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Selling wheat the Soviet way

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Last week, federal Minister of Agriculture Chuck Strahl suggested momentum was growing among farmers for an end to the Canadian Wheat Board's monopoly over Prairie grain sales.

Since 1943, all wheat and barley farmers in the three Prairie provinces and northeastern B.C. have had to sell grain destined for human consumption (but not animal feed) to Ottawa -- which then resells it to buyers. Sell it to anyone else, and the wheat board will impose fines or have a farmer thrown in jail.

The same draconian rules do not apply to wheat and barley grown anywhere else in Canada, just on the Prairies.

Since the mid-'90s, this Soviet-style marketing scheme has been given a veneer of democracy. Ten of the board's 15 directors have been elected by farmers who hold permit books to sell grain to the board. (Don't even dream of selling wheat or barley without a permit book. There is the possibility of pre-dawn raids and strip searches -- really.)

The other five directors are appointed by Ottawa. Under the previous Liberal government, that meant there were always five directors guaranteed to be in favour of maintaining the grain monopoly. Kind of hard to change that mandate when producers need to elect just three monopoly-friendly directors to ensure a majority on the board opposed to change. (See what I mean about "veneer"?)

Anyway, the board and its supporters have become very adroit over the years at defending the monopoly. As soon as Mr. Strahl mused about ending what is called the "single-desk" selling method of the board, and replacing it with "dual marketing" -- wherein farmers would be free to sell to the board or to private buyers -- the board and its supporters insisted that to weaken the monopoly would be anti-democratic and would put small producers back at the mercy of big grain companies, as they had been -- get this -- in the 1930s.

No farmer should be forced to sell his crop to a buyer not of his choosing. Even if it could be shown (and it can't) that the wheat board enriches farmers by maximizing the price they obtain for their product, its government-enforced monopoly would still be unjustifiable.

A majority vote of grain farmers isn't enough, either, to legitimize lashing their reluctant fellow producers to the same mast to which they have chosen to tie themselves.

Since 1990, the number of Prairie farmers growing board wheat and barley has declined from 140,000 to under 100,00. Under the single-desk theory, these farmers should not have been permitted to switch to "off-board" grains, because by so doing they have decreased the grain stocks available to the board, and thus decreased its ability to leverage a high price from buyers. Yet even the board's supporters instinctively recognize it would be wrong to forbid farmers to change crops to avoid the board's rules.

Australia and Ontario have recently gone away from single-desk marketing. Farmers there have found there are now hundreds of competing food-industry buyers -- unlike in the Depression era, when one or two giants could control prices. Thanks to this competition, producers gain protection against slack demand in any one food-industry sector.

Finally, the argument that free markets in grain benefit only big producers is based on nothing more than fear of the unknown and petty envy. The reverse could be argued with equal force: The little guys want the big guys in the wheat-board monopoly only so they can piggyback off the larger companies' production to get a higher price without taking the same risks or making the same big investments.

Either way, the time has come to end the wheat board's monopoly.

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