"DON'T YELL "WHOA" IN A MUD-HOLE": DEVINE'S APPROACH TO TOUGH TIMES IN AGRICULTURE (1982-91)

BY KERRI L. HOLLAND
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EXECUTIVE SUMMARY

The primary objective of agricultural diversification is to facilitate economic stability and prosperity for the agricultural industry and the larger economy. Moreover, the topic of diversification is best understood within the broader discussion of agricultural sustainability and its related economic, social, and environmental goals. Efforts to promote diversification in commodity production and the agricultural economy have been sustained on the policy agenda of consecutive Saskatchewan governments.

The opportunity to focus exclusively on one area of a government’s public policy provides a greater understanding of the government’s priorities, the context in which decisions were made, and the style of governing and leadership that existed. This paper is part of a larger series that analyzes several policy areas of the Progressive Conservative government led by Premier Grant Devine from 1982-1991. These papers will form a more holistic assessment of the Devine government’s legacy and provide lessons current policymakers can utilize.

Main objectives for this study have been to examine the policy approach of the Devine government towards agriculture, focusing largely on its attempts to diversify the industry; to connect the topic of agricultural diversification to the discourse on agricultural sustainability, analyze key industry trends, and identify impending challenges; and to highlight important take-aways to inform future policy analysis and policymaking.

This paper puts forth three central arguments. First, context is crucial for understanding how the policy environment shapes policy objectives and decision-making. Intergovernmental relations, the policy legacy of previous governments, goals in other policy areas, fiscal restraints, international issues, public opinion, and current events, are some of the many factors within the policy environment that shape government action and the measures enacted.
Second, leadership is a critical determinant of policy action, especially in challenging economic times. Government action is ultimately a mixture of both reaction and vision. Despite governing during an economic recession, Devine’s government committed to implementing its political agenda by investing major public expenditures into numerous projects. The acceleration of policies and programs during economically difficult times reflects Devine’s leadership and governing style. Similar to any government, there are shortcomings that can be identified and criticisms that can be justified. However, Devine’s long-term vision of diversifying the agricultural industry through initiatives such as value-added industry, research, and technology, arguably represents some of his government’s greatest achievements.

Third, the analysis of trends and challenges within Saskatchewan agriculture underlines the fact that agricultural diversification is an important policy goal, but that it is only one of many strategies that can work effectively toward sustainability objectives. As the agricultural industry changes and evolves, new challenges emerge and policymakers must find the best mix of policy instruments that effectively respond to crisis as well as promote longer-term economic, social, and environmental goals. All governments are faced with a unique set of challenges and must establish their own agenda. How governments respond to obstacles before them, and how they commit to a vision, ultimately determine the legacy they leave behind.
INTRODUCTION

Agricultural diversification is a topic intrinsically linked to discussions of agricultural sustainability. The major goal of diversification, whether at the level of the farmgate, provincial, regional, or national, has been the promotion of economic stability. It is hoped that reducing economic dependence on one primary source of revenue helps to lessen the severity of boom and bust cycles, mitigate economic and social costs, as well as encourage opportunities through the production of by-products that stem from diversification.¹

Saskatchewan agriculture has relied heavily on primary production, specifically grain and oilseeds, which has made it historically vulnerable to changes in international markets and related pressures, government policies, and volatile weather. Economic viability, related mostly to major fluctuations in farm income, has kept discussion of agricultural diversification on the political agenda since Saskatchewan became a province.² While a recurrent goal for governments, agricultural diversification has existed within varying political agendas and reflects the policy environment and the shifting priorities of policymakers at a given time. Therefore, consideration for context is crucial for understanding how policy objectives have been pursued and why policy action has or has not taken place.

The first objective of this paper is to examine the provincial government’s approach under the leadership of Progressive Conservative leader Grant Devine from 1982-1991. Detailing some of the most notable attempts of Devine’s government provides an interesting study of how agricultural diversification was pursued as part of a larger political vision during a period when the province faced serious economic challenges. Various initiatives to promote a more free-enterprise, business friendly environment, investments into value-added processing and agricultural research, and programming to support farmers and rural communities, all demonstrate an acceleration of government policies aimed at agricultural stability and diversification during a prolonged economic recession. This style of governing embodies a favourite saying of Premier Devine’s: “Don’t yell ‘Whoa’ in a mud hole.”

The second objective of this paper is to provide a brief overview of the current state of primary agriculture in Saskatchewan. Key industry trends are analyzed to better understand the extent that diversification has taken place within the province in recent decades and whether there is increased stability or impending challenges to be faced by the industry.

While many changes have taken place in the 25 years since Devine’s government left office, history allows for policy action and policy legacy to be analyzed more effectively. Government agricultural policy during the 1980s was reactionary to crisis but was also a product of the larger vision Grant Devine had for a more diverse industry and a stable provincial economy. The successes and shortcomings of any government illustrate challenges and opportunities within the policy environment that serve to inform and improve future policymaking. The third section of this paper builds upon earlier discussion by identifying key take-aways and outlining a suggested policy roadmap for policymakers.

In April 1982, the Progressive Conservative Party under the leadership of Grant Devine won the largest-ever majority in the Saskatchewan legislature with 55 out of 64 seats. Faced with a looming economic recession, Saskatchewan voters elected a new government that presented a vision for the province’s prosperity that was built on a free enterprise, pro-business model.

Devine’s connection to agriculture, which stemmed from his farming roots and his academic background in agricultural economics, was reflected in his government’s agenda throughout his nine-year term. Agriculture was regarded as a cornerstone of the economy; therefore, the province’s potential was tied to the well-being of the industry. The importance of agriculture to the Conservative government was further demonstrated by the fact that Premier Devine took over the agriculture portfolio in 1985, a position he held until the end of his term in office.

The economic recession in Saskatchewan and the impact on the agricultural industry presented an extreme challenge to policymakers in the 1980s. The following discussion provides an overview of agricultural policy during the Devine years in order to analyze the attempts made by the provincial government to promote its political vision, address the financial difficulties within the industry, and encourage long-term economic stability – specifically through measures that promoted diversification.

1.1 Devine’s Vision and Early Policy Action

Prior to the 1982 election, the NDP government led by Allan Blakeney (1971-1982) used “revenues from natural resources as well as the vehicle of public ownership to diversify the provincial economy.” In a personal interview conducted in February 2016, Grant Devine explained that one of the key reasons he became involved in politics was that he believed the province was not living up to its potential and that a new direction was needed. Devine elaborated that the Blakeney government seemed to have no plan; it was inward looking; it spread a fear mentality that government could do things better than the people could; and it was risk adverse. Devine’s vision for the province took a much different approach. Janice Mackinnon states, “Grant Devine was the perfect missionary for the new right in Saskatchewan. A populist, a booster, and a man determined to transform the province, he inspired people with his vision of a new Saskatchewan.”

Devine argued that profit had become a dirty word in Saskatchewan. He stated, “We have to become proud of profit: The NDP wants to own more of the farms and more of the business and more of our life.” Devine promised to restore “personal ambition, aspiration, and competition” that he argued the NDP had “replaced with mediocrity.” In October 1982, the provincial government held an “Open for Business” conference that declared the “socialist era” was over and that private investment and free enterprise were welcome in Saskatchewan. Devine also championed tax cuts, which he believed would lead to greater investment in the province, create jobs, and build the economy. Early agricultural policy action embodied Devine’s vision of reducing government ownership and creating a more pro-business environment. The dismantling of the Land Bank program is an ideal example.

In 1972, the Saskatchewan Land Bank Commission was established to help facilitate intergenerational transfer of farmland. The Land Bank bought land from retiring farmers and then rented it to younger farmers with the option of purchasing after five years. Reflecting on the program in his 2008 memoir, former NDP Premier Allan Blakeney stated,

My thought was that as young farmers got established, they would buy their land from the Land Bank. This, in turn, would provide money for new purchases and leases to new young farmers. We failed to consider
Young farmers did get started. They did prosper and buy land. Unfortunately for the program, they bought land from private owners and retained their Land Bank leases, because they too felt the need for a larger and larger land base. As the Land Bank Commission bought more land and sold little, unease about government ownership of farmland grew.

Devine was among the most vocal critics of the Land Bank. He was adamant that the provincial government should not be in the business of owning farmland and argued that farmers should have better opportunities to own and expand their operations. As such, one of the first orders of business for the Progressive Conservative government was to dismantle the program and replace it with the Farm Purchase Program (FPP). Interest rates were hovering around 20% and the FPP offered low-interest (initially 8% and reduced to 6% in 1986), 10-year loans so farmers could acquire land. Approximately 5,900 farmers took advantage of the FPP during the five years it was available, and by 1987, $617 million in loans had been distributed.

1.2 The 1980s Agricultural Crisis and Special Assistance Programs

The 1970s was a prosperous time for Saskatchewan. A strong demand for its agricultural products combined with increased prices for natural resources translated into substantial increases in revenue for the province. In turn, a strong economy “fueled a construction boom, hastened the mechanization of grain production, and drove up the price of land in the province.” However, by the late 1970s, declining international market prices for grain, oil, potash, and uranium all precipitated an economic collapse in Saskatchewan.

The terms agricultural crisis, farm crisis, and rural crisis are often invoked in political and public discourse by farm groups, journalists, academics, and politicians and are used rather indiscriminately. However, discourse most often revolves around four interrelated themes: structural changes in agriculture, farm financial difficulties, decline of rural communities, and international dimensions. The 1980s in Saskatchewan was a period that clearly reflected all four major themes.

In the late 1970s, land prices, declining net farm income, and higher interest rates served to limit farmers’ ability to manage their operations and/or expand. As such, government policies were largely directed at income stabilization for producers and increasing production rates (e.g. The Western Grain Stabilization Act, 1976). Policies that helped manage financial risk also contributed to the increased size of farms; the national Farm Credit Canada (FCC) program is an excellent example of this type of policy initiative. To support farmers by making more capital available, FCC was amended to increase loan limits and it dropped the minimum age requirement for applicants to 21. Farmers were able to acquire loans for farm improvements for projects such as land clearing, land purchasing, and constructing buildings. As a result, many farmers incurred large debts in order for their operations to remain financially viable.

The economic challenges in the 1980s further escalated economic difficulties for the agricultural industry. Mounting debt, inability to meet loan payments, and farmland depreciation contributed to declining farm numbers and rural depopulation. While mixed farming operations (e.g. livestock and grain) were somewhat more financially stable, the majority of Saskatchewan farms were largely specialized and produced mostly wheat. The impact of low commodity prices, debt, drought (1984, 1985, 1987), grasshoppers, and the decline of rural communities created a situation in the province’s farm economy that “rivaled that of the Great Depression for bleakness.”

The 1980s was also the beginning of higher transportation costs for Prairie farmers. At the beginning of the decade, the federal Liberal government expressed its concerns about grain transportation and the declining condition of
railway infrastructure. In 1982, the Gilson Report identified the revenue shortfall for the railways was $658.6 million for the 1981-1982 crop year and recommended widespread changes to the entire grain delivery system. The federal government concluded that mounting financial losses were causing the railways to become “unsustainable” and made the contentious decision to end the Crow Rate subsidy. To offset costs for Prairie farmers, the Western Grain Transportation Act (1983), which institutionalized a subsidy paid directly to the railways, was passed. However, Prairie farmers were forced to assume an increasing proportion of freight costs, and farm profitability was further affected when commodity prices did not keep pace. To compensate, farmers attempted to produce more to make up the difference in financial return. To accomplish higher yields, the use of inputs such as fertilizers and chemicals significantly increased. Subsequently, the price of inputs consistently grew, adding to the financial pressure.

Saskatchewan’s overwhelming dependence on international grain markets highlighted the vulnerability of the province’s industry when grain prices fell from 1980 to 1987. For example, in 1986, perfect growing conditions resulted in record yields for the province’s farmers. However, less demand from countries such as China and Russia, that were becoming increasingly self-sufficient in terms of grain production, and an international subsidy war between the European Economic Community and the United States, translated into millions of bushels of unwanted grain and record low prices. Michael Prince states, “Existing federal (and provincial) farm stabilization programs were inadequate in providing income protection to Western farmers facing severe financial stress.” As such, governments introduced several measures of special assistance. James Pitsula argues, “The basic strategy of the Devine government in the face of the agricultural crisis was to give financial assistance, mostly in the form of low-interest loans, and to pry out of the federal government as much as possible in deficiency and drought-relief payments.”

Provincial expenditures grew in an attempt to ease the crisis in agriculture and stabilize the provincial economy. Provincial spending on agricultural and rural programs increased from $120 million in 1981-1982 to a peak of $398 million in 1986-1987. In proportional terms, agriculture and rural program spending accounted for 4.97% of the total provincial budget in 1981-82 and rose to 9.88% in 1986-1987. The expenditures included funding to rural municipalities to purchase insecticide to manage grasshoppers, implementation of a farm assistance plan that provided $60/head in grants to livestock producers in areas of severe drought, an increase in coverage under the Crop Insurance program, tax credits for livestock facilities ($1.75 million/year), and repayable cash advances for livestock ($125/head for cattle and $25/head for hogs) aimed at retaining the province’s breeding herds. In 1986, the province offered farmers $25/acre loans at a low interest rate of 6% on a no-questions-asked basis. Pitsula explains, “Neither financial need nor the ability to repay had to be demonstrated, and no collateral or security was required.” Undoubtedly, government programming enabled many farms to remain financially viable during a tough economic period. Unfortunately, many loans and cash advances were reportedly never repaid. Furthermore, while increased funding for the agricultural sector helped to alleviate some of the financial pressures for farmers, the fundamental problem of debt was exacerbated in many cases. However, as Pitsula contends, “The solutions were band-aid, but they were better than no solutions at all.”

Federal agricultural spending also grew from $3.2 billion in 1984-1985 to more than $6 billion in 1988-1989. The substantial increase in federal spending during the 1980s, or at least a substantial part of it, is often
attributed to the political alignment of the Saskatchewan government and the federal Conservative government.\textsuperscript{36} The federal and provincial governments share jurisdiction over agriculture. Furthermore, provinces have historically relied on federal funding to support stability programs, which has necessitated co-operative intergovernmental relations. Andrew Schmitz, et al. state, "In provinces where agriculture comprises a large part of the economy, government support often depends on a coalition between the provincial and federal governments."\textsuperscript{37} The federal government, led by Prime Minister Brian Mulroney, had committed to demonstrating that agriculture was "upgraded" as a government priority at the national level and Devine effectively lobbied for financial help on behalf of Canadian farmers.\textsuperscript{38} The Special Grains program and the Canadian Crop Drought Assistance program are two noteworthy government initiatives that were implemented.

In response to severe drought and low commodity prices, the federal government announced the Special Grains program in 1986. Payments totalling $1 billion were made to Canadian farmers in two installments in 1987. Saskatchewan received approximately $457 million.\textsuperscript{39} Payments were based on the acres seeded to the designated crops the previous year, regional crop insurance yields, and relative price decline in each commodity due to the international trade war.\textsuperscript{40} Acres seeded to wheat, durum, barley, oats, rye, mixed grains, corn, soybeans, canola, flax, and sunflower seeds were all eligible for compensation, and the maximum amount an individual farmer could receive was $25,000.\textsuperscript{41} Due to the continuing decline of commodity prices, the Special Canada Grains program continued for a second year and paid Canadian farmers $1.1 billion in 1988.\textsuperscript{42} Small changes were made including the eligibility of summerfallow acres for compensation, and the maximum payment that individual farmers could receive was increased to $27,500.\textsuperscript{43} In addition, farmers also received financial help through the Canadian Crop Drought Assistance program, which was announced in 1988 as a response to what many regard as the "worst ever drought in Canadian history."\textsuperscript{44} The Prairie region, which in some areas had yields comparable to or less than the yields of the 1930s, received more than $500 million in payments.\textsuperscript{45} The relationship between Premier Grant Devine and Prime Minister Brian Mulroney was mutually supportive and largely due to the alignment of their ideology and political goals. Mulroney had come through financially for Saskatchewan farmers and Devine provided a strong support for Mulroney on major issues such as the Meech Lake Accord and the U.S.-Canada Free Trade Agreement (FTA).

The FTA was of particular importance to Saskatchewan. Sheilagh Dunn explains that when the free trade initiative surfaced, Saskatchewan "was arguably the most vulnerable to current and anticipated external factors and conditions governing trade."\textsuperscript{46} As such, Devine's government supported changes in trade, believing it would "provide an immediate respite to problems plaguing their natural resource industries" but did acknowledge that it "would not eliminate the boom and bust cycle affecting these industries."\textsuperscript{47} With respect to agriculture, Saskatchewan sought to stabilize the cyclical agriculture industry by improving "access for western Canadian producers to the American market" as well as promoting diversification in areas such as biotechnology and telecommunications.\textsuperscript{48}

1.3 Megaprojects and Investments

At the height of the agricultural crisis, Devine remained optimistic. In 1986, he stated, "This is not the time for standing still. This is the time to believe in ourselves, and in the strength of our province. We must meet the challenges and shape the future of [sic] the best of our ability."\textsuperscript{49} The provincial government pushed ahead with its vision of cultivating a pro-business environment by spending millions of dollars on megaprojects through loans, grants, and tax credits.\textsuperscript{50} In addition, the province made major investments in agricultural research and services to rural communities.

Devine explains that in the difficult economic times that his government faced there were tough decisions to be made, but his government was confident that taking some risks and investing in businesses, research, and technology would pay off in the long-term for the industry and the province.\textsuperscript{51} Devine states, "We had a strong vision. We believed that
it was necessary to take some risks but that the province could compete. We had the resources and we needed to find ways to build a future” by keeping more money in the province, by investing in value-added production, and by supporting research and the development of innovative technology. However, the gap between provincial revenue and expenditures grew progressively larger with each passing year of Devine’s term, and it is one of the criticisms often cited of his government’s time in office. Murray Mandryk, a political columnist argues, “Devine was in an awful hurry to do a lot of things” and the province “paid a huge financial price”, as Saskatchewan’s debt climbed by billions of dollars. However, Mandryk adds, “I wonder if history will sort of see his grander vision as the right one, just conducted way, way too fast.”

Numerous megaprojects including heavy oil upgraders, a paper mill, and a pulp mill received major public funding. Many of the projects are detailed in other papers from this series and therefore, the discussion presented here focuses exclusively on projects related to agriculture. Two notable projects are a bacon-processing plant and a fertilizer plant. It was anticipated that value-added agriculture businesses would help the agricultural industry in both the short and long-term. However, these two projects represent both failure and success for the province.

The Devine government offered Alberta businessman Peter Pocklington approximately $22 million in loans and grants on the condition that he would invest $15 million of his own money to build three pork-processing plants in Saskatchewan. Pocklington’s meat-packaging company, Gainers, constructed the first plant near North Battleford utilizing $7 million in government grants and low-cost loans. The second and third plants, which were to be funded primarily by Pocklington, were unfortunately cancelled due to “adverse market conditions.” The province saw little return on its investment and there was a lack of safeguards in the agreement that stipulated repayment if all three facilities were not built. Devine explains that his government was trying to support the province’s hog industry by creating employment and a local market by investing in value-added industry. However, Devine also accepts the criticisms and states, “It is easy to look back after decades and see what could have been done differently…. The project just didn’t work as hoped… but we tried.”

Hartley Furtan cautions against investing public money into private business ventures, noting that few have become success stories in the province. However, Furtan does highlight the exception of Saskferco, the fertilizer plant Devine’s government helped establish in the mid-1980s. Saskferco, near Bell Plaine, Saskatchewan, was built in 1984 as a joint venture between Cargill (50%), the Saskatchewan government (49%), and Citibank Canada (1%). The province’s financial contribution was approximately $68.5 million. In 2008, minister of agriculture Lyle Stewart estimated that since 1989, approximately $200 million in provincial revenue had been generated by the project. Janice Mackinnon, minister of finance in the Roy Romanow government (1993-1997), describes the megaproject as being “soundly structured” and bringing about “long-term benefits to the province.” The manufacturing facility expanded several times over the years and created jobs and economic benefits for the province. In fact, the fertilizer company grew to be one of the largest producers in North America of granular urea and anhydrous ammonia fertilizer. In addition, Saskferco became the largest consumer of natural gas in Saskatchewan, which has translated into enormous financial benefits, as Saskenergy is publicly owned. In 2008, Saskferco was sold to Yara International for $1.6 billion, of which the provincial government received approximately $750 million.

In addition to investments aimed at supporting agricultural diversification through value-added projects, the Devine government committed millions of dollars to agricultural research. Three initiatives stand out: the Agricultural Development Fund, an agricultural facility at the University of Saskatchewan, and Ag-West Bio Inc. The Agriculture Development Fund, established in 1984, has provided millions of dollars each year toward research intended to benefit Saskatchewan farmers. Among the
research ventures that receive nearly $14 million per year are projects that study the development of new crops, methods to optimize livestock feeding systems, innovations in food and processing technologies, ways to improve food quality, the capacity of provincial ecosystems, and how agricultural production risks can be mitigated.69

The Devine government also provided $78 million in funding for the construction of an agricultural facility on the University of Saskatchewan campus. In 2014, the building, currently known as Innovation Place, employed more than 4,000 people and generated approximately $830 million for the Saskatchewan economy.70 Innovation Place is part of a larger technology park that holds 160 tenants whose research is devoted to innovation and technology that “supports Saskatchewan’s economic prosperity.”71

While the Agriculture Development Fund and Innovation Place are noteworthy examples of the Devine government’s commitment to agricultural research, the investment made in Ag-West Bio Inc. is possibly the best representation of the grander vision Devine had of enabling agricultural diversification and supporting a pro-business environment. In 1988, biotechnology was a relatively new area of agricultural research. Devine’s government thought there was a huge potential for the province to be a leader and invested $9 million in the first biotechnology government-industry association in Canada.72 Since 1989, the non-profit marketing and networking organization has invested more than $12.9 million in 57 start-up bioscience companies.73 Stuart Smyth, a research associate at the University of Saskatchewan, states that since 1989, Ag-West’s investments have generated over $1.2 billion in revenue for the province.74 Part of the association’s role has been to attract businesses and research organizations to the province, and it has been very successful in this endeavour. For example, Plant Genetic Systems Inc., Canadian Light Source, and the Global Institute for Food Security have put Saskatoon on the map as a global leader in agricultural biotechnology and associated research.75

In addition, many of the start-up companies that Ag-West invested in have thrived, including Phenomenome Discoveries, a company that develops human-disease screening, treatment, and health monitoring products, and Prairie Plant Systems, the first producer of medical marijuana licensed by Health Canada.76

In addition to the major public investments into megaprojects and agricultural research, the Devine government also spent millions of dollars to improve services in rural Saskatchewan. Devine was an academic and a farmer who assigned great importance to farm and rural culture. In addition to programs aimed at the agricultural sector, the province spent $500 million to bring natural gas and telephone services to more rural homes, built hospitals and schools, and provided grants to support community facilities (e.g. curling rinks).77 In a televised interview with the CBC’s The Journal during the 1986 election campaign, Devine was questioned about his government’s expenditures during tough economic times. Devine stated,

> When times are difficult you have got to help people. Just because potash prices fall you don’t stop building nursing homes for your mother or grandparents or mine. And if they need facilities, you have to be there. It isn’t their fault that oil, wheat, drought and some others things hit. You have to defend them. You have to back them up. If I had to do the last four years over again with high interest rates, drought, falling commodity prices, when people were hurting, I would defend them again.

When the CBC reporter asked, “And you would run up a $2 billion deficit?,” Devine replied, “If that was necessary to defend people, I would.”78

Devine’s position that rural citizens should have similar benefits to urban centres and equal access to quality services earned his government strong political support from rural citizens in both the 1982 and 1986 elections. In fact, in the 1986 election, Devine’s connection to rural communities “was instrumental in allowing him to hold onto power” given that he actually lost the popular vote...
to the NDP, but ultimately won more seats. However, by the late 1980s to early 1990s, rural and urban support for the Devine government declined. The province’s deficit financing meant that many programs were cut and taxes were raised. For example, in the 1987 budget, the Farm Purchase Program was scrapped, the gas tax was reinstated but with rebates, personal and corporate taxes were raised, and the sales tax increased from 5% to 7%. The public and media attention toward the mounting provincial debt, the perceived failure of a few megaprojects, and scandal surrounding some of the provincial Cabinet led to the overwhelming defeat of the Progressive Conservatives in the 1991 election.

Governments are elected with an agenda but are forced to be reactionary when faced with crisis. As with any government, Devine’s had identifiable shortcomings as well as a number of successful policies. Devine’s commitment to agriculture and specifically his government’s investments into value-added industry and research and technology, which were aimed at agricultural diversification, are among the notable achievements of his political term.
SECTION 2: SASKATCHEWAN AGRICULTURE: TRENDS AND CHALLENGES

Agricultural sustainability encapsulates economic, social, and environmental considerations. The International Institute for Sustainable Development defines sustainability as “the capacity of a system to endure over time.”81 There are three main components of a sustainable agricultural industry: economic viability, which includes market demands, input costs, scientific and technological innovation, and trade policies; social concerns such as employment, rural development, retention of culture, and global responsibilities; and environmental stewardship including management, conservation, and rehabilitation.82

While agricultural diversification can produce many social and environmental benefits (e.g. spin-off employment, nutrient cycling, pest and disease control), the primary objective of governments has been enabling economic growth and stability. The following discussion provides an analysis of trends within Saskatchewan agriculture in order to better understand the state of the province’s primary industry and the challenges there might be for sustainability in the short and long-term. One of the central aims of this paper is to assess the Devine government’s policy actions toward the agricultural industry. As such, the discussion below focuses primarily on the period 1980 to the present in Saskatchewan and when applicable cites broader Canadian statistics.

2.1 Agricultural Diversification

Agriculture’s contribution to the province’s Gross Domestic Product (GDP) has declined since the 1980s as the share of other resources and industries (e.g. mining, oil) has grown. For example, throughout the 1980s, agriculture accounted for at least 10% of the annual GDP and was as high as 18.5% in 1986, despite the financial difficulties experienced within the industry.83 Conversely, in 2014, agriculture represented 6.5% of the provincial GDP.84 This is not to say that agriculture does not continue to generate major revenue for the province, but rather, it helps explain why policymakers in the 1980s devoted so much of their efforts to stabilizing the agricultural industry given the impact on the provincial economy.

Agricultural diversification has been, and continues to be, a recurrent strategy of the Saskatchewan government for encouraging economic stability. Policymakers discuss agricultural diversification in two main contexts: farm-level management and, on a larger scale, the provincial economy. The two types of agricultural diversification are interconnected and governments have pursued both to varying degrees and through different mechanisms.

Grant Devine details how his government conceptualized an efficient and prosperous agricultural economy. He explains, “One of the most important resources Saskatchewan has is its land, and with the right mix of supportive ingredients, it has extraordinary potential.”85 Research and technology, value-added industry, energy, the environment, and the ability of farmers to adapt, are some of the key ingredients that Devine cites that support agricultural diversification and the provincial economy.86 Devine’s idea was based on a long-term vision and he understood that most of the benefits that stemmed from his government’s investments would only be seen after many years.87 As detailed in the section above, many projects supported by Devine have proven to be major generators of provincial revenue.

Numerous factors within the policymaking environment shape the diversification of agricultural sectors. For example, international pressures, the political agenda and actions of various levels of government, market forces, technology, access and cost of transportation and processing, crises or major events in other policy areas, budgetary constraints, and consumer demands all play crucial roles in how the agricultural industry evolves. In addition, farmers’ capacity to adapt to a range of pressures has been critical in facilitating diversification.88
From 1981 to 2010, Saskatchewan’s farm cash receipts increased by more than $5.1 billion. Figure 2.1 provides a breakdown of receipts from 1981, 1991, 2001, and 2010 in order to observe shifts in commodity production as well as the level of program payments farmers received. Examining receipts in 10-year installments allows for the identification of general patterns.

The increasing value of farm cash receipts is due to rising levels of production in most commodities rather than to increasing prices. What is interesting is that the statistical breakdown of receipts remains somewhat constant. In fact, in 2010, the split between crop, livestock, and payment receipts was comparable to what it was in 1981. Grain and oilseed production continues to dominate Saskatchewan.

**Figure 2.1: Farm Cash Receipts: 1981, 1991, 2001, 2010**

- **1981**: 78.8% Crops, 16.6% Livestock, 5.1% Payments  
  Total Receipts: $3,993,891,000

- **1991**: 61.8% Crops, 21% Livestock, 17% Payments  
  Total Receipts: $4,127,480,000

- **2001**: 58.5% Crops, 25.9% Livestock, 15.7% Payments  
  Total Receipts: $6,511,315,000

- **2010**: 73% Crops, 17% Livestock, 10% Payments  
  Total Receipts: $9,140,912,000

agriculture, but there is more diversity within the crop category, with the most noticeable shift being the growth of canola production, which surpassed wheat as the largest cash crop in most years beginning in the mid-1990s. Agricultural economists largely attribute market signals (i.e. fluctuations in market value) as the major driver of both crop specialization and diversification. Michael E. Gertler explains that farmers have typically concentrated their production on the commodities that would best return their investment of capital and labour. As the following section details, primary agriculture has progressively become more capital intensive. Therefore, it is foreseeable that Saskatchewan farm production will continue to be guided by the perceived rate of return. However, it is important to note that technology (e.g. fertilizer, seed, machinery, and chemicals), market development and contracting, and necessitated crop rotation, have also facilitated crop diversification. Furthermore, the different agroecological regions within the province (semi-arid, short-grass prairie, the wetter tall-grass prairie and the moist parkland) and the crops best suited for the related climate and soil conditions have also determined the extent of crop diversification. Therefore, while markets are arguably the most prominent factor in promoting or discouraging diversification, they do not absolutely dictate the outcome. The diversity of farm commodities available in Saskatchewan enabled growth in food processing in the 1990s. John Warnock explains that processing plants for meat, flour, canola oil, pulse crops (e.g. lentils, dried peas, chickpeas), among other speciality commodities (e.g. fruit, herbs, spices), have all supported the agricultural economy to varying degrees. However, the province, similar to Canada as whole, continues to be overwhelmingly dependent on international markets for economic stability. Saskatchewan remains the top agriculture and agri-food exporting province in Canada. In the last two years, the value of agricultural exports reached record highs of $13.9 billion in 2014 and $15 billion in 2015. In addition to being a major international exporter of canola, spring wheat, and beef cattle, the province is the world’s top exporter of lentils, dried peas, mustard, and flaxseed. However, Grace Skogstad argues that despite Canadian agriculture’s transition to a mature staples sector, the continued reliance on international markets renders the industry as “susceptible to boom bust cycles today as it was a century ago.” Skogstad adds that North American regional and multilateral trade agreements have done little to secure foreign markets and reduce vulnerability for Canadian farmers. 

At the farm level, diversification of crop varieties grown or a mixed operation of both grain and livestock can provide some risk management against radical price fluctuations of one commodity. However, there is no absolute safeguard for primary producers regardless of how diversified their operation may be. For example, in years of bad weather (i.e. drought, flooding), the yields and quality of all crops are likely to be affected. Furthermore, as Smith, Young and Zentner argue, “Diversification into alternate crops to reduce income risk has been found to have little effect on farm-level risk because returns from many crop enterprises are highly and positively correlated.” As such, farm-level diversification is best viewed as one part of the broader goal of diversifying the agricultural economy and encouraging stability. The economic well-being of the province’s agricultural industry is dependent on the stability of primary production as well as on sectors that facilitate and support diversification efforts, including research and technology, marketing, and processing.

Agricultural diversification helps mitigate some financial risks within the farming economy but cannot prevent them entirely. Moreover, diversification can play an important role in enabling agricultural sustainability, but it is only one mechanism. Therefore, in an attempt to evaluate the state of primary agriculture in Saskatchewan and assess the potential challenges to sustainability (economic, social, and environmental), it is important to analyze broader trends in primary agriculture.
2.2 Agricultural Trends and Impending Challenges

As mentioned, the increase in farm cash receipts since the early 1980s indicates that production levels of most commodities have grown substantially. For example, in 2014, Saskatchewan’s total farm cash receipts reached a record high of more than $13 billion. The structural evolution of primary agriculture reveals the constant push to increase levels of production and promote economic growth. However, particularly since the late 1980s, there has been growing concern, from governments and the industry itself, as to whether or not this type of growth is sustainable and what challenges may lie ahead.

Three major trends have accompanied the structural evolution of primary agriculture in Canada: consolidation, intensification, and conversion of natural capital. In addition to demographic changes within the farm population, these interconnecting trends are the result of technology, market signals, financial pressures, responses to environmental challenges and opportunities, and related government policies and programs.

A) Consolidation

The first trend within primary agriculture is consolidation of agricultural land and operations. Canadian farms have gradually become larger and fewer since World War II. The application of new technologies has enabled a smaller population base to manage larger and more intensive farm operations. Figure 2.2 illustrates the general pattern of consolidation in Saskatchewan as average farm size has grown while the number of farms has steadily declined. For example, between 1976 and 2011, the number of Saskatchewan farms decreased by 63%. Breaking it down by decade, from 1981 to 1991, there was a decrease of 6,478 farms (10%), from 1991 to 2001, a decrease of 10,242 (18%), and in the period 2001 to 2011, a decrease of 13,646 (31%).

During the period 1976 to 2011, Saskatchewan farms grew an average of 59.5% in total acres, from 923 to 1,668. In comparison, in 2011, the average farm size in Canada was 778 acres. However, in analyzing these statistics, it is important to be mindful that census data takes into account all types of farm operations and that many grain and oilseed farms are substantially larger in total acreage.

Figure 2.2: Saskatchewan Farm Statistics 1976-2011

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</thead>
<tbody>
<tr>
<td>Total Area of Farms (acres)</td>
<td>66,511,431</td>
<td>64,116,652</td>
<td>65,728,443</td>
<td>66,386,074</td>
<td>65,653,588</td>
<td>64,903,830</td>
<td>64,253,845</td>
<td>61,628,148</td>
</tr>
<tr>
<td>% of Canada’s Total</td>
<td>39</td>
<td>39.3</td>
<td>39.2</td>
<td>40</td>
<td>39</td>
<td>39</td>
<td>38.5</td>
<td>38.5</td>
</tr>
<tr>
<td>Average Acres</td>
<td>923</td>
<td>952</td>
<td>1,036</td>
<td>1,091</td>
<td>1,152</td>
<td>1,283</td>
<td>1,450</td>
<td>1,668</td>
</tr>
<tr>
<td>Increase of Acreage (%)</td>
<td>3</td>
<td>8.8</td>
<td>5.3</td>
<td>5.6</td>
<td>11.3</td>
<td>13</td>
<td>15.1</td>
<td></td>
</tr>
<tr>
<td># of Farms</td>
<td>70,958</td>
<td>67,318</td>
<td>63,431</td>
<td>60,840</td>
<td>56,995</td>
<td>50,598</td>
<td>44,329</td>
<td>36,952</td>
</tr>
<tr>
<td># Decrease</td>
<td>3,640</td>
<td>3,887</td>
<td>2,591</td>
<td>3,845</td>
<td>6,397</td>
<td>6,269</td>
<td>7,377</td>
<td></td>
</tr>
<tr>
<td>Decrease from previous Census (%)</td>
<td>5.4</td>
<td>6.6</td>
<td>4.3</td>
<td>6.7</td>
<td>12.6</td>
<td>14</td>
<td>16.6</td>
<td></td>
</tr>
<tr>
<td>Land in Crops (acres)</td>
<td>26,195,439</td>
<td>29,012,310</td>
<td>32,928,799</td>
<td>33,257,706</td>
<td>35,579,845</td>
<td>37,994,752</td>
<td>36,967,225</td>
<td>*</td>
</tr>
<tr>
<td># of Acres Change</td>
<td>281,687</td>
<td>3,916,489</td>
<td>328,907</td>
<td>2,322,139</td>
<td>2,414,907</td>
<td>-1,027,527</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>% Change</td>
<td>10.9</td>
<td>13.5</td>
<td>1</td>
<td>7</td>
<td>6.8</td>
<td>-2.8</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>% of Canada’s Total</td>
<td>38</td>
<td>40</td>
<td>40</td>
<td>41</td>
<td>42</td>
<td>42</td>
<td>*</td>
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</tr>
</tbody>
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*Data not yet available
Source: Compiled census data.
The rate of consolidation is attributed to a number of factors, one of which is an aging farm population. From 1991 to 2006, the average age of a Saskatchewan farmer went from 48.2 to 52.6 years, which was comparable to the national average of 52. It is reasonable to expect a continuation of this trend, as it seems younger generations are either not attracted to the occupation or are simply unable to acquire land or buy into a farming operation due to the significant capital required.

Figure 2.2 also reveals that while acres in production substantially increased over the period 1976 to 2011 (approximately 10 billion acres), Saskatchewan cropland actually decreased by 2.8%. When cropland has been reduced while agricultural production concurrently sets record levels, it indicates that farm production has been intensified.

**B) Intensification**

Consolidation is intertwined with the second major trend in agriculture. The intensification of primary agriculture is due to advances in technology (e.g. mechanization, seed genetics, antibiotics and hormones in livestock production), financial pressures (e.g. capital-intensive and smaller profit margins), and market demands.

The average output of grains, oilseeds, and specialty crops per farm has doubled since the 1970s. The increase in grain and oilseed production has largely been a result of the augmented use of fertilizers and chemicals (i.e. herbicides, pesticides, fungicides, and insecticides) to boost productivity and maximize production. For example, fertilizer use in Canadian agriculture grew from more than 400,000 metric tonnes in 1961 to over 5.2 million metric tonnes by 2012. Figure 2.3 illustrates the general increase of chemical inputs in primary agriculture between 1971 and 2005.

Intensified livestock production has also been a noticeable trend, especially in the Prairie provinces. The increase in livestock production has not only been a result of market demands but also government policies that encouraged and enabled expansion. For example, at the federal level, the cessation of the Crow Benefit subsidy for grain transportation in 1996 contributed to the rise of intensified livestock operations on the Prairies that could initially utilize the low-cost grain.

As farms have gotten larger, the industry has become more capital intensive as farmers rely on getting the highest yield from their crops in order to afford more land, increasingly expensive inputs (e.g. machinery, fuel, fertilizer), and high freight rates. Schmitz, Furtan, and Katherine Baylis argue that the high cost of agricultural production is as much a part of recurrent farm income problems as low commodity prices are. One strategy utilized by many farm families has been off-farm employment to subsidize income and help make their operations viable. For example, from 1991 to 2006, the number of Canadian farmers reporting off-farm work rose approximately 9%, from 145,005 to 158,255. However, when subjected to higher input costs and lower profit margins, farmers’ main inclination has been to maximize production. In recent decades, rising levels of...
farm debt have coincided with the trends of consolidation and intensification.

Since 1993, Canadian farm debt has steadily grown to a record high of $84 billion in 2014.\textsuperscript{125} Agricultural economists, farm leaders, and banks have expressed serious concern about the vulnerability of the primary sector if interest rates rise.\textsuperscript{126} Agricultural economist George Brinkman argues that Canadian farmers are “seriously over-leveraged and that there simply is not enough farm income to pay off the debt farmers have accumulated.”\textsuperscript{127} Brinkman explains, “Farmers in Canada are overcapitalized, and they are much more vulnerable than U.S. farmers to rising interest rates, low commodity prices, poor production, and falling land values.”\textsuperscript{128} Brinkman adds that while the 1980s economic crash in Canadian agriculture was precipitated by high interest rates, the next serious crisis could be caused by the exceptionally high farm debt.\textsuperscript{129}

Figure 2.4 illustrates the rising levels of farm debt in Canada and in Saskatchewan. While the two graphs show comparable increases, it is interesting to observe the decrease in Saskatchewan farm debt in the 1980s. Loans and special assistance programs available to Saskatchewan farmers during the mid-1980s may help account for the decrease in farm debt during those years.

Figure 2.5 shows rising Canadian farm debt and gross farm income since 1970. However, net farm income during the same period remained stagnant and was further reduced in years of serious economic challenges.\textsuperscript{131} For example, in 2003, Canadian agriculture was at one of the lowest points in decades due to low commodity prices, years of drought, and trade disputes over the discovery of Bovine Spongiform Encephalopathy (BSE) in Canada.\textsuperscript{132}

\textbf{Figure 2.5: Total Gross Farm Income, Net Farm Income and Debt, 1970-2009}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure2.5.png}
\caption{Figure 2.5 Canadian and Saskatchewan Farm Debt 1981-2013}
\end{figure}

Source: Compiled statistics. Statistics Canada.\textsuperscript{130}
The relationship between costs and returns is critically important for agricultural sustainability as a whole. When farmers have to produce more to ensure that their operations remain profitable, the pressure to intensify and expand can result in the degradation of the natural environment.

C) Conversion of Natural Capital

Consolidation and intensification in Canadian agriculture have produced a third major trend. The conversion of natural capital to cropland is especially noteworthy in the Prairies and is most apparent in the grain and oilseed sectors. Bush clearing and wetland drainage have been major ways that farmers have increased their total cultivated land base. For example, Saskatchewan is centrally located in the North American Prairie Pothole region, and it is estimated that more than 70% of wetlands in the region have been converted to cropland since settlement.134

Wetlands serve a number of important ecological functions including flood mitigation, carbon sequestering, nutrient cycling, wildlife habitat, and recreation. However, the high historic rate of land clearing and wetland drainage suggests that private benefits of drainage and/or conversion have outweighed the perceived costs/benefits of retention for most farmers.135

Environmental considerations are a key part of agricultural sustainability and are interconnected with economic and social stability. However, it has been argued that the focus of Canadian policymakers has been overwhelmingly on economic and social stability, and the environmental role in promoting stability has been “systematically neglected.”136 However, there are periods in Prairie agriculture’s history when the environment and its connection to economic and social sustainability have been thrust into the public spotlight and onto the political agenda of governments.

The 1930s was a critical juncture in Canadian Prairie agriculture. The collapse of the wheat market early in the decade combined with consecutive years of drought, wheat disease, grasshoppers, and armyworms brought about a major economic and social crisis in the Prairie provinces. Governments encouraged institutional changes and industry adaptation to better manage the environment as a means to ensure economic and social stability. Some of the policy measures implemented by the federal government included the Prairie Farm Rehabilitation Act (1935), the creation of the Prairie Farm Rehabilitation Association (PFRA), and the establishment of the Canadian Wheat Board (1935).

As mentioned in an earlier section, the severity of the economic collapse in agriculture during the 1980s has often been compared to the Great Depression of the 1930s. Many of the same conditions (i.e. collapse of commodity markets, grasshoppers, drought) existed and caused economic devastation in the agricultural industry and for many provincial economies, especially those most dependent on agriculture, such as Saskatchewan. Governments were forced to react through policy measures such as aid and loans programs that would generate some level of stability. Faced with low commodity prices and increasing input costs, farmers intensified their operations in order to increase yields and remain financially afloat.137

Soil at Risk: Canada’s Eroding Future, a 1984 Senate Committee report, raised serious environmental and economic concerns regarding the Canadian agricultural industry’s impact on soil degradation and its connection to increased production.138 The report stated, “soil degradation problems in the Prairies Shows [sic] very clearly that something must be done. The current agricultural system is obviously not a sustainable one.”139 The report concluded that soil degradation was intrinsically linked to intensifying agricultural production, and among their recommendations were investments in conservation research, farmer education, and financial incentives to enable farmers to adopt better management practices.140 Governments ultimately failed to enact most of the Committee’s recommendations. However, a number of soil conservation councils (e.g. Soil Conservation Council
of Canada, Saskatchewan Soil Conservation Association) were established soon after. Zero tillage or minimal tillage farm-management practices have since been promoted and supported by the agricultural industry, which has reduced levels of erosion compared with summerfallow.

The increased attention toward domestic agri-environmental issues also coincided with a broader international dialogue on sustainable development that was sparked by the 1987 United Nations report *Our Common Future*. Since the 1980s, multiple international gatherings and events have ensured that the concept of sustainable development and its subfields (e.g. sustainable agriculture) have remained, although to varying degrees, on the political agenda of Canadian governments.141

Fiscal feasibility and available resources are significant considerations when governments pursue a policy direction and choose which policy tools to enact. Furthermore, the distribution of government resources is linked to shifting priorities and is often determined by larger political goals. For example, in 1992, a report by the Parliamentary Standing Committee on Agriculture and Agri-Food expressed that the agricultural industry’s long-term viability was dependent on economic and social factors as well as ecological conservation. The Standing Committee’s report made a number of recommendations including the creation of educational and incentive programs to help farmers improve their land stewardship practices and address related economic challenges. However, the 1990s was a period of extensive budgetary cuts at both the federal and provincial levels that were an attempt to reduce major deficits. As such, it was over a decade until the dialogue on agricultural sustainability was re-established on the political agenda of Canadian governments and policy action was taken.

The economic hardship faced by the agricultural industry in the early 2000s as a result of low commodity prices, weather (i.e. droughts in 2003 and 2004), and trade bans (e.g. BSE) once again served as a catalyst for discussing agricultural sustainability and its economic, social, and environmental dimensions. In 2003, the federal, provincial, and territorial governments made a significant step with the creation of the Agricultural Policy Framework (APF). The policy initiative included five pillars that combined to form a strategy to support a more stable agricultural industry – one of which was the central tenet of ecological capacity and stewardship.142 Under the APF and subsequent agreements, Growing Forward (2008) and Growing Forward 2 (2013), a number of environmental initiatives (e.g. Farm Stewardship Program, Environmental Farm Plans) were implemented along with programming aimed at economic and social stability. Furthermore, during the same period, incentive-based programs that aimed to encourage better environmental management practices (e.g. Alternative Land Use Services Program) and reward the provision of ecological goods and services (e.g. conservation of wetlands and ecologically sensitive areas) were being discussed and tested in multiple provinces.143

Severe flooding in Saskatchewan in 2011 and 2014 provoked further dialogue about sustainable agriculture and the connection between economic and environmental stability. The Prairie region received record levels of rainfall, and the economic impact on the province and farmers was massive. The two worst floods in Saskatchewan history cost nearly $1 billion.144 Downstream in Manitoba, the economic devastation was even more severe, costing the province over $1 billion in 2011 and over $300 million in 2014.145 In 2014, more than 3 million farmland acres in Saskatchewan were affected, and in Manitoba, more than 3.5 million were affected.146 For Manitoba, the loss of farm income was estimated at over $1 billion in 2014 alone.147

The intensification of agriculture and the drainage of wetlands have been specifically linked to two important environmental issues: flooding and the deterioration of water quality. In part, the severity of flooding in Manitoba in both 2011 and 2014 was attributed to wetland loss in rural Manitoba and Saskatchewan.148 Wetlands slow water flow in years of heavy rainfall and by storing water they cycle nutrients, which is a crucial mechanism for preventing water pollution. The augmented use of
fertilizers (e.g. chemical and organic), in particular, has led to excessive nutrients (i.e. phosphorus and nitrogen) entering waterways due to soil run-off, especially in years of flooding. High levels of damaging pollution in Manitoba’s Lake Winnipeg have gained major public attention, and agriculture has been identified as a key source. More than half of Saskatchewan’s land feeds into the Lake Winnipeg watershed. Therefore, as environmental issues transcend borders, co-operation between governments is necessary to address issues effectively. Furthermore, as issues such as Lake Winnipeg and the major economic impact of flooding continue to gain public attention, agriculture’s environmental role will be sustained on the political agenda for years to come.

Primary agriculture in Saskatchewan, and in Canada as whole, has experienced major structural changes over recent decades. Trends of consolidation, intensification, and conversion of natural capital have highlighted impending challenges that face the agricultural industry and policymakers. Growing debt and environmental degradation are two of the issues that have raised concerns regarding short and long-term sustainability among a variety of stakeholders.

Periods of crisis within agriculture have underlined the connection among economic, social, and environmental factors at various times in Canadian history. Governments have been faced with the difficult decision of how to best respond through policy measures. Diversification has been one strategy promoted by governments, and despite indications that commodity production has increased and become more varied since the 1980s, the continued reliance on international markets still renders Saskatchewan’s agricultural economy highly susceptible to market fluctuations.
SECTION 3: ANALYSIS AND POLICY ROADMAP

The ability to assess a government’s vision and actions after decades have passed provides a valuable opportunity. Analyzing various policy areas offers insight into the opportunities and challenges that exist within the policymaking environment. Discussing Devine’s policy approach toward agriculture and the trends within the primary industry over recent decades highlights some important take-aways and considerations for future policy and its analysis.

3.1 Context is Key

Policy action does not occur in a vacuum. Government decisions are a product of the context in which they exist. Intergovernmental relations, the policy legacies of previous governments, goals in other policy areas, fiscal restraints, international issues, public opinion, and current events are some of the many factors within the policy environment that shape government action and the measures enacted.

Canadian agriculture has experienced many structural changes throughout its history. Periods of economic crises within the industry have forced responsive policy action and generated dialogue about short and long-term sustainability goals. The 1980s were full of challenges for Saskatchewan’s agricultural industry and the provincial economy as a whole. Most of the factors that combined to create the economic crisis (e.g. weather, the international trade war) were beyond the province’s control. Therefore, the Devine government had to navigate how best to respond to the agricultural crisis while attempting to execute the larger political platform that had won them the election in 1982.

The political agenda of governments, regardless of jurisdiction or political stripe, is a combination of reaction and vision. Therefore, the distribution of public resources is a reflection of shifting priorities necessitated by issues thrust onto the agenda and the existing political goals of a government. To enable some stability in the short-term, Devine’s government increased provincial expenditures for agriculture by implementing low-interest loans and tax cuts. In addition, the provincial government effectively lobbied its federal counterparts to spend billions of dollars to help Canadian farmers weather the economic crisis. In an attempt to facilitate long-term economic stability and prosperity, the province chose to devote major public funds toward numerous megaprojects and business investments. A number of projects failed to deliver on their intended objectives and have since been criticized in a number of respects (e.g. cost, transparency, lack of safeguards). However, many investments, especially in the field of agriculture, have proven to be valuable for the province and its farmers.

Analyzing policy action after 25 years is done with the benefit of hindsight. As with any assessment of a government’s term in office, there are arguable shortcomings and successes of the Devine government. It can only be speculated how the government’s decisions may/may not have been different if the 1980s had been a time of booming commodity markets and a strong economy. Therefore, consideration for the context in which decisions are made remains key to understanding the policymaking process.

The economic recession in the 1980s had an enormous impact on the Prairie provinces and subsequently led Saskatchewan, Manitoba and Alberta to all assume massive amounts of debt. Governing during difficult economic times places governments, and particularly their leaders, in a position that they must defend their actions and expenditures to a greater extent than they would when the economy is booming. The Devine government is still criticized for the billions of dollars in debt the province accumulated during its two terms. Critics argue that the extent of the provincial spending in a time of economic distress ultimately proved to be unsustainable, which resulted in considerable cuts to policies and programs under the Romanow government in the 1990s. Devine’s
government took some risks; some failed to achieve their intended objectives, while some initiatives have been very successful. For example, government investments in value-added industry (e.g. Saskferco) and research and technology (e.g. Ag-West Bio) have produced considerable benefits over recent decades for farmers and the provincial economy, which underlines the fact the many policies and programs are best judged over the long-term for the effect they have. As such, the appropriateness of major public spending during tough economic times, especially with regard to Devine’s government, remains open for interpretation and debate.

3.2 Leadership: Conviction and Consensus

Multiple research sources refer to Devine as a man with conviction or as having practiced conviction politics. In *Saskatchewan Premiers of the 20th Century*, James Pitsula makes a distinction between what is termed “consensus politicians” and “conviction politicians.” Consensus politicians move slowly and with careful attention toward implementing their policy goals so as to not to stray too far from public opinion. They “consult, pacify, conciliate, compromise, and generally blur the issues.”

In contrast, conviction politicians have a vision or a mission that they intend to fulfill, and holding power comes “secondary to holding fast to principles.” While there is a broad spectrum that lies between the two types of politicians described, Grant Devine’s actions over his nine years in government largely support Pitsula’s argument that Devine was a conviction politician. This argument seems especially valid when examining the Conservative government’s policy action toward agriculture in the 1980s.

In a majority government situation, Canada’s political system allows for government leaders to take strong positions and enact bold visions, even in times when fiscal problems or public opposition is present. Devine spent enormous amounts of public funds trying to realize his vision for Saskatchewan. Agriculture had been firmly established as a priority for Devine’s government and remained on his political agenda throughout his nine years in office.

Devine explains that his decision to take over the agricultural portfolio in 1985 was done to send a strong message both politically and economically. He expounds that he knew how important rural votes were to his electoral success, but more importantly, by taking leadership for agriculture, it demonstrated his government’s commitment to the industry. Moreover, given the economic difficulties farmers were facing, it required the premier to play a central role when it came to working with the federal government and lobbying for funding. As such, Devine explains that it was natural to take the lead on the agriculture portfolio.

With the decision to take over responsibility for agriculture, Devine also ensured that his policy direction would be followed. However, Devine describes his decision-making style as being mostly collaborative. Devine explains, “We never voted in caucus .... We all would bring ideas to the table and give feedback. We were a united team, and we all remained committed to the vision that our government had been elected to carry out.”

Devine also cites the importance for governments to gather data and expertise in any area of public policy. “Good decisions are the product of information, trying to find consensus and support but also taking a strong position at the end of the day and being committed.” In carrying out his government’s policy agenda, Devine also adds that the bureaucracy was professional and largely supportive throughout his term.

After 25 years, Devine continues to stand by his government’s actions, especially with regard to agriculture. He states, “Just because times were tough, we couldn’t give up. We had a long-run vision .... We knew that we had critics, but we were confident that taking some risks and investing in diversifying the economy would pay off in years to come.” Devine contends that many politicians worry too much about shifting opinion polls and media critiques and can consequently be drawn into short-
When asked about his political legacy, Devine explains that just as with any government, “[Y]ou can look back on things and maybe think about how you would have done them differently…. I think we tried to do our best for farmers, for rural people, and for the province.” Devine is particularly proud of his government’s investments in agricultural research and the benefits that have been derived for the province since his government left office in 1991.

While context remains a key consideration for understanding why and how policy decisions are made, leadership is a critical determinant of action. Devine’s “Don’t yell ‘Whoa’ in mud hole” style of leadership and governing demonstrates his optimism for the province’s potential despite governing during an economically challenging time, as well as his conviction to remain committed to his vision.

### 3.3 Diversification and Agricultural Sustainability

Agricultural diversification has been, and continues to be, a priority for the government of Saskatchewan. As the industry changes and responds to pressures, policymakers are still searching for the best mix of policy instruments to react to challenges and build for long-term stability. Defining what an ideal agricultural economy constitutes is complex, and diversification is best conceptualized as a constant work in progress. In working toward sustainability objectives, diversification within farm commodity production and in a broader sense the agricultural economy, remains an important objective.

Saskatchewan’s agricultural production is more diverse than it was 30 years ago but it remains largely dependent on grain and oilseed production, which renders it economically vulnerable to years of extreme weather and the volatility of international markets. Skogstad argues, “Despite its ‘maturity’, agricultural production too often looks like a sector in chronic crisis” and farmers have been described as an “endangered species”. Periods of farm financial difficulties and the associated rationale for government support are topics that seem to be permanent fixtures within agricultural policy discourse. Academics, policy analysts, industry leaders, and politicians, have all contributed various perspectives to the dialogue and to which measures are needed to promote sustainability.

Crisis, while arguably subjective, has served as a catalyst for policy action. As the farm and rural population has continued to decline, its political power has subsequently been reduced. Economic, social, and environmental effects that go well beyond the farmgate can effectively draw public and political attention. The interconnection among economic, social, and environmental factors is most apparent during times of crisis, especially when factors such as weather, volatile commodity markets, and social impacts (e.g. loss of jobs, rural depopulation), all combine to thrust agricultural issues onto the policy agenda of governments. The nature of the industry, and Saskatchewan agriculture in particular, renders it vulnerable to periods of economic distress that is beyond government or industry control.

Farmers have been resilient when faced with economic difficulties and in most cases have successfully adapted to changing industry standards and market demands. Brinkman states, “Probably the strongest assessment for prairie agriculture has been the commitment of Canadian farmers to farm under high risk and adverse conditions. This has certainly been a strong point of prairie agriculture and it is one which deserves a strong assessment.”

Contemporary agriculture is capital intensive and technologically advanced. Production levels for most commodities have reached record levels in recent years, but the types of commodities produced have been largely guided by markets, as farmers respond to financial pressures and seek the best return on their investments.

While many factors within the policy environment are well beyond government control, the ability of provincial governments to enact policies and programs that create...
opportunities and break down barriers for diversification are a crucial factor in how the industry will continue to evolve. Agricultural diversification can be an important mechanism for economic stability and growth, but it greatly depends on supportive activities. Value-added industry and the creation of local markets, research into best management practices, and technology that makes diversification at the farm level not only possible but also profitable, are all vital components of building a more stable industry long-term.

There are also barriers to diversification. For example, transportation is repeatedly cited as a major obstacle or an "Achilles' heel" for diversification of commodity production and value-added development, especially for some regions of the province. Peter Arcus and Graham Parsons state, "The diversified Prairie economy will continue to grow, change and adjust. New products, new markets, new technologies will characterize the Prairie economy in the years ahead. ... Transportation needs must meet changing needs of a diversified economy." Gertler presents a similar argument and states, "Diversification even at the farm level ultimately requires access to handling, processing, and transportation facilities. ... Within rural Saskatchewan, location remains important. It is easier to diversify if you have access to a larger centre with its services, amenities, and population base. The strategic management of the province’s water resources, considerations for the impact of climate change, the environmental impact of agricultural production, energy costs, labour supply, and the restrictions often posed by the existing regulatory framework have also been cited as limitations to diversification, expansion, and change.

The structural evolution of Canadian agriculture highlights trends of consolidation, intensification, and conversion of natural capital within the industry. Related challenges such as an aging farm population, increased levels of debt, and environmental degradation all factor into the long-term sustainability of primary agriculture. While diversification remains a central component in agricultural stability moving forward, it is only one of the multiple strategies that policymakers must consider when supporting long-term stability and meeting economic, social, and environmental goals. For example, Saskatchewan’s ability to work cooperatively with neighbouring jurisdictions on agri-environmental issues and continue to invest in research and technology are two areas that are fundamentally important to long-term sustainability.

It is important to appreciate that there are many factors within the policy environment that shape policy action or inaction, such as intergovernmental relations, shifting priorities of governments, and budgetary restraints, among many others. These can complicate the continuation of policies from one government to the next, as they may not share the same vision or see the issue as having the same importance. However, with respect to agricultural research, government investment has proven to have a high rate of return and has produced “high distribution benefits to farmers.” As such, Brinkman concludes that research in agricultural technology and innovation ultimately represents “Canada’s best farm assistance program.”

Supporting agricultural diversification and the broader goal of agricultural sustainability is not a task that can be easily accomplished by any one government. As the analysis of agricultural diversification in Saskatchewan demonstrates, Devine’s government invested in many projects that over recent decades have generated major revenue for the province. However, the continued success of many government initiatives (e.g. Agricultural Development Fund, Ag-West Bio, Saskferco until 2008) has also been dependent on how the successive governments of Roy Romanow, Lorne Calvert, and Brad Wall have valued and supported them.
CONCLUSION

Agricultural diversification is an objective intrinsically linked to the broader goal of agricultural sustainability. Consecutive Saskatchewan governments have aimed to diversify the province’s commodity production and the agricultural economy as a whole in an attempt to support short and long-term economic stability and prosperity.

Agricultural diversification is one strategy that can be effective in mitigating some of the financial risk that is inherent in primary production, especially in provinces that produce commodities dependent on international market demands. Despite the diversification that has taken place over the last 30 years, periods of considerable financial difficulties plague the industry. There is a range of complex economic, social, and environmental issues encompassed in the dialogue on agricultural sustainability. Therefore, while diversification will undoubtedly continue to be extremely important for Saskatchewan, it is only one of the measures that can foster long-term stability and prosperity.

Much has been accomplished in the promotion of a more diversified agricultural economy in Saskatchewan, but there is more to be done. The industry’s economic well-being is dependent on the stability of primary production and the sectors that facilitate and support diversification efforts including research and technology, marketing, and processing. Several opportunities exist, but there are also barriers to diversification that policymakers must address. As agriculture changes and evolves, new challenges emerge and policymakers must find the best mix of policy instruments to effectively respond to crisis as well as promote longer-term goals for the industry.

A main goal for this paper has been to examine agricultural policy action during the 1980s under the leadership of Premier Grant Devine. High interest rates, years of drought, grasshoppers, rising debt, and low commodity prices combined to create an agricultural crisis that forced the provincial and federal government to react through special assistance programming. Despite facing criticism and extensive economic challenges, Devine remained committed to pursuing his political agenda. Agricultural diversification was a primary goal for the provincial government, and it reflected Devine’s long-term vision for building the Saskatchewan economy through major public investments in value-added industry and research and technology. Many of these initiatives have proven to be very successful and have generated substantial provincial revenue and benefits for the agricultural industry and the province as a whole.

All governments are faced with a unique set of challenges and must establish their own agenda. How governments respond to obstacles before them and how they commit to a vision ultimately determine the legacy they leave behind.
ENDNOTES


3 Ibid., 436.


5 Grant Devine, Personal interview, February 20, 2016.

6 Ibid.


8 James M. Pitsula, "Grant Devine", In Gordon L. Barnhart, ed., Saskatchewan Premiers of the Twentieth Century, (Regina: Canadian Plains Research Center, 2004), 332.

9 Ibid.

10 MacKinnon, Minding the Public Purse, 14.


12 Ibid.

13 Richard Blackwell, “Remember when: What have we learned from the 1980s and that 21% interest rate?”, The Globe and Mail, May 13, 2015, [Online]; Pitsula, "Grant Devine", 337.

14 Pitsula, "Grant Devine", 326.

15 Leeson, Saskatchewan Politics: Into the Twenty-first Century, 5.

16 Ibid., 6.; Waiser, Saskatchewan: A New History, 438.


20 Ibid.


23 Kroeger, Retiring the Crow Rate: A Narrative of Political Management, xii.

24 The subsidy war, or grain war as it is most commonly referred, exacerbated the economic crisis in Saskatchewan agriculture. With the goal of capturing a larger share of the international market for their producers, the European Economic Community and the United States gave their farmers huge subsidies, which resulted in a global oversupply of grain.


26 Pitsula, "Grant Devine", 337.

27 MacKinnon, Minding the Public Purse, 21.

29 Pitsula, “Grant Devine”, 337.

30 Ibid.

31 Ibid.

32 Ibid.

33 Ibid.

34 Ibid., 338.

35 Prince, “Little Help on the Prairie: Canadian Farm Income Programs and the Western Grain Economy”, 140.


37 Ibid.


39 Pitsula, “Grant Devine”, 328.


41 Ibid., 171.

42 Schmitz, et. al., Agricultural Policy, Agribusiness, and Rent-seeking Behaviour, 41.


44 Ibid.

45 Ibid.


47 Ibid., 62.


50 Waiser, Saskatchewan: A New History, 442.

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86 Ibid.

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131 “Gross farm income” is defined as how much farmers’ production is worth in the marketplace when it leaves the farm. “Realized net farm income” is what farmers take home after paying production costs. “Gross debt” is the total amount of debt that farmers have taken on, including investment in land and equipment as well as operating loans.

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