

**The Prairie Divide**  
**Contemporary Agricultural Policy-Making in Western Canada**

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## **The Prairie Divide Contemporary Agricultural Policy-Making in Western Canada**

The regional diversity of Canada's agriculture sector is well documented. The stark policy differences between the supply managed dairy sector based in Central Canada and the export oriented grains, oilseeds and livestock sectors based in Western Canada are a prominent feature of Canada's agriculture industry. However, less well known and often overlooked are the important differences that exist within regions. While all provinces within a region may produce similar mixes of commodities they may differ in some important respects, including how they view their respective agriculture sectors and their relative capabilities in regards to policy and program creation. Moreover, provincial differences in the area of agriculture have been amplified by their shared jurisdiction over the sector and the devolution of considerable fiscal and program responsibility over the last decade and a half. An interesting case for analysis can be found on the Canadian Prairies, where important differences exist between Alberta on the one hand and Manitoba and Saskatchewan on the other. This paper will examine Canadian Prairie agriculture policy since 1990 and argue that differences in political culture and fiscal strength have resulted in divergence in the areas of grain marketing and agricultural stabilization. Grain marketing and agricultural assistance have figured prominently as important and contentious areas of agriculture policy involving both federal and provincial governments in this time period. Interests based in Alberta have tried to bring an end to the Canadian Wheat Board's (CWB) status as a single desk seller, while interests based on Saskatchewan and Manitoba have opposed such changes. Also, Alberta has been able to fund and/or administer its own agricultural assistance programs, while Saskatchewan and Manitoba have been much more reliant on the federal government in this respect. Consequently, agriculture policy in Canadian prairie agriculture remains incoherent and contradictory. This has rendered the idea of creating a predictable, level playing field in the Prairie provinces very problematic.

### **System of Governance**

#### **Legal Framework & Federalism**

A unique feature of Canadian agriculture policy is that it falls under the responsibility of both federal and provincial governments, in accordance with Section 95 of the Canadian constitution (Josling, 1998: 60). Shared jurisdiction in the sector effectively gives the provinces the potential to create their own programs and regulations in the areas of agricultural assistance, research, credit, and production incentives (Skogstad, 1995a: 190). However, until the 1960s they were content to let the federal government take the lead on almost every facet of agricultural policy. During the next two decades the power relationships within Canada's federation began to change. The Quiet Revolution, increased provincial resource revenues, and Ottawa's need to collaborate with the provinces in order to implement national programs in areas of exclusive provincial jurisdiction (i.e. health care and social assistance), all gave rise to a greater role for the provinces in the Canadian federation. As was the case in other areas, the provinces sought to play a much larger role in the agriculture sector. By the late

1980s the provinces had become permanent players to the point where “Ottawa had become just one player around the Confederation table and not always a key player” (Wilson, 1990: 189). According to Schmitz et al, this has generated “considerable confusion over who is actually responsible for what agricultural issue in Canada” (2002: 50). It is a complex governing reality that continues to have serious implications for the ability of governments in Canada to coordinate and harmonize agricultural policy and programming.

In the area of commodity marketing, authority is divided between the two orders of government. While the provinces are responsible for marketing within their borders, the federal government regulates the marketing of agricultural commodities both inter-provincially and internationally (Skogstad, 1995a: 190). The marketing of wheat, durum, and barley through the CWB has been a federal responsibility ever since its inception in 1935. However, provincial jurisdiction in the area of agricultural production has given the provinces potential to exercise considerable influence with respect to the CWB’s operations. In the late 1960s the provinces began challenging the direction taken by the federal government with respect to the CWB. In 1969 Saskatchewan Premier Ross Thatcher tried to barter wheat for other goods with foreign customers in an attempt to give his province’s depressed grain economy a boost. Almost a decade later Alberta premier Peter Lougheed argued that grain producing provinces should have some say over the CWB’s operations and appoint members to its board of directors (Wilson, 1990: 191). Both attempts to obtain some level of control over the CWB’s operations for the provinces were scuttled by the federal government.

Controversy over the CWB’s monopoly powers has always swirled to some extent within the Prairie farm community (Schmitz and Furtan, 2000: 3). According to the CWB Act, the sale of grains through the board is mandatory for all Prairie farmers. Farmers receive an initial payment upon delivery of grain to the CWB. All grain delivered is pooled and marketed by the board. Farmers receive a final payment based on the net sales of that grain at the end of the crop year, regardless of the time when they sold their grain. According to Skogstad, “both the single seller and the price pooling emphasize the interests of the collective farm community over those of the individual farmer” (2005: 537). It was not until the 1980s that the board’s critics were able to launch a serious political attack against it (Skogstad, 2005: 536). The election of the Progressive Conservative (PC) party to power in Ottawa in 1984 meant that the board’s critics finally had an ally in government at the federal level. The inception of the Canada-US Free Trade Agreement in 1989 and the extension of free trade to Mexico in 1994, served to drive a large cleavage into the farm community over the future of the CWB (Skogstad, 2005: 204). In 1989 PC agriculture minister Charlie Mayer removed the CWB’s monopoly over oats. The CWB’s monopoly over barley sales to the US was removed in 1993 when Mayer created a continental barley market (Schmitz and Furtan, 2000: 3). However, a court ruling quickly overturned the move only a month later. As will be seen, amendments were made to the CWB Act in 1998 during a time of intense provincial and interest group conflict over the board’s monopoly powers. The changes effectively brought the CWB under the direction of farmers through their election of ten directors. The CEO is appointed by the federal minister responsible for the CWB in consultation with the Board of Directors, to which he/she must report.

In the area of agricultural assistance the federal government assumed sole responsibility until the 1970s (Skogstad, 1987: 53-54). During that decade the provinces began to implement their own programs, in part to give their producers an advantage over producers from other provinces (Wilson, 1990: 188). Federal programs were seen to be inadequate or the federal price support programs were deemed to be hurting their producers. The result was that producers in some provinces were receiving higher levels of support than producers in other provinces. By the 1980s federal officials had come to the conclusion that farm support programs had become balkanized and were working against the national interest. The creation of an uneven playing field for producers from one province to another caused distortions in the national comparative advantage (Skogstad, 1987, 56). According to Wilson “this development had complicated the policy-making process and sometimes created a form of paralysis as conflicting provincial visions clashed, making a national viewpoint almost impossible” (1990: 185). Near the end of the 1980s the PC government initiated a process of federal-provincial cooperation by offering the provinces a say in national planning. In exchange, the provinces would have to reorient their stabilization programs towards national goals, rather than provincial ones. They would also have to contribute their share of the funding for research, crop insurance, and national stabilization programs. This vision was not well received everywhere, however, as some provinces saw it as their right to support their farmers as they chose.

Policy harmonization and coordination increased in importance in the mid-late 1980s and early 1990s when the federal government signed continental and international trade agreements. NAFTA and the WTO were designed to harmonize and coordinate policy across international borders by subjecting governments to trade rules. Ironically, the simultaneous devolution of fiscal and program responsibility in Canada greatly compromised the achievement of such ends on a national scale. Since the late 1980s the provinces were made much more responsible for program creation and financing (Skogstad, 1996: 159). In 1995 the federal government announced the elimination of the major transportation subsidy for grains, the Crowsnest Rates, and a 30 percent drop in income support expenditures for the 1995-98 time period (Coleman et al, 1997: 288). As a result of the cuts, the role of the provinces was amplified (Skogstad, 1996:158-160). In this context differences in provincial fiscal capacity and political culture have served to exacerbate division in the area of grain marketing and to generate important differences in the agricultural assistance in Canadian Prairie agriculture.

### **Political Representation & Lobbying**

Canada’s political structures have implications for policy-making in the area of agriculture. With respect to lobbying, the Westminster system provides fewer access points for farmers and agricultural interest groups to raise their concerns with policy makers. It is characterized by executive dominance. The executive is fused with the legislature, which means that the prime minister and various cabinet ministers are also Members of Parliament (MPs). While Canada is a constitutional monarchy, it is the prime minister and his or her cabinet that have the power to enact law, to tax, and to spend money. Party discipline functions to ensure that all members of the governing party vote in line with the decisions made by the executive. In majority governments

party discipline ensures that all major policy decisions made by the executive are passed by the house, given the greater number of votes held by the governing party. Given that the Senate is an unelected body, it is the decisions made by the executive that drive the policy process (Jackson and Jackson, 2001: 262-263). Therefore, access to the executive is of paramount importance for successful lobbying by agricultural interest groups.

Equal regional representation is not guaranteed in the Canadian system. Schmitz et al argue that this is especially problematic for the agriculture sector, which is very regionally based (2002: 49). In the U.S. system of checks and balances the Senate is an elected body with equal representation from each state that plays an important role in the policy-making process. Although representation in the House of Representatives is by population, the Senate serves as a check on its power and vice versa. Thus, agricultural interests from less populated states always have access to the policy process through their Senators (Baylis and Rausser, 2001: 495). In contrast, the Canadian Senate is an unelected body that lacks legitimacy, making it much less effective with respect to policy development. Therefore, laws passed in the House of Commons, a body elected on the basis of population, are almost always also passed in the Senate.

In the House of Commons a political party can draw a majority of its support from only one or two very populous regions of the country. Therefore, winning seats in Ontario, Quebec, or British Columbia, is potentially more important than winning them in Saskatchewan, Manitoba, or Newfoundland. Thus, governments in Canada tend to take on a regional bias, which is a major cause of tension between the federal and some provincial governments (Schmitz et al, 2002: 49). As Baylis and Rausser point out, agricultural producers in the Western provinces received much more assistance from the Mulroney government in the 1980s when it had a high level of representation within the governing PC party in Ottawa (2001: 496). In contrast, Western farmers did not fare nearly as well under the Chretien Liberal government in the 1990s, whose support base lie in Ontario. Unequal regional representation means that specific regional concerns often go unheard. As a result, agricultural interests from less populated provinces generally have much less influence in the policy process than their counterparts in the U.S. If those provinces are unable create and administer agricultural programs autonomously, their position becomes quite precarious. This has historically been the case for Saskatchewan and Manitoba, which have often had to lobby the federal government together in order to establish federal-provincial ad hoc programs.

The implications of the provincial political system for representation and lobbying are similar to those identified at the federal level. One difference, though, is that the system of governance at the provincial level is unicameral, consisting only of a legislature. Provincial legislatures are very similar to the federal House of Commons. Legislatures are comprised of elected Members of Legislative Assembly (MLAs). Similar to the House of Commons, MLAs represent geographic constituencies. Here again, the executive is fused with the legislature and party discipline functions to ensure executive dominance. Therefore, just as was the case at the federal level, access to the premier's office is very important in order for lobbying efforts to be successful.

Due to urbanization, it is becoming more important for parties to win seats in the cities. Thus, the dominance that rural agricultural areas once had in the political arena in the Prairie provinces, has been lost (Skogstad, 1987: 31). There is no guarantee of representation within the caucus or cabinet of the governing party for any riding at the

provincial level. Agricultural interests can have a more difficult time influencing the policy process if the governing party contains very few MLAs representing rural ridings. In such a case, when faced with competing demands from urban MLAs, provincial governments can be less responsive to agricultural concerns than they once were. Since 1990 there has been a large disparity in the representation of rural areas in the governing parties of the three Prairie provinces. In Alberta the governing PC party has held no less than 85 percent of the rural seats in the province. In contrast, while the PC party in Manitoba held 85 percent of the rural seats in that province until 1999, the New Democratic Party (NDP) took power in that year and governed until the present with no more than 32 percent. In Saskatchewan, the NDP took power in 1991 with 68 percent of the rural seats, governed with no more than half in the mid-1990s, and then held no more than 14 percent after 1999. Thus, rural areas have had more presence within the government in Alberta than they have in Manitoba or Saskatchewan. This may, in part, explain the willingness on the part of the Alberta government to create and/or administer programs on its own.

## **Provincial Similarities & Differences**

### **Political Culture & Interest Groups**

Differences in provincial political culture have had implications for agricultural policy making on the Canadian Prairies. In Saskatchewan, farmers have traditionally been well organized. Moreover, provincial governments and the major farm unions have shared similar ideological viewpoints. Thus, politicians from Saskatchewan have always been strong advocates of agricultural interests and its agricultural legislation has “been extensive and innovative” (Skogstad, 1987: 32). According to Wiseman, Saskatchewan’s particular settlement pattern produced “a powerful cooperative movement and the country’s most successful socialist party” (2006: 50). The Saskatchewan Wheat Pool (SWP) was always the most ardent supporter of the CWB (Schmitz and Furtan, 2000: 5). However, the SWP went public on the Toronto Stock Exchange in 1995 and no longer plays the role it once did as a policy advocate. Since then, farmers in the province have become more divided in their loyalties towards farm group active in the province, which represent both ends of the ideological spectrum. Towards the left is the National Farmers Union (NFU), the Agricultural Producers of Saskatchewan (APAS) occupies the center, and the Western Canadian Wheat Growers (WCWG) and Western Barley Growers Association (WBGA) are more right-wing. With respect to political representation, farmers in Saskatchewan have generally looked to the right of center parties to represent them at both the provincial and federal levels every since the Diefenbaker years. These parties have included the PCs and Saskatchewan Party (SP) at the provincial level, and the PCs, the Reform Party (RP), the Canadian Alliance (CA) party, and the Conservative Party (CP) at the federal level.

There has always been some division within the Manitoba farm community on the question of government regulation versus a more laissez-faire market (Skogstad, 1987: 32). As in Saskatchewan, producers are divided in their support of the right-wing WCWG and WBGA, the more centrist provincial association the Keystone Agricultural Producers (KAP), and the leftist NFU. Also, as in Saskatchewan, producers in Manitoba

have tended to look to right of center parties for representation in provincial and federal governments over the past few decades. At the provincial level this has been the PCs and at the federal level rural Manitobans have supported the PCs, the RP, the CA, and the CP. Similar to the views held by producers in Saskatchewan, producers in Manitoba do believe that governments have an important role in the agricultural economy.

There is a significant difference in the political cultures of the agricultural communities in Alberta as compared to Saskatchewan and Manitoba. Farmers in Alberta have tended to more strongly reject any interference with the laissez-faire market system, such as marketing boards and other regulations. Individualism has always been a more highly regarded virtue in Alberta (Wiseman, 2006: 50-51). The right-wing voice grew even louder in Alberta when the Alberta Wheat Pool (AWP) decided to muzzle itself in late 1994 for fear that the majority of its members no longer shared its views and thus did not want to drive away business from its elevators (Wilson, 1994). The AWP had traditionally run up against the conventional wisdom that government intervention and regulation is bad. Some alleged that the move was merely a play of catch-up to the fact that its voice had declined anyways. Whether it was the result of the general decline of leftist views in Alberta or of the Alberta government paying less attention to it and more to right oriented groups remained up for debate (Wilson, 1995a). The decline of Unifarm, the lack of access allowed to the NFU, and AWP's decision to focus on business rather than politics, effectively erased leftist views from the debate in Alberta.

That is not to say that there are not intra-provincial divisions among agricultural producers in Alberta. There are regional fissures in the ideological outlook of farmers in this province (Skogstad, 1987: 32). The southern region is comprised of large, specialized wheat, oilseeds, and cattle producers, which are represented by more right-wing commodity groups. These include the Alberta Beef Producers (ABP), WCWG, and the WBGA. In contrast, the central and northern parts of the province feature diversified family farms that produce feed grains, hogs, dairy products, and cow-calf herds. This group tends to look to the larger farm unions, which include the NFU and Wild Rose Agricultural Producers (WRAP) whose predecessor was Unifarm. These groups are not as resistant to government regulation and assistance programs. In Alberta, the rural regions tend to elect PC candidates provincially and have elected PC, RP, CA, and CP candidates federally.

### **Fiscal Capacity**

Disparity in the fiscal capacities of three Prairie provinces has had an important impact on agriculture policy in the region. Alberta's considerable fiscal strength has enabled it to exercise greater autonomy in the area of agricultural assistance than either Manitoba or Saskatchewan. From 1990 to 2006 the GDPs of Manitoba and Saskatchewan were nearly identical. In 1990, Manitoba's GDP stood at \$24 billion, and had climbed to over \$30 billion by 1998 (Statistics Canada, Table 384-002). In 2006 it reached almost \$45 billion. In 1990 Saskatchewan's GDP was at \$21 billion, reached almost \$ 31 billion by 1999, and stood at \$45 billion in 2006. Alberta's GDP was much larger throughout this time period. It stood at \$73 billion in 1990, jumped to \$107 billion in 1997, and reached \$235 billion by 2006. Thus, it was three times larger than either Manitoba's or Saskatchewan's in 1990, three-and-a-half times larger by the end of the

decade, and almost six times as large by 2006. To be sure, the economies of Manitoba and Saskatchewan are more reliant on their agriculture sectors than is Alberta's. In 2004-5 Manitoba's and Saskatchewan's Agri-Food GDP comprised 7 and 8.4 percent of their total GDPs respectively (Databook, 2006: 47). In contrast, Alberta's Agri-Food GDP comprised just 3.7 percent of its total GDP in that same time period.

The budget deficit/surplus figures for each province only further enforce this point. After running budget deficits since the beginning of the time period covered, all three provinces ran surpluses in 1995. However, there were stark differences in their size. While the surpluses of Manitoba and Saskatchewan stood at \$129 and \$120 million respectively, Alberta's was eight times larger at \$857 million (Statistics Canada, Table 385-0002). Through the remainder of the time period studied, 2002 excepted, Alberta's budgetary surpluses were at least four times and most of the time more than eight times larger than its provincial counterparts. By 2006 Alberta announced a surplus of \$4.1 billion, while Saskatchewan's stood at \$101.9 million and Manitoba's at \$148 million. Thus, in that year Alberta had 40 times the budgetary strength of Saskatchewan and almost 28 times the budgetary strength of Manitoba. As a result, expenditures on Agri-Food comprise a smaller share of Alberta's total expenditures. In 2004-05 Manitoba and Saskatchewan spent 7.6 and 8.4 percent of their total expenditures on their Agri-Food sectors, respectively (Databook, 2006: 47). In contrast, Alberta spent just 3.6 of its total expenditures on its Agri-Food sector. To conclude, Alberta's fiscal strength has enabled it to create, fund, and administer agricultural assistance programs, whereas Manitoba and Saskatchewan have had to continually rely on partnerships with the federal government in order to secure agricultural assistance.

## **The Prairie Divide**

### **The Canadian Wheat Board**

In the early 1990s battle lines over the future of the CWB were drawn along the Alberta-Saskatchewan border. A faction based in Alberta challenged the CWB's status as a single desk seller and proposed a dual market where it would exist as one of several options available to farmers when marketing their grain. This group included the PC government of Alberta, the RP, the WBGA, the Alberta Barley Commission (ABC) and a loosely organized coalition of farmers called the Canadian Farmers for Justice (Skogstad, 2005b: 539). The leader of the RP, Preston Manning, was the son of a former Alberta premier and represented a federal riding in that province. Also, the head offices of the WBGA, ABC, and Farmers for Justice were located in Alberta. Opposing this group was a faction based in Saskatchewan, which defended the CWB's continuation as a single desk seller. It included the NDP government of Saskatchewan, the federal agriculture minister/minister for the CWB, the Saskatchewan Wheat Pool (SWP), the Family Farm Foundation (FFF), the NFU, and the CWB itself. The agriculture minister and minister for the CWB, Ralph Goodale, was from Saskatchewan and represented a federal riding in that province. As well, the head offices of the SWP, FFF, and NFU were all located there (Skogstad, 2005b: 539). Finally, the CWB was located in Winnipeg, Manitoba. While there were supporters of both sides within each province, the power bases of each were concentrated on opposite sides of the provincial boundary.



In late 1994, farmers in Western Canada voted ten out of a possible eleven, pro status quo candidates onto the CWB advisory committee.<sup>1</sup> Many viewed the vote as a referendum on the on the future of the board (Ewins, 1994). However, within a year a group of farmers belonging to the FFF defied the CWB and crossed the Canada-United States border to sell their barley to elevators in the northern states. They were promptly fined for breaking the CWB Act. In response, the ABC, the WBGA, and individuals opposed to the CWB, launched a constitutional challenge against it. They alleged that it infringed on their individual rights and freedoms (Skogstad, 2005b: 539). Finally, in the fall of 1995 the government of Alberta held a plebiscite in which two-thirds of the farmers who cast ballots, voted in favour of a dual market.

In the aftermath of the Alberta plebiscite, Goodale undertook a consultative strategy and solicited the advice of an external entity called the Western Grain Marketing Panel (WGMP). During the hearings the government of Alberta presented a commissioned report that showed how farmers in Alberta would be better off marketing their grain themselves. The CWB also sponsored two papers demonstrated the advantages of single-desk selling. In the end, the WGMP recommended that the CWB's monopoly over export sales of feed barley be brought to an end. Despite the result of the Alberta plebiscite and the panel's recommendations, Goodale's response was to illicit feedback from agricultural stakeholders.

In December 1996, Goodale announced reforms to the CWB Act and called a plebiscite on whether the CWB should retain monopoly for barley sales. The reforms included changes to the CWB's structures of governance. A new fifteen-member board of directors with five appointed by the federal government and ten elected by farmers replaced the previous all federally appointed five-member board of directors. This handed significant influence and control over the operations and future of the CWB in the hands of farmers (Skogstad, 2005b: 543). The reforms also included more flexible pricing arrangements. Finally, the plebiscite offered two options: the retention of the CWB's monopoly powers over the sale of barley or an open market for its sale. The dual market option was not included, which elicited much condemnation from the CWB's critics. In the end, the plebiscite resulted in over three-fifths of voters choosing to retain the CWB's monopoly powers for the sale of barley. Also, the constitutional challenge mounted against the board failed at this time. However, the CWB debate did not go away for long.

The debate over the future of the CWB was reignited with the election of the Conservative Party to power in Ottawa in January of 2006. Although never a front and center component of its platform, the ending of the CWB's monopoly powers was nevertheless one of its election promises. The stronghold of the CP is Alberta and other rural regions of Western Canada and Ontario. The leader of the party and current Prime Minister, Stephen Harper, represents a federal riding in Calgary. The current agriculture minister, Chuck Stroh, represents a federal riding from the province of British Columbia. The party is the result of an amalgamation of the PCs and the CA. The predecessor of the CA was the RP. Once again provincial views differed and battle lines were drawn at the Alberta-Saskatchewan border (Wilson, 2006d: 5). The pro-CWB group opposing this faction included the NDP governments of Manitoba and Saskatchewan, the KAP, APAS, Saskatchewan Association of Rural Municipalities (SARM), the Wild Rose Agricultural

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<sup>1</sup> Pro-status quo votes accounted for 63% of all votes cast

Producers (WRAP) based in Alberta (Ewins, 2006d: 1). The main difference between this debate and the previous one is that this time the pro-CWB forces could count the party in power in Ottawa as an opponent rather than an ally.

In late July 2006 Stroh held a meeting in Saskatoon to plan for the elimination of the CWB's monopoly powers. It included business and pro-market choice representatives, as well as government officials. The farmer elected board of directors and all other pro-CWB interests were not invited. The exclusive nature of the meeting was interpreted as a breach of democracy and the Canadian Wheat Board Act, since any changes to the board require the consent of farmers (Wilson, 2006b: 6). The NFU was quick to jump on this move and organized a rally that took place on the same day at the same time, across the street (Rained, 2006: 4). Many in the farm community were offended and expressed their support for the rally.

Next, Strahl appointed a task force for implementing market choice for wheat and barley. It was predominantly comprised of individuals committed to ending the CWB monopoly (Ewins, 2006b, 3). The CWB board of directors was given only one seat. In the end, it decided not to participate, stating that farmers and not the government should be the ones to decide the future of the CWB (Ewins, 2006c: 3). Critics again accused the government of ignoring the voices of grassroots farmers. The task force report in November recommended that the CWB Act be repealed by June 2007, that an organization CWB II should oversee the transition towards the ending of the CWB monopoly for barley in January 2008 and for wheat in July later than same year (Ewins, 2006d: 3).

At the same time, the CWB director elections were set to take place. It was viewed as a de facto referendum pitting pro-monopoly candidates against market choice candidates (Ewins, 2006: 1). Controversy began when Strahl took 16,000 names off of the list of 44,500 voters only after the election process had already gotten under way (Ewins, 2006e: 4). The names removed had not delivered to the board in over two years. All farmers with a permit book had been allowed to vote previously. Although many agreed that it was a reasonable move to make, it looked especially bad given the heavy handedness with which many felt he had been handling the issue up until that point.

During the campaign the Conservative government attempted to muzzle the CWB, demanding that it quit promoting its monopoly powers and just focus on selling grain. The conflict heightened when Strahl wrote the CWB asking it to remove a paper that it had posted on its web site in response to the report of the task force on dismantling the board's monopoly (Ewins, 2006h: 3). Several analysts noted that such a gag order was unprecedented. The accumulation of heavy-handed moves brought two interests into the debate that had previously not taken an active role. The APAS and the SARM joined forces with the interests opposing the federal government (Marit, 2006: 7). In the end, four out of five newly elected directors were pro-single desk seller supporters. These candidates received 60.3 percent of all votes cast (Ewins, 2006i: 1). The only open market supporter elected represented District 1, the Peace River region in Alberta.

Controversy erupted next when CWB president Ken Measner was fired. Already fired by Strahl was appointed director and single desk supporter Ross Keith (Ewins, 2006g: 3). He and another appointed board member were replaced with new pro-market choice board members Dwayne Anderson and Ken Motuik. Measner was a vocal supporter of the CWB's monopoly powers. He was also a highly regarded 30-year

veteran of the organization. Many saw the move as very mean-spirited and vindictive. More importantly, Strahl was seen to be making unilateral decisions about the future of the board, decisions that nearly everyone in the farm community on both sides of the debate saw as theirs (Ewins, 2006j: 4). The firings served to confirm in the minds of many that Strahl was taking his marching orders from the Alberta government, groups such as the WPGA and the WCWG and the Prime Minister's Office.

In January 2007 the government of Manitoba announced the result of its own plebiscite. In that election, sixty-five percent of eligible producers cast ballots. The result was a resounding vote in favour of preserving the CWB's monopoly powers: 62 percent voted in favour of retaining single-desk selling for barley and 70 percent voted in favour of retaining the single desk for wheat. Despite the defeat of the pro-market choice option, Strahl stated that the level of support received was encouraging given that the voters' list and question were deliberately skewed (Ewins, 2007a: 3). The move marked the significant role that the government of Manitoba was prepared to play in the current debate. It did not make any such bold moves during the 1990s.

The final controversial move made by Strahl was the plebiscite on barley. Whereas Goodale had offered only two options on the ballot ten years earlier, Strahl offered three. Predictably, the results for both men turned out as each had hoped. In the winter of 2007, 62 percent voted to either have the board operate in a dual market or to eliminate it altogether (CP, 2007). However, there were several problems with the plebiscite, which allowed the CWB's defenders to denounce the results. One problem was that some producers received more than one ballot in the mail. This pointed to poorly organized voting process (Ewins, 2007d: 3). Another problem was that each ballot was numbered. Critics charged that the government was trying to track how each producer voted (Ewins, 2007c: 1). Also, critics denounced the fact that three options were offered and the way they were worded, accusing the federal government of deliberately misleading producers into believing that the CWB was actually viable in a dual market (Ewins, 2007b: 3). All along opponents of the government's position had been stating that the viability of the CWB in an open market was impossible (Wilson, 2007: 6). Finally, only 29,000 of the 82,000 barley producers who were mailed ballots, actually sent in their votes. In response to the vote result, the CWB threatened to quit marketing barley altogether, while federal Liberal opposition leader Stephan Dion declared that the CWB vote was "tainted and dishonest" (Ewins 2007f and French, 2007). In late March, Strahl announced the end of the CWB's barley monopoly within four months in the House of Commons to a raucous opposition (Wilson, 2007b: 5). At the time of this writing the federal government had published a paper specifying how it planned to end the barley monopoly by making amendments to the CWB's regulations (Wilson, 2007d: 4). Former agriculture minister, Ralph Goodale warned that the federal government would likely face a court challenge if it tried to remove barley from the CWB by regulation rather than legislative change (Wilson, 2007c: 12).

### **Agricultural Assistance**

The differences in the area of agricultural stabilization are less clear-cut than those involving grain marketing described above. With the exception of some cattle groups, it is generally accepted in all three prairie provinces that agricultural assistance

programs are an important component of agriculture policy. The differences lie in the ability and willingness of to implement and administer agricultural assistance programs. While Alberta has been able to create and/or administer programs on its own, Manitoba and Saskatchewan have been reliant on the federal government in order to provide assistance for their farmers.

The disparity in the fiscal capacities of the three prairie provinces surfaced in the area of agricultural assistance through the experience each had with the Gross Revenue Insurance Program (GRIP). It was a major component of the 1991 Farm Income Protection Act (FIPA), along with the Net Income Stabilization Act (NISA). Ironically, it was designed to level the playing field in the three Prairie provinces (Coleman and Skogstad, 1995: 12). The GRIP operated through a tripartite funding scheme with the provinces contributing 25 percent and the federal government and producers contributing 42 and 33 percent respectively. Payouts were based on a 15-year moving average of income. This payment formula brought forth a dramatic increase in payments to farmers in the three Prairie provinces during a time of very low commodity prices from 1991 to 1994. This was because very high commodity prices realized in the 1970s were included in the moving average. During this time period GRIP contributed on average fully one half of all payments made to farmers in the three prairie provinces, and made up as much as 70 percent of all payments made to farmers in Manitoba and Alberta in 1993. Ultimately, Manitoba and Saskatchewan were incapable of sustaining their contribution towards the massive payouts (Schmitz et al, 2002: 197). Thus, differences in fiscal capacity effectively undermined a program designed to function similarly in all three provinces.

Significant differences in the agricultural assistance regimes of the three Prairie provinces began to increase in the vacuum left by the federal government in 1995, when it made dramatic cuts to expenditures on agriculture. The Alberta Safety Nets Coalition comprised of producer grains and oilseeds groups in the province, worked closely with the government in the creation of the FIDP in 1996. The FIDP represented Alberta's ability to establish its own programs without a federal partnership, as is routinely required in Saskatchewan and Manitoba.<sup>2</sup>

Originally called GATT 70, the FIDP was an innovative program that served as the benchmark for all assistance programs created by governments in Canada thereafter. Its key features included the fact that it was non-commodity specific, designed to provide non-trade distorting disaster assistance, and complied with GATT/WTO rules. Indeed, all producers and interest groups involved in its development were committed to designing a modern program that gave producers the choice of participation, to which they could contribute premiums at the beginning of the year, from which they could make withdrawals during shortfalls, and one that did not interfere with management decisions. In other words, they shared a common belief in only a more limited role for government in the market.<sup>3</sup> To put FIDP into perspective, in the year 2000 payments through this program totaled \$309.4 million, which amounted to \$42 million more than the total value of all payments received by farmers in Manitoba that same year. FIDP was ended in 2005 after Canadian Agricultural Income Stabilization (CAIS) program payments began.

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<sup>2</sup> Consequently, those two provinces went without a disaster assistance program until 1998.

<sup>3</sup> It should be noted that this group did face opposition from the Alberta Beef Producers (ABP) and other cattle groups that did not want any subsidy program at all, fearing trade retaliation from the United States.

In contrast, producers in Saskatchewan and Manitoba continued to rely on federal compensatory payments and federal-provincial partnerships for assistance. However, these partnerships did not involve sustained working relationships. The federal government provided compensation payments for the elimination of the Western Grain Transportation Act (WGTA)<sup>4</sup> from three ad hoc programs.<sup>5</sup> In 1998, the federal government introduced the Agriculture Income Disaster Assistance (AIDA) program in order to provide much needed income disaster assistance. Producers in these two provinces also received payments from the Canada-Saskatchewan Assistance Program (C-SAP) and Canada-Manitoba Assistance Program (C-MAP) at this time. In 2001 the Canadian Farm Income Program (CFIP) replaced AIDA in the provision of disaster assistance. Each cost-shared program was funded 60:40 by the federal and provincial governments respectively.<sup>6</sup> By the next year the FIDP and the CFIP had ended and all disaster payments made to farmers on the prairies came from the Canadian Agricultural Income Stabilization (CAIS) program.

Towards the end of the 1990s the National Safety Net Committee, comprised of prominent Prairie interest groups, worked closely with the federal government in the establishment of CAIS. Although CAIS was a national program, significant differences in the way it functioned had developed by the middle of the decade, due to the way it was administered in each province. While the federal government handles the administration of CAIS for producers in Manitoba and Saskatchewan, Alberta is one of only four provinces that undertook its administration itself.<sup>7</sup>

Alberta's administration of CAIS is quite innovative. The Agriculture Financial Services Corporation (AFSC) developed a secure website on which producers can manage their CAIS accounts. In addition, 12 new CAIS analysts are being established in rural communities across Alberta. The administration of CAIS has also enabled Alberta unilaterally alter the reference margins and increase payments through the program. In mid November 2005, the government of Alberta announced the launch of the Alberta Reference Margins Program Pilot, which uses an average of the last three years of a farmer's financial history to calculate a farmer's income (Pratt, 2005a). This replaced the five-year Olympic average that dropped the highest and lowest years of income in order to calculate the reference margin. The result was an additional \$224 million to its farmers through CAIS. A year later, on August 18, 2006 the government of Alberta announced another \$261 million in additional support to producers under the CAIS

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<sup>4</sup> The Western Grain Transportation Act (WGTA) came into effect in November 1983 with the purpose of limiting government subsidies on transportation so that freight rates would reflect the changing cost of grain transportation. The WGTA replaced the fixed rates that had previously been in place. The WGTA was a legacy of the Crow Rate Benefit, which was a fixed transportation subsidy paid to the railway companies for the shipment of agricultural commodities in Western Canada. It was instituted in 1897 as part of Sir John A. MacDonald's National Policy, to ease the financial burden of constructing the Crows Nest Pass and to encourage the settlement of the West (Barichello, 1995: 47).

<sup>5</sup> The Western Grain Transition Payment Program, the Freight Cost Pooling Assistance Program and the Freight Cost Pooling Assistance Program II served to bring farmers in Manitoba and Saskatchewan up to comparable levels of assistance as farmers in Alberta in 1996 and 1997.

<sup>6</sup> In 2003 several federal ad hoc programs were introduced to help farmers cope with the BSE crisis and to help with the transition to the new Agriculture Policy Framework (APF). These included the APF Transition Funding, the Canada-BSE Recovery Program, Transitional Industry Support Program, and the Farm Income Payment (FIP).

<sup>7</sup> The other three being Ontario, Quebec, and Prince Edward Island.

program (MacArthur, 2006: 3). Based on the 2004 claim year, reference margins were increased by 25 percent of the fuel and fertilizer costs and there was a general reference margin increase of 15 percent. Finally, in late March 2007 the Alberta again announced a CAIS payments increase for its producers. This time it added \$70 million to the pilot program it introduced in late summer 2005 (MacArthur, 2007: 110). There is no question that Alberta's administration of CAIS has enabled it to unilaterally improve the program for its producers.

The experience of producers with CAIS in Manitoba and Saskatchewan is much different. In these two provinces there is no CAIS website or field analysts either. Nor is there access to extra funds or reference margin increases, as there is in Alberta. Manitoba and Saskatchewan have long protested that they cannot sustain the 60:40 federal-provincial funding formula for the program (Wilson, 2005b). It has also been alleged by Saskatchewan that it actually pays more per capita for CAIS than any other province, given its proportionally larger agriculture sector (Wilson, 2006a). Protests have rung from several quarters in Saskatchewan in response to the unilateral changes made by Alberta to CAIS. Agriculture minister Mark Wartman stated that "it sets up a disparity between our farmers and their farmers" (Pratt, 2005b). Also, APAS president Ken McBride stated that that "Alberta producers will receive a huge boost in funding that will leave Saskatchewan producers at a disadvantage to national and international competition (Wilson: 2006b: 1). Thus, it appears that there are significant differences between the provinces in terms of the level of support flowing from CAIS to producers and in the quality of the program's administration.

## **Conclusion**

There are significant differences in Canadian Prairie agriculture policy at the provincial level, which stem from differences in political culture and fiscal capacity. Shared jurisdiction in the sector and the devolution of significant fiscal and program responsibility in the early 1990s has caused these differences to increase. As a result, the prairie agricultural community has lurched from one divisive debate to the next in the area of grain marketing. While Alberta favours ending the CWB's monopoly powers, Manitoba and Saskatchewan defend the status quo. In addition, Prairie producers receive unequal agricultural assistance from one province to the next. On the one hand, Alberta is capable of funding and/or administering programs autonomously. On the other hand, Saskatchewan and Manitoba are reliant on the federal government for the provision of agricultural assistance to their producers. It is an interesting irony that Canada continues to press for a level playing field on a global level, while important differences persist within its borders. In many ways, agriculture policy on the Canadian Prairies is incoherent and contradictory. The preceding analysis brings into question the ability of Canadian governments to harmonize agriculture policy and thereby create a level playing field for farmers on the Prairies.

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