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## Wheat board monopoly unjustified: Coercive surcharges have cost the West nearly \$3 billion in investments, new study shows

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Last week, federal Agriculture Minister Chuck Strahl suggested there was increasing support for taking away the Canadian Wheat Board's monopoly over prairie wheat and barley sales, for letting grain growers choose whether to sell their grain to the federal government first or try to sell it themselves directly to processors and millers.

At present, by law, farmers in the three Prairie provinces and northeastern B.C. are required to sell all the wheat and barley they grow for human consumption to the wheat board, which then pools the grain together in hopes of selling it for a higher price that all farmers can share in.

The board is fanatical about enforcing its monopoly, too, charging (and even jailing) farmers who won't comply.

And while it is technically possible for individual farmers to get permits from the board to sell their grain directly to pasta makers or organic flour mills or other processors, the board charges such a high premium for its permission that it is uneconomical for anyone to even try.

If the board were a private company, its directors' actions would violate security regulations and commercial law.

So it is not surprising that the wheat board reacted swiftly to Strahl's musings, too.

Just days after the minister suggested it might be time to strip the wheat seller of its monopoly, the board just happened to release a survey of its membership -- conducted weeks earlier, but kept under wraps in the interim -- that showed that two-thirds of wheat and barley farmers want the board left pretty much as it is, and three-quarters want any decision about altering the board's mandate left up to them in a plebiscite.

Now I fault Strahl somewhat for touching off this debate by suggesting support for changes was growing. He was using the same "show of hands" rationale that the board always uses for justifying the status quo. Forcing law-abiding farmers to sell their legally grown crops to the government -- or else -- cannot under any circumstances be justified by majority rule.

It matters not a bit whether two-thirds of farmers want the monopoly to continue or two-thirds want it abolished: There is no moral justification for a monopoly in the first place.

It is simply wrong in free society to threaten farmers with jail for growing a legal crop and deciding for themselves to whom they will sell it and for what price. Period.

It might be true, as the board always claims, that through the collective sale of prairie grain, producers get a higher price than they would selling it on their own.

There is increasing evidence that this is hokum. Australia permits sales outside its wheat board and its producers, whether in the board or out, have seen no loss of income as a result of "dual marketing." Ontario has in recent years done away with its monopoly wheat board, and if anything its producers have seen their prices rise.

Freeing up grain growers to sell to whomever they choose has created a large "value-added" sector in Ontario that has increased the number of buyers for grain, which in turn has driven up the prices farmers are being paid -- or at least caused them to fall more slowly than in the West.

In a recent study by the George Morris Centre, an independent agricultural think-tank based in Guelph, Ont., it was shown that "investment in value adding of wheat- and barley-based industries in Western Canada lags the U.S. and Ontario."

Because the wheat board adds such a high surcharge to any grains sold around its monopoly, few pasta companies, mills or factory bakers are prepared to invest in the West.

The Morris Centre estimates that over less than a decade, this lack of investment has cost the West nearly \$3 billion and at least 12,500 jobs.

Imagine how many small towns could be saved by this amount of job creation, yet the wheat board steadfastly refuses to ease its monopoly because, it insists, doing so would harm farmers and agricultural-based industries.

This is so much fertilizer, no matter how fervently the board and its directors believe it, no matter how often their supporters chant it or how many farmers are put behind bars to defend it. That board simply no longer controls enough of the world's wheat and barley supply to exert power over the price it receives on farmers' behalf.

And with niche markets increasingly fragmenting the market, there is no longer one big worldwide market, either. The board is nothing more than a middling bureaucracy that is efficient at little other than self-preservation.

As proof, consider that in the past decade and a half, board administration costs have nearly tripled (that's money directly out of farmers' pockets) while the amount of grain it markets has remained static.

But even if the board did get farmers a higher price than they could get for themselves, that still would not justify its monopoly because there can be no justification for forcing even one farmer who produced a legal product to sell it only to the government first, whether for his own good or the collective good.

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