

3. JUSTIFICATION FOR THE NEED FOR WIDER SOCIETY TO SHARE IN THE COSTS OF AGRICULTURAL ENVIRONMENTAL PAYMENTS THROUGH PUBLIC SPENDING

3.1 Christian Land Stewardship Values and Environmental Payments

Land stewardship, as used in its general or secular sense, is many things, but is often associated with a special relationship between an individual and his or her land as private property, that is as real property, to use the legal term. This relationship often includes an innate concern and sense of duty to act in ways which guard and nurture the value and well-being of that property for its future owners or stewards.

When we talk more specifically about Christian land stewardship, we understand that it is part of a long Judeo-Christian religious tradition. It originated in the creation story of Genesis. This holds that God gave man (kind) dominion over the material world, including all other life forms. At the same time, mankind was also charged with the care and nurturing, that is, of the stewardship of this material world. In the same religious tradition, mankind was also given the quality of free will; to decide whether to obey or not. To be a good land steward in a Christian sense, then, is both an ethical and a religious responsibility, but is one which is to be performed consciously and willingly, that is, voluntarily.

If this is so, justifying public compensation today for the performance of a moral or religiously-imposed duty poses two problems. The first is that compensation for stewardship could be seen by some as a fundamental contradiction to values of Christian stewardship, which call for willing and voluntary compliance to the ethic of stewardship.

For those who adhere to principles of Christian stewardship, the concept of financial incentives to encourage the performance of an obligation performed through free will may be troubling. Resolving any religious contradictions an individual might possibly see in environmental incentive payments is beyond the scope of this research.

A second problem in justifying public compensation for Christian stewardship is that a secular and democratic government representing a plural society, such as we have in Canada, no longer deliberately invokes religious doctrine in its work. Therefore, creating and justifying public programs for payment for land stewardship by reference to upholding stewardship as a Christian ethic would be quickly called into question.

Land stewards who do not act from a Christian sense of stewardship might reject financial rewards for other value-based reasons. For example, programs might be perceived by some as a form of welfare, which undermines their sense of self-esteem. Some conservative thinkers might flatly reject the idea of government intervention and spending as a matter of principle. Or, some might view incentive programs as interfering with their right to use their property as they see fit. There are a number of other possible reasons some farmers may remain reluctant to enter into existing incentive programs, as was indicated in the 2001 CFFO survey. Only further research will fully reveal them. The following discussion may provide sufficient justification of agri-environmental incentive programs to those who see them as an infringement of their property rights or who reject public spending on as a matter of principle.

3.2 Sustainable Development and the Agri-Environment

It is true that environmental incentive programs are a form of domestic support to agriculture. They are, however, “decoupled” from other domestic supports of income and safety nets to make a completely separate type. While they contribute somewhat to farm income their main aim in Ontario is to achieve a specific environmental outcome. This report therefore uses “stewardship” in a sense which is interchangeable with “environmental sustainability.” Both concepts are integral to current thought on what is known as “sustainable development.”

Several decades of thinking and work by activists, scholars, practitioners, civil organizations, governments and many members of the international community have gone into the following definition of sustainable development:

...development which meets the needs of the present
without compromising the ability of future generations
to meet their own needs.

World Commission on Environment and Development, 1987

This simple but profound statement was first made in 1987 in the United Nations report *Our Common Future*. The work was chaired by Mrs. Gro Harlem Brundtland, who was then Prime Minister of Norway. She now heads the World Health Organization of the United Nations.

Variants of the Brundtland statement on sustainable development are now widely accepted as the best expression of the human need to use the Earth’s resources, but to do so wisely. It today forms the basis of environmental policy at all levels, from individual action in day-to-day life to major international conventions with vast policy implications.

When we speak of sustainable development it includes environmental sustainability, which is, in effect, stewardship itself. Furthermore, land stewardship in this sense conforms to a well-known call for ethical and pragmatic environmentalism as a “land ethic” written by Aldo Leopold in 1948:

All ethics so far evolved rest upon a single premise: that the individual is a member of a community of interdependent parts. His instincts prompt him to compete for his place in that community, but his ethics prompt him also to co-operate (perhaps in order that there may be a place to compete for). The land ethic simply enlarges the boundaries of the community to include soils, waters, plants, and animals, or collectively: the land.

Leopold, *A Sand County Almanac*, 1948

Leopold’s statement of a secular land ethic helped galvanize the modern conservation and environmental movement in North America. For the purposes of this report, sustainability of the agri-environment, of farm land stewardship in other words, is wholly in keeping not only with the goal of sustainable development as inspired by Brundtland, but also Leopold’s concept of the land ethic. This does not exclude this use of sustainability from inclusion in other areas of the environmental discourse.

3.3 Private and Public Interest in the Agri-Environment

The interests of the private landowner are well protected in the English common law which underpins Ontario’s private law, but it is well to remember that statutory legislation may be created to over-ride common law. Statutes cannot by themselves over-ride constitutional law in Canada, however, and there are no property rights provisions contained in Canada’s constitutional law. The relative emphasis given to the public or

private interest in land is open to the legal interpretation of the courts, but it mainly rises and falls according to changing public values and the ideological outlook of elected governments. The ongoing debate over the relative merits of public vs. private interest is long and often heated. It is not the purpose here to add to this debate.

Since about the 1970s, environmental values have risen in general society and are now high in the public interest. The agri-environment is part of this rising concern and is now the business of all levels of government, of farmers and other rural people and of their organizations. Many individuals and groups in society have a stake in the agri-environment, such as planners, landholders, consumers and decision-makers of all sorts. Therefore, the agri-environment forms part of public strategies in physical planning, resource management and nature conservation. There is, then, a large public interest in the activities of farmers even when it concerns their private land stewardship.

Sustainability in the sense used in the Brundtland Report is indeed a *common* goal; everyone is involved and everyone is responsible. Perhaps accepting this is reason enough for farmers to work with society as a whole for common solutions, but also to expect to receive due credit for their share, including monetary payments. Perhaps this is enough to resolve the dilemma discussed above; the one between a farmer's innate values surrounding acts of stewardship and the duty of wider society to provide a financial commitment.

3.4 Promoting Public Goals by Regulation or by Voluntary Incentive Programs

The agri-environment is one area where public and private interests overlap. It therefore is part of the debate between public and private interest. This has clearly influenced the design and implementation of programs in Ontario. The fact that agri-environmental incentives are currently voluntary, not mandatory, reflects the importance attached to the private interest, including ideas of property rights. This has directed their concept, design and delivery to now.

Many would agree that voluntary compliance to practices which result in good stewardship is the best course of action. But when a deeply desired policy goal is not achieved or when a problem emerges which is a threat to public health and safety, government is often quick to intervene with whatever it takes to get the desired result. If voluntary stewardship fails to achieve the desired agri-environmental outcome, then incentive programs are tried. If these fail, government is certainly capable of turning up the pressure; first by mandating cross-compliance, financial disincentives, and finally through legislating mandatory best practices; “command and control” methods, in other words. The impending Nutrient Management Act is one such statute.

3.5 Increasing Trends toward Regulation

So far, agri-environmental incentive programs remain mainly voluntary in Ontario. But, there is a significant call for the state to use heavy disincentives, cross-compliance mechanisms or full statutory instruments to achieve environmental outcomes. Some planners, technicians and scientists believe that a technological fix can be achieved this way.

It is my opinion that unsustainable agricultural practices cannot be treated as a technical problem with an obvious and easily-mandated solution. Rather, good agri-environmental program design also requires an understanding of the realities of farm life and activity, and this includes some very diverse and quirky human and cultural elements that defy the rationalism of science, technology and economics. There will always be interplay between science, technology, money, people and the running question of private interest and individual rights vs. the public interest.

A key informant I consulted for this project pointed out a further ramification of the above possibility; if best practices are prescribed by law, there remains the possibility that some will question the need for compensation in the form of agri-environmental payments together, saying; “why should we pay people to obey the law?” They might be right.

It is obviously in the farm interest to self-regulate and to take full advantage of existing agri-environmental supports to satisfy increasing public pressure and forestall government regulation. Given the existing culture of Ontario, a wise government will do its utmost to achieve voluntary compliance and maintain good relations with farmers before resorting to mandatory regulation to achieve the public aim. Indeed, the imposition of mandatory measures by statute, or coercion through disincentives or mandatory cross-compliance have not been popular among farmers and are not a strong feature of Ontario programs. Nevertheless, several local incentive programs do now impose a mild form of cross-compliance with the Environmental Farm Plan, itself a voluntary program largely regulated by the farm interest itself, but which relies on public funding.

3.6 Environmental Benefits as Public “Goods and Services”

When the environmental stewardship of farmers is referred to as environmental “goods and services” it borrows terms which are strictly and narrowly defined in economics. To continue using strict economic terms, environmental damage associated with farming is a “negative externality” produced by “market failure.” Economists tend to agree that no effective “market” exists for environmental “goods and services.” They are, in fact, considered “public” not “private” “goods and services.” Even determining the full “value” of a “public good” is problematical in economics. We understand further that the term “public good” is not necessarily the same as the “public interest.”

Few in economics or government would today argue that farmers should bear the costs of stewardship alone. Incentives and environmental payments are considered essential and fully justified in many countries today. This is because they place an extra burden on farmers as stewards of private land *beyond* those required by law or other regulation for some minimum environmental standard of farm management practice.

In all agri-environmental incentive programs, the burden on the farmer is two-fold: it involves either costs to perform a practice, or it reduces the potential income from land which will not be otherwise fully-exploited. Put in simple terms, if there is no market for public goods and services, and if the full value cannot be ascertained, then no dollar price exists. If no dollar price exists, no cost for non-market goods and services can be established. When economists or program designers in government actually do try to estimate the cost break-down for implementing agri-environmental practices for public compensation, many theoretical and practical problems enter into the calculation and most have no universally accepted and clear solutions. This problem and methods

devised in environmental economics to overcome it are enlarged in section 7:

Establishing Prices, Costs and Eligibility for Agri-Environmental Payments.

When farmers do not receive an economic return for stewardship improvements through the market (and they don't in Ontario), many economists accept that publicly-funded financial incentives for environmental stewardship are fully justified. This was clearly stated by Anne Loeffler of the Grand River Conservation Authority in her 1995 report on non-point pollution (NPS) (see Glossary) sources which impact water quality:

Financial assistance is crucial in motivating potential participants to undertake water quality improvements (Quinlan, 1995; Hocking, 1996), since BMPs (Best Management Practices) are often too expensive for most agricultural producers to implement. Tight profit margins for most agricultural commodities have forced producers to limit their expenditures to those areas of their farming operations where an economic return can be realized. Since there is often little or no economic return for reducing environmental impacts, environmental projects usually require outside financial assistance to be implemented.

Loeffler, 1995 (unpublished), p. 13

3.7 Accountability

Beyond the economic argument, in practice, governments support the idea of public compensation, but programs have a limited time horizon and the budget for them is finite. In either case, programs may be inadequate to achieve the desired outcome. Any decision to enlarge programs or increase the public outlay depends largely on political will. This is brought to bear only when the need is recognized, the results are tangible and clearly demonstrated and government decides to act. For any number of political reasons, government may decide not to act. But whatever course of action, or inaction, is

chosen, government is fully accountable to the electorate. The methods of program design, determining costs, benefits, eligibility, allocation of funds, as well as evaluation of the effectiveness of programs and full public accountability are all part of a growing political, economic and scientific debate. The above discussion is enlarged in section 5: History of Ontario's Agri-Environmental Programs.