



Next Generation Safety Net Program Contains Design Flaws

Guelph, ON (May 23, 2007) A special George Morris Centre report, released today, argues that the new safety net program being discussed under the next generation Agricultural Policy Framework (APF) contains significant design flaws.

The report, *The Next Generation Safety Net Program in Canada: An Economic Analysis*, suggests that the new program design is less consistent with programming objectives and principles than its predecessor, the Canadian Agricultural Income Stabilization program (CAIS); fails to address criticisms made of CAIS; and creates an entitlement that represents a shift in agriculture's positioning in the public policy environment.

Al Mussell, senior research associate and author of the report, says, "The Producer Stabilization Account proposed under the next generation APF represents a fundamental departure in safety net programming from what has preceded it". The program has functional aspects much like CAIS, but with a producer deposit-government matching feature. "The deposit-matching feature, coupled with what appear to be non-contingent fund withdrawals, creates an entitlement for participants", says Mussell.

The paper, released today, provides a discussion of objectives and principles in safety net program design, describes CAIS and the new program being developed, and compares the design of the new program with the objectives and design principles laid out for it.

According to Mussell, "Concrete objectives for safety net programming are fleeting, but it is clear that stabilization is a central component. It appears that the new program is less consistent with stabilization, and with several government-stated design principles than CAIS was. The design of the new program has added an income redistribution element, which is not mentioned as a program objective or principle".

The report concludes that the new program would be improved through clearer focus on its apparent objectives, and if it helped resolve the criticisms made against CAIS. If this plan proceeds as an entitlement program, the report recommends that participation in the new program be tied to the provision of environmental or other forms of public good from agriculture.

The full report can be found on the George Morris Centre website,
www.georgemorris.org

For more information, contact Al Mussell at 519-822-3929 ext. 209, or by e-mail at al@georgemorris.org.