

Narrator: James Leibfried (JL)

Company Affiliations: Canadian Wheat Board (CWB), United States Department of Agriculture (USDA)

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Summary: In his first interview, former Canadian Wheat Board commissioner and economist James Leibfried discusses the beginnings of his career in the Canadian and American grain industries. He begins by discussing growing up on a Minnesota farm, interning with the USDA, getting his master’s degree and PhD, and gaining to a fulltime position with the USDA. He describes his internship projects dealing with international grain statistics, his university research on international wheat agreements, and his interest in the Canadian Wheat Board’s system of marketing. He explains the historical context and results of some of his research, as well as the growing strain between the US and Canada concerning subsidies on grain. Leibfried describes his move to Canada with the CWB as an economist, discusses the major issue of the day being grain surpluses, and he explains different countries’ varying approaches to ameliorating surpluses. He describes his involvement in other major projects and programs, like the first Russian grain deal, the development of the Technical Transportation Committee and block shipping system, the Kennedy Round of the GATT negotiations, and the purchase of hopper cars for the railways. He briefly describes his move into a marketing coordinator position within the CWB, setting up a “war room” of international grain statistics. Other topics discussed include Canada’s global reputation for grain quality and consistency, C. D. Howe’s global reputation and impact on Canada’s grain industry, global premiums for Canadian grain, his memories of interactions with Thunder Bay, and the shift of grain movement to the West Coast.

Keywords: Canadian Wheat Board (CWB); United States Department of Agriculture (USDA); Agricultural economics; Agricultural policy; Grain marketing; Grain statistics; Grain trade—Laws and legislation; International trade; Government subsidies; Grain prices; International Wheat Agreement; Grain storage; Grain varieties; Grain transportation—rail; Grain transportation—ships; Block shipping; Technical Transportation Committee; General Agreement of Tariffs and Trade (GATT); The Kennedy Round; International Grains Agreement; LIFT Program; Grain surplus; Hopper cars; Grain export destinations; Canadian Grain Commission (CGC); C. D. Howe; United States of America; Australia; Argentina; Russia

Time, Speaker, Narrative

NP: Good morning, listener. It is about 10:15 on November 22, 2010, and we are sitting here overlooking a beautiful snowy landscape just outside Winnipeg on Captain Kennedy Drive by St. Andrew's Manitoba, and we are interviewing a person that we are very pleased has agreed to take part in our project. So I will just ask you to introduce yourself and to tell us how you became interested in the grain trade.

JL: My name is Jim Leibfried and I started in the grain trade, I guess you could say, as a young boy on a farm in southwest Minnesota and on the working end of a scoop shovel. And one of my first thoughts about early developments in technology was when they came out with the aluminum scoop shovel. Prior to that, the weight of the shovel was more than the grain, as a small kid. It was a great thing, when they, after WWII, they had aluminum scoop shovels for us. They also, then this was in the early days of combines. We were starting to combine when other people were still using threshing machines on our farm. So, one of my jobs was to help deliver grain into the local elevator about ten miles away. I started driving a truck all on my own there about the age of 10 or 11. We had a nice fellow running the elevator there, an old German fellow, who kept a keg of beer in the basement, and he'd give me a little, small sip of beer when I'd bring in a load.

NP: At age 10?

JL: Yes, so I had a pretty good start with the grain business and the people in the grain business.

NP: Can I ask you a question? This was your family farm?

JL: Yes

NP: So were they homesteaders, your family?

JL: No, not by that time, no. They had a great, great grandfather came over from Germany in the early 1800s into the US and lived in Maryland and then Wisconsin. Some of them after that moved into Iowa and Minnesota. So when we started out we were on a rented farm, 320 acres of corn and soybeans, practically never heard of wheat. And I never heard of the Canadian Wheat Board [CWB] before I was 25 years of age, which was sort of strange. I was brought up on a mixed farm which was hogs, cattle, sheep, chickens, where you worked 365 days a year, 5:00 in the morning until whatever at night. It was a hard-working life, but a very good one with my brothers and my dad.

NP: What size was the family?

JL: Well, there was six children and my mother and dad. Occasionally we had a hired man also. I learned a lot of wisdom from the old hired man when I was young, some I shouldn't have known, but did know.

NP: Is there still family on the farm now?

JL: No, I went into the US Air Force at the age of 20 during the Korean conflict, and I had thoughts of coming back and farming with my dad and brothers. They also had an International Harvester machine agency in one town. But when I came back after four years, things were very difficult. There was a slump in the agricultural area, and they basically said we haven't got enough here to keep us going let alone one more. "You've got the GI bill. Why don't you do something with it?" So I started university at the age of 24.

NP: Are there family members, did the family members keep the farm for a while?

JL: No, no. My brothers both left it, and when my father died, I guess we were all out of farming at that point.

NP: And by that time, you were off to a different--.

JL: I was into the university bit and teaching and things like that and working for the USDA down in Washington, D.C. a couple of summers for student intern training, probably one of the first student intern trainees they ever had in Washington, I think, in the summer of '56 and again the summer of '57. I was one of 20 from the United States that got in on that at that time.

NP: Just to back up a bit, when you took advantage of the GI bill, what course work did you take, working towards what?

JL: Well, it was mainly in, I started in political science, actually, thinking it would be a step into pre-law. As a farm boy, I didn't know how many choices there were out there in the world. But anyway, then I got to thinking about it and I switched into economics, and I liked the people I got to work with. This was after the second year of college. That's when I got the internship in Washington to work the summers. That got me involved in the international grain business because I was put into the grain division of the foreign agricultural service competition branch. That's where I learned about the CWB, the Australian Wheat Board, and how they operated, how much cooperation there had been between the countries during the Second World War and after. But things were getting a little more difficult on the trading side.

The US was giving away large amounts of wheat and having a hard time doing it. They were getting quite annoyed with Canada that had a Minister of Agriculture who was saying, "You guys grow it, and we'll sell it." I think it was the minister of the Wheat

Board, Alvin Hamilton. And this was rubbing the US. They were wondering why they should be trying to help hold the prices up in the world and Canada was taking the biggest advantage of it. But part of it was the US's own problem because politically, it wouldn't deal with Russia and China at that time, and this was opening up. And the Wheat Board, with the assistance from the federal government backing up the credit arrangements, was able to get in there and start doing business in a big way with both of those countries. And that allowed the farmers of western Canada not to have an acreage control program, like the US had. So, it was kind of interesting for me to see this. In Canada, they were growing it and selling it for cash or short-term credit, while the US was having a hard time getting away from it. And I also liked the fact that up here they were pooling it and any gains that were being made were going back to farmers who I still felt were the hardest working people around that I basically wanted to work for. So I was very interested then in the system up here.

NP: How did you--. You said you were taking economics. Was it agricultural economics at the time?

JL: Yes, initially.

NP: And that's how it linked into the internship job in Washington?

JL: Yes, I had to pass an exam for that internship in Washington.

NP: It must have been quite an experience. A farm boy from Minnesota, heading into Washington. Can you recall what it was like?

JL: Well, I had a little experience other than that. I went into the Air Force, and I spent three years in France, just outside Paris. So I wasn't quite the naive farm boy when I got to Washington.

NP: What surprised you most about the job in Washington?

JL: Well, I went in there, I think, as a lot of young farmers would have, thinking they're a bunch of loafers living off the hard work of the farmers and they were sloughing off. And I was surprised to find a lot of really good people and hardworking people there. There were a few who were sloughing off, but I was quite impressed with the calibre of the people that were there and the kind of work they were trying to do. And then I got to work with fellows from other parts of the United States. One of the fellows I worked with, side-by-side, he became one of the top grain men in the USDA in later years. I had lots of meetings with him over years. At that time, I was sitting on the Canadian side, and he was on the US side.

NP: Who was that person?

JL: Donald Novotny. Yes, we started at more or less the same time at the USDA.

NP: So did the fact that you had this early working relationship with him serve you well when you were working on different sides of the table?

JL: Well, yes. I knew a lot of the people down there. That's right. That's part of the reason, I think, the Wheat Board was interested in having me come up. They were starting to have difficulties with Washington, and I did understand the US side of it. So I think that's probably why they agreed to hire me initially. And I wanted to learn more about this side. I think that I mentioned that I told them I was only going to come up for three years, and I was surprised they offered me the job, but they did.

NP: I don't want to lose track of where we are going with your career here. So you had the two years with the internship program?

JL: Two summers.

NP: Two summers with the internship program, and once you received your degree, what happened then? Where did you go from there?

JL: I could have gone to Washington to work full time after I got my bachelor's. I also got a master's degree at South Dakota State also. I could have gone back there, but there was a bunch of bureaucratic red tape involved in it. Since I had worked for them at one time, they could only promote me one rank at a time, whereas my academic qualifications allowed me to start at a higher level. So I had to resign and go through another set of exams. It was more or less an oral exam, and they gave me a lower mark than I liked. But I was still qualified, and they said, "You're in." That's not the proper way to do it.

Anyway, I was also concerned in Washington about some of the red tape that was going on and also in their sales. They were passing out these big export subsidies, and every day they had to announce these export subsidies to the grain companies because they were holding the US price higher than the world price. But they weren't in the world market themselves, so they had to rely on what the trade was telling them in order to set the price between Chicago and this one. And it gets very complicated. And I always thought, and as I used to tell my friend, "Someday somebody over there in Congress is going to call us up and want to know just exactly how this is being done, and this is a pretty haphazard way of doing business." And this bothered me a great deal.

I could see where the boards were directly involved, like the Wheat Board and the Australian Wheat Board. They were directly in the market, buying and selling, right in there. That's the only way you know the true prices, or what is going on in the world, and

the only way you can really get the big grain companies to talk directly. They want to get information from you, so they'll give you something and you'll give them something. And they used to play the USDA and the European Common Market against each other in getting subsidies.

NP: The grain companies?

JL: Yes, of course. The international grain companies.

NP: We have had people from various aspects of the fantastic puzzle of the international grain trade, and they actually do get into some of the technical descriptions. So even though I may not be able to understand it, for history purposes, it's good to have it recorded. So I am curious about, if you could say more about the US system, the US support system. How it came about, what it was intended to do, your feeling about whether it was successful, unsuccessful?

JL: Well, it was successful in terms of getting money out to both the farmers and the trade, and the thing is, it goes back to the US political system, the Senate, basically. Each state has two senators, regardless of their population. And if you are in a small agricultural state and you keep sending the same people back to Washington all the time, they get to be chairmen of these big committees on all kinds of things. So you had the agricultural people highly represented in the Senate, both the senators with cotton, and the Midwest with corn, and the middle high plains with wheat.

These people had great influence, and as the US economy was expanding, agriculture got to be a smaller part, so you could subsidize it. And in order to get other legislation passed, that's what you had to do. So they kept great supports for farmers. Then they got into the part the farmers were growing so much of it, how do you export it? Because the world price is down here and you're up here. So you had to give export subsidies to the companies to tell them to, well, sell it, or you can give it away and food aid programs and whatever.

NP: And your trading partners aren't necessarily happy with that approach.

JL: No, that's right. So there were some problems developed between them, after they had had such close cooperation during World War II in feeding the rest of the world. Bill McNamara, for example, later the Chief Commissioner, he lived and worked in Washington during World War II, worked directly with the US, and they used to have daily discussions back and forth on prices. They used the International Wheat Agreement as the formal, legitimization of the two of them controlling the world wheat price.

And so, they had cooperation up until--. It changed between the time I agreed to come work for the Board and by the time I got to the Board, things were getting pretty strained between the two of them. And so, I actually ended up on the Canadian side of all of it, when what they called the price war broke out. And they had sort of a split and caused practically the end of the International Wheat Agreement, as an effective pricing arrangement anyway.

NP: When you worked on your summer projects, were you given assignments?

JL: In Washington?

NP: Yes, did you work on particular assignments? Normally in those types of positions you really get to do some good research that you might not otherwise get to do.

JL: Well, the first summer I spent all on one project. It was on the international grain trade—statistics on exports and imports for all countries in the world. I had all the trade books from all the countries you could think of, and then I'd list what one of them said they exported and then wrote down what the other one said he imported. And they didn't always agree. They had different shipping amounts. You had to reconcile all these and come up with some numbers.

The USDA at that time was putting out the first sort of handbook on the international grain trade for corn, wheat, and barley, and oats. My job really was to take all these others--. You had the US, Canada, Australia, Argentina. They were the big four of the world grain trade at that time. And there had been statistics on their exports and numbers, and they were working together up to that time anyway. Those numbers were all very solid, but all the rest of it, the Russians, in and out. So I had a sheet of paper about the size of this table, two-way up and down with the imports and exports between all the different combinations of countries, and I had to come up with one set of numbers at the end saying, "This is what they sold and this is who it went to." That was my whole project that first summer. It gave me a real understanding of statistics and the relative importance of different ones in different areas and what they meant.

NP: And how to fudge them? I mean not on your part but how the other countries might do it.

JL: Yes, I went to the boss one day and said, "Here's something on the Soviet. What was the Soviet selling into the Eastern Block countries? This is pretty (inaudible)." And he says, "Nobody knows it any better than you do." He says, "So, they're going in there." And I think they are to this day, those numbers. But the thing I liked best that summer was they had started—this was a new idea—having interns, and they hadn't thought through how they were going to do it. So they didn't have a good program planned out. So

what they had to do was every Friday afternoon was supposed to be our training. They'd just grab some guy, some executive from somewhere, "Here, you go in there and spend some time with these guys."

There was no HR in those days, thank god, and these fellows, some of them had been in the New Deal days, had been pretty high executives under the Democrats, and now the Republicans under Eisenhower and Ezra Taft Benson were in control, and they had been knocked down a notch. So these guys were available, and we'd sit there and talk to them about the New Deal and Joe McCarthy and the communist threat. They all, some of them, had to sign these oaths that they had never been a communist or had never been along to a book club like this and all the rest and how through the years they had more or less controlled the US domestic market through Chicago. You'd talk to these guys about things like that. It was very good.

The second year I came back, they organized it. They had little programs for this and that. You'd take a little field trip here and it wasn't nearly as good as the first year. But anyway. [Technical difficulty]

[Audio pauses]

NP: We were off tape for a moment just to deal with administrative details, but we were telling you how fascinating we thought this information was and how pleased we are to have it on record. And you gave a story about President Johnson. What was that story?

JL: No, no, no, he had lots of salty comments over the year. No, I don't think I--.

NP: You don't want it on tape.

JL: No

NP: It probably is somewhere in those archives, anyway. So, I think if I'm following properly, you got your master's from which university?

JL: South Dakota State.

NP: South Dakota State, and then after that?

JL: Then I went to Michigan State University for one year to start on the doctorate program, PhD program at Michigan State.

NP: In which discipline?

JL: In Ag Economics.

NP: Your master's was in Agricultural Economics as well?

JL: My bachelors was in Ag Economics, actually. And then my master's was general economics, and then I started in Ag Economics at Michigan State University for one year. I was recruited almost like a football player. They said, "Here's an assistantship," and supposedly you have some duties for that, but you just go out there and make As. It was a publish or perish outfit, and I didn't like it. I was too practical an old farm boy for that, I guess. So I only stayed there one year.

NP: Did you finish your doctorate?

JL: Yes, but I left there and went to Western Illinois University and taught economics for two years. After that I went to Kansas State University and there's where I finished the PhD in general economics.

NP: And what was the topic of your dissertation?

JL: International wheat agreements. Yes, that was my thing. My master's degree was on how to use surplus wheat for international development overseas. Sort of like the PL480 [Public Law 480, also known as Food for Peace] program the USA had.

NP: I imagine your dissertation was published, so someone would be able to find it somewhere?

JL: I have a tape of it. I don't have the actual printed copy. I couldn't afford it when I left. I had to buy a couple of copies for the university and my major prof, but I didn't have enough to buy one for myself.

NP: What did you put forward for your hypothesis and what would you say were your major findings?

JL: It was quite historical—the whole development of international wheat agreements, starting in the '30s, the Dirty Thirties. That's when they first had the idea that the experts should get together, and then they came up with the idea, "Well, let's do it with the importers as well, the big importing countries and that, and set some parameters so we don't get these extremes. We will stay within this range of prices, and we'll have some stability, and the importers will have some assurance of supplies." This is how that all developed and how after the second war--. Then when some surplus wheat developed, how the US and Canada working together,

the two of them bilaterally were able to maintain prices within this range with the blessing of the international community more or less, how closely they worked together, daily on setting prices—USDA and the Wheat Board.

NP: So was your conclusion that it was a fairly successful system up to that point?

JL: Well, there were plusses and minuses in it. The US at that time, they were feeling that it was limiting their ability. They had the big treasury, and they didn't want to be limited, and that's why they were trying to push into these aid things and all these other things, trying to move the stuff.

NP: And after the war, I understand, there was a fair bit to move?

JL: Yes, by the time you got to the '50s, yes, there was getting to be quite a surplus built up. And that had a big impact on Thunder Bay and Canada. It became a storage system.

NP: Can you add more to that, the impact on Thunder Bay, because that's a subject near and dear to our hearts?

JL: Yes, I would think so.

NP: What kind of impact?

JL: Have you ever built a statue to C. D. Howe yet down there?

NP: Funny you should ask, because his grandson just did a presentation in Thunder Bay on the life of his grandfather, and he has done a documentary film on him.

JL: Wow, good!

NP: And he apparently is really interested in our project. I wasn't in Thunder Bay at the time to attend the session, so he said if we could talk about building the statue to C. D. Howe at the same time.

JL: Wow, you should.

NP: Say more about both things—the impact on Thunder Bay and why a statute to C. D. Howe.

JL: Well, he was a great engineer. And there are grain terminals all over the world, C. D. Howe terminals. You walk in and you think you're in Thunder Bay once you get inside, except they don't have the cleaners. The big cleaning floor is empty in a lot of Argentina or places where they have Howe terminals.

NP: Why the absence of the cleaners? They just take clean grain?

JL: They didn't have the cleaning standards that Canada has. And that's when you get to the Grain Commission. Canada has the gold standard on the grain trade in my view.

NP: Was that something that you started to recognize even back in your student days?

JL: I didn't fully appreciate that until I got to Canada and worked in the system for a bit. In the US they tended to think that wheat was wheat, and they had their support programs in the US, price supports, but they had no quality control, and so farmers down there would start growing these hybrid wheats and dwarf wheats, and anything, just to give them yield. Their acres were restricted, so whatever you could get more yield on, this was what they were going to grow. And if it couldn't move, the government put it in storage, and it became the government's problem. They would have to give export subsidies or give it away. They had to do it.

They used to, in earlier years, they had—between the millers and USDA—they'd have a blacklist of varieties that were not acceptable because the quality wasn't there, a bit like quality control, the system Canada has with plant breeders and everything. But they scrapped that because Congress kept giving them the money. “Here's the money and get rid of it.” They let go of quality control and that was a big problem, and it still is for them down there.

NP: So how did you come to Canada? That's a big shift.

JL: Are we done with C. D. Howe?

NP: Oh, no. I thought you were. You have more to say about C. D. Howe. Did you ever meet him? No, he was gone before your time.

JL: Yes, but I sure heard a lot about him. He ran the war economy of Canada, industrialized Canada. They say he was the guy who was the general manager of Canada during WWII. So he went far beyond grain terminals. People I worked with later, McNamara and all these others and Mitchel Sharp, they were all disciples of C. D. Howe. I just heard tremendous, good things about C. D.

Howe. Oh, I was surprised the other year when they had a survey of who was the greatest Canadian—Tommy Douglas won—but I would have almost put C. D. Howe next to him.

NP: Was he on the list?

JL: I don't know if he was even on the list, to tell you the truth. He was an amazing guy! And then he lost the election in Thunder Bay because he made a crack about "What's a million?" Somebody asked him about spending some money, and he said, "What's a million?" which with what he was dealing with wasn't much. But it cost him the election. And I think what's his name, the big NDP, followed him, Fisher? He won the election just on that crack.

NP: C.D. Howe was an American originally and moved up. Where did he start out, was it on the East Coast? I know he moved up to Halifax, I thought before

JL: I'm not sure. I'm not sure where he was prior to that. I always thought of Thunder Bay as his base.

NP: And that was, so you're following in his footsteps years later.

JL: Those are huge footsteps. He was a bit of an inspiration I would say.

NP: Back to the question about how you managed to end up in Canada?

JL: Well, I think as I mentioned on this other thing here, when I was finishing my doctorate work at Kansas State University, I was looking for jobs. I was figuring on teaching again, because I had really enjoyed my teaching at Illinois, Western Illinois University, those two years. I had three job offers in hand and was about to take the one at the University of Omaha when I got a phone rang, and it was Larry Kristjansen. He'd been at South Dakota State as a young prof when I was a student there. I had gotten him interested in the grain business, actually, from my time in Washington and coming back and talking to him. So, he was on the phone, and he just asked me if I'd ever thought of coming to Canada, and I said "No." He said, "Would you?" And I said, "Yes." I said I was interested in how they operated up here.

So they paid my expenses to come up for a trip. I came up, and I was a little surprised they offered me the job when I said I didn't think I wanted to stay for more than three years. I saw this as a journey, a learning experience. I assumed I would go back, probably to USDA. I knew it was easier to come into a top position in the USDA, from outside rather than working your way up from the bottom. I'd seen that. As my friend Novotny and I used to talk about as young guys, it was going to be easier to get to the top and

over to the Secretary's office from outside than it was from inside. But he stayed and slugged away, and he never got to the Secretary's side. He got to be one of their main work horses in the working building, anyway.

NP: Now the fellow who contacted you, Kristjansen was it? What was his position in the Board? Was he American as well?

JL: No, he's from Gimli. You've never heard of the Kristjansen brothers? Six brothers with PhDs from an Icelandic family. Well, it should be five PhDs, one never quite finished. One of them became president of the University of Saskatchewan, the youngest one. One of them, they were all in government, or one was with Great West Life and Manitoba Hydro, another was a sociology professor at the University of Manitoba, and one was with both the federal Agriculture and Manitoba Agriculture provincially. They were a remarkable group of people. Larry and I got to know each other at South Dakota State. It was actually a big, big project we worked together on there, but that's another whole story.

So he asked me to come up, and I had this interview, and as I say, I was kind of surprised when they offered me the job. It was about the same pay, I guess, as I was going to get in Omaha, but it was going to put me into the real trade other than just the academic world and that appealed to me, and also, I was going to learn just how they did it here. In the US there was also an interest at that time in starting up something like a Wheat Board. There was a national farmers' organization trying to organize and say they should have marketing. So there were all sorts of questions down there about things like that. So I saw it as a real opportunity to see something up here.

NP: That never came into being in the States?

JL: No, no.

NP: What was different that two countries--?

JL: They were still getting lots of government money and they were getting more money out of the federal treasury than they could out of the market, I guess you could say. This was uppermost in their minds. And the farm organizations down there, they had a wheat growers association started in Kansas when I was down there, and they started out they were going to be a grassroots organization. They started out in Garden City, Kansas, a little town on the western side of Kansas. Well, after a couple of years they thought they were sitting too far away from all of the action, so they moved to Kansas City and one of the big markets. Kansas City futures markets are there and all that—a big market. But then they soon realized what was really important to them was to be in Washington. So they moved the head office to Washington and, you know, became real lobbyists. That's where they had their biggest influence and where they could make the biggest impact on things. And the thing I say I used to worry about was being

called over to the Hill, as they called it in Washington, to Congress and being asked where all this money was going. They never got asked. When I talked to my friend later, the only thing they'd been asked when they got over there was, "How come you didn't move more? Do you need more money?" Yes, really.

NP: What was the job you applied for or were asked to apply for with the Wheat Board?

JL: Economist. I don't know where they came up with that title, but I was getting a degree in economics, so I guess they thought they'd call me an economist.

NP: Were you the first of the economists working there?

JL: Well, Kristjansen, he may have held that title for a little while when he first came up after he left South Dakota State. He came back to Canada and to the Wheat Board a couple of years before I did. He was the executive assistant by the time he called me and asked me to come up. So, I was given that title initially, but then I soon got into the statistics and transportation. There were probably less than a half dozen guys with college degrees in the Wheat Board when I came there. And so two of us with PhDs, some of them thought we were--. They had little nicknames for us. But anyway, we got along with them pretty good. [Laughing]

NP: Well, you were a farm boy. That served you well, I'm sure.

JL: Well, yes. But Larry wasn't. He was a fisherman's and butcher's son. [Laughing]

NP: Maybe that's why they changed to producers.

JL: I never liked them changing the name, using the word producer. They were farmers. What do you call--. All our annual reports, the producers this, the producers. I said, "What's this?"

NP: I'm interested in knowing how you felt about your first few months on the job. So you were doing some studying about what was happening in Canada when you were doing your previous work and studies. So, once you got into the inside of the Wheat Board, was there anything that flew in the face of what you thought about it, or what more did you learn about it? Or did it all just confirm what you already knew?

JL: Well, as I mentioned, they didn't have as many academic people as I had imagined they might have had, and they were also relying on the trade to act as agents for them both in the collecting of the grain and also in the exporting of it to a large extent. And

they had only got started in direct selling really with the Chinese and the Russians, with these special credit things they got. So that was a real challenge there is to get the Board restructured internally at least to be able to deal with direct selling by the Board itself and really becoming involved in being a marketing organization and not as some of them used to call it, an instrument of policy or instrument. *The Chosen Instrument*, is that the name of one book?

NP: I haven't read that one.

JL: By Morriss, Bill Morriss. His son John is the head of the *Co-operator* magazine, weekly. John worked at the Board also at one time. But the problem I have with some of the books that have been written, they deal with the political side of things, and in the early days wheat and politics were big. They were joined together very much, and I think after I arrived and the [inaudible] broke off with the US, we more or less got to be a marketing, more directly a marketing organization, and less tied to the government, I guess, in many ways. But so, there was a real transition just getting started. There were big surpluses, and Otto Lang came in and had big problems about what to do with the surplus. So they were ready to look at different things that they wouldn't ordinarily have thought of, and I had a different slant and approach on things—things they could try. And I had seen some of the slip-ups in the US. So I hadn't been in Winnipeg more than a couple of months, and one day I found myself sitting next to the Minister of Finance in Ottawa, Mitchell Sharp. Just him and me and Bill McNamara, the three of us talking about they were thinking of offering certain programs to get farmers to change acres out of wheat.

NP: The LIFT program is one I am familiar with.

JL: That came later. This was before that even. Lang was LIFT. That's right. And I'd listed eight different kinds of programs or ways you could go about it. I remember I had one weekend to work on setting that up. But anyway, I knew something about those kinds of programs. I went in there. At the end of it, Mitchell Sharp just said, "I don't want any of these." So McNamara, he was very happy because he didn't want any of those to begin with, so he thought I'd done a good job by showing him the plusses and minuses.

NP: So what was it about them that they didn't like?

JL: Well, the US had these acreage controls, tried to control the programs for years, and they caused a lot of dissention among farmers down there. Even though in order to get the supports from government you had to comply with these acreages, and you'd have other people come and measure your fields. If you were over, you ploughed them up. And the guys measuring the fields were the friends of some politician you thought. Anyway, you got a lot of problems going on with that. And the other thing is with the acreage restrictions. Once they put those on, then everybody just went for yield, forget quality. "Whatever was going to give us

more bushels. Here's this pork price. If we can't get it out of the market, the government's going to take it over.” So it causes a lot of complications.

NP: So what did Canada eventually decide to do? Am I right in saying that, as you mentioned a couple of times, during the war things were fine? There was good reason for people to cooperate. There was mostly cooperation in getting the world fed. But once the war was over, there was less need for that, and at the same time, there was excess production. So the States decided to deal with it with subsidies

JL: And tried to reduce acres.

NP: What did Canada decide to do?

JL: Well Canada was, they tried storage, okay. And so, we had to build lots of terminals. In the country, they built all sorts of what later turned into curling rinks. Quonsets and everything they built across Canada, and the thing was if you get a dip in prices, okay, just store it. And they, rather than like the US, they produced it and then they worried about what to do about it. Anyway, in Canada, the idea was to build it up temporarily, and then when things opened up again, then you could move it. It was sort of like Joseph in Egypt, the bad years, you, then. And that was the ever-normal granary concept the US used to talk about.

NP: The ever what?

JL: Ever normal granary. It goes back to the US New Deal under Roosevelt.

NP: What is the ever-normal granary?

JL: Well if you had grain that you couldn't get the market price over the government price, the government would temporarily let you build a shed out here, and then you'd put your grain in there, and they would come, and they would stamp something on the door so that you couldn't open it and say, “This is sealed grain now, part of the ever-normal granary.” You either had to wait until the market price went up and you could pay the government back for the loan money you just got for it, or if that didn't happen, you'd tell the government to haul it and take it into their bins wherever. But I was saying in Canada the idea was, if you don't sell grain, it just doesn't move and you fill up your commercial storage, and your elevator storage, and your annexes, all those things, and then it backs up on the farmer. He's got, if it's still not moving, it backs up, and he's got to stop producing. That's sort of the break in. And in some ways, that's a more effective break than the US acres was as a way of controlling.

NP: More market driven in a sense.

JL: Yes, yes, and it was more effective in controlling production in a way, too.

NP: And this also led to, when you were talking about grain storage, there were substantial storage in Thunder Bay.

JL: Yes, well, the politicians were always under pressure. Well, build some more terminals or build some more temporary storage here. Get it off the farmer. The farmer needs some cash. He can't carry the whole load himself. Okay, build it up. That's what they did. But the US, they always used to push, "No, you should be having acreage controls like we do." You could argue with them about which was more effective, actually.

But the thing is, you asked before which system worked the best. Well, if you are talking about just money to the farmers, the US one did. Now if you asked which one was more market-oriented and controlled, it was the Canadian one, I would say. And in Canada, you also then had the Wheat Board in there with their delivery quotas. If your elevators are full, the farmer can't deliver. He can grow whatever he wants out there on his acres. He's not controlled on his acres. But what are you going to do with it? You can't, and the only way to go was through the Board on wheat and barley and oats at that time. So there was that break on it. And I've had farmers ask me about this in Canada and the US about which system worked and this. And I said, "Well, the Canadian farmer, you tell him that you're going to have a neighbour come over and measure his land and then tell him he's got to plough up so much. He's going to tell him, 'Nobody's telling me what I'm going to grow out there.'" You go down to the US and you tell him that you can't go into the grain elevator with a load of grain unless you get a permit from the Wheat Board, they are going to say, "Oh, we don't go for that kind of system." So I said, "Well, both of them had to get used to their own poison." There are different ways that those things go. But the US with Congress the way it was stacked up, they had the funds, and they could put out the cash.

NP: So, on the world market then, we're talking about these two systems—US and Canada—and they always seem to be having long discussions about what each other should be doing. If you take a more global look, so there's Australia producing, I don't know if Brazil was producing at that time.

JL: Argentina was considered the bigger one. Then the Russians came in at times.

NP: Did those countries have a view of which system they preferred or they didn't like, either Canadian's or American's systems?

JL: The Australians are very similar to the Canadian at that time. They have more or less moved away from it now to some extent. But the Argentinians at one time had a grain board, but they were smaller players in the world, the Australians and the Argentinians,

compared to Canada—at least in wheat, particularly in wheat—than the US and Canada. They were the two dominant ones, and they would sort of let them slide their prices a little around them, always try to sell out their stuff every year. They didn't start carrying a lot of surpluses, either one of them. The Australians maybe did a little at times, but not much, and the Argentinians, they would have their harvest, of course, in what we call the wintertime, and they would try to dump it on the market as fast as they could, usually. But usually, it wasn't so much that it would break the price, or something, and it would pass. The Australians, they stuck mainly into Southern Asia, and they sold white wheat which was not directly in competition with a lot of the red wheats of North America.

NP: What the--. Like is it a different protein base?

JL: Yes, different protein, different, yes, colour. It's a soft wheat. It's used in a lot of noodles. Soft wheats, well, they're very good if you eat them fresh. I mean if you eat the products fresh, like French bread, it's great. But leave it sit a few hours and it's a brick. Canadian was, well, we talk about higher protein, Canadian. Nobody cares about protein much. But anyway, it's related to gluten, which means how much stretch you've got and how much water you can absorb and how much it will rise and still carry the water. Now that gives you more loaves--.

NP: For less input.

JL: And it also gives you more shelf life for commercial bakeries. And that's profit. And that's why you can get premiums. And this is where the US ran into the quality problem then because they didn't control their varieties back on the farms. When this comes into the system, you can have a wheat that's called a No. 1, 13 percent, and one load is different than the next because it's a different variety in there. Whereas in Canada, we always had to meet this equal to Marquis standard in order to be licensed as a variety. So it was at or better, all the time. So in Canada, when we get shipments coming in, you get a whole train load alike, a whole laker full of the same stuff. So these big commercial outfits, they love the stuff. You could get consistency in it. Whereas at the US, I had fellows at Grand Forks ran a mill there, a former Manitoba guy used to run it. But he said he had to test almost every truck load or every car lot he got in because it was a little different, even though it had the same number and proteins on it. There was just no consistency.

NP: It must have been a nightmare for the inspectors to even recognize what they had.

JL: What inspectors?

NP: Oh.

JL: [Laughing] And also in the US as you got to the ports, their export standard was looser than it was back in the country, so they would fill in with rice hulls or whatever as they went. Whereas in Canada, you start a standard in the country, and it gets tighter as you get to the export. And there's where you get all the big cleaners in Canada at the terminals, and when it comes out there it's what I say, it's recognized around the world. I was in Algeria one time watching two vessels at a distance being unloaded, and the fellow, the Algerian, said to me, "See that one's unloading Canadian. That one's US." There was a cloud of dust around the US ship. He says, "We're unloading grain." Oh.

NP: So it wasn't just talking a good game. Canada did actually try to deliver.

JL: Oh, it did! Oh, and the Grain Commission and the standards there and also with the plant breeders and the whole quality control system was just outstanding. I'd say they were the world leaders in that, and everyone knew it. Now some used to--. And then they'd say, "Why are you trying to sell Cadillacs?" You know, the world wants cheap wheat," and all this. Well, the US had plenty of that and the Australians and everybody else bought. And the US in North Dakota and that, of course, got spring wheats, had good wheats. But they got it so mixed up with different varieties that they lost some of theirs. And so, unless you wanted to special-bin and select from certain farmers, that's the only way could be, so they'd have to pay premiums then to get that.

It wasn't [inaudible] to have quality in bulk was a big thing and it was consistent. The Japanese, they would pay premiums. A lot of the US didn't understand that, why the Japanese would pay premiums for a No. 2 Canadian over a say 13.5 wheat or a No. 1 US 14 percent protein. But it was consistent, and the Japanese, they liked a square loaf of bread. And unless they used certain Canadian in it, it would sag in the middle, and when they cut the crusts off, they had to lose a whole lot of bread. But the US had great problems with that. And as long as they had plenty of subsidy money coming out, well, everybody--. It was heads I win, say for the farmer, and the trade it was heads we win, tails, the government loses.

NP: You added a lot of detail to my question, and I have to think back what was my question? I think it was, what surprised you when you got there, and you were actually working inside this organization that you had only looked at from an academic perspective before, and you started by saying you were surprised that there weren't a whole lot of academics there. And then we moved off into talking about systems elsewhere. I wonder if we could take a break, Bea, just for a moment? **[Audio pauses]** So, we were talking about your first impressions when you came to the CWB, and you were there for, I understand, 21 years?

JL: Yes.

NP: What sticks out in your mind as the highlights? I know it's pretty hard to pick highlights from 21 years, but the best you can, and maybe as you talk about those, just mention the different positions that you held over time.

JL: Well, I was called an economist, I said, when I first came to the Board, and we got into some big, one of the big Russian deals in early years. And we had grain sitting around, and the problem then was how to you move it to the ports, and you get a big buyer, and they want to take all you can deliver. Nobody knew how much the system could deliver, and so I think I had only been there about a year or so and one of the fellows who was largely—he was called a statistician—and he used to set up what they called transportation programs indicating how much was needed to be shipped to Thunder Bay or the West Coast or the railways, the CP and CN, how much they needed to be ready, and also give the laker people advice on what was coming and what had to move and how much you could drop stocks at Thunder Bay in the fall, drop it down and then fill it up in the winter again.

We used to have these, and this one September, there had just been a big Russian deal made. It was going to test the system, and the fellow who was the statistician had started preparing this document, and we had a fellow die in our office in Tokyo, and they asked the fellow who was the statistician if he would go over there for a year to take that over while they found somebody else or made some other arrangements. So he did, and I'd been working with him, and so they asked me to take over his duties while he was gone, and that meant within about a week we were going to have a meeting in Winnipeg. That was the biggest meeting ever been in Canada and because it was an emergency how we were going to get this grain out through Thunder Bay and the West Coast before freeze-up.

NP: Had the agreement already been signed then, so that you were committed and then you had to make it work?

JL: Yes, more or less. They had, yes. So anyway, this was in September, so they had this meeting set up in Winnipeg. We had three ministers there—Mitchell Sharp, Pickersgill, he was head of transport and that time. Sharp was in Finance, but he had the Wheat Board also under him, and then we had the Alberta Minister of Agriculture, Bud Olson. Those three were there with the president of the CPR, president of the CNR, and also the vice-president of the CNR, Ian Sinclair, who later became the president of the CNR. We had the presidents of all the grain companies, private and co-ops in there. And this was a big pow-wow to get everything organized to put the big push on for the fall movement. Then the [inaudible] started, and this Ian Sinclair stood up. I don't know if you ever knew him or not, a big burly-looking guy, and he stood up and said, "This meeting is a red herring." No, he didn't say "red herring." He said something else. But anyway, there had been, in the earlier drafts that had been sent to the companies, there had been a showing Thunder Bay stocks, and there was a typo in there, and it indicated that were going to be no stocks drawn down out of Thunder Bay in this big push. Therefore, that meant, you know, how can you ask the railways to move so much more into Thunder Bay?

Anyway, we'd caught that, and we had a correction made to it, and it was on the paper in front of everybody as they came in there that day. But anyway, I had told the boss about it, McNamara, but for some reason he was stunned when Sinclair started giving him the gears on this, and he's got all these guys sitting all there for this meeting. And I could see he was a little bit, I kind of waved at him and I stood up and explained what it was, and then McNamara jumped in there and gave Sinclair the gears for throwing up this red herring that we weren't drawing the stocks down out of Thunder Bay, and this is all this and this and this.

NP: Just to clarify for our own thinking, so not, you started to say not draw, the typo was that they weren't drawing stocks down so the fellow from the railway said, "Well, what's the big deal because we can't ship anything, you don't need any cars to ship to someplace you can't unload it"?

JL: Yes, "Why are you putting the heat on us?" Yes, exactly. Buy anyway then later, people came to me and said, "Do you know who you were talking back to in there? That guy eats guys like you for breakfast, you know?" I said, "I just gave him the facts." I don't know. I didn't know who he was or what it was. But anyway, it gave McNamara a chance to get his bearings back and get in gear. So I moved up in his eyes quite a bit that day I guess. They started relying on me more and more for that. And then they had [inaudible] for that year. Then they had a weekly meeting of vice-presidents of the railways in Winnipeg and the heads of the co-ops and the private grain companies. Every week they met to see how we were meeting our targets for the week, and I was the guy who was keeping the statistics, and every week they would come in and I read the report card to them.

NP: Was it going along as planned?

JL: Oh, they all wanted to have a good report card. Nobody wanted to have to answer. Oh, we got lots of results and things. Nobody wanted to go in there and explain why their part was falling down. Yes, they gave a lot of, yes, we had--. It worked very well actually.

NP: Was the Wheat Board leading that project?

JL: Yes, yes, the Board was chair of that. And that worked pretty good. So, I think that by the winter then, they had a meeting of this committee again, and they said, "We should do more of working together, rather than just at emergency times. We should." So they set up what they called the Technical Transportation Committee, and Larry Kristianson was named chairman of that, and I was the Wheat Board's delegate on that. Through that, we ended up devising what they call the block shipping system, if you've ever heard of that.

NP: No, tell us about that one.

JL: Well, that was sort of revamping how the grain got shipped in western Canada and tried to turn it into a marketing system, a delivery, a throughput system, rather than a storage system. And you would not move grain from the country elevators into Thunder Bay unless there was business to take it out. You might build up stocks over the winter, but other than that, you didn't put things into terminals just to get it out the country and out of the farmers' [inaudible]. You only moved it if the market was there, and you moved to the market.

Prior to this, you put orders railway cars out in the country, and the railways would drop them where they felt like, and then the elevator guys would load in what they felt like. And usually, they would feel like loading some off-board grain rather than Board grain. And then the Board would put out emergency order, "We need to have this loaded." Well, what this meant to the country elevator fellow was they really want this stuff, so I'll load my own stuff again and the next week they'll have to come in with something. And so, you were moving stuff that really wasn't needed to meet sales at the terminals. And so, we had to somehow get that organized. And as I say, turn it into, I guess some would call ideally just-in-time kind of a system. But there was a lot of resistance to that because the elevators system was built up to store grain.

NP: Well, I was going to ask, the companies might have been a little resistant because they charged storage fees?

JL: Yes, that's right. And they didn't have to do much with it. You have the icebox. Yes, you weren't--. It wasn't like you were in a southern climate where you had to worry about infestation or anything very much. Yes, it was a pretty--. That was quite a switch that we really pushed.

NP: Did it last, the switch?

JL: Yes, oh yes. And we got a lot of--. We had to convince them, though, that throughput is where you are going to make your money, really. That's what's in the best interest of the farmers and all of us, and the railroads, everybody. So, yes it, I know.

NP: When was that change made, approximately?

JL: In the late '60s. Yes. And fortunately, we had most of that in gear by the time the '70s came, and then we really got into the big movements with the Russians and the Chinese. That's when we really got to move a lot of grain.

NP: When did you start with the Wheat Board?

JL: 1964. In the fall, 1964.

NP: And this was the late '60s, so by this time, you had decided that you were going to stay at the Wheat Board a little longer?

JL: Yes, well, as I explained in that letter, we weren't going to leave Winnipeg.

NP: I'm interested then because by that time you had a pretty good sense of how the Canadian system actually worked, but you were probably still connected to your friends in the States.

JL: Yes.

NP: Did your discussions change a little bit now that you knew what was going on in real life?

JL: Well, I was asked to come back a couple of times by the Under-secretary of Agriculture who I knew quite well. And as I told him, I wasn't even thinking about leaving Winnipeg for personal reasons. And also, I was getting so engaged with the Canadian, I was enjoying what I was doing at work too.

NP: Had you bought into the system, would you say? Had you been co-opted?

JL: No, I don't see marketing like a religion like a lot of people in western Canada do. I said, I can sell grain either way you want to go. But--. And there are some advantages, some disadvantages in different ones. That has to be decided by the political system, and as long as it is democratically decided, if you're going to have a Wheat Board, you're not going to have a Wheat Board. Well, that's fine. To me, well, I was brought up as a capitalist [inaudible], and to come up here and to be a monopoly with the government's blessing, wow! Down in the US, try and set prices or do this and that, they'd throw you in jail. Up here it was your duty to try to make money for farmers, and that impressed the hell out of me. And you know, it was a great thing!

NP: So the economics part of it that you were in had the trade. Where did the trade talks fit into this because that was exactly the issues that came up, wasn't it, when trade talks came up for trading in wheat? And there was the whole argument, internationally, about whether a monopoly such as the Wheat Board was appropriate.

JL: Oh, it's still being debated, it's still being debated.

NP: Was that something you were involved in, too, those trade talks?

JL: Oh, in the Kennedy Round, yes. But the Wheat Board wasn't really on the table in the Kennedy Round and that was in the late '60s also. Yes, because I was in that and then I was in transportation at the--.

NP: Let's talk about the Kennedy Rounds. What was it?

JL: I spent six weeks away from home at a time at the Kennedy Round, a couple of times, I know, in Geneva and in Rome, places like that.

NP: What are these rounds for people who don't know, like me?

JL: Well, the US was pushing free trade to the world. Everybody should loosen up and get rid of tariffs and quotas and all this. "Let's free everything up and we'll all gain." That was the major idea. It started under Kennedy and, in general, it worked very well on the industrial side I would say, but the US had authorization, the president had authorization to negotiate and--. But once the president or the administration negotiates a treaty, it has to go back to the US Senate to get it finally approved, okay. And when he wanted to get this, what he called fast-track authorization to negotiate and have some assurance that the Senate would not reject it once he had negotiated it, that the other countries would believe he really had the authority and was dealing in good faith, okay. But before he went over, but before they submit, he had to promise Congress and the Senate that they were going to get something for agriculture out of this. It wasn't just going to be for the industry. Agriculture was going to get something out of the Kennedy Round, and then they would support it. That was kind of the general understanding, okay.

So we get over to Geneva and this went on over two years, or something like this. But anyway, things were going very well on the industrial side, but on the agricultural side, the dairy people broke off. They weren't getting anywhere, and on the meat side, things weren't going anywhere. And the only talks that were still continuing were the grain ones. And that was the one thing the USDA didn't want was a grain deal, but they had been, because they didn't want to limit their subsidy power. That's their ace. They didn't want anyone else in. So here they are over there negotiating, and Canada and Australian aren't quitting talking. We're not walking out in grain. So, it was quite the--. And the US had to have something for agriculture, and grain was the only thing left on the table. Everybody else had gone home.

So, they finally agreed to the International Grains Agreement which was kind of a bit of the old International Wheat Agreement but supposedly expanded to cover all grains. But the US really didn't want that either because corn—they run the world in corn—they sure didn't want anybody else putting some limits on them in corn. But anyway, they had to agree to this deal. They had to have

something in there for grain, and they finally agreed to, kicking and all the way, to this deal. And the hard part of it was that I knew, and my old friend Novotny, who was on the other side, knew they weren't going to live up to it once they signed it.

NP: That was a question I had.

JL: Yes, but they did sign it, and the Kennedy Round thing did go through, and they signed it, and then less than a year, they more or less torpedoed it, the grains part of it, the wheat part of it.

NP: Without having the US's active partner then in what was agreed to, was that pretty much an end to any of the other countries keeping their parts of the bargain too?

JL: Yes, there's no point without the US. They were the largest supplier of wheat and corn in the world. They couldn't run anything without them. So, it was pretty well a dog-eat-dog thing going then in the business. And that's when we got into Lang and the LIFT program and all of this business trying--.

NP: After the collapse of the agreement? Okay, let's get to that, but I did have one question about these trade agreements. You were talking about the American system and how they pretty much had to have some kind of agreement with the Congress and Senate.

JL: Just the Senate.

NP: Just the Senate to have it passed. How is that different in Canada? The negotiators in Canada had the authority to make the agreement. They didn't have to have it checked out other than with the party in power?

JL: Well in the parliamentary system, if you are the--. You have a majority government, you run the administration, and you don't have that split between the executive and the legislative as there is in the US. There are certain defined powers. See, in the US, the Congress, the House of Representatives, they have to initiate all the money bills, and so the purse strings come to them. But the Senate on all treaties, they have to give a final approval.

NP: So who were the top political people in that Kennedy Round then, on the Canadian side? Do you recall?

JL: Yes, Bob Rae's father was one, and--. Gosh, oh, I will have to go back and think. Jake. Oh god, what was Jake's last name?

NP: Were they civil servants?

JL: Yes, or ambassadors.

NP: Not any of the actual politicians, like the ministers.

JL: No, they weren't involved with the negotiations themselves. They would have been in contact with it. And Jake Warne, he was probably deputy minister of Trade and Commerce or something at that time, and he would have had his fingers into it and all that, but he wasn't actually on the negotiating teams that were in Geneva or that. Maurice Schwarzmans was the guy on the grain. It was funny we went to a meeting one time in Washington, the Canadian delegation went, and we couldn't go from Ottawa directly to Washington at that time. There was no flight, and we had had a meeting in Ottawa. So when our five or six guys, we were going to go to Washington for some meeting, and we had to go to Montreal first, and then we'd go. Well, on the plane going to Montreal, one of the fellows discovered he didn't have his passport along. And anyway Maurice, he was our negotiator, he was quite the guy. Well, "No problem," he said. "I'll just talk to them. You follow me in the line," he said. "I'll explain this is the Canadian delegation."

So, fine. So he goes up there, and he does this, and we all go through, fine. We got through. I was still travelling on a US passport. One guy was from Rhodesia. He was on a Rhodesian passport. The guy who didn't have his passport, he was English. And so, of the five Canadian—and the head of the negotiation had been born and brought up in Spain, Maurice—there was only one guy in the delegation who had been born in Canada, had a full Canadian passport, besides Maurice.

NP: He got you all through.

JL: Anyway, we were the Canadian delegation.

NP: Well, that bodes well that Canada was willing to bring expertise in from elsewhere. Smart people from all over.

JL: When I was first, one of the first months I was at the Wheat Board, I was at some cocktail thing that the trade had. I just happened to have my back toward one of the Wheat Board commissioners, and he was talking to somebody else in the trade. And the guy was asking about who this guy with the funny name was, or something like that. And the guy said, "Well, you know, the world is changing," he said. You know. "He's not an English or Scottish lad, but, you know, we've got to give these other guys a chance," or something like that. So there was in the grain trade prior that, yes, there was some connections there, they thought.

NP: So you had started to talk about once the trade negotiation agreement collapse, just on the grain, something had to happen, and that's when you started to mention Otto Lang and the LIFT program.

JL: Yes, that's right. He was trying to control the production and reduce the carryover stocks so there wasn't so much pressure on prices. And that got to be very controversial on the West trying to cut acres in half in the one year.

NP: Was it a necessary program from what the Wheat Board policy position was?

JL: Well, it wasn't for us to decide how much could be produced out there. That was the government policy. And there, yes, there were differences in the Board, but there was no easy answer at that time to do anything else. And [inaudible] people later, a few, just a few years later, we got into this big sales again. And people saying, "Well now, if we had just carried all that over again, well look." And I said, "Well, we'd have had to move it too, you know." And we were just getting geared up so we could really move it. And I said, "If, when this came about, Otto Lang was looking for all the ideas he could get, and if we had better ones, we should have told him at that time, not now." Saying we were smart or would have been smarter. So I never, no, I didn't think Otto had much choice. So, others would disagree with me on that, I guess.

NP: The program didn't last that long, did it?

JL: No, just that one year. But it cut acres about in half, wheat, in half almost. But we also started to push, I'd written a paper prior to that saying one of the ways to get out of this was to start pushing barley sales, export barley, and this would be an alternative, and also, I was always very much in favour of, on transportation and quotas, encouraging canola all we could. Some people thought the Wheat Board shouldn't. We weren't involved in canola and shouldn't give them more than the minimal. I don't know what, but. No, I saw those as alternatives for the farmers, and they're good ones.

And my argument on the grains, the barley, was in the world feed grain, Canada's a very small player. Corn is the big dog, and so, if you want to sell more barley, we just go in there and undercut the corn, and we'd have to go into the equivalent guides, but you just price it and you'll move it. And you can move quite a bit, and you won't hardly phase the corn market. And the US won't retaliate. It's an open market. They're an open book. And so, let's push, encourage barley and the movement of barley. And we started making sales, direct sales, the Board, into some of the block countries, China and others, and started pushing barley out to give the farmers an outlet there. And I say with canola also. That was growing and we encouraged that as much as we could, even got rid of the delivery quotas on canola. That had always been a hot debate.

NP: What's the debate there?

JL: How much elevator space you should give for delivering canola as against Board grains and such. And my feeling was that, well, that's a private, private trade [inaudible]. If they want to fill their elevators with that and not make money moving and storing Wheat Board grain, let them. If they want to choke themselves, filling up with canola, so turn them loose. And we did and they started to police themselves after that. I thought--.

NP: Police themselves and [inaudible] they were moving everything--.

JL: Yes, if 70 percent of your movement is Wheat Board grains and you have this other 10, 20 over here, well.

NP: Did that shift over time, the percentage?

JL: Oh sure, the canola's gotten bigger. It's been a very good thing.

NP: When you were involved in that area, you were talking about expanding the markets and moving into the barley, had your position changed? Had you moved into a marketing position?

JL: Oh, I guess I was called a marketing coordinator or something at that point. The titles didn't mean much.

NP: What was a typical day on your job like, if there is such a thing, as a marketing coordinator?

JL: Well, I established one thing some of them might tell you about called the war room. No?

NP: Tell us about it.

JL: Well, I posted on the boards, boards the whole length of the room boards, and have all the statistics on the movement, and the prices, and different areas, and the different ports, and the different countries export, and I had them. What I was trying to do was work with the computer people and show them what we wanted to have put up on a real-time basis. And here we were having to take our figures and some of them we only got in once a week, some of this that. But you'd post them up where they could see the whole picture in one swoop. And that you don't go talking about doing something here without realizing what it was going to cause over there. So it was, yes, I say we got sort of the overall, and that's where I guess I got the title of marketing coordinator or something else from, being [inaudible] trying to bring the transportation and the sales all into one.

NP: Did that war room still exist beyond your career?

JL: No, I don't think so. They don't have it now.

NP: It seemed to be a very good thing, to know how one thing was impacting on the other.

JL: It was. Well, they gather things more computerized now. And I say, they've got more things computerized now and it's--. I said that was sort of set up to show a prototype, and this is what ideally I would like to have. I remember I went to Chicago with our computer guys once because they said there's a bank down there that they're really at, the leaders in having all these things and they were the way to go in the future. And we went down there, and we went into [inaudible]. First Bank of Chicago, a great place [inaudible] big lobbies with artwork up around it. We went into some theatre. You'd think you were going into some space shot or something, great big lounge chairs and controls here and there and big screen up there. You'd sit around and the executives could sit in a circle or something and be briefed on [inaudible]. But then they started showing us slides that were a month old. And some guy was just dreaming about what he would like in the future. I guess it was.

NP: Was it all hat and no horse, the expression?

JL: Yes, it certainly was. And the one of them said--. I got to talk to one guy, the executive vice-president, and he said, "The chairman, you know, he's really hung up on these visual aids. And his kids say he even has that at Thanksgiving dinner, visual aids." And he said, "So we put on this show for him, but we are nowhere near being able to be able to put this thing in at all." Anyway.

NP: Which brings something to mind that one of our interviewees, and I can't think of who it was, said that IBM worked with CWB on developing a system. Were you involved with that? Tell me about it. It was just a little piece.

JL: They worked very much with our data processing, as we called it then, people.

NP: But wasn't this an innovative system that they were trying to develop, IBM, that they were working with, or have I got that wrong?

JL: Well, they worked with our people a lot. I never worked directly with IBM people and that. Indirectly. These guys would have talked to them and that. I also talked to others other than IBM. But I don't think IBM ever proposed a certain kind of a program or anything that I'm aware of.

NP: And I might have it wrong. What sticks in my mind was that IBM was looking at moving into a certain market that dealt with a lot of data and they approached the CWB because of all the data with sending out information to the farmers, and all the tickets and things that everything had, just automating that whole system. But that's fine. It's recorded somewhere.

JL: Well, you may be getting at there used to be in the trade this idea that the Board was developing the black box to control the industry or something. Is this--?

NP: No, that's new. What's the black box?

JL: Well, I don't know.

NP: Some sort of secret controlling all the information.

JL: That's exactly. And so, anybody, if our data processing guy's working with IBM, that was part of what some of them thought was going to be happening. And some of the changes in the--. Like that block shipping system, the Board took more direct control over the movement of grains now, rather than just saying, "This is what we'd--. You should be moving to the coast here. There's direct orders for this week and that week." We'd put up special calendars of weekly shipping systems, certain lead times, and what has to happen here in order to have it here, and that system still goes. So some of them saw that as being a real--. And then, yes, the grain companies thought well, they're going to be just left out, just being given directions by the Wheat Board. They weren't going to be able to run their own business, sort of thing, I guess it was.

NP: How would you describe the relationship between the Wheat Board and the industry?

JL: Generally, it was very good. There was certain irritants I'm sure they felt at times and certain ones we did. I don't know, yes. You try to work with them, and for the most part, I'd say it was very good. The operating fellows were very good. Yes, I'd say the railways were interesting to work with. They were very big and very important in the whole thing. The CPR guys, they would sometimes give you a hard time on a few things, but once they agreed to do something, they did it. The CNR guys were easy to get along with, but nothing seemed to happen afterwards. Now, that's in the old days. That all changed later. But in the earlier years--.

NP: What changed with the CNR?

JL: Well, the CNR was privatized.

NP: And that turned them into the same--.

JL: And the Crow Rate was gone. Before when the Crow Rate was there, the railways didn't have much incentive to move grain. It was sort of the--. They'd bring these trains into Winnipeg, and they'd set them on all those tracks, and then they'd just use grain a filler when they had one of their trains they wanted to fill out going east. It wasn't what grain needed to move, no, that was I said it was just a filler that got tagged on to fill out other trains, more or less.

NP: So when they eliminated the Crow Rate, what kind of impact does that have on the work that you did?

JL: Well, that was toward the end of my time, I guess, before they finally got rid of that. So before that, there was still a lot of political pressure, like those meetings, put on the railways to do this and this and all this. And there are also the--. Got into the whole hopper-car thing. The railways would not build any cars for grain. They said there was no money in it. They weren't building them. So that's where you got the federal government into building hopper cars and giving them to the railways in effect. And we got, I don't know, was it 6000 or 8000 of them built in that first go round, those hopper cars, which we needed in order to increase our throughput because automatically every car is 50 percent more grain you're hauling, just by having a big hopper car rather than the old boxes. The old boxes were 40 and 60 tonne cars. Now you went to called them 100 tonne cars, but you loaded them to 80 or 90 or something like that.

So, just that and also you didn't have leakage as you would with the old ones. You didn't have the country elevator guys having to pound in grain doors every time you're loading, and then you didn't have at the terminals these big things come in there and break up those doors and smash them up in order to open the car. And then you tilt the car. These you just fill them at the top and they drain at the bottom. But we really had to push to get those. And then they stalled. They couldn't decide how many they really should have in total, what sort of fleet there should be. How fast the improved boxcars could go out and so that they ran into a stall. And we were losing some sales because we couldn't move some stuff. I'd been pushing for years that the Wheat Board should buy some cars, and the other people on the Board said, "No, that's none of our business [inaudible] stay out of it."

NP: The Wheat Board pretty much has a philosophy of, other than the building where they staff their employees, that they do not own physical assets.

JL: That's the only real property they own. They cannot own real property without an order-in-council from Ottawa. But in talking to the lawyers, they could own rolling stock or vehicles, and rail cars are vehicles. So, I found that out, so I had that argument with

them. And I said, "Well, we can do this." And then they said, "Well, but then that opens up the whole--. Your agreeing with the railways and the Crow's Nest, you know, it isn't working. You're breaking--." And there's a lot of truth in that.

NP: You're breaking--?

JL: Well, the railways had been wanting to get rid of the Crow's Rate for years, and that is why they were balking very much on buying cars or doing anything that would slow down getting rid of the Crow Rate. But anyway, the one day, we'd had to turn down some sale, substantial sale on something. We couldn't move it. Two of the guys, the commissioners were gone, and there were three of us there. Three is a quorum. So the other two came in to me, and they said, "You always wanted to buy hopper cars. Do you still want to buy hopper cars?" And I said, "Oh, yes, of course!" And we had a meeting and started the wheels in motion to buy 2,000 hopper cars, just to try and break the log jam and get something happening and that worked. And later the government came in with another--. Well, then we talked to the provinces, and Alberta bought 1000 cars. Saskatchewan bought 1000 hopper cars. We see their names on some of the cars. And Manitoba said they couldn't afford it, but they would upgrade 500 boxcars that could be used for Churchill. They'd get some PR for Churchill out of it that way. But that went through, and it worked. I'm sure that in the future, that weakened the argument on the Crow, but we increased the capacity of the system quite substantially.

NP: What is your familiarity with Thunder Bay? You knew they smashed in grain car doors with their machinery or hand axes. What was your visit? What do you remember about Thunder Bay or how did it create difficulties for you in your job? What changes did you see?

JL: Difficulty, well. It was the main throughput place in the early years. And why, just amazed at the 20 some terminals that were down there and operating when I first went down there. Yes, just the sheer operation, size of the operations. Everything was very impressive to look at, and there were a lot of good people down there.

NP: Do you recall any of the names of the people that you would have--?

JL: No, I didn't get down there very often. I'd have to stop and think about it. I think we had a few people stationed there in Thunder Bay at that time. But for the most part, we were operating through what we call the agents. The country elevator people would load the cars and send them to Thunder Bay. Generally, they would try to send them to their terminals, and then we would have to have somebody forward the grain then down to the St. Lawrence where we would have contracts for overseas customers or something. So we had a whole round of people involved in that including, you mentioned something about insurance once.

BC: Mr. Timmerman.

JL: Yes, well the grain companies and the co-ops, I think all of them, they worked together on that, and they set up the insurance, I believe.

NP: The big insurance company funded by the system as opposed to external to the system.

JL: Yes, that's right. I know when we used to go to the lakers at Thunder Bay then there's insurance paid to take it down, and the Wheat Board would have to cover that insurance. We weren't directly involved in it. The companies dealt with the and all that. Maybe Mr. Rowan talked to you about that. Did he?

NP: I don't think so, no. Do you have something to add about that?

JL: Well, there's one interesting thing there. We were paying, I think it was \$4 million a year for insurance for the lake shipping. And as an economist, I looked at that, and I went to guys like Frank and I said, "What's this? We can allow--. How many ships sink a year? We could allow four of them to go down and pay \$4 million? Why are we paying this insurance?" Well, it was a good little income thing, I think, for the companies and that insurance thing went very well for them. But anyway, and then we went to, what's this other outfit? We were going to go one year without insurance, the Wheat Board. We would just take the risk. That caused a bit of a stir too. But, I'm trying to remember whether we did go one year without or then at the end we had—what's this big insurance outfit?—came in and they offered to give us the insurance for \$1 million a year if we did it directly with the Board.

NP: Were there ever situations where there was loss?

JL: I don't recall. Well, there were some accidents once in awhile. I remember one ship did go down in the Welland Canal one time, hit a bridge or something. But it was very minor.

NP: And there was the occasional elevator that tipped over.

JL: I guess there was that that happened, but I don't know much about that. I think that was before my time. It was a big political issue, I think.

NP: Was it?

JL: Oh yes.

NP: Well, I don't know all the details yet. We don't have all the disasters fully--.

JL: I think it was the UGG elevator, wasn't it?

NP: Yes, it was.

JL: They could tell you. The government bailed them out on it, I know. I think that's where, I think, the politics came into it or something.

NP: Bailed UGG out?

JL: Yes, I think so. I wasn't involved with it though, I just--.

NP: Well, that's very interesting information because then that gives us little hints of questions to ask, how those things--. I don't even know where to go to look for things such as the grain explosions, where the commissions that came out of them and--.

JL: I don't know much about those things. I wasn't involved.

NP: Were they set aside in some dusty corner and have a look--.

JL: Well, those dust explosions were tremendous things. Yes, they can be.

NP: Anything else about Thunder Bay? Did you see a change over your career in the movement?

JL: Yes, certainly. Thunder Bay was fading out and the west coast was growing. After I left the Board, I was involved with the federal government on the US free trade. The US opened up and more grain started going south directly, too. So Thunder Bay was going to be in a declining position with all the extra stuff going out of the West Coast because the ocean rates out of the West Coast were not that much higher than they were out of Montreal, but we didn't have to pay the lake freight in between.

And so, I say, and of course with China and all of the markets expanding that way, everything was pushing west. And without the emphasis on the storage as there'd been in the past also cut into it. Yes, I was--. After I left the Board, I had some friends. I don't know if they ever got a contract with somebody in Thunder Bay who wanted to do a study on how they could rejuvenate things,

and they wanted me to work with them on it. I said, "No, I can't. I can tell them in five minutes that they don't have that great future, and they would be just wasting more money if they spent more money on it. And if you guys are going to work for them, you don't want to hear that." So I don't know if they ever did.

NP: So, since the time you left, when did you leave the Wheat Board?

JL: At the end of '85.

NP: '85, that's when things started to really take a real downturn in Thunder Bay.

JL: Well, it started a little before that probably, but not as much.

NP: My understanding is that currently they are shipping one third of wheat, Canadian wheat, or Canadian grain products and two-thirds out the west coast.

JL: It would have easily been the other way around when I first came.

NP: In your mind, would you say there will always be a future for some deliveries out of Thunder Bay, or because of the movement south that you're talking about because of maybe improved rail transportation to by-pass the Great Lakes all together?

JL: I don't think the rail one will do it. No, I doubt that. But the thing is in thinking about with the US free trade that comes to mind is there's Duluth-Superior and there's Thunder Bay. You've got two lakeheads, and you really only need one, and which one should it be?

NP: Does the fact that Canadian companies are, like Richardson's, Parrish & Heimbecker are operating out of Thunder Bay make a difference?

JL: Oh sure! Sure that's--. They've got their connections there and their routes and all that. Yes, I'm sure that helps hold it that way. Otherwise, it's a little shorter rail shot into Duluth than it is to Thunder Bay. Not much, but a little bit.

NP: So the quality of the infrastructure would make a difference, too?

JL: Maintain the quality, yes, that's why they went through--. That's right, because we used to look at using the US gulf ports and the unit trains straight to the US gulf, and then you run into that whole bit about quality control and all this and that. Because I had looked at that, talked about grain efficiency once. After I left the Board, I did a study on that trying to--. And I looked at trying to put stuff through US gulf ports, and I had all the figures and thought we had one test car go. We were going to try it once, just for the heck of it, and the Wheat Board finally decided they didn't need to do it that way.

NP: Didn't need to or didn't want to?

JL: Well, it was going. They weren't going to make any money at it. But I thought it was a test, you know, and they might do it just for the test part of it. No, the Board, you know, they've got their immediate things to maximize returns for farmers, and sometimes I didn't think they looked far enough ahead and trying to think it through that way. But I maybe was too much, thinking too far up ahead. You have to be practical and think about the here and now.

NP: You said that you had left the Wheat Board in '84, '85?

JL: At the end of '85.

NP: When did you retire from the industry altogether?

JL: Well, I was a consultant then. I worked for the Grain Transportation Agency that was set up on both the grain efficiency and how to move grain in different ways. And then I worked for them later on these branch line abandonments in western Canada. Had public hearings, and we had six guinea pigs for shipping blocks.

NP: The reason I am asking these questions is I think we need a second interview. Those are big, important things.

End of interview.