

Changes in Canadian ag support had little impact on total cropland acreage

One of the complaints that critics level at US agricultural programs is that support payments have had the effect of keeping acreage in production that would have been idled in the absence of government income. The expectation is that if the US eliminates farm supports, acreage will decline quickly. There are two ways of checking out that theory. Make changes here in the US and watch to see what happens or look at the experience of other countries that have reduced their agricultural support levels.

One of the countries that moved toward policies of reducing government involvement in agricultural markets is Canada. What happened there? Did acres allocated to crop production decline?

Huge increases in Canadian agricultural subsidies through the 1980s contributed to less than a three-percent rise in the number of acres cultivated. Then, fiscal deficits in the 1990s forced a 35 percent cutback in Canada's support programs over a three-year period. The most notable was the erasing of all subsidies for grain transportation in 1995. This and other significant reductions in government support levels between 1996 and 2001 resulted in less than a one-percent decline in farmland use.

The Canadian experience drives home, yet again, the concept that cropland will remain in production, despite major subsidy cuts. Three crop groups historically account for just over half of Canada's total farmland: (1) wheat, (2) selected grains (oats, barley, and corn), and (3) selected oilseeds (principally canola but also including flaxseed, soybeans, sunflower, and mustard seed).

What did change was the crop mix among these three groups. Between 1991 and 2001, acreage of Canada's leading crop, wheat, declined 23 percent. The elimination of subsidies for grain transportation in 1995 was a major contributor to this significant shift. Over the same period, oilseed production increased 143 percent.

While the crop mix changed as relative prices and program payments changed, aggregate land in production changed little.

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