

*Canadian Wheat Board*

however, be satisfied that any given scheme for this purpose is a practical one, a constitutional one, a workable one and one that will command the support of the interested groups concerned. Until it is satisfied that these conditions have been met, the government will not be prepared to undertake the marketing of oats and barley through the Wheat Board.

After Mr. Howe's amending bill received royal assent, Premier T. C. Douglas promptly introduced a coarse grain marketing control bill in the Saskatchewan legislature. Its substantive provisions were very simple. Section 4(1) provided that "No producer shall sell . . . grain . . . for delivery within the province to any person other than the Canadian Wheat Board", and section 4(2) excluded farm to farm transactions for feeding purposes from the provisions of the bill. Thus, all farm to farm sales, even if trucked at a considerable distance within the province remained outside the control of the board. The Saskatchewan coarse grain marketing control act received royal assent on March 25, 1948, but the Alberta and Manitoba governments did not act so quickly.

On March 16, 1948, Premier Stuart Garson of Manitoba wrote to Mr. Howe. He took note of the fact that ever since 1943 the Canadian Wheat Board has been an agency of the Crown, and that as such the federal government had the power to direct its pricing policies in contravention of the board's acting as an agent of producers and selling to their best advantage, and he raised the following pertinent questions.

Is the Wheat Board to be the agent of the producer of oats and barley charged with the responsibility of securing the best price possible in all available outlets, or is the board to be the agency of the government, buying oats and barley at a price set by the government for reasons not necessarily related to, and even incompatible with, the securing of the best price? Is the price to be set, for example, at a certain level to keep down the cost of living in Canada or to provide livestock raisers with feed at a reasonable figure? In this latter case if the Wheat Board fixes a price for oats and barley below what those commodities can be sold for, will the resulting loss be left with the producer of oats and barley, or will this loss be paid by the whole Canadian people? To put it in another way, will it be the policy of the Wheat Board in handling oats and barley to hold down the price to the buyer by open or hidden subsidies? If so, who will pay the subsidies—the producer of oats and barley, or the federal government representing the whole body of the Canadian people?

Mr. Howe made no attempt to answer these questions in detail, but simply repeated his position that the federal oats and barley amendment would not be proclaimed until all three prairie provinces enacted complementary legislation. In the spring of 1949, both the Manitoba and Alberta legislatures passed coarse grains marketing control acts which were drafted in the same form as the Saskatchewan act. With the enactment of the complementary legislation, the federal government's commitment to proclaim its act had been met, and the Wheat Board was instructed to take over the marketing responsibility for oats and barley commencing August 1, 1949.

Before doing so, the board's criterion for its sales policy still had to be established. It had been placed in the middle, along with the federal government, of the conflict over prices be-

tween, on the one hand, farmers producing and selling their grain as a cash crop to consumers and, on the other, those whose customers are farmers themselves, buying grains to convert into livestock products. This conflict of interest over the pricing of oats and barley between farm producers and farm consumers has continued from 1949 to today.

When the Canadian Federation of Agriculture recruited equal support among its eastern and western members in 1948 for placing the marketing of oats and barley under the Wheat Board, it admitted that it would have difficulty in recommending to government the price that the Wheat Board should fix for these grains, one which would be fair and reasonable to producers and consumers alike. Nevertheless, it undertook to make such a recommendation and, had the federal government taken the federation at its word, the federation would have been saddled with the same conflict of interest between domestic farm producers on the one hand, and domestic farm consumers on the other, with which the federal government and the Wheat Board have been saddled ever since.

Mr. Howe and his Wheat Board faced this issue first as the latter took over the monopoly marketing of oats and barley in 1949. Because they were not prepared to depend upon price recommendations to be forthcoming from the Canadian Federation of Agriculture, they decided to abide by the mandate provided by the Canadian Wheat Board Act of 1935, to sell to the western producers' best advantage, although this was not what the eastern feeders sought to obtain by supporting board marketing of oats and barley.

At the same time, the Wheat Board encouraged the Winnipeg Grain Exchange to keep its futures markets for oats and barley open, and the board confined its selling operations to offering both grains for sale in the oats and barley futures markets. Thus, for a number of years, the board continued to use the facilities which the open market system had been providing. It was a somewhat contrived situation at best, because the board now became the dominant seller in these futures markets. Yet the prices those markets registered could be pointed to as an indicator of the prices at which it was fair and reasonable for the board to sell.

After a while, all sorts of problems began to develop in the marketing of oats and barley. As surpluses accumulated in the west, the board was forced to restrict the delivery of oats and barley to primary elevators which had become congested. This it did through the delivery quota system administered by the board.

When western producers found themselves cut off from sales through the elevator system to the Canadian Wheat Board, they turned to the only other market available to them, namely, farm to farm transactions or the off-board market which was exempted from the complementary provincial marketing legislation, and over which the board had no control.

These off-board sales could be carried to considerable lengths by long distance trucking within each province which was perfectly legal under the provincial legislation, or across provincial boundaries, though this contravened the regulations of the Canadian Wheat Board which had jurisdiction over