A NATIONAL FOOD POLICY TO MAKE MOST EFFECTIVE USE OF FOOD RESOURCES

by

A. S. Johnson
Food Systems Branch
Agriculture Canada

It is a pleasure to participate in your annual meeting and to discuss development of food policy, a topic which, in Canada, has generated considerable discussion of late. Many people have been talking about food policy, particularly since the government published its white paper on "A Food Strategy for Canada" in June of this year. I would judge that this is also a current item of interest in the USA.

Food policy, in general, is a compendium of the expressions of the needs of a nation as reflected in the many diverse policies and objectives which have a bearing on the food system. It evolves from the expression, through the democratic process, of the concerns and desires of people and the sort of pressures they are under and it also contains adequate elements of planning for the future. It, like most policies, results from the particular economic and social norms and trends which exist in a given country. And because these trends can and do change, food policy can be expected to change. To clearly understand food policy, and how it has developed, one needs to comprehend the complexity of the food system, and the many forces that have influenced it in the past. Such an understanding helps us to realize why food policy may at times appear to be imprecise inasmuch as many sectors of industry, many agencies of government and many situations influence it.

In order to discuss food policy it seems logical to first define what one's perception of it is. Policy, as I wish to discuss it, means "a decision or decisions that certain objectives will result in certain consequences or courses of action." It follows then, that a food policy is "a decision that Canadians (or Americans or whoever) will have certain broad objectives with respect to food supplies and that we will develop certain courses of action which are most likely to ensure fulfillment of the defined objectives." Taking the above as a valid definition then Canada has a national food policy, albeit that it may be perceived differently by some people.

For these reasons, it is understandable why food policy varies between countries. U.S. policy, for example, has been to preserve and to strengthen its agricultural capabilities and its competitive position and to develop its capability in food processing and manufacturing for export. Excess production or shortages have tended to be avoided wherever possible and legislation has served to provide stability and continuity to agricultural markets as well as to assure producers, processors and consumers of fair and reliable grades and weights, and equal access to available markets.

In some countries food policy may reflect, among other things, policy on
national security. They deliberately maintain a capability to produce a certain portion of their agricultural commodities even though these products could be imported from other countries which can produce them more efficiently and cheaply. Thus, they retain some productive capability of their own for the reason of national security.

The question may face an industry in another way. A certain sector of the industry, while generating economic returns and employment, may be in danger of elimination by competition from foreign imports. A case in point is some sectors of the horticultural industry in Canada at the present time. The question is, in this case, whether or not, or to what extent, this sector, whose production is relatively seasonal, should be maintained. Arguments can be mounted in the retail sector for the greater efficiency of importation of horticultural crops from Mexico, Florida and California, where they can be produced over a longer season--but that is done to the detriment of the Canadian industry. Yet on the other hand, by some adjustments in the system of marketing and retail distribution it may be possible to retain this sector in a healthy state, and to preserve the land on which it is produced for continued agricultural use. The point has now been reached where decisions must be made whether to maintain a reasonable degree of self-sufficiency in horticultural crops and the jobs and other economic benefits this industry creates and what price we are willing to pay for this.

To return to the basic theme of this talk, the food resource. I would define the food resource as land, water, climate, a production capability in agriculture, and an infrastructure or industry organization which is capable of responding to market demand and to the needs of the nation in an effective manner.

Unavoidably one thinks of land as the basic food resource and accordingly it is necessary to emphasize the importance of conserving our productive land base for food production. Canada's agricultural land is classified according to its production capability based on soil and climate. Only a small proportion of this land is capable of top production and that land is fast disappearing because of the pressures of other demands such as real estate developments.

Thus, one of my top priorities in this discussion is the maintenance of our productive land base, through some system of zoning or other procedure of restricting of housing and other building developments to land with little or no agricultural potential. Thus, a national land use policy should be a matter of major concern to all Canadians and other countries as well. Unfortunately, it does not receive adequate attention because we are not really hurting in terms of food production--as yet.

Closely related to land use policy is water policy. This is something which has received relatively little attention in Canada. It has two main aspects, the avoidance of the extreme consequences of drought, and the availability of water for irrigation and the consequent augmentation of production potential. Throughout much of the West, particularly in Southern Saskatchewan and Southern Alberta on the Canadian side, it is more reasonable to gear for drought or dry conditions than to expect adequate moisture.

Relative to climate, little can be done, with the exception that climate and soil are closely interrelated and it is again a matter of conserving our production capacity.

I would like to digress for a moment to discuss briefly some of the
historical forces which have entered into the development of food and agriculture policy in Canada, then consider the objectives contributing to existing policy and finally present some thoughts on ways in which on-going policy might evolve, having in mind the resources at our disposal.

Canada is a relatively young country. She moved through the pioneer era and into becoming an industrial nation and to the present day relatively quickly, compared with other countries. Before the west was opened up, Eastern Canada was the agricultural base which fed the developing industrial sector.

The building of the railway to the west in the early 1880's and the subsequent influx of settlers signified a new era in which the vast regions of Western Canada were opened, providing a major potential for food export over and above domestic need.

In early agriculture, the producer and consumer were closely linked in the food system; they bargained almost on a one-to-one basis. Often, the producer was also the consumer of his own goods. Productivity was limited due to lack of mechanization. Most food processing was done on the farm but it was also mostly to suit home needs. As we became industrialized and larger urban centers developed, processing and distribution became a much more essential feature of the system. Transportation became highly important and food distribution unavoidably became more complex. It followed that the producer lost control to a large extent of the decisions in the food chain which he formerly had. Thus, it is today, and he has little or no control beyond the farm gate except through cooperatives or similar joint ventures. He is without doubt the most vulnerable in the food chain. Thus, in this process, began the evolution of a food policy in which more sectors and more individuals are involved in the decision making and thus they have a responsibility to the system, whether as individuals or as multinational corporations and have a part in the success or failures of the system--because of their interdependence.

During the Second World War, producers responded to food production demands, adopting new technology wherever feasible. For example, in response to the needs of Britain for food, hog production in Canada increased to close to 10 million head slaughtered in 1944, compared with less than half that in 1936. Markets for all the food that could be grown left Canadians believing that such opportunities would continue to expand, without limit, well into the future. Poultry production was perhaps the best example of rapid adoption of technological advances, but the same applied to other production areas. Surpluses began to build in traditional market areas and in the late '50s and early '60s these culminated in programs in the U.S. and Canada designed to limit production by taking land out of production. These programs were an attempt to stabilize supplies and protect producer income against wide fluctuations in the world markets. During this time unrecognized demand pressures were building which were to make world grain markets much more vulnerable to short-term supply changes than previously. Some of these long-term factors were:

(a) Rapid growth of world population;

(b) Governments generally becoming more sensitive to hunger and malnutrition in their own and in foreign countries.

(c) Shift of communist economies from surplus food production to net food importation;

(d) A decline in the rate of application of technical knowledge that had produced
such impressive yield gains in the '60's.

Then in 1972 a series of unexpected events placed further heavy pressure on world food supplies, and prices increased dramatically. The more important of these were:

(a) Severe droughts in the USSR and in key Southern Hemisphere and South Asian countries.

(b) The decision, by the USSR, to import large quantities of grain rather than to reduce livestock numbers.

(c) Worldwide inflation and devaluation of the U.S. dollar.

(d) A shift in the Humboldt current that sharply reduced fish meal supplies.

Almost overnight these conditions changed the short term world food picture from one of surpluses to one of avoiding shortages. Such events underlined the concern for, and necessity of, more long-range food policies not only in North America, but throughout the world. I suggest that it is these events that created, in large part, the general concern over food policy.

This brings me to a second requirement in utilizing food resources to the best advantage. That is that there must be an adequate incentive for producers of food to maintain a production capacity. Obviously, this applies to all sectors of the food chain. However, it is fairly clear that the production sector has in the past been relatively vulnerable to fluctuations in price due to surpluses and shortages. Therefore, it is not only a matter of adequate revenue, there is the question of reasonable stability of price. In Canada there have been various attempts to produce more stability in producer returns, ranging from stabilization programs to marketing boards with supply management. Perhaps the ideal has not been achieved but they arise from a need.

The basic objectives of a Canadian food policy were outlined in the Speech from the Throne in 1974. They have since been enunciated by the Minister of Agriculture, Mr. Whelan. As stated, they provide the means for healthy and constructive debate on how the defined needs can be met, but, also, as to how the policy should be changed. They present a reasonable framework within which we can continue to develop goals in order to meet the objectives.

The first objective of Canadian food policy is:

To assure consumers of adequate quantities of high quality food at reasonable prices.

Canadians continue to enjoy one of the highest standards of living in the world. In 1976, we spent about 18 percent of our disposable income on food as opposed to 22 percent in 1960 and compared with as high as 60 percent in some other countries. There continues to be an abundance of quality foods in the food stores throughout the country. There is little evidence of malnutrition. Thus, in general terms this objective is being met. One needs, of course, to look to the future.

In Canada, however, as in other developed countries, the requirements of consumers go beyond simply an adequate quantity of quality foods. The characteristics of the food markets are changing rapidly and one must be prepared to satisfy these demands. People eat, not only because of nutritional needs but their choice of food and where they
obtain it relates to status and recreation. Thus, availability, convenience and appeal become important. The sales of food service outlets increased by 41 percent in the past five years. Canadians eat one out of three meals outside the home and spend 4 percent of their disposable income on these meals. This is an indication of changing life styles and correspondingly changing market demands and the related sales which have developed to cater to the needs of a highly mobile population. The point to make here is that market demands must be satisfied if a viable industry is to be maintained. This points to the need of a high awareness of the needs of the consumer and a deliberate attempt to meet these in the most realistic way. At present, at least, we are a society that can afford to do this. It also underlines the fact that in order to meet the needs of this mobile and relatively sophisticated society, there is a requirement for a certain infrastructure—the processors, the purveyors, the caterers, the retailers, the hotels and restaurant chains. These then are very much part of the food system and also have an influence on how best to use food resources.

It would be wrong to imply that Canadians are without problems in the food system. Many in the food system in Canada do not receive sufficient return on investment to encourage maximum productivity development and expansion to meet future needs or potential export markets. From discussions we have had, I would rate productivity, and relatively high input costs, including labor, as some of the key problems which the food industry throughout Canada faces. Others claim that the figure of 18 percent, relating food expenditures to disposable income, is misleading since it does run as high as 40 percent for low income families. This, however, is an ever present social welfare problem and not one that will be solved by an overall cheap food policy. Also, a percentage of the Canadian population suffers from malnutrition, not necessarily because nutritious food cannot be obtained, but primarily due to undesirable eating habits, neglect, ignorance, or a combination of all three. A food policy can lay the framework for providing nutritious food for all, but education is required to ensure that the population selects the proper foods and develops the proper eating habits.

Another element is entering into public thinking in recent times. That is the thinking of the conserver society. Some of the philosophy involved includes the importance of avoiding waste and, in effect, that it is morally wrong to eat a 16 ounce steak when an 8 ounce steak is adequate nutritionally. There is a place for some of this thinking in policy planning.

If objectives are to be achieved they must have programs which are supportive. Examples of the programs which can be cited in support of the first objective include:

(a) Research to improve production efficiency, to reduce input costs and to develop new products and to improve quality to satisfy specific markets. There is a long list of research accomplishments. These include: the development of high quality and rust-resistant bread wheats, new rapeseed varieties, and potato varieties better suited to the needs of the chipping market, pigs which are leaner, cattle which grow faster, hens that lay more eggs and various processed products and innovations in the food industry, of which there is an endless list.

(b) Grading and sanitation programs to enhance marketability and to ensure confidence in a high quality product by
consumers. Examples - assurance of safe levels of food additives; the inspection and grading of meat and other food products and of food processing establishments, and storage assistance programs to preserve the quality and prolong the market life of fruit and vegetable products such as apples and potatoes.

(c) Support of industry initiatives in market development and research. Programs are administered by government to assist Canadian business to develop new markets and to improve the utilization of technology in Canadian industry. An example is the P.O.S. (proteins, oils, starch) pilot plant at Saskatoon, Saskatchewan, a joint venture between industry and government, linking research and its adoption in industry.

(d) Commodity stabilization programs which encourage continuity of supply of raw products. Such programs are not the sole prerogative of government. Industry can accomplish the same ends through long-term contracting arrangements and other mechanisms for price and supply guarantees. I would say, though, that this area, particularly as it affects continuity and constancy of supply, is one which is very important and one where new mechanisms may be needed. Consumers, and probably the retail sector, need to realize that to meet further needs in food the producer in particular must have confidence that his investment is justified.

Supportive of the above programs, as well as all the government food policy objectives, are various market information services, some of these are governmental although not the sole responsibility of government since private information services do exist. However, government strives to provide producers with the most up-to-date information possible and at present is studying ways in which to further improve the service; neither are the needs of other sectors to be ignored.

The second objective of the food policy is "to ensure efficient producers a reasonable rate of return on investment and adequate compensation for good management." Please note that this implies a certain minimum level of efficiency.

Examples of programs which are in place and operative now to assist in the development and maintenance of effective production units are:

(a) Credit in all forms. This is provided by the banks, and other agencies. We need to examine whether it is adequate.

(b) Land use policies and programs that will ensure the preservation of suitable areas of food production, particularly those lands in the more favorable climatic zones. This is a complex problem involving the economics of land use, the right or not to reserve land for specific long-term use, federal-provincial cooperation, the general profitability of agriculture, competition from other interests, such as real estate, etc. Positive aspects in this regard are: The National Land Inventory has classified lands in Canada according to their productive capacity for agricultural purposes; irrigation and drainage schemes are being supported to make the presently cultivated lands more productive; provincial initiatives have resulted in programs to preserve land for agriculture and food purposes.

When we consider that only 14 percent at the most of Canada's total land base is agricultural, we realize how important this issue is.

(c) Labor for farm operations has been a problem in recent years. Labor
pools have been organized to overcome some of the problems but are not the total answer. More will have to be done in training manpower for an increasingly sophisticated and mechanized industry. Shortterm labor will be a continuing problem, particularly in regions where population is sparse.

Just as labor is a problem in farming, so may it be a constraint in industry. Perhaps more needs to be attempted to develop initiative, responsibility and a desire to participate.

Research and development can help the efficient farmer as well as the processor. They are totally necessary in the system, but in the long run it is the consumer and other sectors who benefit most. Effort is being expended to produce more crops which will grow and mature under Canadian growing conditions and can be produced competitively. Corn has made a big impact; soybeans have potential. The overall gain per research dollar spent is hard to measure but totalled over the years would be very substantial indeed in providing food at a reasonable price. Research does, however, as well, aid the total economy.

Included in the above concept is of course the recognition that not only is the farmer or producer entitled to a reasonable return but also are those other sectors which are essential to the system. These include, processing, distribution and retailing. Thus, the same needs for efficiency exist.

The third objective is "to meet Canadian commitments in food aid, to those countries who cannot adequately feed themselves."

Canadians, in general, the Canadian producer in particular, have been relatively generous in their contributions to the World Food Program and Canada has cooperated in many ways to help developing nations achieve an adequate level of food production. The Canadian objective has been to utilize one percent of the G.N.P. to assist other nations in various ways. This involves programs to transfer technology as well as to donate food and other commodities to assist countries to help themselves.

Examples - the operation of the Dryland Research Station in India and the support of the Triticale program in conjunction with the Rockefeller Foundation in Mexico. In some instances these programs encourage production which could come into direct conflict with our own commercial interests but this has not been a deterrent.

The fourth and final objective is "to emphasize for commercial export, those commodities in which Canada has a competitive advantage."

Every country is conscious of the need to improve its balance of payments through exports. There are various policies and programs in support of this objective. Because of Canada's climatic conditions in comparison with other countries, Canadian agricultural and food export commodities where we have a distinct advantage, are relatively limited. Thus, resources to strengthen this capability are very important. They include:

(a) Research and development to improve quality of crops and animals for diverse markets.

(b) Inspection and sanitation programs to ensure disease-free animal herds and also processing plants and thus provide a more saleable product both at home and abroad.
Another very important aspect is market research and market development. It is also a matter of negotiating a position in international markets such as in the current GATT negotiations. Canada, in its proximity to our good neighbor to the south enjoys many of the benefits of that proximity. Yet, by the same token, because of a generally less favorable climate, the economic disadvantages of a smaller and more dispersed population and other factors, is in the position of frequently needing at least as much protection as the USA in order to compete—and compete we must.

The above objectives which have formed the basis of a food policy for Canada for some years now, have been enunciated by our Minister of Agriculture on several occasions. The examples given indicate some of the strategies being utilized in order to meet the objectives. It would be wrong to presume that this represents the ultimate in the development of food. Food policy development is a dynamic ongoing process. Because of the future prospects for world food supply, I can see it becoming much more visible.

Agriculture Canada has addressed itself in the past several years to the need to consider the priority needs of the food system, not only in production but also in all sectors which affect the system, including processing, distribution and retailing and consumer needs. The department subscribes totally to the Food Systems concept, and recognizes the interdependence of its components. Thus, if a food commodity system is to be effective and compete it needs the cooperation of all sectors, within the framework of reasonable government legislation. If the objectives of any sector are in conflict with overall objectives in any commodity area, the results will not be favorable and the resource will not be utilized to the full. Various mechanisms may be used to develop dialogue between the sectors.

It is this greater awareness which the federal government, and, in particular, Agriculture Canada, wishes to foster. In fact, Agriculture Canada has had a program in effect now for four years in which the basic theme has been an orientation to the total food system and an attempt to bring together various sectors such as consumers, processors and producers in dialogue. This total food systems approach is being strengthened and emphasized as we recognize that no longer can agricultural interests in food stop at the farm gate nor can the consumers food interests stop at the supermarket if we are to make most effective use of our resources in providing for tomorrow.

As an example of this communication and dialogue, the department is sponsoring here in Montreal, on October 24 to 26, a National Pork Seminar, in which the system will be thoroughly reviewed by top-level representatives of all sectors and the responsibilities of each considered, in order to determine where we are going with pork in the future.

Events over the past 4-5 years have made it imperative to reassess present policy and perhaps redefine some long-range goals. To this end was the government's white paper, "A Food Strategy for Canada" introduced in June. This white paper was intended to generate discussion, and to provide some focus for some of the random commentary on food policy which had been taking place. The government will hold a working seminar on food strategy in the near future. Such a meeting will bring together all interested and concerned parties in the Canadian food system including farm organizations, processors, purveyors, retailers, consumers, and governments, to mention only a few.
This conference, with its defined aim and objectives, should lay the groundwork for redefining food policy in broader terms than we have in the past. It will serve to underline the fact that whether it be in Canada or in India, preservation and maintenance of the basic food production resource is a vital role in these days of rapidly multiplying world population.

Thus, such a conference will be beneficial if it can focus on how we can preserve Canada's limited agricultural land for future resources; on how we can provide the farmer with equitable returns on investment so he will continue to produce; on how we can make our processing industry more competitive; on how we can improve our position in the competitive world while still giving serious attention to the rapidly growing needs of the developing nations.

The aim of this conference or working seminar will be to review the present status of Canadian Food Policy and to provide for consultation among components of the food system as to what is needed in a food policy. It would surely identify some of the ongoing and longer-term needs. It should help governments and system components to identify programs and develop ongoing consultative mechanisms which will further improve the Canadian Food Strategy for the overall benefit of Canadians.

Four basic objectives will be sought. These are:

1. To continue to strengthen the dialogue and consultation on food strategy.
2. To review the present status and to further develop the food strategy.
3. To identify concerns which can be reasonably met by developments in food strategy.
4. To provide a means for follow-up by the various agencies concerned.

Until recently, consumer interest in the food resource was negligible because there was an abundance of food at cheap prices. Recent events which have suggested that temporary shortages in the food basket could even occur in North America have changed this. The narrow viewpoint is for consumers and farmers to see each other in adversary roles. Greater interest in a food policy provides the means of generating constructive discussion and better understanding about the total food system and could lead to a greater general awareness that various policies formulated are not only for the benefit of the agricultural sector but for the whole food system not the least of which are the consumers.

Despite criticisms, it is clear that past agricultural policy has served Canadians well. We have the cheapest, most abundant and safest food supply of any country in the world, except perhaps for the U.S. On the other hand, it may well be that Canadians, as well as other nations may need to recognize the privileges they have had and that certain principles of resource preservation and equitable returns will be more important in the future. Changes in policy must be practical and provide useful perspectives on real problems, offering straightforward means of continuing to meet objectives. These changes will need to evolve as much as possible through greater dialogue in which each sector acknowledges its stake in the Canadian future and seeks to uphold it. The food strategy white paper will serve as a focus for discussion and for further elaboration of what industry and consumers think is needed.

The needs and wants of various sectors will have to be recognized and only compromised in short-term contingencies.
Effective and rational approach to our objective can only be achieved through consultation and complete understanding among all. The 1978/79 program plans for Agriculture Canada have been formulated and 1979/80 plans are also nearing completion. It is obvious then, that short-term plans, calling for major reallocation of resources, are impractical.

In conclusion then, the answer to the question "How do we develop a national food policy that will result in the most effective use of food resources?" had its beginning when we began to see more clearly in this and other countries that many of our resources are finite, but that we have the opportunity to feed ourselves and help the world feed itself for a long time to come, if we plan properly. Through dialogue and consultation within the total food system, we must establish strategy that is workable, that will solve the problems that face us. I am confident strategy can be developed that will continue to offer Canadians an ample, high-quality food supply at reasonable prices, meet Canadian obligations for world food aid, and assure efficient producers, processors, etc. a fair return on investment. A major component of this strategy will entail: communication; cooperation; trust and confidence; a willingness to look beyond our own boundaries; and an adequate level of sensible looking forward in terms of planning.