

The Advantages of Rising Food Prices in Canada

by Ralph C. Martin

Several decades ago, I had a small vegetable and grain enterprise. At the end of a long day of marketing pumpkins, a Cadillac glided to my side, its tinted window purring down to reveal a matron who asked, “How much are the pumpkins?” “Two dollars for the large ones, ma’am.” “Ah-h-h too much money,” she sighed as the Caddie returned her to anonymity. I muttered about thousands of pumpkins for the price of her coach.

This experience and similar ones have driven home the implications of low food prices. Farmers and processors compete with each other and with imports to offer the lowest possible food prices. Canadians now spend less than 10% of their disposable income on food and hints of rising food prices stir resistance in all income groups.

I once suggested to a farm organization leader that his members support a project that would encourage consumers to save money by reducing food waste and then use those savings to buy more high quality local food. His caustic response was that if his neighbours find a way to spend less money on food, they’ll buy more electronics before they buy better food. Where have our priorities gone?

Before considering the advantages of rising food prices, let’s go straight to the big disadvantage. Higher food prices will cause even more distress for low income citizens. Some suggest we can alleviate poverty by reducing food prices and going further by removing taxes from gas and electricity.

There are real long term ecological costs of producing food and gas and electricity. If we ask Earth to absorb ecological costs today, she will impose a price hike later. For example, conservation tillage and complex crop rotations may stall short term profits of farmers, but excess tillage and simple crop rotations decrease soil resilience, especially with more cases of intense rainfall or drought. At some point, food prices will rise anyway.

In a wealthy country like Canada we could address poverty by implementing a negative income tax or by directly providing access to key needs such as food, home heating and health

care, for low income people. I wonder if the agenda behind policies to keep all food and energy prices low for the sake of disadvantaged folks isn't really an agenda to give another break to the 90% of Canadians who are not in poverty, i.e. those who are more likely to vote with shopping choices, as well as during elections.

My friend, Peter Davison, long ago gave me the gift of looking at advantages and disadvantages of any event. He is courageous enough to persistently ponder the advantages of an illness, even when the disadvantages are quite apparent and demand attention to mitigate the illness. It seems that as a Canadian society we are so locked into efforts to avoid rising food prices that we are missing strategic opportunities to live well within the reality that is here.

Food prices will rise. Variable weather associated with climate change and rising fossil fuel prices march onward. Each year more people inhabit the planet, as grain yields flatten.

The main advantage of rising food prices is the opportunity to strategically develop a food secure system. We can plan to grow the food we really need and preserve farmland to sustain sufficient and appropriate balances of food, feed, fuel and bio-products. Accepting higher food prices, addressing volatility with improved storage and managing for yield stability, leave room for economic incentives to improve healthy soil, biodiversity and clean air and water, in agro-ecosystems. As food price rise, it is crucial that loonies, and not just pennies, flow along the food value chain to farmers.

In Canada, we have two significant agricultural assets. First, there are only 78 Canadians per square kilometre of farmland, not just any land such as rock and tundra, but farmland. There are 943 people in China and 2205 in the Netherlands (great traders because they must be), per square kilometre of farmland, respectively. Secondly, according to the Intergovernmental Panel on Climate Change the most severe disruptions to agriculture are expected in a belt north and south of the equator where many of our trading partners farm. Although Canada will be affected, the net impacts here are predicted to be relatively less severe.

Why are we in such a rush to trade food and accept imports, we may not even want, to keep our food prices low, today? I understand that current trade helps keep the agricultural sector viable. However, we are well positioned to produce and export food and may not be doing

ourselves, or global citizens, a favour by too enthusiastically marketing a discounted present value of our food today, given that it will be needed for many tomorrow.

Rising food prices are an opportunity to responsibly manage our Canadian food production capacity as the treasured endowment it is.

Ralph C. Martin, Ph.D., P.Ag. is the Loblaw Chair, Sustainable Food Production and Professor, Ontario Agricultural College, University of Guelph. Comments welcome at rcmartin@uoguelph.ca