

**Narrator:** Otto Lang (OL)

**Company Affiliations:** Government of Canada, Canadian Wheat Board, Richardson Pioneer

**Interview Date:** 20 March 2009

**Interviewer:** Nancy Perozzo (NP)

**Recorder:** Nancy Perozzo (NP)

**Transcriber:** Sarah Lorenowich (SL)

**Summary:** Former Minister Responsible for the Canadian Wheat Board Otto Lang discusses his career within the Canadian government and his close connection to the grain industry. He describes the agricultural issues at the time of his first election, including low grain prices and extreme surplus grain. He details some of the major programs and changes he issued as a minister, like introducing the LIFT program to deal with surplus grain, introducing the Western Grain Stabilization program, axing the Temporary Wheat Reserve Act, buying hopper cars for the railways, and improving the rail branch line system. Lang also describes his creation of the Grains Group and later the Canada Grains Council, two groups meant to incite cooperation and open conversation between grain industry players. He lists other challenges that faced the grain industry, like the Crows Nest Pass freight rate, shifting export markets, and increasing costs of farming, and he predicts some issues it will face in the future with the waning power of the Wheat Board. Other topics discussed include his meetings with other major grain exporting countries, Churchill's expensive port operations, cooperative work with the Canadian Grain Commission, the creation of the Protein Oil Starch research plant, Thunder Bay's dependence on certain export markets, and Canada's global reputation for high-quality grain.

**Keywords:** Government of Canada; Canadian Wheat Board (CWB); Ministry Responsible for the Canadian Wheat Board; Agricultural policy; Grain industry—Laws and legislation; Agricultural politics; Grains Group; Grain surplus; Grain reserves; Grain storage; LIFT program; Western Grain Stabilization program; Temporary Wheat Reserve Act; Cros Nest Pass freight rate; Grain transportation—rail; Grain transportation—ships; Rail line improvement; Government subsidies; Farmer cooperatives; Private industry; Canada Grains Council; Grain export destinations; Export markets; Grain marketing; Churchill; Hopper cars; Canadian Grain Commission (CGC); Grain grades; Grain inspection; Grain farmers/producers; Grain research; Protein Oil Starch plant; Richardson Pioneer Grain

Time, Speaker, Narrative

NP: Nancy Perozzo this morning is meeting with Otto Lang at his lovely home out beside the Red River. The date is March 20<sup>th</sup>, 2009. I think I'll just get started with some general biographical information.

OL: All right.

NP: Because sometimes knowing about people's background--. I understand you grew up in Saskatchewan, is that correct?

OL: Yes, I did. I went to school and university in Saskatchewan, did a Bachelor of Arts, Bachelor of Law degree there, and then I went to Oxford for a BCL. I was a Rhodes scholar. And then I went back to Saskatchewan and articulated at a law firm and then began teaching law. Became the Dean of Law in 1961 and was that until I ran for parliament in 1968.

NP: I think out of all the people I've interviewed so far, your history doesn't tend to lead towards involvement in the agricultural industry. Were you a farm family at all? Was your family a farm family from--?

OL: No, my mother and father were both teachers. Dad was a principal of schools from the time he started teaching until, well, until he retired. We moved into several different places in Saskatchewan. So I was actually in small-town Saskatchewan most of the time, ending up in Humboldt, which itself was a smallish city. So I was close to the farm. Englefeld was one of the places we lived in. While I was at university, I actually worked on the Joseph Nordick farm out at Englefeld for a couple of summers. I used to say in politics when people said, "When will you want to give up politics?" I said, "When all the ideas I got while on Joseph Nordick's tractor have been put into place." Because I found that I could do an awful lot of thinking while I was cultivating—all of which became rather automatic. So I knew a good bit about the sort of general background of farming. Then because I had a strong interest in politics and was going to run in a Saskatchewan constituency, I paid very close attention to the political and policy aspects of the grain industry as well. So that started it all.

NP: Did you have a particular philosophy about agriculture at that time?

OL: Well, I forget when I began concluding that the agricultural situation was unusual because in grain in particular, the world needs a reserve to save itself from starvation, and very often that reserve was located in places like Saskatchewan where the grain was stored in farmers' bins and so on. The reserve, which sounds like a very valuable thing, became treated as a surplus the moment there were good crops. So what was extremely valuable if it were needed in an emergency became a problem when the crop was good, and it was suddenly a surplus, and its value diminished. I have to go and let the cat in. [Laughing]

**[Audio pauses]**

NP: Okay. We're back on.

OL: But generally, I was very supportive of the agricultural industry in my mind and looked at all the problems, which later on I had to face because after I was in government only a very short time—well, almost immediately—I went into the-- Well, I did go into the Cabinet immediately, and I was associated with Jean-Luc Pepin, who was Minister of Industry and Trade—I think it may, in fact, it was called Trade and Commerce at that time—had responsibility for the Canadian Wheat Board [CWB], which always rested with Trade because of the international aspect of the Wheat Board. Gene Whelan as Minister of Agriculture always wanted to have it, but it always stayed with Trade until it was put into my control as a separate venture, which happened because things were so difficult in the grain industry particularly at that time that Jean-Luc Pepin found that he was spending he though 60 to 65 percent of his time on the grain problems while he was Minister of Trade, of all issues of trade and all issues of commerce, really, in the country. That's why in 1969, the Prime Minister gave me as one of my options the opportunity to be minister responsible for the Canadian Wheat Board, and in effect take it out from under Jean-Luc's wing and have a minister specifically to deal with that problem.

**[0:05:20]**

NP: If we could just back up a little bit. If I recall, you had said you had gone from dean of law school into politics.

OL: Right.

NP: So going back to when you ran for office, was—it seems almost like a brainless question now that I start asking it [laughs]—was agriculture a big issue in your platform, or were there other things?

OL: Well, there were a lot of things, but it certainly was a big issue because I ran in Saskatoon-Humboldt, which had about half of the city of Saskatoon in it, but it ran for over a 70-mile-wide by 130-mile-long area of the country, including back to my hometown of Humboldt and so on was within it. So agriculture was certainly a significant issue. And in fact, in my nominating speech I talked about the need to take our messages to Ottawa rather than Ottawa's messages back here as one of the themes of my speech. So it was a significant issue, but of course, there were a lot of others in a big campaign, and the city was part of it. Of course, a city like Saskatoon, particularly in those days, was very agriculture sensitive in any case because half the population had grown up on farms or certainly had relatives on farms nearby.

NP: Were there particular issues at that time?

OL: Well, the grain price was so low that that itself was an issue. The grain pile was getting bigger and bigger. There was more being stored by farmers every year, so that was a major issue.

NP: And what year again was that?

OL: The election was on June 25<sup>th</sup> in 1968, then I got responsibility for the Wheat Board only about, I think, seven or eight months later. Then by early 1970, we introduced the LIFT [Lower Inventories for Tomorrow] program because at that point in time, there was about three crops of wheat in store in Canada with a new harvest looking us in the face. So it seemed sensible to reduce that amount in store and avoid the down impact of what was then clearly called a surplus on the price because it was sort of overhanging the market. So we came with that program. Actually, we had a very interesting experience, Jean-Luc Pepin and I, in late 1968 because we had a contract with the Russians. They had bought, I think, 3-3.5 million tonnes of wheat from us for delivery over that following year. There was still 1.5 million or 2 million tonnes left to be delivered, and the Russians came in with a huge crop of wheat that year and not only didn't need any, they would have had to store it on the ground if we had shipped it to them. And yet, it was clear that they knew that they were obliged to take it, but they asked us to not force them to take it under the contract. They said in return they would always look to us first for their wheat. Jean-Luc and I, faced with the political difficulty of there being so much wheat on our hands as well, still concluded that it made sense to create that relationship with the Russians. And they did, of course, then come to us first a few years later. They desperately needed wheat, and the Wheat Board was able to, in effect, sell them everything we could possibly ship out of the country.

NP: How did you first get into the agriculture portfolio? I know you referred to it briefly in your introduction, but how did that--?

OL: Well, not the agriculture portfolio. I got the Wheat Board responsibility.

NP: Oh, okay.

**[0:09:59]**

OL: That was always outside of agriculture, and my friend Gene Whelan didn't like that because it looked like I was Agriculture Minister out here in the west because grain was so important. But it was really because I was associated with Jean-Luc Pepin, and then he saw the problem was so huge that he needed some different arrangement. There was a crucial moment when the Prime Minister actually asked whether I wanted to be Minister of National Revenue, Solicitor General, or have this new arrangement of being Minister Responsible for the Wheat Board. A couple of my key guys in my staff—Rod Bryden and Edward Ratushny—and I

spent an evening talking over the issue and decided that if grain was a significant problem in the next election of '72, I would likely not be elected. If it were not, then I may as well be associated with the rise back up and also have something to do with the rise and improved situation for grain. So we really were very happy to take the grain on. I always say that if the Prime Minister had walked in at 2:00 AM that night, because we spent a long night at it, and had offered me the Department of Energy—which I was acting Minister of Energy for a while and that had been a sort of dream department for a westerner—at that point in the evening we would have said, “No, we want the Wheat Board.”

But we also concluded--. We actually reviewed all the programs that would likely be necessary, including western grain stabilization, a change in the quota system, all the things that were standing in the way of sensible dealing with grain, but also that I would go to the Prime Minister and say, “I’d like the Wheat Board, but only if I can form a Grains Group,” and that would include senior people from agriculture, trade, and transport into a group so that the three departments who were handling different parts of the problem had the whole problem sort of concentrated in their hands. I had partly come to that conclusion because while I was not yet in that responsibility, trying to deal with a particular grain problem I had called the Department of Trade and a particular person there who was senior and said, “I presume that this problem is in your bailiwick?” And he said, “Well, if it were a Trade department problem, it would have been, but it’s an Agriculture problem.” I had called the appropriate person in Agriculture and said, “I presume this problem is in your bailiwick?” And he said, “If it were an Agriculture problem, it would be, but it’s actually a Trade problem.” So I knew there was a problem of coordination.

Anyway, the Prime Minister agreed. We formed the Grains Group. I got Rod Bryden, who had been on my staff as a special advisor, became the coordinator of the Grains Group. Esmund Jarvis was the Department of Agriculture person assigned to it, and he was an associate deputy minister. Bob Esdale, who was the director of Trade in the Trade department was assigned to it. Both later became commissioners in the Canadian Wheat Board. They were outstanding. Then Bob Shepp was actually seconded from Railway to Transport to be assigned to the Grains Group, and he was a senior person as well. So we had a very senior group working on the problems that we were going to face.

NP: Just before I forget, you had mentioned the LIFT program a little earlier. The LIFT stands for--?

OL: Lower Inventories for Tomorrow.

NP: Okay.

OL: Is the acronym. We had gone over the whole issue of how the grain was overhanging the market and actually got the support of the heads of the three Prairie Pool elevator companies as well as United Grain Growers [UGG] for moving ahead with this

program. Now, they paid a price for that later because it became somewhat unpopular politically once it was announced and put into effect, and they hadn't had time, really, to fully consult with their members. So that made them a little gun-shy when the next programs came along.

NP: Yeah. For people who might be listening to this who don't have the benefit of being part of developing a program to try to solve a problem, if we just focus on the LIFT program and how it came about, how the idea germinated and what was necessary to get it into practice. And then following up on that within practice, why was it considered unpopular by some people?

**[0:15:09]**

OL: Well, three years of grain on hand was obviously not sensible, and it was even clear. Some people later on looking back at it said, "It's too bad you did that because a few years later, there was a great demand for grain." But in fact, we couldn't have carted more grain out of the country than we did. I mean, you just don't have a system that can cart two years of grain out of the country in one year. It's silly to build so big a system as to be able to do that.

NP: Would there have even been the markets?

OL: Well, two years later when the Russians badly needed grain there was a market for everything we could ship out, and we sold them everything we could ship out. We couldn't have shipped out more anyways. So in that sense, there was a limit to the market, but there was a big market surge all of a sudden. But we also had observed the United States practice of, of course, while paying farmers in effect for not growing grain by the use they made of their financial help, this was a different way of our doing it. Of course, part of what we were doing was able to persuade the Treasury Board and my colleagues in government to put up a good chunk of money, which would flow to farmers over and above what they would get from a crop. It wasn't easy always to get money from the Treasury Board and the government, my colleagues, for any kind of program, but when they saw the economic sense of doing it this way, they went along with it.

Now, it became unpopular because, of course, it was a difficult program. It was basically saying to farmers that acres you put into wheat will not be based upon what you can deliver. So it really had a stick to it as well as the carrot for the dollars they got for reducing acreage. So the stick part of it was certainly a bad problem. Of course, anytime you bring in a program to try to solve a program, there are new problems associated with the program. You just can't avoid that. And in this particular case because it was short-term—one year and over—it was unfair to, say, a farmer who had decided that since he had three years of wheat on his farm, he would summer fallow his whole crop the year before. And now we were in fact saying, "Summer fallow it again." So it had those elements of unfairness to it, and you can't help that in a one-year program.

NP: The Prime Minister at the time was--?

OL: Trudeau.

NP: Trudeau. I guess what I should say too is I guess what the letter said was anytime you don't want to answer a question, just don't answer it. [Laughs]

OL: That's fine.

NP: What was Mr. Trudeau's philosophy of agriculture would you say?

OL: Well, he was very interested in learning about it, although there were also in the Cabinet others—Jim Richardson, of course, who came from a grain operating family—but who was not all that knowledgeable of that side of the business. He hadn't done that much in his family firm. But a person like Mitchell Sharp was there, and he had also sort of grown up not only in Trade and Commerce where he had been deputy minister and therefore seen the Wheat Board firsthand, but he had really started his life as a trader in the Richardson operation in Manitoba. He was always very supportive and helpful. The Prime Minister very soon took the attitude that I seemed to know what I was talking about. He once said that he used to listen to every question I answered in the House until he decided that A, he didn't understand the vocabulary, and B, I seemed to know what I was doing. So he didn't even bother to listen anymore. In effect, he trusted me. So that helped, and he was always very supportive in these programs.

You know, we brought in the Western Grain Stabilization Act, which, again, triggered a very large amount of money from the Treasury. In fact, two percent of the value of grain was committed by the Treasury into the Western Grain Stabilization fund, with the funds to be paid out in those years when farmers, whose incomes as a group were significantly lower, well lower than the five-year average. Again, to get that money, we had to show why it made sense. There's where I began arguing that the surplus was a reserve until it wasn't needed anymore, and then it was treated with contempt as a surplus, and we had to encourage that. So we got those chunks of money into the system. We also got rid of the Temporary Wheat Reserve Act, which was a creature that probably made sense to C. D. Howe when it was brought in, when the Wheat Board and the elevator system was storing an awful lot of grain because the war stopped the flow of grain in a normal way. And yet, it was seen as being a valuable reserve. But the way the payment was made, it was made to pay for the storage in relation to the grain on hand in Canada, in the elevator system on August the 1<sup>st</sup>. [Telephone rings]

**[Audio pauses]**

**[0:20:50]**

NP: What the reason for it--.

OL: I will.

NP: You were sort of in the middle of that, I think.

OL: No, it made sense for C. D. Howe to compensate for the storage of grain because it was seen as a reserve. But because he tied the payment for the amount of grain in storage on August 1<sup>st</sup> in the elevator system—and it triggered a reasonable amount of money to be paid, so then it was seen as flowing through to farmers eventually—but what it did was it encouraged the elevator system to pack up absolutely full on August the 1<sup>st</sup>, which meant that the elevator system was completely full just before the next harvest was coming in. And secondly, it was full of grain that farmers chose to deliver and not necessarily what was needed for movement on and out of the system. So it really plugged up the system very badly. So we basically were getting rid of the Temporary Wheat Reserve Act and putting far more money into the farmers' hands through the Western Grain Stabilization Plan. That made general sense.

NP: And that program, the Grain Stabilization, still exists?

OL: No. The Conservatives got rid of it because they didn't like it because it was my program. It was a serious mistake. They put a far less adequate program in its place, and they have been floundering around ever since. If somebody did an analysis of the amount of money that would have come to farmers in a sensible way if this Grain Stabilization program had been in effect, they'd be astounded at how much better it would have been for farmers if it had stayed. But they didn't like it because it was mine, and they got rid of it.

NP: And which program was put in place, do you recall?

OL: Oh, a broader agricultural stabilization program, which didn't convey as much money, but it was also less sensitive to the real needs of the grain farmers. It's grain that is much more the surplus commodity because in the case of animals, you stop producing them the moment it's adverse, but in grain, you sort of don't have an alternative. You either produce it or leave your land idle. The other thing we did in the early days was correct the quota system, which had a very significant anomaly in it which was farmers were allowed to deliver at the beginning of the crop year, which was called a 200-unit delivery, but which really meant that they



could deliver whatever grain they chose. Most of the other times, the Wheat Board would open a quota and indicate which grain they needed, but with the unit quota, the farmer could deliver what they wanted to, which usually meant they delivered what wasn't wanted in the system and wasn't needed. So we got rid of that as well. For my pains, I was accused of, by the United National Farmers Union, of trying to destroy the family farm. They managed to accuse me of that with almost every program I brought in. Since I'd grown up rather close to family farms, I always found that a little amusing, particularly when they produced a button that said simply, "Otto Lang is two four letter words." [Laughing] However, I said to them, "So are *hope* and *love*." [Laughing]

NP: The Grains Group that you started up when you came in, I guess one of the things I found when I started to do a little bit of looking into the industry was just how interconnected everything was and really what a ball of wax. And you had to deal with that. So the three groups that you brought together—I believe there were sort of three groups that were the major players—can you say something about the transportation aspects that you had to deal with?

OL: Well, that, of course, was a bigger, longer-term situation. In the short term, it faced up to issues of how the railways were handling things, but we also were faced with the problem that the railways were inadequately compensated for handling grain, and therefore their attitudes weren't very positive towards the handling of grain. The Crows Nest rate was a significant problem because the railways simply did not get enough for handling grain to maintain the system, let alone improve it. And to the extent that they could improve it, they had to, in effect, draw money from the rest of their revenues, i.e., they had to charge more for other products all across the country that they were moving. So that was one of the issues we knew we were going to face.

**[0:25:29]**

So we basically started looking at ways in which we could help offset the lack of finances going to the railways in the long term. As I said in a speech I gave to the Canadian Grains Council in 1974, the Crow Rate had to go. But in the short term, we did things like buy the first 2,000 hopper cars and make them available to the railways because, as I say, their revenue was inadequate to improve the system, and they would've gone on with the old boxcars as long as they could have and running them out, in fact. I always remember being at a Sask Wheat Pool meeting when somebody in the group in a question period said, "Why don't you buy 1,000 hopper cars?" I stood up and said, "Why don't we buy 2,000 hopper cars?" Because I was about a week away from announcing that we were going to do that. Of course, the hopper car was a far better vehicle than the old boxcars. If You've ever seen a boxcar destroyed in Thunder Bay or the door of the boxcar, you'll understand. So that was one of them.

Then in due course, we did the branch line rehabilitation program as well where we got another \$700 million of money to put into the repairing and improving of the branch lines, which had just gone into serious neglect, and which needed that kind of money.

And again, for which the railways didn't have the money without unduly taxing other products that they were moving. So that was a major part of the transportation problem.

NP: You had mentioned earlier about when you bring in a policy or a program, there always seems to be some fallout from it. So a lot of people have mentioned the Crows Rate and how problematic it was. With the reduction of it, what kind of changes took place? Both predictable and unpredictable.

OL: Well, of course, when it eventually got changed—I laid the groundwork for the discussion in 1974—but the firing and attack on the very suggestion was so great that I actually postponed moving forward with it at that time. Partly because my provincial Liberal friends in Saskatchewan were so uptight about it going into an election, and even then, it became an issue even though all I'd done was explain why it had to be gotten rid of. Of course, my speech in 1974 was essentially how silly it was to support the transportation export of grain but then not support the transportation export of hogs and cattle and so on, so that we in effect said to farmers if one of them grew barley and shipped it to Japan, we let him go to the Crow table at take say \$200 off the table for his 1,000 bushels of barley. But if he had fed the 1,000 bushels of barley to hogs, and he shipped the hogs to Japan, we said, "Oh, no. You stay away from that table. You don't get your \$200 for doing that." So we were discouraging the feeding of grain to hogs and to cattle and so, which was obviously a silly economic thing. Which was why in 1974 when I did make the speech about the Crow, we already had basic approval from my colleagues in Finance and Treasury Board for a very large amount of money to be paid to farmers if we got rid of the Crow because we could argue that the Crow had been built into the price of land, and land values would drop if farmers had to pay the higher transportation cost for grain. My colleagues actually bought that because they saw, again, the economic argument for the greater amount of grain to be fed to animals rather than shipped out in their raw form.

NP: Yeah. Explain to me a bit about why the impact on the value of land from taking away a subsidy on the transportation.

OL: Well, because if you're paying more for transportation of grain, then your grain is worth less at the farm gate than it was before. And as a result, anybody looking at how valuable the land is, to the extent that they take production value into account, it comes down. I say to the extent they take that into account because, of course, land values are also partly speculative in terms of what they'll be worth 20 years later, even. On the old theory that land is a limited resource and therefore should always go up in value, there's some tendency for the value not to be related just to the productivity of the land.

**[0:30:10]**

NP: As you look at what has happened to the industry—positive and potentially negative—with eventually getting rid of the Crow Rate, do you have comments to make on how that played out eventually when it came into being?

OL: Well, it did play out as expected in the sense that the hog industry boomed in places like Manitoba. And Manitoba actually suffered more from the Crow Rate because it benefitted more from the Crow Rate than anybody else because the freight rate, obviously—the natural freight rate—is higher from middle Manitoba to either port destination. Well, not so much Thunder Bay, but certainly Vancouver, and Vancouver had become more and more the bellwether for the movement of grain. Since the freight rate was higher, it would have been normally higher from here, the Crow was effectively more of a benefit to the Manitoba farmer—the benefit being, therefore, a greater distortion in the price of grain in Manitoba. That’s why, really, the cattle industry tended to develop, and the feeding of grain to cattle, more in Alberta than in Manitoba because the Crow distortion wasn’t as big in Alberta as it was in Manitoba. So that really proved itself. Now the animal industry is going through some ups and downs, particularly with the usual maliciousness of American policy, but in the long-term, that will all come right.

NP: And I think that sort of leads into my next question, which is one of the other groups that were represented in that council or Grains Group was the trade. So the ins and outs, ups and downs, of the international trade from your time dealing directly with it, comments you have.

OL: Well, we had simple issues like what we could do to encourage markets. We got into the Brazilian market for the first time after a long, long time. They used to get most of their grain from Argentina, and we were a bit farther away. So getting in there was something. But we developed a program which allowed us to build some silos in Brazil as part of a composite deal of them buying some of our grain again. It actually led to a famous trip on my part because we thought we’d done a deal for the grain and the silos in Brazil, and the fellow who later became our ambassador to Japan came in to talk to me about it and said, “There’s a bit of a hitch.” And I said, “A hitch? I thought we had the deal done.” He said, “Oh, yeah. We do. But Brazil can’t agree on the signing of it because the Foreign Affairs Minister wants it to be the first international deal signed in Brasilia, and the Brazilian Finance Minister is coming here, and he wants the deal to be signed here on his trip.” I waved my hand at my friend and colleague and said, “Go and solve it. If necessary, we’ll sign it in both places.” He came in—always thought I was joking—he came in a day later and said, “That’s the solution.” I said, “What do you mean that’s the solution?” “We’re signing it in both places.” So I had to fly to Brasilia and I did, I think, a 66-hour trip from Ottawa to Brasilia and back, of which two third of it was in the air. [Laughing] But I signed the first international grains agreement in Brasilia with the Foreign Affairs Minister there. So those were sort of the little immediate problems.

In the longer-range issues though, I was in discussion—with the strong help of the trade officials—with the other major exporters. So we would organize meetings with the United States, Europe, Argentina, and Australia to discuss ways of trying to deal with the grain problem. That was partly an effort to get the Americans to be a little more sensible about their programs to help their farmers. And not to get into the technicalities of it, but there was a target price they used in the United State, which effectively ended up

being a floor price or a ceiling price, top price, for grain exports in the world. Because by this time, the United States was the biggest exporter of grain and particularly of wheat. And after one of our five-country meetings, my suggestion to Harden, the Minister of Agriculture from the United States, was that they raise their target price, and they did, in fact, in the following era of time raise it. So we had those discussions ongoing. So that was a very important aspect of our attempts to get a better price for grain.

**[0:35:33]**

NP: Those international agreements, did they change over time, or has it always been just really tough negotiating all along?

OL: Well, the biggest problem is the American politics, where the big farmers are able to maintain a very, very strong lobby in favour of high support prices from the Treasury. Their program is the same as our stupidity in the way we support our eggs and milk and chicken industries, where they cash not only from the Treasury but particularly from the consumer goes to them way in excess of what it would be if world prices were in place. It tends to go to huge farmers rather than in any per-farmer way so that the bulk of the money that flows off flows off to a small, very privileged group of people. And that helps the politics hold those programs in place, and that was always a problem in the United States.

On the trades and transportation side, I suppose I should mention that one of the things we were interested in, of course, was the alternative transportation things, and we did the beginning work on the new terminal at Prince Rupert. We kept an eye on Churchill, and of course, on the overall situation in Thunder Bay. The Churchill situation was funny because, of course, we had easily concluded that it was more a political port than an economic port because the amount of money needed to maintain it was far in excess of its real economic value to the country, particularly because when Churchill was operating that rather short season it had was exactly the time that Thunder Bay was at its slackest and could have easily have handled that grain. And yet, we were being pressured to maintain, or force the railways to maintain the rail line to Churchill, and it's a very expensive line. It was built in the wrong place. It's on permafrost. One of the guys in my Grains Group had been working on the Churchill area with the railways for years before, and he remembered being there watching a grain train—then just boxcars—coming around a curve on the Churchill line and claimed that he saw the line sort of float six feet out while the cars were going around and then floated back after they were gone because it was built on permafrost. It was in the wrong place. But the dollars being devoted to Churchill just didn't make sense, and I was always convinced that it was only politically a necessity rather than an economic, sensible program.

NP: Supported or pushed for by farmers in the northern range of Manitoba and Saskatchewan?

OL: Yeah, and particularly Saskatchewan because the way the railway runs, it really is more logical to pick up grain in Saskatchewan than Manitoba. So it was a Saskatchewan thing. The Hudson Bay Route Association was always on of those very, very hardworking lobby groups. They gave a lot of volunteer time to it certainly and that sort of thing, but they managed to make more noise than the whole project was worth. I remember one beautiful time when the head of the Hudson Bay Route Association by the name of McEachern was visiting with me about the need to do something more for Churchill. And he complained bitterly because he had just been up to Churchill, and the first ship had arrived there to receive grain, and it had been punctured by an iceberg as it came in for grain. And his complaint was that they had docked the ship with the gash visible from the shoreside, and they could have just as easily have parked it so that it was turned the other way and you didn't see the gash, which I thought was carrying the politics a little far. [Laughing]

NP: Just for the impression that it gave?

OL: That's right.

NP: Are you at least somewhat thinking that with global warming Churchill might not be such a bad port?

**[0:40:04]**

OL: Well, that's a huge question, but it would probably take an awful lot for it to make more sense because I don't know when the icebergs will stop floating around there. If you say that global warming will actually remove those--.

NP: [Laughs] Probably create more of them! Chunks of ice falling off.

OL: That's right. So it's a long time away for that to happen.

NP: And that doesn't change the rail line situation.

OL: No that doesn't.

NP: And perhaps puts it underwater. [Laughs]

OL: Well, I guess it may be high enough to avoid that problem, but as I say, it really was built in the wrong place. Some of my people had tracked out a different route which would have taken it a little farther east before it went north, and it would have been on more substantial ground if it had gone there instead of where it went.

NP: Yeah. So coordinating with the railways eventually worked itself out, or it's sort of going to be a constant pull between the requirements of the grain industry and the broader interests of the railways?

OL: Well, now that they receive reasonable compensation, they argue about whether they're getting enough, and the farmers argue they're getting too much. I think they probably are getting reasonably compensated, but they still would like to consolidate the system because that would make it more economic for them to pick up the grain. I happen to personally believe they overstate the value of loading 50 cars and 100 cars at a time at an elevator as distinct from, say, loading 25 at four elevators, and therefore, continue to bias in favour of abandoning more branch lines than may make total economic sense. So there's that push and pull. And of course, the question of whether they're charging too much, whether they can take advantage of their monopoly. And of course, both railways have a significant monopoly because they're located in two different areas rather than being always side by side, so that's a significant problem that's ongoing.

NP: Going back to a thing that you had said earlier, you had raised the issue of the marketing boards and your responsibility for the Wheat Board. How would you distinguish between the type of support that underlies the Wheat Board versus a marketing board?

OL: They're totally different. The marketing boards I mentioned are supply management boards, and they actually dictate through quotas how much you're able to produce. And the illness of the system is demonstrated by the fact that those quotas become valuable way beyond any sensible amount. It's exactly like the taxi system in Winnipeg and most other cities where because you restrict the taxis, you end up with a value on the quota, and when you shifted a bunch of chickens, you got way more money than the chickens were worth because the quote went with it. That's just a sign of the disease. And that's what's done in a lot of areas now. Europe is starting to get away from that a bit by trying to compensate farmers as farmers rather than in relation to their production. That's all right. That makes more sense. Then you at least know what you're doing and focus on how long it makes sense to help farmers. It also tends to end up being less all for the big guy, which is where the supply management money tends to go, then on a per-farmer, maintain-the-family-farm kind of social basis, which makes some sense on its own.

NP: A point was raised the other day in an interview that I was doing about the perceived dichotomy in the Canadian system between the private companies and the Pools. And this comment was raised in relation to the transportation and a perception that the Pool elevators were more favourably treated than the privately owned companies. The comment was made in relation to assignment of cars at elevators and so on.

OL: I don't believe there's any basis for that. The Pools were some of the bigger customers of the railways, and they had to bear that in mind. The Pools, of course, weren't just elevator companies. They were spokesmen for groups of farmers, and they wanted to maintain that relationship very much so. The result was that they tended to voice popular opinions rather than what might be necessarily good for the system opinion, and to the extent that that was opposed to what the railways wanted, the railways had a bit of a feeling against them. So I'm sure that worked partly against the Pools when the railways had a choice between favouring one of the more economically progressive companies, the private grain companies.

**[0:45:51]**

NP: Actually, I think it was a representative from the private companies that was saying the Wheat Board was favouring the Pools in the allocation of cars.

OL: Well, I'm sure that--.

NP: Is this a perception?

OL: Well, no. It could well have happened occasionally because, well, because they didn't like some of the attitudes the Pools, as farmer spokesmen, were advocating, including being against any additional consolidation of rail lines and things like that. There may have been a feeling on some parts. But of course, it's natural for any company in the grain business to complain that the others are getting a better treatment, and whether that's between privates or between privates and co-ops is almost immaterial. [Laughing]

NP: I've heard a lot of good things said about your time on the watch. One in particular was in relation to that comment that I just made about the Pools versus the private industry. And again, the person who was commenting said that the two groups almost just didn't talk to each other until you took action to form the Canadian Grains Council. Can you talk a little bit about why you did that and how it came about?

OL: Well, it was really because they weren't talking together and also because there were such differences of view about facts. You know, going back to transportation, we used to get reports from the grain companies that there were no cars for them to unload at the terminals. Then we'd get a report from the railways that they had hundreds of cars at the terminals. That lack of talking together meant that the industry really did need to get together, and that just made sense to have a forum, and the Grains Council is what came out of that. On the car side, I was actually driven to appoint people who were coordinators in relation to railcars—one for Vancouver and one for Thunder Bay—whose job really was to be there when I said, "Go and count the cars. I've got two different

reports about zero and 5,000, and I want to know where it is.” And they actually did, therefore, help make the cars move around a little bit and that sort of thing. The grain companies had to do more cooperating too in terms of sensible unloading of cars rather than always insisting on just unloading their own. If they could load somebody else’s and then trade back and that sort of thing. So there were a lot of things like that that needed to be solved.

NP: And you would agree that the Grains Council was instrumental with helping to give them a forum?

OL: Well, it was useful. Yeah. It certainly created a regular basis for the senior people in those companies to meet and to stop seeing the other as just being evil.

NP: [Laughs]

OL: There’s a lot to be said for having a beer after the meeting as well and talking to one another in that sort of way.

NP: How long were you in charge of the--.

OL: Ten years.

NP: Ten years.

OL: The Wheat Board I had for ten years. I started out, as I said, I worked with Jean Luc Pepin when he had responsibility for it, and then I got it myself without any other ministerial responsibility. I had been acting Minister of Energy while Joe Green was ill. Then I became Minister of [Manpower and Immigration] and Minister Responsible for the Wheat Board, and then I became Minister of Justice and Minister Responsible for the Canadian Wheat Board, and then I became Minister of Transport and Minister Responsible for the Canadian Wheat Board. And for a while there, I was Minister of Transport, Minister of Justice, and Minister Responsible for the Canadian Wheat Board. People had a hard time understanding why I was Minister of Immigration and Wheat Board, and Justice and Wheat Board. Transport they thought, well, that made more sense, but it was irrelevant. It was really because I had the Wheat Board, and I was the only member for a long time from Saskatchewan. In fact, for a number of years, I was the only minister and the only member between Winnipeg and Vancouver. So it sort of fell to me.

**[0:50:32]**

NP: Were you happy to be the Minister for the Wheat Board?



OL: Oh, yeah. I was. I was because they were big problems, they needed solutions, they were difficult political problems. When we brought in the Western Grain Stabilization program, I went all across—well, with the LIFT program as well—I went all across the Prairies, meeting after meeting after meeting, to explain to farmers, but also laying out all the plans we had for the future of the development of the programs. We used to use the industry as well in formulating our programs. When we were looking at Western Grain Stabilization, for instance, for about five, six weeks, we almost had full-time in Ottawa Wally Madill from the Alberta Pool, Milt Fair from Sask Pool, and Gus Leach from the private sector here in Winnipeg working with us on the details of and the implications of the Western Grain Stabilization program, or whatever other programs would make sense and that sort of thing. So we would use the industry that way, and we tended to do that with all our programs.

NP: You mentioned—shifting gears a bit here—you mentioned selling into Brazil for the first time in a long time, which brings up the topic of markets. But before we do that, I just want to talk about the silos because I have a particular interest in silos.

OL: By the way, I think I said Gus Leach, but I meant Sy Leach. [Note: May be incorrect.]

NP: Okay. The silos. So was there any Canadian involvement in the actual building of the silos?

OL: You know, I don't know. We didn't impose that on them, but I don't know who ended up building them. That was--.

NP: Because I know a lot of the engineers who were responsible for building in Canada also did a lot of international work.

OL: Yeah, they may well have, but it wasn't something we were trying to impose.

NP: We're just trying to track that down. Yeah. Did you see changes in markets over your time, besides that one?

OL: Well, yeah. There were certainly shifts. I mean, China emerged as a big market and not only became huge for a while in wheat, but was beginning to be open as a barley market. I remember years later I was in China, tasted their good beer—mostly their beer for export that was particularly good—but I knew that a lot of Canadian malting barley went there. I actually started to ask the cereal oils people, the buyers of our grain, how much beer was consumed in China, and I stopped myself and laughed and said, “I know the answer to that. It's as much as is produced.” Because the potential for consumption was absolutely enormous. [Laughs] So I saw that as a future market for our grain product, particularly the malting barley. But the markets went up and down because Russia would have huge crops, bad crops, that sort of thing. So those sorts of things were bound to change. We got into some of the African and mid-eastern markets for the first time and watched Saudi Arabia try to produce its own wheat with programs where we

might have been able to offer them wheat for about \$100 a tonne, and they were paying their farmers \$1,000 a tonne to grow wheat. So they put \$500 a tonne into fertilizer and irrigation to produce what they could have got from us for a fifth of the price. Ridiculous. Another ridiculous program. [Laughs]

NP: One of our narrators had said something about the--. What did he say? I may not have this quite correct, but he said grain production for food is 16 percent economic and 84 percent politics. So that situation seems to be one of it, although the politics part sometimes is a self-sufficiency issue, which I hear oftentimes raised about the European--.

OL: Right, which is essentially a silly issue because they--. That's really a political statement rather than a factual problem.

**[0:55:16]**

NP: Say more about that?

OL: Well, just that you produce the product where you do it best as usual is the best way to go. The fact is that if you can feed some grain to animals, and if you want to do some of that in, say, Europe, you've got an automatic way of securing your supply because one of the great things about feeding grain to animals is that if there's suddenly a shortage of food, you stop feeding some of that grain to animals and eat it directly. In the meantime, your animal price goes up because of the grain price going up, and you actually sacrifice the herds and cut them back and therefore have more meat available for feeding the people who need it. So it's an automatic kind of balancing situation.

NP: Yeah. Have you had a chance to talk about all the changes and challenges that you saw during your time?

OL: Most of them. There are a lot of other smaller detailed ones. I mean, there were silly issues like a farmer couldn't deliver feed barley from one side of the border of Saskatchewan-Alberta to the other side, and we opened that up. The National Farmers' Union said I was doing away with the family farms. The quota system itself was very bad in terms of not being responsive to what was needed in the system, and we changed that so the Wheat Board could in effect ask for quota on only the grain they needed so that it got into the system and got to the boats and got loaded up to export and so on. So there were a lot of little things like that that were part of it.

NP: Rail system always seems to take the paramount position in talking about transportation. Anything in the shipping area, the water shipping area, that--?

OL: No, it seemed to—as far as I can say—it seemed to take care of itself fairly sensibly. We were always pressed to try to impose duties on the shippers to bring ships into Churchill regardless of the higher insurance cost they had and things like that, and obviously we resisted that. But no, the companies involved in moving grain on the water always seemed to me to make sure that they had vessels adequately available for the movement. I don't remember ever saying that they held back. Now, they didn't have enough boats to move two years of crop in one year, but they always had enough to sensibly move what grain could offer.

NP: Labour relations, did that ever impact you at the federal level?

OL: Oh, yes, because we had responsibility federally for the grain handlers at the terminals and so on. So when they were on strike, we had to go into action, and we would sometimes get legislation to stop them from interfering with grain. The politics of grain was strong enough that they actually ended up recognizing that they would get legislative action, and if they didn't want it, they would exempt grain from their strike if it was a broad strike. It was a matter that was constantly before us whenever there was a labour issue. And again, we would occasionally appoint special people to look at that. There was a judge in Saskatchewan that did a commission for us. I had a pretty good working relationship with the head of the longshoremen handling grain in Vancouver and so on.

NP: Nothing that couldn't be solved eventually?

OL: No, that's right.

NP: Have you ever been in a terminal grain elevator?

OL: Oh, yes.

NP: What are your thoughts on terminals? Anything?

OL: Well, have I been in them? Well, I was with Pioneer grain, and we had the new Pioneer Grain Terminal in Vancouver just at that time, but I've been in the ones in Thunder Bay watching the old system of plunging the wooden door out of existence in the boxcars and that kind of thing. No, the terminals by and large have tended to do a very good job, of course, partly because the grain companies made their money more on the terminal side of the operation than on the country side of the operation. So they were always eager to have them efficient and effective.

**[1:00:04]**

NP: Because of the storage charges and so on? Handling?

OL: No, just the way the rates went. They tended to keep the rates in the country lower. Now, the Grain Commission did that for a while until we talked to them about that. I'll never forget the time I was talking to the Grain Commission. And I actually went in there--. By the way, the Grain Commission was under the responsibility of the Minister of Agriculture. But I was meeting with them, and I was all set to really tear into them for the fact that they held rates so low so that they didn't encourage proper and sensible handling and construction of grain elevators in the country. And I got there, and they started with a little presentation that basically told me that one of their problems was the way the system was developing because the grain rates were so low. And I said, "That's exactly what I was going to complain about. So why do you keep grain rates so low?" And they said, "Government policy." I knew that the government hadn't turned its mind to that for at least 20 years. So we turned our minds to it and freed them to be more flexible in their charging approaches.

NP: Talk about the charging approaches. Are you talking about the costs for the weighing and the inspection and so on?

OL: Well, I was talking more about the country elevator system where they actually stipulated what a grain company could charge for grain in the country elevator. So if the grain companies--. That's why they ended up having to make their money in the terminals, which were given more freedom because the politics was the visibility of the charges in the country. Now mind you, farm-loaded grain cars were always a little bit of a political argument as well for the countryside.

NP: Going way back.

OL: Yeah. Well, even in later days.

NP: Mmhhh. There's been a lot of changes in the industry just recently, and in the number of people farming and the size of farming. What are your comments on those changes if any?

OL: Well, some of them were basically inevitable. I mean, we have a bit of a problem here in that our grain farming operations are very expensive. We can scarcely afford to pay for a combine with our limited grain harvesting season here, and so that's a real dilemma. Making the farm larger lets you have more flexibility in that regard, but even so, unless you use your combine in Kansas and Minnesota on your way to using it here, you don't get enough hours in a year to justify its real cost. So that's a cost problem that we have here that is not common everywhere. Our season is so short. Consolidation, as I say, eased that a little bit, but it doesn't cancel the fact that it's a real problem. It's a problem in the cost of our industry here.

NP: If you look at sort of the free trade issue and the general feeling that countries should produce what they produce best and most economically and so on, how does that mesh with your comment about it's very difficult to have an economic operation here?

OL: Well, it always will be difficult until you solve the problem, as I say, the other way by in effect using combines from Kansas to harvest your crop here and do more of that, which I think makes some sense and can actually be made to work. But the importance here of a higher price for grain and a more legitimate price for grain is, of course, huge because if you suffer from a lower price as well as having the higher cost, then you've got the problem. So the promise that once existed in different rounds of negotiations, including the do-around, that maybe the Europeans and United States would back out of their hugely expensive crop price depressing policies, that's very important, and I keep hoping that it'll come about.

NP: Eventually that will happen. Any crises happen over the ten years, other than that we've talked about sort of systemic issues that needed to be dealt with?

**[1:05:08]**

OL: Well, some would say the crises that I created myself, like the LIFT program. But no, there were different ones at different times without a doubt. I mean, every time there was a transportation problem, it became what looked like a political crisis. It was more applicable, actually, to the movement of animals than the movement of grain, funnily enough, because I swear when the first snows fell in Alberta, farmers wanted to move every one of their animals to market. So they would have liked a transportation system that had enough cattle car capacity to move all of the cattle in one day rather than to spread it over a period. And that was just symptomatic of how people viewed the situation. Well, getting rid of the Temporary Wheat Reserve Act was a bit of a crisis because we actually didn't get the Act to get rid of it passed by the time the next payment was to be made, and we postponed the payment for a while. And that was sort of flouting the law, so we had to actually move away from that and actually postpone the operation of that for a year. But there were all kinds of things like that.

NP: What would you say you were most proud of in that time?

OL: Just bringing a business approach to the problems of handling and transporting grain and getting some recognition for the need for some support for farmers' income. Because I actually sold my colleagues on the fact that for the Western Grain Stabilization that the market would not produce a reasonable return for the farmers' effort because of that equation that a reserve is essential, but a reserve is treated like a surplus the moment that a good crop comes in—or even an average crop comes in. So I got recognition from my colleagues about that and built that extra income for farmers into the equation. But the sensibleness of the overall system,

the fact that the Crow eventually went. I was long gone by the time it went—gone from the ministry, I was in Pioneer Grain—but laying the groundwork for that and the better economic situation in agriculture. Because it just does not make sense when you're fighting a high transportation cost as we are here, particularly in Manitoba, to insist on shipping grain a long distance instead of compacting the grain into a pound of pork or eight pounds of grain into a pound of beef and shipping the meat. That sort of general economic sensible approach is what I'm happiest about, and for which, from the people whose opinion I respect, I got most praise. [Laughs]

NP: Mmhm. Big issue, and probably an ongoing issue, is the Wheat Board and its necessity.

OL: I would say that in a completely free trading world, you might very well not need the Wheat Board anymore. Funnily enough, one of the advantages of the Wheat Board right now is that it can restrain the amount of wheat we ship into the United States with an eye on the political danger of having the United States clamp down on all wheat if we ship too much, because some of their wheat prices are higher because of their programs. And if farmers were free to ship whatever they wanted, they would ship it to the point where the Americans, whether they had a legal right to or not, would stop it from coming in. So that's a reason for it existing now. It's less important, certainly, than it used to be. It probably has always some marginal value in being able to control the amount of grain that goes into a place and knowing exactly that it's got the grain available to market with and to bargain with. So there's some advantage in that. But long gone are the days when the Wheat Board used to be the world setter of grain prices. That's when the Wheat Board really made sense because it could actually raise the price of grain in the world by holding back. Of course, it held back so much that we ended up with those three crops on hand, but it actually influenced price. But by the time the surpluses were piling up here, we were no longer price setters.

**[1:10:24]**

And when the Russians and the Wheat Board negotiated grain, they stipulated amount, the type of grain the Russians might choose, and the dates of probable shipments, and price. They basically knew they were going to look at the Chicago Board, and the difference between the spring wheat on the Chicago Board and the quality that they were talking about here, was something they talked about and defined. But the Russians were allowed to set the price any day between the day they made their agreement and the day the grain was actually loaded on the boat. If they hadn't set it before that, it was priced the day they loaded on the boat. And it didn't make much difference because it was all related to that American wheat price and differential agreed upon. So the price setting power was gone. The one advantage the Wheat Board also gives to farmers is a pooled price. They don't have to be marketers as well as farmers, and I'm not sure that you should expect anybody to be an expert in two different professions. And farming and marketing are very different. The farmer who is really an expert marketer should probably leave his farm and go market. [Laughing]

NP: You mentioned that you went to Richardson's. I assume that was after?

OL: Yes, 1979.

NP: How was it making that shift from political office into a--?

OL: Well, partly I chose to go into business—even though I was still a professor on leave from the University of Saskatchewan and a member of the Bar in Ontario and Saskatchewan—because I felt I had been doing executive work more than anything else while I was in government. So in that sense, it was an easy shift. I'd always believed in devolving responsibility on people who worked in your organization and not looking over their shoulder and second guessing them and asking them to come back and show me their results. I concluded as well that an executive, essentially, was somebody to whom the people who really knew the answer to the problem came for confirmation that they should go ahead and work on it that way, that it was their judgement that you had to tend to rely on. Your key job was to make sure you had the right people with capability in those positions. After that, it ran. So that was the same as what I found in the grain industry, and later on in the gas industry because I became president of Centra Gas later on.

NP: Having worked in the operation with Richardson's, did you see anything differently or--?

OL: No, not really. Not really. I did actually maintain some of my views. I was accused by the National Farmers' Union of wanting to produce a system in the Prairies where there were only 20 large elevators, and I was going to destroy the family farm that way again, and I never had had that view. In fact, I always had the view that the railways were pressuring the system a little bit more than made sense. So when I was with Pioneer, we ended up building reasonably sized but not huge terminals. We built ones that could load 50 cars or 100 cars because of the possible need for doing that, but it tended to be far smaller than the inland grain terminal that some people were advocating. So I continued that sort of theory of where I had been before.

NP: I'm just looking at my list here. We talked about the sort of connections between what you did and the railways, the farmer, the Wheat Board. We haven't talked about research. Any comments on that based upon your experience?

OL: Yeah. I could show you a whole pile of research reports that we did in terms of everything possible to see how the grain industry and agriculture generally could be better off. Incidentally, we created the POS plant, the Protein Oil Starch plant, in Saskatoon at the university, which was a research institution to look at and set up, actually, physical equipment where people in the business could come and do research on oilseeds and grain and using their by-products and marketing them and develop the market for them and so on, which has been a very important ongoing thing.

[1:15:17]

But among the research, for instance, that we did was the use of grain in gasoline. The ethanol kind of approach. And of course, in those days, as I say, we had grain coming out of our ears, so if we could market it in any way, this made sense. I got the report back, and it said, "It requires more energy to make the product than the product has energy." I decided that it did not make sense, and since I was busy persuading my colleagues to put money into the system when it made economic sense, I was certainly not going to shoot my credibility by going for money when it didn't make economic sense. So I still have that study, which I keep thinking about today when people have gone forward with the get-rid-of-grain-by-using-it-that-way business but using far more dollars than they ever should use on it. But I have a whole series of research things that we did in that time along those sorts of lines to see what could be done.

NP: You referred briefly to the work of the Canadian Grain Commission. Changes have occurred in its services over time too. Any further comments to make about the contribution of that group and your interaction with them?

OL: Well, the grading standards and that whole approach we always saw as being of fundamental importance in making Canadian grain a very desirable product because it guaranteed its reliability to the buyer. I watched more when I was in business. Then the Grain Commission tried to rely more on the industry than on its own people to do some of that work. And there was some sense in that because, again, there were reasons why, if you kept an eye on the companies, it was in their interest to make sure that the grain was loaded according to specs and all that. So that was a way of saving some money. So I think that has made some sense as a change.

NP: Still make sense?

OL: Yes, I think so. I think our reputation has been preserved.

NP: So something would be lost by moving more to, what, again in various conversations referred to as the American system of--?

OL: Oh, yeah. You have to keep very serious control on whether or not the companies are doing the job properly or you'd lose something. I was at a North American Terminal Elevator Association meeting once, and the representative of the Agriculture Department in the States was explaining their new, far tighter grading system for grain, which was going to, he said, improve how their grain was respected around the world. Somebody in the audience stood and asked, "Will this bring us up to the standard of the



Canadian grain in the world?” And he said, “Oh, no. Forget it. There’s no way we can ever reach that standard. We should have started 50 years ago to try to have a hope at that.” So that just demonstrated his understanding of the value of the Canadian grain.

NP: Other competitors, the Australians, I guess Europe, Russia when things are good—do any of them have similar standard systems? Or can we still take pride in--?

OL: I think we still have the one they have to look at. No one else has quite the same range of problems. I think Australia goes with a different--. But their quality is not necessarily quite as guaranteed. But I think they’ve done something the same as we had.

NP: A selling feature, obviously.

OL: Yeah, exactly.

NP: Yeah. In a tough, competitive market.

OL: Right.

NP: I mentioned to you that we have a particular interest in Thunder Bay because many of us are originating from there, [laughs] but also because we see Thunder Bay as having a special place in the history of the grain trade. Comments on Thunder Bay, the changes that have taken place there, your experiences with it? Anything that comes to mind?

**[1:19:49]**

OL: Well, Thunder Bay was the big place for grain to leave when I started and markets changed the nature of that, and particularly the burgeoning of the Chinese and for a while the Indian market because there again, the Indians came in in a big way for a while and then went out again as buyers. The Japanese market kept becoming more and more important. So Asia dominated in the growth, and therefore meant that Vancouver and Prince Rupert became more important, and Thunder Bay and silly little Churchill lost some of its importance in the handling of grain. Of course, the grain market in Europe didn’t expand as much partly because of the European grain policies. Now, if those policies were changed, it’s distinctly possible that Thunder Bay would have a bit of a new lease on life because more grain would then be going to Europe. I mean, the Russian grain could partly go out of Thunder Bay as it did, but it could go anywhere. So that, I think, is the biggest thing. When we got markets for some places like Syria, Saudi Arabia, and so on, Iran, Turkey, some of that went out of Thunder Bay, but those were, again, ups and downs kinds of markets and relatively smaller. But no, Thunder Bay is dependent a bit on where the markets are in the world.

NP: Mmhhh. From a policy perspective, is it general policy that it's to Canada's advantage to have two ports of that size in shipping?

OL: Well, it is but hardly because--. For some markets one makes sense, and for another market the other does. Of course, if you've got a choice, I guess you'd always be happy to have two anyway in case something happens to one, and you can then use the other, whether it be a strike or some local catastrophe that could affect you. So that's an advantage, but by and large economics dictates and should dictate.

NP: So from what you've said, if I've interpreted it properly, it's the markets that dictate and--.

OL: And the economics of handling grain.

NP: Yes, so that--. Growing up in Thunder Bay and having a father in the industry, you know, you hear all kinds of rumours about what's causing downturns, and a lot of it just can be--.

OL: Yeah. No, the only political bias is Churchill, and it's a relatively small one. Even though everything I've said about Churchill, it was a record year of export from Churchill was the year I was responsible for the Wheat Board. Of course, we were exporting everything we could that year, so. I am going to have to--.

NP: Yeah. I'm just near the end.

OL: Okay.

NP: I just have a couple of questions. One of the things that we were hoping to do eventually—don't know if we ever will—is to preserve the history of the grain trade, the historical piece of it particularly as it relates to the terminal elevators. So in trying to set up a centre that would tell the story to the public, what stories do you think would be most important to tell?

OL: I don't know that I could distinguish between, you know, the transportation, the trade. Certainly, the politics side of grain has to be told constantly because so much has been shaped by it. I don't know what I'd leave out, really.

NP: Mmhhh. Other people I should interview? You had mentioned several that were involved in the Grains Group. Any of those people still--?

OL: Actually, unfortunately, both Jarvis and Esdale have died. Rod Bryden is still very much alive, and he'd be a very interesting person to interview. Does that name ring a bell to you?

NP: The Bryden name sounds familiar, and I don't know why that would be.

OL: Well, not probably because he was the guiding hand in the building of the Weyburn inland grain terminal, but I mentioned him as he was my first coordinator of the Grains Group. But he came to that from having been a professor of law in my staff in Saskatchewan and is the son of a small grain farmer in northern New Brunswick.

**[1:25:11]**

NP: Really?

OL: Who did his law and then came to teach with me in Saskatchewan and then came to me in Ottawa, became the coordinator of the Grains Group. But the reason I asked about his name was because he later became better known. His last piece of publicity was he was the owner of the Ottawa Senators for a while, but he also owns System House, which was a huge computer development system. Anyway, he was the coordinator of the Grains Group for the first year and a half, and I had the pleasure of overhearing Ted Turner of Sask Wheat Pool one day at a cocktail party say, "If only the government always did what Otto Lang did, which was put somebody like a Rod Bryden who really knows the business in charge of its operation." Of course, Rod couldn't have told wheat from barley when we started out. But Rod, one of his first acts as coordinator of the Grains Group was to stipulate that in 18 months we would report on whether or not the Grains Group should become a permanent organization in government. "And therefore, my resignation," he said, "is effective 18 months from now so that my being with or not with the Grains Group is in no way an issue in relation to that recommendation." And so sure enough, 18 months later we recommended that the Grains Group be permanently continued, and he resigned, and Esmund Jarvis took over as coordinator of the Grains Group at that point.

NP: So where is Mr. Bryden now?

OL: He's in Ottawa. He's doing a variety of consulting businesses there, but he made his home in Ottawa ever since, actually.

NP: So do you think if I called him, he might be interested in having a chat?

OL: Oh, I think he would be glad to talk. He was so amazing. When I had a program—when we, because we worked at all of it together-- . And by the way, I used to meet with the Grains Group, these senior officials. I'd meet with them almost daily. Sometimes ministers don't see officials unless there's a special problem or something. I would meet with them regularly. But when we had a program, like Western Grain Stabilization, where we knew we were going to be asking for an annual payment of two percent of the value of the grain from the Treasury into the Stabilization fund, Rod would start lunching with the officials from Treasury Board and Finance. And he never told them what our program was. He told them the beginnings of what the problem was, and they talked, and they talked, and eventually, the senior officials of Treasury and Finance would suggest what the solution should be, which was exactly, of course, what we were proposing to do. The relationship was so good that when I went into a cabinet committee meeting to discuss the program, I had received the notes for their Minister in Finance and Treasury Board before the ministers received them and knew exactly what the official recommendation was. And they were always in favour. And that was a lot of Rod's doing, that background work was so important. Anyway. I'm going to have to run soon, so--.

NP: Yes. And thank you very much. I appreciate your candor and the time that you gave us.

OL: Not at all.

**End of interview.**