective marketing institutions. GATT/WTO provisions with respect to state trading enterprises upheld the Wheat Board when it came under challenge between December 2002 and April 2004 from the American government and its grain lobby (World Trade Organization 2004). A NAFTA panel also upheld the high over-tariff rate quotas for supply managed products in 1996 when they were challenged by the United States (NAFTA Arbitral Panel 1996). And while a WTO panel ruled illegal a new dairy export subsidy when it was challenged
by the United States and New Zealand in 2001–02, the panel nonetheless stated that the supply management system itself was “not at issue” (World Trade Organization 1999, para. 153).

As the example of farm income safety nets shows, policy developments have often been shaped by a combination of factors. In the mid 1990s, the conjuncture of a government budgetary crisis, a government-wide program review, buoyant commodity prices, and implementation of the WTO Agreement on Agriculture opened a window for significant retrenchment of federal cost sharing of farm income risks (Coleman et al 1997; Huff 1997). An altered domestic-international nexus later in the decade (widespread economic distress in the farm community, plunging international commodity prices, government fiscal surpluses) made a reversal of the earlier policy direction fiscally possible and politically necessary.

The structural attributes of agriculture elaborated earlier have also had some impact on policy developments. The consolidation of upstream and downstream components of the agri-food sector provides arguments for continuing to treat agricultural producers as an exceptional sector in terms of government roles and responsibilities. In the late 1990s and early 2000s, evidence that farmers had increased their productivity, while their input costs rose and their market earnings declined, directed attention to the fact that other parts of the agri-food chain, most notably consolidated firms in the upstream and downstream segments of the food supply system, were capturing the gains from farmers’ efficiency (Agriculture and Agri-Food Canada 2006a). Farmers argued that governments had a role to play in correcting this imbalance of market power, and one way to do so was to share with producers the costs of insuring their income risks. A second—different—effect of consolidated market power is witnessed in supply management. Pricing and supply policies have been adjusted to serve the interests of the fewer processing/further processing firms whose existence and profitability are important to producers and provincial governments alike.

The impact of other structural features of agriculture is also evident and uneven. The weakened organizability and cohesion of producers has necessitated policy changes in prairie grain marketing to manage tensions across producers. At the same time, their organizational fragmentation has not impeded commodity and general farm organizations from acting in concert during periods of income distress to secure state funding to support farm incomes. There is little evidence in support of another factor hypothesized to diminish the influence of commodity producers: a shift from the politics of production to the politics of consumption.

**CONCLUDING DISCUSSION**

This article has joined the debate about the scope of agricultural policy reform under way since the late 20th and its sources. It has found evidence of programmatic continuity and change in Canadian agriculture, with the state assistance paradigm proving remarkably resilient. It has linked international trade agreements to programmatic change but also to programmatic continuity, and also implicated domestic factors in programmatic changes.

The absence of compelling evidence of a Canadian shift away from the paradigm of state assistance suggests that the conditions identified by Hall (1993) required for policy paradigm change have not materialized. To recall, these are, first, a perception among
influential decision makers that the existing paradigm has failed in some fundamen-
tal respects; second, the availability of an alternate politically and economically viable
paradigm; and, third, a shift in either the venue of authoritative decision making or in
the governing coalition.

First, the allegations of policy failure that Garzon (2006) indicts in her account of
paradigmatic change to the CAP appear to be neither as evident nor as politically salient
in Canada. In the case of the CAP, these policy failures included budgetary pressure,
environmental damage of a productivist agriculture, and food safety fiascoes. The envi-
ronmental consequences of large-scale farming are an issue in suburban and rural Canada,
and one with which the provincial governments responsible for land zone planning and
environmental protection must deal. However, Canada’s less densely populated country-
side probably means that environmental pollution from large-scale animal feedlots or hog
barns is less visible and intrusive to most urban Canadians. Whereas the issue of food
safety destabilized the traditional agricultural paradigm in Europe, the BSE episode in
Canada was broadly understood as an economic crisis, and not as a food-safety crisis.
As such, the interests of consumers were not seen to be at odds with those of producers,
and agricultural policy makers were not discredited as producer biased and incompetent
regulators in the way they were in the United Kingdom and the EU. Certainly some would
characterize some Canadian agricultural policies as policy failures. Supply management
policies are typically portrayed by most agricultural economists and some journalists as
a protectionist liability whose defense by Canadian governments undermines the overall
interests of Canada’s export-dependent agriculture and food sector. However, there is no
discernible evidence that these arguments have resonated with governments or the broad
Canadian public.

There is mixed evidence for the second condition for paradigm change: the penetra-
tion of agricultural policy processes by new actors whose interests and ideas are at odds
with those embedded in the state assistance paradigm. Since the late 1980s, the Canadian
government has stressed the need for a stronger “partnership” across components of the
agri-food sector, not only in the market place, but also in the policy process. The gov-
ernment commitment to consultation and consensus appears to act as an effective check
to changes that lack farm leaders’ support. Moreover, governments appear to need the
policy expertise and cooperation of agricultural groups to make and implement effective
and legitimate policy.

Agricultural decision-making institutions have often impeded radical reforms by
weakening their political viability. Federalism, as shared jurisdiction for agriculture, tends
to reinforce the voice of geographically concentrated agricultural interests. The example
is safety net programs where provincial governments, albeit worried about their costs
of these shared-cost programs, have often been an important ally of farm groups in
search of greater federal transfers and longer term funding commitments. Federalism, as
joint decision making, creates multiple veto points that provide a defense against policy
change. The example is the supply managed sectors. With these sectors concentrated in
the vote-rich central Canadian provinces of Ontario and Quebec, provincial and federal
politicians alike have found it politically prudent to support supply management as long
as producers and processors have brokered programmatic changes to accommodate their
mutual interests.

However, not all agricultural programs are protected from radical reform by shared
or divided jurisdiction over agricultural policy. Policies with respect to export grain
marketing are determined to a large degree by the preferences and strategies of executives of the government of Canada. Since it replaced the Liberal party in office in Ottawa in January 2006, the Conservative party has shown a clear ideological preference for market liberal instruments in prairie grain marketing. Were this Party to obtain a majority government, one could reasonably expect radical—paradigmatic—changes to Canadian grain marketing institutions.

Finally the third condition for paradigmatic reform identified by Hall (1993), the existence of a viable alternate paradigm, has not been realized either. The stickiness of state assistance in the Canadian agriculture sector and its limited embrace of market liberal precepts can be attributed in no small measure to the weak viability of market liberalism as an alternate paradigm. Neither of the world’s two major agricultural powers—the United States and the EU—have adopted the market liberal model and made it a successful model to emulate. To the contrary, their continued protection and subsidization of agriculture—albeit in the EU under a new nomenclature of multifunctionality—constitute a rationale for Canadian state expenditure support and border protection. It was not in the economic or political interest of Canadian governments through to 2007 to abandon state transfers to raise and stabilize farm incomes when swaths of farmers and provincial economies were economically threatened even while government accounts were robustly in the black.

A radical transformation of Canadian agricultural policies in the future can neither be ruled out nor assumed. A successful conclusion to the Doha Round of WTO negotiations would result in the erosion or disappearance of some important pillars of the state assistance paradigm, such as border controls for supply managed commodities, and state trading enterprises such as the Canadian Wheat Board. In the absence of a successful Doha round, the state assistance paradigm will likely evolve into the multifunctionality paradigm. The state assistance and multifunctionality paradigms share a belief in agricultural exceptionalism. Moreover, the multifunctionality paradigm is most consistent with the public values at the fore: food safety and security, good environmental stewardship, and preservation of the rural landscape.

NOTES

1 At the national level, there are currently 15 organizations that represent Canadian producers. There are also three organizations (the Canola Council of Canada, the Canadian Grains Council, and the Canadian Agri-Food Trade Alliance) that represent producers and other components (e.g., processors, food manufactures, trade exporters) of the agri-food supply chain.

2 The significant increase in cereal and oilseed commodity prices since 2007 has increased the prices farmers receive for these agricultural commodities, even while their input (fuel, fertilizer) costs have also risen.

3 Fuller details on the policies summarized in Table 2 can be found in Schmitz (2008).

REFERENCES


