



CURRENTS

Greg Mason

FROM RUSSIA

with love

As it has in Russia for the last decade, the Canadian political-economic landscape is changing. Hopefully, we can learn from our Russian neighbours and not make the same mistakes.

What does Russia have in common with the Prairies? At first glance, these two vast areas have little in common. A moment's thought suggests otherwise.

Many farmers recall the golden days of the '70s when persistent crop failures in Russia allowed Canada to sell wheat with impunity. Little marketing skill was needed to take orders from a country with a large population and few alternative suppliers. The connection between the farmer in Outlook and the consumer in Odessa was closer than either realized.

A decade ago, Mikhail Gorbachev started a political and economic revolution in the Soviet Union. Glasnost loosened the political control of the central government over the various republics commonly called Russia. Perestroika relaxed the control of the state on the economy. These changes have had a major impact on the lives of ordinary citizens who are now subject to a radical, new economy. The rapid introduction of market economy has created a few very wealthy merchants, factory owners and criminals, but many Russians yearn for a more orderly existence.

In a sense, farmers in Western Canada are moving through a similar, albeit much less dramatic, process. The elimination of the Western Grain Transportation Act and the reduction in farm subsidies (amounting to almost \$1 billion in 1995-96) have changed the prairie landscape forever. The current debate over single- versus multiple-desk selling of export grain raises the spectre of another fundamental change to the political-economic landscape.

The case of Russia demonstrates that the term "free market" is a misnomer.

Ironically, a free market needs government and laws to function. Imagine if the law of contract did not exist. If a farmer cannot rely on a contract, and if no courts uphold commercial agreements, the market evaporates and the economy shrivels. In Russia, decades of Communist rule that replaced a corrupt monarchy failed to create the institutions needed to nurture the newly-born capitalist economy. The resulting anarchy has destroyed wealth and impoverished millions of people.

A few are prepared to battle all comers and flout the law in the belief that theirs is the right to trade anywhere, anytime.

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den and that the current surge in grain prices is an illusion. In a year or so, when the price bubble implodes, the pressure on farm families will resume. Some seem to believe that the changes to the Canadian grain marketing system are disastrous.

Those that seek to reverse the process of change risk dealing the grower out of the global economic game. Equally, those that seek to accelerate the change run the risk of creating confusion. A free market requires vital legal and social supports to operate. ❧

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