

Free Trade Is Wrecking Canadian Agriculture

As EIR reported last week (“British Crown Assaults Canadian Wheat Board in Grab for World Grain Control”), the Canadian government of Prime Minister Stephen Harper, in league with Queen Elizabeth II’s Canadian Governor General, are out to strip the CWB of its “single desk” authority. The CWB is composed of 75,000 farmers in Western Canada, who have been required, by law, to sell their produce to the Board, which represents their interests. This single desk system gives farmers increased bargaining power, enabling them to market directly to the end consumer, rather than the international grain cartels. In October 2006, the Governor General issued an “Order in Council” aimed at destroying the CWB, including a gag order that prevents it from publicly defending its position against that of the government.



Mr. McCreary is a farmer-elected Director of the CWB. He was interviewed by Rob Ainsworth of the LaRouche Youth Movement, on Jan. 17, 2007.

EIR: How long have you been a director with the Wheat Board, and what is its role?

McCreary: The Canadian Wheat Board was turned over to farmers in 1998. Historically it was a government-appointed board, and the Western Grain Marketing Panel reviewed the situation. Trust among the farm community was mixed, and there were a number of very significant structural changes proposed by that review panel, which consisted of a number from the farm community, one of which was, that if it was to be respected and trusted by producers, then it needed to be overseen by farmers, and a democratic process was set up and farmer control of the organization was initiated. That farmer control manifested itself in two ways. The board is 15 members, of whom there are 10 elected farmers, so the farmer board was given a controlling interest. The second was that any change in the mandate was to be decided by a producer plebiscite. I was elected in the first election in 1998, re-elected in 2000, and again in 2004.

The role of the Canadian Wheat Board is to export wheat

on behalf of Western Canadian farmers and to sell to the domestic market for human consumption. So we provide a vehicle for collective negotiation with private industry on behalf of farmers. We also provide a vehicle that negotiates on rail service, and on the terms of handling through which the grain companies provide services to farmers for wheat and barley.

EIR: On Dec. 19, 2006, the president and CEO of the Wheat Board, Adrian Measner, was fired by the Minister of Agriculture. Mr. Measner had a lot of experience with the Wheat Board, and from reports in the media and from what farmers say, he seemed also to be more than competent for his job. What, in your view, is the reason for the firing of Mr. Measner?

McCreary: You would have to say that Adrian Measner was fired because he upheld the law and respected farmers’ views. He was the first CEO who was sought, found, and hired by farmers. . . . He, as an individual, was ahead of performance targets on the third week of November, when he received his [dismissal] notice from the government. It is interesting to note that in speaking to the people who drafted the Act, back in 1997-98, as to why the section that allows the government to have Order-in-Council authority over the farmer-appointed CEO, it was, in essence, to ensure that there was no malicious attempt to use the public purse for farmers’ interests. Adrian was probably one of the most cautious and honest human beings that one could ask for in that position, in terms of fiduciary obligations and financial control systems. I mean, the place was administered impeccably.

So it is a huge issue for us, as a farm community, to have an individual who was highly trusted, removed from office by a government, through a section of an Act that had a purpose entirely different than that. This government removed Adrian, because we were an organization that didn’t agree with one aspect of the government’s policy, and this followed on the heels of them removing our free speech, with the gag order back in October; there’s a fair bit of extreme displeasure with the actions of this administration.

EIR: What are the implications of the gag order?

McCreary: The gag order refers to an order that we not use any funds to advocate the retention of the single desk, which means that we can’t advocate our own existence, as a farm community—advocate the collective work we do, even though eight out of ten farmers that are elected to the board are strong advocates of that. So the implication is that two directors, who oppose farmers working collectively, can go out to a farmer meeting and advocate their position, while the other eight of us have to be very careful, check with legal counsel as to what we can and cannot say, and not advocate the positions we believe in if we’re in a forum that’s paid for by the Canadian Wheat Board. It means our staff, which meets regularly at farm meetings, are constantly questioning what

they can and cannot do in helping farmers understand the role the single desk plays in the marketplace, and the advantage that farmers get with collective bargaining in a marketplace that is dominated by five international grain companies.

EIR: What would be the impact of dismantling the single desk, and the CWB, for farmers?

McCreary: Four companies control 70% of the world trade in cereals; five control over 80%. If you look at every export market that does not have a single desk, which is all export markets except Canada and Australia, you will find that that trade is dominated almost exclusively by those five players. So you would have to expect that Canada would then become no different than any other commodity seller of products who is likely to have their exports dominated by those same five firms.

EIR: According to the National Union of Public and General Employees, the new World Trade Organization (WTO) rules would make it illegal for any group of farmers to organize and collectively bargain for export crops. What do you think of this assessment, and the impact on Canadian farmers?

McCreary: The Canadian Wheat Board is grandfathered in—I'm not aware of limitations under WTO—I know under NAFTA it would be completely impossible to reverse actions taken on collective bargaining with regard to farmers if it was state-mandated. I am not familiar with the WTO sections that are referred to by that group. Our most direct concern, because it is explicit in NAFTA, is that if the Board is dismantled, then industry reassesses itself, which would mean that any advantage farmers got would get taken away again. So there is a fair bit of concern that government interference in farmer business may not only be damaging, but may be irreversible.

EIR: In general, what is the current state of the Canadian farm community? In the United States, it's certainly clear that the family farm is becoming a thing of the past, and I am curious to know if the same process is occurring in Canada.

McCreary: Oh, more rapidly than it is in the United States. The U.S. has had significant public transfers to the farm community, and in some cases it has meant that more farm units, and the rate of attrition in the farm community, is actually faster in Canada than it is in the United States. We have had, now, 21 years, with the exception of 1995-96 and part of the current years, with prices well below historical trend lines, and historical trend lines are declining numbers. So the number of exits from the farming community is almost staggering. The auction sale bill that shows up in your farm mailbox every Spring, that lists the number of farmers that are having everything up for sale, has moved from being a flyer to a catalogue.

EIR: This probably does not bode well for the future of Canadian agriculture.

McCreary: It's actually astounding, because in a world where it is clear that market power is driving economic returns, the Canadian Wheat Board is the only vehicle that Western Canadian farmers have, essentially, to enter the marketplace as one collective voice. There's always been division within the farm community. Times have been very difficult, and there's a tendency to have some division within that, but we've just seen the results of the plebiscites in Manitoba, and if it's a fair question, you get somewhere between two-thirds and three-quarters of farmers that actively support the single desk. But to have that attacked by the government of Canada from the outside repolarizes farmers, creates division where there need not be division. The Board had made considerable progress in terms of finding business solutions that allowed more divergent types of farmers to be comfortable, or at least given the business services they need, within the context of negotiating collectively in the international marketplace. We had seen the farm community move on from the historic debate that was there in the mid-'90s, and now the government, for whatever possible rationale, is trying to find a way to turn that power back over to the five major companies. . . .

EIR: Would it be fair to say that Archer Daniels Midland—which controls anywhere from 23-38% of Agricore United, the largest grain handler on the prairies—would be the main beneficiary of the dismantling of the single desk? . . .

McCreary: Well, I think there are actually quite a number of big beneficiaries. I think that CP Rail, which is headquartered in Calgary and has clearly been at the same headquarters as the Reform/Canadian Alliance, has a huge potential to benefit. The Wheat Board has been very active in making sure that services are provided to small shippers of Wheat Board grains, so producers have access to real facilities, which clearly wouldn't be the case in a railway-dominated marketplace. And I suspect that if you research the involvement of the transition team, you would find other directors of major grain companies that were fairly active. So I wouldn't be in the business of singling out one necessarily. You've certainly drawn connections for one of the players. I've seen the road map where some of the other players were fairly tightly tied to this administration as well. . . .

EIR: Another project we are looking at is upgrading the rail system of the prairies, for example, the development of high-speed rail systems to more quickly transport goods to market.

McCreary: If we could get *any* rail service, we'd be happy!

It's ridiculous! I live on the main line between Saskatoon and Regina, which has one delivery point, and CN Rail has just filed for the abandonment of that line, from Davidson south to Regina, which will mean there will be no rail network between Saskatoon and Regina. Rail service is abysmal. Farmers west of Gardner Dam, took it upon themselves to offer to buy the rail line, which the railway in the end refused, and decided to go back into service; but the farmers, in order

to get service, have to load all the cars themselves. And they can have enough grain trucks lined up to load producer cars, a line of grain trucks on a Friday at 35° below, to find that the train simply doesn't show up, and the railway neglects to tell them that it may not show up until the next Tuesday. It's been tough. Two years ago I would have sworn that CP Rail was the worst in the world, but I would say CP has done a better job in the last two years. CP has outperformed CN in the recent past, but there's lots of room for improvement.

The charges that we are facing are more for a multiple car unit now than it was for a single car unit before they abandoned all these facilities and made farmers haul 40 or 50 extra miles to meet them on a railhead. Then you hear the government talk about buses to meet the Kyoto Protocol; meanwhile farmers are hauling grain in semis 40 or 50 miles, where there used to be a railway.

EIR: When we look at the state of infrastructure in general, what we find is that there's been a massive neglect for the last 20-30 years, and it is really starting to catch up with us now. Therefore, what we are proposing, in terms of economic policy for the government, is to issue credit through the Bank of Canada. President Franklin Roosevelt, in the 1930s, set up the Reconstruction Finance Corporation, which funded these kind of large-scale projects to upgrade the basic economic infrastructure of the country. We're looking, therefore, at changing these kinds of policies. I think this has always been recognized in Canada, at least by those who are more nationally oriented, that there is interdependence between manufacturing and agriculture. So, therefore, these projects would have the effect of increasing the industrial demand and productive demand for goods produced in Canada, while at the same time increasing the efficiency while decreasing the cost for the agricultural community.

McCreary: I would say there are two issues there. The first is the development of infrastructure, and the second is the ownership structure. As long as two railways own the facilities, they charge what the market will bear, regardless of the condition of the infrastructure; and unless there is a reasonable regulatory framework which allows a commercial balance

between shippers and carriers, you can't get there. Right now, the railways can gouge, and if you look at railway rates, returns and railway profit levels on grain to the movement of other commodities, it is exorbitant in Canada. And meanwhile the infrastructure suffers, and people who use the lines are facing nearest to zero profit, of all industries.

EIR: You've hit the nail on the head on the issue of regulation. That's going to be absolutely necessary.

McCreary: Yes, there has to be some sort of regulatory framework in order to get a balance back between shippers and carriers.

EIR: One final question. It has been said by the government that the Wheat Board is no longer relevant to a modern, liberalized economy. What is your view on this, considering the last few years and what the prospects of the CWB look like in the future?

McCreary: If a modern liberalized economy means allowing five companies to control the world trade in food, then we are not consistent with that. But if this is about efficient movement from the source of production to the point of consumption, in a manner that consumers are happy with the product they get, and are treated in a fair and reasonable manner, then the Canadian Wheat Board is the future. It's the only vehicle that allows farmers to have a negotiating possibility in that type of a marketplace.

I might just share a bit of an experience I had in the United States. I was part of a large international debate, where I, a member of the Australian Wheat Board, and a fellow from one of the large U.S. merchandising houses—when he was asked if the U.S. wheat industry could be competitive, he said no, we can't be competitive, because our wheat is exported by people like me—margin traders. And margin traders never market product. We try to provide the cheapest commodity we can to every mill in the world, because if we don't sell American wheat, we could sell Black Sea wheat, or Indian wheat or we can sell wheat from wherever we want in the world. The Canadian and Australian Wheat Boards have marketed their wheat, which means distinguishing from the wheat of the world, making it different, to meet the miller's demand, and making it consistent, and in turn charging premiums in negotiations for that wheat. He said as long as those two countries have single desks, the rest of us can't be competitive.

So I think what that says is that, in fact, the Canadian farmers have charted a path that makes sense for the future, where people-based, farmer-based organizations can attain sufficient economies of size to negotiate directly with processors that are huge financial organizations, and have a reasonably balanced playing field. If a modern commercial environment is to survive together with modern democracy, then organizations like the Canadian Wheat Board had better be part of the future, or civil society is in a lot of trouble.

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