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**Company Affiliations:** Canadian Wheat Board (CWB), University of Manitoba

**Interview Date:** 1 May 2013

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**Summary:** In his first interview, former executive director of planning for the Canadian Wheat Board Brian Oleson discusses his early interactions with the CWB and the organization's history. He describes his first meeting with the leaders of the CWB at a time of pivotal organizational change, prompted by the "Menziess Report." He shares the historical context of the '50s and '60s that led to this call for change, including poor grain prices, surplus grain, and changing global players. Oleson discusses his first role as a grain analyst for the Africa and Middle East division, and he recalls his first memorable trip around the African continent building relationships with new markets. Oleson describes Canada's challenges as an international grain exporter in the 1970s, but also shares how Canada was trusted and respected globally. Other topics discussed include the personalities of those at the head of the CWB, the economics of shipping through Thunder Bay versus Vancouver, the diverse politics and philosophies within the CWB, the development of the block shipping system, the CWB's purchase of hopper cars in the late 1970s, and criticisms of the CWB's involvement in transportation.

**Keywords:** Canadian Wheat Board (CWB); Grain accounting; Grain marketing; Grain market analysis; University of Manitoba; Grain logistics; Agricultural policy; Grain trade—laws and legislation; Grain transportation—rail; Grain transportation—ships; Grain export destinations; Railway block shipping system; Grain handling; Grain cleaning; Grain storage; Flour mills; Canadian International Development Agency (CIDA); Grain buyers; International Wheat Council; Grain pooling; Bill McNamara (1904-1984); Africa; Middle East; Crows Nest Pass freight rate; Hopper cars; Canola; Grain prices; International trade; Grain economics; Agribusiness

Time, Speaker, Narrative
NP: It is May 1 <sup>st</sup> , 2013, and I am interviewing today at the Agriculture Faculty at the University of Manitoba, and I'll have today's narrator introduce himself.

BO: My name is Brian Oleson. I'm at the University of Manitoba, and I'm the department head of Agribusiness.

NP: Great. Thank you very much for agreeing to give up some of your time. I think based upon our talk before we started the interview, we probably won't get it all done today, but we'll get a good start. With someone with the experience that you've had, I like to actually start back to ask about what was your earlier exposure to Canadian agriculture?

BO: You know, my earliest exposure was likely just growing up in the town of Riverton. It was a mixed farming-fishing background. My own background, basically, reflects the farming-fishing in terms of my father came from a farming family around Glenboro, Manitoba, and being part of sort of the Icelandic presence in Manitoba. That was one of the areas that the Icelanders had settled, but the big area was in the Interlake where they were basically fishermen. And so, my mother's family was from a fishing side. So there was sort of that marriage between farming and fishing. And of course, growing up in the '60s, the two livelihoods that no one wanted their children to go into was farming and fishing.

And so with that background, I came to the university and went into mathematics and then economics and fell in love with the grain industry somewhere along the line. I guess the biggest part of that was starting at the Canadian Wheat Board [CWB] in 1970 where I was a grains analyst for about three years. And that included the very important time of the Great Russian Grain Robbery and the great price boom that happened in the '70s, which, in my analysis over the post-war period, we've really only had two massive booms. One was the Great Russian Grain Robbery period of the '70s and the ethanol driven boom of recent years.

There's a great analogy between those in terms of my own career in analysis. In 1976, I went to the University of Minnesota and did a PhD on price formation in the wheat market under an individual named Willard Cochrane, who would be perhaps one of the five most known and respected individuals in the agriculture policy side in the United States. He was John Kennedy's chief farm advisor. And so, I always looked at it with a certain amount of luck that I had fallen under Willard. He continued his career until very well into his nineties, and two years ago died, and was still thinking about what was going on in the grain industry.

So from the University of Minnesota, then I was with Ag Canada for a bit and then came back to the Canadian Wheat Board in 1981, where I was there until 1998. And then with a brief period at the University of Manitoba. I then came back to the Canadian Wheat Board in 2001 under their new corporate governance structure with Greg Arason as the CEO, and I was a vice president to Greg, and actually ended up, to a large degree, over the next year or two inheriting a large part of the area I had before I went to the University of Manitoba. I then went to the University of Manitoba permanently in 2002 and have been here at the university since then.

NP: Okay. Which campus of the University of Minnesota did you go to?

BO: I went to the St. Paul's campus, but I did my degree in applied economics, so our courses were split between what's called the West Bank in Minnesota—the economics main faculty there—and then the agricultural economics which was the St. Paul campus, and in the earlier days was the Land Grant College in Minnesota but now is part of the University of Minnesota.

**[0:05:02]**

NP: You said that your undergraduate degree was in mathematics, statistics--.

BO: No, not statistics.

NP: Not statistics.

BO: I managed to avoid statistics totally. [Laughing]

NP: I can understand possibly why, although statisticians listening to this might not. And then you said that you got a job with the Wheat Board. So how did that happen as somebody graduating with--? Had you taken anything related to agriculture in your undergraduate?

BO: I took nothing related to agriculture. It was quite a bizarre circumstance because I was just finishing my master's degree, and I had earlier worked—in the early days of computers—I worked as a computer analyst and computer programmer, and I had one of the few jobs that year that was offered by IBM, and I was just about to take a job at IBM. The background to my thought process right at that moment was, about a month before, I had visited the Canadian Wheat Board and spent some time with three very interesting PhDs: Larry Kristjanson, who did his PhD at the University of Madison, and Harold Bjarnason, who also did his PhD at the University of Wisconsin in Madison, and Jim Leibfried, who I believe did his PhD in Kansas, but I'm not quite sure. And so you had this very interesting structure at the Canadian Wheat Board where there were these three senior PhDs who obviously were involved in great change, and I don't think that there were very many master's or even bachelor's degrees at the Board at that time. So it was a very interesting thing.

But I had a connection through the Icelandic community with Larry Kristjanson, and he had suggested I come down and talk to these guys about my going for a PhD because I was sort of thinking about doing a PhD—and possibly at MIT where one of the profs at the University of Manitoba had encouraged me. And looking back, I'm wondering why I didn't do a little more serious thought about that. But in talking to these three guys that we started talking about doing PhD programs, it suddenly morphed into a conversation of,

“Well, maybe you’d like to come here because we’re really at the crossroads of a completely different era for the Canadian Wheat Board coming up, and if you were interested in coming here, we’d be very interested.”

NP: How did they define that difference?

BO: You know, in looking back, what they basically had in their mind was that the Board was moving from being a very reactive organization—in the sense that the Canadian Wheat Board set the prices and the grain trade then moved the grain—to being much more proactive in two areas—number one, particularly, transportation. With the big things that had happened in a few of the Russian sales, and particularly the Chinese sales in the ‘60s, the Canadian Wheat Board had suddenly moved to the forefront in terms of taking leadership, in terms of trying to get the grain transportation system to be able to move these massive quantities of grain that were suddenly needed, particularly on the China side. And then the second was, with the “Grain Marketing Review” that was just being completed in terms of a review of some of the best thinkers in the grain industry as to where and how the Canadian Wheat Board should develop in the future. One of the aspects was that the Board should take a much, much more active and proactive role in actually marketing.

NP: Was there a specific report written with that--?

BO: There was a very, very specific report that came out in the summer of 1970, and it was called “The Grain Marketing Review.” And that review was-- The secretary of it, actually, was Jim Leibfried, and so I had an internal contact there that was very close to that. But the other individuals at the head of it, sometimes it was referred to as the Menzies Report. Menzies had been a chief policy advisor to John Diefenbaker, I believe, and was certainly one of the big senior thinkers in terms of the grain industry at that time. And the other individuals that were involved were the senior people in, really, grain marketing in the world. John Schnittker, for example, was a previous undersecretary of agriculture in the United States.

**[0:10:14]**

NP: Do you know how to spell Schnittker?

BO: I can give you a copy of that report if you’d--.

NP: Oh, perfect. Thank you.

BO: I can make a copy of the report. I’m likely one of the few people who has a copy. [Laughs] And for--.

NP: So he was one of the leaders, internationally?

BO: He was a leader. I mean, it was a very impressive group of individuals. Jumping ahead in my story, that particular report became my foundation for pushing the commissioners of the Canadian Wheat Board to institute a similar report in 1990 that was headed up by the just-retired ambassador from Japan and a number of people within the grain industry. That particular report was looking at another sort of crossroads for the Board, that with the whole change in the grain industry—in particular with the implementation of the Canada-US Free Trade Agreement—what was basically the role of the Canadian Wheat Board in that changing environment? So those two reports, the 1970 report and the 1990 report, have an umbilical cord that, I guess, in the final analysis, was me.

NP: Something popped into my mind related to the first report, 1970. And I'm not quite sure how that matches up with things that happened in the private industry at the time, so I'm really interested in knowing what the reaction of the private industry was to that report. And let me just set the scene a little bit. We interviewed Richard Kroft, whose father was Charlie Kroft, owner of McCabe's. And at some point, McCabe's sold out, and I believe Richard had said his father had left because it was no fun any longer. He really enjoyed the marketing of the product. You know, it allowed him to travel and meet with customers around the world. And then with changes--. And I assume, then—and at the time I never put the two together—it may have been tied in with the results of this report. So how was that 1970 report received by the private industry with the Wheat Board starting to do its own marketing?

BO: Yeah, I think you have to put two things together there, remembering that the period—1968 to 1970—was the worst two years, likely, for grain markets that ever existed, and Canada, for various reasons, ended up having a difficult time during those periods of time. 1970, you may remember, was the one year in Canada's history that we implemented a program called LIFT, Lower Inventories for Tomorrow, where we paid farmers not to grow grain. Not to grow wheat particularly, but not to grow grain. And so, you have to think of it in the context of the times that you had a failed system in the sense that the transportation system had been broken. The Canadian Wheat Board in 1966-'67 started taking a major role in terms of pushing for a bigger and a better role in terms of that transportation system being able to move the wheat, particularly, and of course, most of the wheat movement at that time, at least the shortages, were on the eastern side and Thunder Bay side.

And then, of course, you've got an emerging, changing market, where the United States for the first time is waking up as a major player, as a major potential player. The International Wheat Council that had dominated the role of international trade to some degree in the '50s and the '60s had now collapsed, and there also was an emerging group of developing countries that were starting to come on. One of the things I think you have to recognize in that context is most importing countries had a central buying agency, and they likely preferred to deal with a central selling agency. And so, there was a whole pile of juxtaposition of a number of things that came together and basically are the background of that 1970 marketing report.

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So the role changed with the Canadian Wheat Board taking a role now of moving from setting FOB [Free On Board] price for the Canadian Wheat Board, which basically set the prices at a Vancouver point or a St. Lawrence point, and then leave it to the private trade to go on from there to taking a direct role in terms of contact and marketing with overseas customers. And it then became a very much mixed system where, depending on the customer's preference, then they could deal with the Canadian Wheat Board directly, or they could deal with the large firms. And at that time, there was five big international firms. There was Cargill; there was Continental; there was Dreyfus; there was Bunge, and Cook. Those were the five big, big firms at that time that did most of the business beyond the port. Then we always had some smaller grain companies on the Canadian side that either did a little bit of that business themselves or were linked with the big international houses. There's an incredibly good book that was written by Dan Morgan about that period called *Merchants of Grain*, and for anyone who wants a good feel about the grain industry historically up to the '70s, that is a great reference.

NP: So if we look at the Pools, which were a major player then, and Richardson's-- Anybody else Canadian?

BO: Pioneer was a minor player but significant in the countryside. They were one of the Canadian houses. And then on the international side, you had Cargill, and then you had the Prairie Pools. And so, between these small Canadian companies, Cargill, and the cooperatives, that was basically the individuals who took the grain into their grain warehouses and brought it to port.

NP: So what was their reaction to this report?

BO: Well, one of the things that you have to remember is the politics—the small *p* politics—during that period of time growing out of the '30s was that farmers were very, very strong in the cooperative movement, and the cooperatives handled about 70-75 percent of the grain. So it basically meant that that view prevailed, and the cooperatives then basically were very, very supportive of a Canadian Wheat Board stronger presence from the port forward. They really viewed their role as being from the farm gate to the port, and then the Wheat Board was really the extension of the cooperative system. And within the politics of the day—and this would be my opinion—is that the dominant international player that consolidated its grain warehouses at the time, was I believe the takeover of Federal Grain, was Cargill. So Cargill had moved into a position of being an extremely important player, whereas none of the other big five had a presence. Dreyfus, Bunge, Continental, and Cook did not have a presence in Canada. Cargill did.

One thing that I have to say, you know, from all my years with the Canadian Wheat Board was that Cargill really viewed itself as a partner in the grain industry. It certainly had its politics that emanated from head office in the United States and so on, but in the

Canadian side, Cargill tended to view itself as having a comfortable and a strong position in terms of profit making to some degree that I think they let the cooperatives take a price leadership role. And then in the same way UPS, for example, would let the postal service satisfy the broad demand, they would take the high profit routes and not upset the apple cart at all.

**[0:20:19]**

So you didn't have a strong reaction, I think, from Cargill on the international side, and as I say, they were the only player. Firms like Parrish & Heimbecker [P&H], Pioneer Grain, really became strong partners for the Canadian Wheat Board because the Canadian Wheat Board had this dominant role where they could basically play certain roles in terms of discussing with the state trading organizations that were buying, and when they needed a private partner, then they turned to firms like Parrish & Heimbecker and, of course, Cargill and so on. It was a working relationship that, I think, was always held together by the fact that the farmers, through the Pools, were such strong supporters of the Canadian Wheat Board.

NP: We'll come back to talk about the 1990 report and the change over time in the whole farmer support for the Wheat Board and private Wheat Board interaction. But I want to take you back to your first days on the job with the Canadian Wheat Board. How did you actually even get into the job?

BO: Well, what happened was I was just about to take a job with IBM, and I thought, "Gee, I had had this conversation with these fellows at the Canadian Wheat Board. I wonder if they thought anything further about my coming over there?" Just before signing on the dotted line with IBM, I phoned up Jim Leibfried and asked if he'd done any further thinking about my coming to the Canadian Wheat Board just so that I knew what my options were. And Jim said, "Well, yes. We have you down as coming to the Canadian Wheat Board, and I thought you were going to be coming in May." May was only about three weeks away. So I said, "Oh!" and thought about it a few minutes and asked myself, "Well, do I want to go back into this computer industry? Or--." I really like the notion of getting some exposure to countries outside of Canada. I was very interested in economic development, and so I took the job at the Canadian Wheat Board and became their first Africa and Middle East specialist, because part of their major change was that they set up the world in terms of a market analysis—which it really was market analysis and relationship building—and they set it up geographically. So there was a Latin American area, a European area, an Asian area, and an Africa and Middle East area. So I took on the role of being the Africa and Middle East analyst.

NP: So pretty impressive position to fall into. But what was it like to work there in those days? And talking about the different personalities that were there, and what you learned, what surprised you, those types of things.

BO: Well, the first thing that really was a knowledge builder was that the Canadian Wheat Board had developed, with the industry, something called the block shipping system. The block shipping system basically had the Wheat Board right at the centre of transportation car allocations. This was basically the massive change that had taken place in this '67, '68, '69 period, and it now was fully in place. The transportation was a very significant part of the Wheat Board's role at that time, and so the first thing that we did was we spent a month or two in the block shipping area in transportation, and that really gave a background in two areas. One was in the grain industry itself because the one thing that I've observed is if you get a good grounding in logistics, you really have something to hold onto that if you don't get it, it's just something missing. Then the second aspect was I could really start to get introduced to a lot of people at the Canadian Wheat Board without really having a particular job myself. I was really part of this block shipping side, and so I got to know the people in transportation, but at the same time, I got to see who the commissioners were. I got to see who the senior management people were. I was able to listen to all the anecdotal stuff that any job brings with it at the time.

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And in those very first couple of months, interestingly, that was when chief commissioner Bill McNamara resigned and ended his term at the Canadian Wheat Board. So I was actually there for a few months when Bill Mac was at the helm, and so I was lucky enough to meet Bill Mac. I met, actually, the previous chief commissioner, and then of course, all of the chief commissioners and senior people at the Canadian Wheat Board ever since. So I had a long history there that nicely started with first seeing this infamous individual Bill McNamara walking around.

NP: What can you tell us about him from anecdotes and just your short period of overlap with him?

BO: Well, Bill McNamara was, I think, a fairly iconic and strong leader, and I think he looked for good people. One of the interesting hires that he was involved in was hiring this PhD, Larry Kristjanson, who was completely out of the mold, because the grain industry, then-- I'll tell you how the grain industry worked. You became an office boy, and you worked your way up. It was that simple. And here Bill Mac pulls in this PhD Larry Kristjanson, and what does Larry do? He pulls in Jim Leibfried, who he thought was one of the brightest guys that he'd run into, and got Jim spearheading the transformation in the transportation area. Then Harold Bjarnason came along and sort of rounded out that threesome in terms of what was a very, very highly educated group, in a way, within an organization that didn't have a history. The Board at the time, I would say, was very much a perimeter organization. They did most of their hirings within the perimeter of Winnipeg. And the Canadian Wheat Board really, I think, started a transformation there with the hiring of Larry Kristjanson.

NP: Why do you think he made that move, McNamara?



BO: I think he saw that there was a very, very broad world out there, that there was change coming, and I think that he likely saw that, in fact, being a typical grain organization where you hired people from the stock boy up was not going to give you that outside view of the world. And of course, there was some that existed at the Board, but not a great deal in the sense that they had a much more mechanical role to play in the grain industry than the one that was emerging.

NP: What gave McNamara the iconic status, do you think?

BO: You know, I'm not sure how much of it was personality and how much of it was history, because his history dates back to the early days of the Canadian Wheat Board. I'd have to go back and check my own history notes, but he really goes back to the wartime period and really before the Board consolidated its full powers, which they consolidated to a large degree in, I think, '42-'43, in the middle of the World War, as the whole grain market became unmanageable with regard to futures markets and so on. And so, I think that he basically had the history and the personality.

NP: You mentioned-- Well, let's stick with your Africa and Middle East specialist. Why that one?

BO: Because I was interested in economic development, and so I expressed a strong interest in terms of the African and Middle East side. I suspect that if they were hiring and had a longer experience rather than taking someone with a mere interest in economic development in that area, they likely would have gone with someone who ideally would have spoke Arabic and French. Two years later, three years later, then—two years later—then they hired such an individual. His name was JeanTambay, and I had moved over to another role. And Jean Tambay was an individual that had grown up in the Middle East, was a Christian Lebanese that had a background in Syria and Turkey, and a very interesting individual in his own right. Had language skills that basically, when the Algerians came to town, when someone from the Arab world came to town, then he was completely fluent in both those languages. So I was lucky enough to sneak into that position on, I guess, luck. No false credentials, but certainly a lack of credentials for what I would have been hiring for.

**[0:31:25]**

But the Board at that time was trying to bring in a group of young people that basically would be a bit of a lasting change, I think, to the Board, and I was part of that. They called us the Young Turks, or a few people called us the Young Turks, and we were a bit of a different group. But within the Canadian Wheat Board and it as a very operational group, with people who had come up the longer and harder way from, as I say, being the office boy working up-- And when I say boy, it really was a bit of a man's world at that time. You know, at the time that I started at the Canadian Wheat Board—and this would have been typical within companies—if a

woman or a man met someone there and they got married, one of them had to leave. And so, it's not that long ago, but social things have changed a lot. You wouldn't walk into work with a beard on, for example. You would have been asked to go home and get it shaved off. [Laughs] So it was a different time. And in terms of the marketing, then, I really just felt blessed in terms of the exposure I got.

NP: So what did you learn about the grain industry in Africa and the Middle East? The markets, I guess, would be--.

BO: The markets in Africa and the Middle East tended to be--. Wheat tended to be a commodity that served not the total needs of the people, certainly, in terms of our type of bread making technology. But where there was a big enough demand and a big enough presence that there would be one or maybe two major flour mills, maybe the only flour mills in the entire country, and they were big, and they were important within a certain slice of things, depending on the history of the country. The North African countries, of course, come from a wheat-based economy, but it's a wheat-based economy that centres around couscous and durum semolina wheat, and then very, very specific sweet pastries that come from softer wheats. Then other countries that were the colonial countries of France and England tended to have basically flour-making and beer-making companies that were very set up by western companies and were one site. And so, the public relations and the customer relations and so on in terms of developing that tended to be very simple. You know, you had to know the individuals of this one milling company. In some cases, they had been nationalized, and you wanted to know the key individuals in the Department of Agriculture or Industry, whoever was part of that.

**[0:35:03]**

I'll tell you my favourite memory of that time is my first trip. So here I am, an individual that hadn't done much travelling. I go with my individual that I was reporting to, Alec Kubicek, and we end up in England, and we spend one week collecting visas because that was the easiest way to get visas. So Alec and I then went over to Libya where Muammar Gaddafi had just taken over, and then we went to Tunisia, and then to Algeria and Morocco, and then over to Cote d'Ivoire—the Ivory Coast—and Senegal, and then flew over to Ghana, and then Nigeria, where Alec and I had been on the road about five weeks. And I was met by the head of our whole area, who was Harold Bjarnason, and then Harold then replaced Alec, and we did what we were going to do in Nigeria, and then we flew to South Africa. And then Harold and I drove across to the country of Mozambique that was quite a progressive country and hadn't fallen into the terror that it later fell into; then flew over to Zambia and Tanzania and Kenya; brief time in Uganda, and then Ethiopia; and then ended our trip in Khartoum, the Sudan, before progressing home; and then having quite an adventure on that trip home with, basically, a Sudanese connection where there was a lady onboard who was defecting, basically without anyone knowing, to meet her plant breeder husband who had a PhD from Sweden and was taking a position in Calgary. So it was quite the trip!

NP: I don't know whether because you were developing the marketing side, I recall seeing a postcard from back in the early 1900s, and it showed grain being delivered to Africa just left open on the beaches. And at the same time, I'm collecting a series of postcards about what was happening in Thunder Bay at that time with the building of all the concrete elevators. From what you know about Africa and the Middle East, why did that continent not develop the infrastructure that Canada did, given the colonialization was sort of common to both?

BO: Yeah, I don't think I've got an answer--.

**[Audio pauses]**

NP: Start again your comment about answering that question if you--.

BO: Yeah. The particular question in terms of economic development, of course, in Africa was one of the things I was interested in in economic development and why countries develop and why they don't. And perhaps the best summary of that is the books by an individual named Jarod Diamond. But in terms of my own observation of Africa was that if you wanted to be colonized by any country, I think you wanted to be colonized by the English because what the English did was the English always left great infrastructure. And so, part of the infrastructure that the English left was a great flour mill, and they tended to leave roads and everything else. So Africa, at the time that I visited there, it was very interesting because all of these countries had just become independent, and it was an era of hope; it was an era of change. And so, I've watched with great disappointment over the last four decades in terms of Africa just running into the massive problems that Africa has run into. And the question of economic development, I'm not sure. I'll leave that to individuals like Jarod Diamond to think about. But in terms of what I observed, the infrastructure in terms of the large grain elevators, in terms of bringing the grain in, and then the movement to a flour mill were good, sophisticated organizations.

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And so, the type of question where you end up having grain dumped on facilities that can't handle them and so on, in recent times, it's tended to happen only during these periods, I think, when there's been some really big disasters, and you're trying to move grain in, and at the same time, you may have rebel insurgents and so on that are doing everything possible to prevent things from moving and things from happening. So in terms of the grain that did move, it tended to move in good condition. It tended to stay in good condition. It tended to be used for what it was used for. And depending on the country--. Countries like Ghana were basically bread eaters. North African countries were couscous. The French side—countries like Cote d'Ivoire, the Ivory Coast—they tended to be hooked on a French bread that our wheat didn't particularly go well with and that the Europeans would always undersell us to keep

that market anyway. Then East Africa was a much, much more non-wheat area, but again, because the British were there, then there were flour mills that were not all that different than us, our own.

The milling giants who made milling equipment and so on, they were exactly the same individuals that came out of Geneva and sold their milling equipment to Canada as there, with one big exception that I ran into there. Every flour mill that I went into had a big machine manufactured in Winnipeg, and it was manufactured by a firm called Kip Kelly. And the Kip Kelly machine, I believe it removed stones and grit and so on out of the wheat, and it was--. Seeing that machine gave me a lasting impression of just the magnificent role that gravity and weight and separation play because you get this grain from Canada and all sorts of places, and by the end of it going through a bunch of gravity mixers, shifters--. Nothing chemical. There's nothing happening to it other than shifting and sifting and so on. Then you've got just this perfectly clean bunch of wheat that then is going into a bunch of rollers. I could never go through enough flour mills. My partner on that trip, Alec Kubichek, just absolutely loved going through flour mills. No matter how many times he went, he just looked at each flour mill visit with great enthusiasm, and I think I sort of caught onto that from Alec.

NP: Alec we've interviewed. What can you tell us about him? [Laughs] What can you tell us about him?

BO: Well, Alec has a quite astounding background that, you know, would--. His early years in the Czechoslovakia, you know, you would have to go through—and maybe he has in terms of coming from a pretty sophisticated family—but also growing up in Czechoslovakia during the wartime period, and his wife that he married basically being a child in a Nazi horror story, and then the two of them leaving Czechoslovakia to go to Australia where Alec then got his big introduction to the grain world and to market development in the grains industry. From where he came to Canada and eventually ended up at the Canadian Wheat Board in market development in the '60s and was one of the early people in that area, and then became the head of that market development group that included these various corners or parcels of the world—Asia and South America, Africa and the Middle East, and Europe—and we all reported to Alec. He was in that during the period I had started at the Canadian Wheat Board, and then, I believe, he went to be a part of our London office, which was a fairly significant office at that time, and then later came back. And so, Alec has a very, very long and interesting history particularly in the grain industry, but there's a lot of other history and background there that makes him a very, very interesting man.

**[0:45:19]**

NP: What were the--? Would it be fair to say, then, that Canadians were the new players on the block with this move to have the marketing arm of the Canadian Wheat Board? And if so, what were the challenges that you faced given that there were players from other nations in the market before?

BO: No, no. The Canadians were not the new player on the block by any means. The Canadians were always one of the dominant players, in fact, the dominant player, you might say. What you have to look at there and recognize that 80 percent of the world market was Europe, of which two thirds of the world market was England, and Canada had a special relationship with England. And so, the Canadian-English trade--. And we didn't have trade in animal products and livestock and oilseeds. Wheat was basically synonymous with world trade, and so that's why you had the International Wheat Council as a dominant body in terms of almost like GATT [General Agreements on Tariffs and Trade] trying to play a role in terms of really playing a role in terms of how prices should be set in a world market during that immediate post-war period. So to a large degree, Canada had played this very significant role in terms of supplying the UK mills, and the UK mills really determined the Canadian system in terms of the quality system as we know it. We developed our quality system to satisfy the English market.

And so, the system basically was that the Canadian Wheat Board, once it had this role that was developed in the '40s, the next five years was governed by the Canada-Great Britain Wheat Agreement, and so you really don't have the modern era of trade beginning until the early '50s to a large degree. The United States was a big player in the '20s and '30s, was more of a player, and then with their farm programs and with the war and so on--. Actually, I think that we actually exported some wheat to the United States. They may even have been an importer for a year or two during the later '40s. But the United States was not a big player, and they weren't a big player because their own farm programs basically were paying farmers maybe two times the world price, and then at the same time, then they basically controlled--. To a large degree, they had a supply-managed system, and in fact, my major professor, Willard Cochrane, one of the big points in his life was he convinced John Kennedy to basically go with what we'd almost call a supply-managed system in grains. And in 1961, they had the marketing referendum in the United States that basically asked farmers, "Do you want to go to a supply-managed type of system in wheat?" Kennedy lost that vote, and of course, that was a pretty major turning point in Willard Cochrane's career because he was the architect of that.

And so, the United States really turned away from a supply-managed type of system at that time and developed different programs. Those different programs involved paying farmers not to produce wheat, not to be basically gearing their efforts towards an international market. But they slowly evolved over the '60s and by the '70s were coming out as a fairly major exporter. And so, Canada always was a major player. Perhaps Canada and Argentina, secondly, and then Australia, you know, were major players during the '20s, and it's a long and interesting history where the governments always played a massive role in terms of the world trade simply because it was a pre-GATT era, and they were always trying to control this problem that the world had too much wheat. What do you do with these farmers? What do you do with these farmers who want to grow this stuff and so on, and they've got nothing to do with this product? So there's all this history of the cooperatives and so on and dealing with this instability problem where, you know, prices went sky-high one day and then were down to nothing the next day.

**[0:50:32]**

NP: From an economic development perspective, which was your initial interest in the Africa area, was there any conflict in your mind about creating a market for Canadian wheat undermining the continent from developing their own product?

BO: No, no. In fact, at that time, we had such a strong CIDA [Canadian International Development Agency] program—which unfortunately has basically just sort of been half-killed over the years—we had such a strong CIDA program that we were a major, major player in terms of trying to help countries develop better agriculture systems. CIDA had a much, much bigger and important role at that time. And what CIDA did encourage was it did encourage where we were doing a lot of international development. They tried to subtly encourage the host countries to consider Canada strongly as the source of their wheat buying, and so to me, there was a very kind of complementary type of role. And at that time—and it seemed pretty reasonable to me at that time—at that time, CIDA paid top price. They didn't haggle about the price. They paid the UK milling price. The UK milling price, the Japanese price, which were the premium price customers. And so, you had these premium markets in terms of Europe, in terms of the United Kingdom, in terms of Japan, and then CIDA. So at that time it was very much a complementary type of relationship where-- . In some cases, then, there were linkages between the actual food aid and the Canadian programs that basically might be termed now as balance of payments type of support.

NP: What were the challenges that you faced personally and that the Wheat Board faced in developing this market?

BO: Well, the interesting thing-- . The Canadian Wheat Board, of course, had two major products in terms of exports: The first was wheat, and barley was sort of becoming a little bit of a product. It certainly had the production to move more. And so, as you look at those early years, 1970 up to the Great Russian Grain Robbery that started in August of 1972, the market was a terrible market. 1970, we paid farmers not to grow wheat that year, and so the big role there was finding a market, any market, for Canadian wheat, and at the same time, maintaining, holding up prices and not undermining the market. We had gone through a problem in 1968-69 where Canada alone tried to hold up the International Wheat Council prices, and other countries were undercutting them. And finally, Otto Lang, in March of 1969 stood up and said, "We are walking away from the International Wheat Council agreement." Canada was the only one who broke the agreement, but we were the only ones playing the fair game, and everyone else was undermining the market. And so-- .

NP: Now, would other countries say that, or is that just a Canadian view?

BO: Oh, no, I'm sure any other country would say that. I don't think there's that many people who would have an opinion of it because it's so long ago, but the data will show it. The data will show that in January and February of 1969, I think, we had zero

sales. We had zero sales, and France had good sales, Australia had okay sales, Argentina had sales. France, remember, was a big player. See, a lot of people don't recognize that France produces about as much wheat as Canada, so France has always been an important player in the international wheat side. And at that time, France was France. It wasn't the European Economic Community to a large degree. It had been formed, but France was still sort of identified very much as France and French wheat and so on. So no, I think anyone looking at the data would agree with my comment.

**[0:55:33]**

And with that, that really lays the basis for this 1970 Grain Marketing Report, Wheat Marketing Report, and the establishment of it because if you think of those dates, you have that report coming out in the summer of 1970. In January, February of 1969, our wheat sales had fallen down to zero because we were trying to hold up the prices, the international prices. And remember, we did have a big, big hammer in that market because we were the home of the best, highest quality wheat that no one else could grow and that England just absolutely loved in terms of the type of bread that they made. At the same time on the demand side, then England was going through a change where they had developed a new baking process and milling process called the Charlie Woods Process that basically allowed them to use a much, much lower percentage of Canadian wheat in the grist. And so, that's part of the technological problem that's happening at that same time. But until that period of time, then we basically were the guys that were holding up the price structure, and other people came under it. And they couldn't completely come under it because they didn't have the product, so we were playing this sort of cat and mouse game with the rest of the world. We were trying to hold up the prices. We were trying to make sure that we had our fair share of the market.

And one of the things that happened during that period of time was the Russians had come in to some degree, the Chinese had come in to a large degree. Dealing with the Chinese was like dealing with the devil incarnate in the United States side, and they were very upset with Canada for taking a large part of the Chinese and the Russian markets and not giving them a large part of the traditional markets like China—not China—like the United Kingdom and Japan and those premium markets. So Canada basically had, until that period of 1968, from '60 to '68, we had held onto those really premium markets, and at the same time, we were getting the lion's share of these new markets in terms of China and Russia when they were coming into the markets. The United States was starting to get more and more frustrated with us and basically took the gloves off during that period of time, and that's where we went into this new era where they hadn't always had these big export subsidies. But they then started using them purposefully to basically undermine Canada's ability to do this sort of marketing duality that they had between the emerging countries in terms of markets and the established ones.

NP: I'm going to just go back. You had mentioned the triumvirate at the top, the news guys who had been brought in by McNamara—Leibfried, Bjarnson, and Kristjanson.

BO: Yeah.

NP: What can you tell me about them? What did you learn from them? What did you think were their strengths?

BO: You know, the strength of all three of those guys, they were very bright guys. The distinction, I'd say, between the three of them was Larry Kristjanson's real strength was he could be just a hard-nosed S.O.B. in terms of dealing with the trade, in terms of dealing with the transportation side. The private companies did not want Larry Kristjanson sitting at either end of the table because he was a tough guy. [Laughs]

NP: Tough in what way?

BO: Tough in that he knew what he thought was right, and that he wasn't going to compromise, back away from what he thought was right. If he had the cards to play in terms of pushing that system and pushing it hard, regardless of who was there, then he would do it. A good example that is beyond that period was in the late '70s. The Canadian system was completely falling behind because no one would invest in railcars. Larry Kristjanson basically pushed the Board to something that no one could imagine at that time, that the Canadian Wheat Board came in and said, "We are buying grain cars." And he did it over likely his colleagues. He likely did it over Ottawa. [Laughs] He did it over the grain industry. He was a very, very conceptually strong individual and tough guy.

**[1:00:33]**

Jim Leibfried was a great logistics guy. Great logistics guy. Jim loved to put together—a great writer too—Jim loved to put together all the pieces that would fit together and developed what was called then the War Room, which was basically this gigantic room that had basically the whole supply disposition on magnetic boards around this gigantic room that was just ever changing. Just like a stock market, but it was the whole logistics side. And so, just in terms of the analysts sitting there and walking around the room, you knew where all the grain was located in western Canada, what the qualities were, where it was going, what the terminal positions were, what the country positions were. That was where Jim was just so strong, and I suspect between Jim and Larry, there likely was a little bit of a good cop, bad cop there in terms of the delicate negotiations that they went through at that time. And always remembering that the dominant grain players in the country at that time were the cooperatives, and so the cooperatives allowed the Board to take that type of leadership because they couldn't do it themselves. So the Board was tying basically that end position where they wanted to be in world markets right back to the country. And so, Jim was extremely strong on that. And--.

NP: Just before you move on—if you are moving onto Bjarnson—Jim came through an American system. He was American.



BO: Jim was American, yeah.

NP: And worked for the American Agriculture Department. Could any of his strengths be tied back to--?

BO: Oh, definitely. Yeah, Jim knew the American system and knew the American system well. And knowing the American system was a very, very significant part—always has been, always will be—of any grain analyst’s understanding of the world grain industry. At that time, it was very different than now. Right now, you want to be watching the corn soybean situation in terms of the supply dispositions. You watch the corn, and if you understand the corn, you understand the world. At that time, you watched the American farm programs, and if you understand the American farm programs, you understand where the United States is. So it was much more a policy understanding and policy driven aspect. So Jim, his background in the United States, I have no question that that was a big part of it. Now, Harold Bjarnason came out of the University of Madison where he had done his PhD—remember this in 1967, ’68, something like that--.

NP: Was he from the Prairies?

BO: He’s from the Prairies, yeah. Yeah. Harold had done his PhD on grain projections to 1985. I believe he had done feed grain. He had a partner, basically PhD, at that time named Andy Schmitz, who came to the Wheat Board for a little while but ended up being a very dominant professor in the United States agriculture. But the two of them were trying to put together the whole supply and disposition side to 1985 and where the world would evolve. Sounds, you know, something that people do all the time now, but you have to remember In those days, data wasn’t easily available, the methodology was not, and so on. So Harold came from that background, and it tied very well into what the directions of the Board were going. Harold Bjarnason came in, and his strength within that period of time were helping to put together that group of young people in terms of the market analysis and what I’d now call policy, but it wasn’t called policy at that time. It was more foreign competition and so on. And so, this group of, I don’t know, I guess in the final analysis I guess there was 20 people in that unit. But it was the unit that was just highly motivated. And Harold’s role and job—and I think he did a very good job in terms of hiring good people—and then forming basically the structure and the genesis of that group that really existed until the Canadian Wheat Board finished in its modern era last year.

**[1:05:39]**

NP: Were the three people joined at the hip philosophically? [Laughs]

BO: No, no. No. I don't think that, that they were at all. In terms of-- One of the things that I noticed at the Wheat Board is I'd never been around a place that was so dedicated to one single goal, and that was getting the best price for farmers. Once people came into the Wheat Board, they tended—and I actually articulated this—that I didn't want to hire anyone who wasn't willing to be apolitical at the Canadian Wheat Board. By that I mean if you tended to have right-wing baggage, if you tended to have left-wing baggage, you had to leave it at the door. It might come in useful sometimes in terms of understanding people, but you have to leave that at the door. Our role is just one single role, and that's to get the best price for farmers. If that involves our being able to use that power that we had as a central player to have a more efficient system, we'd play it, and that's where I said Larry Kristjanson was very, very strong along that line. The grain industry needed a big kick in the ass in terms of the transportation side, and that was given by the Board and other people in the industry in terms of the development of the block shipping system in the late '60s.

There was no strong philosophical view, I'd say, other than the fact that so many people in western Canada—and there certainly was a large number at the Canadian Wheat Board—who basically were from cooperative types of background and were strong supporters of a cooperative type of presence of farmers in the grain industry. That's sort of a subject for discussion in terms of where that is. Is there any presence that still exists there today? But there's no question that the roots of the whole industry came from these two competing myths—and I use the word myth in sort of the sociological sense—of are you better off by being an individual and just having individual systems, or are there cooperative systems where working together you might get a better result? As we all know in western Canada, then there have been very vociferous opinions on both sides of that question.

But in terms of the Canadian Wheat Board and those individuals, I'd say that Larry Kristjanson in the final analysis was much more willing to take the bull by the horns and use the power that the Board had to push a system that he believed would be a more efficient system if need be, in particularly the transportation side. Jim Leibfried, like I say, was a logistics type of guy and would have been very comfortable in just about any role that he took, whether it was in academia or the United States Department of Agriculture or in the logistics unit of Cargill Grain. Then Harold Bjarnson was a big picture guy. He was very good on the administration side, and that showed up later on in his career where he became Associate Deputy Minister within the federal government, and then later the Dean of Agriculture here at the University of Manitoba. So the rest of their careers really highlight what their strengths were in terms of those individuals.

NP: Interesting you say that because I think back to one of the comments—and it wasn't on tape I don't think—but Mr. Leibfried and I were having a discussion, and his comment was, "Nancy, it's the grain business, not a religion." I thought that was an interesting comment that fits in with what you're saying about his philosophy.

**[1:10:21]**

BO: Yeah. One of the things that was a very seminal point in my life at the grain side, on my own—and without people quite knowing what I was doing—I was looking at this question, “Why are all our accounts set up around Thunder Bay and Vancouver?” And I more and more came to the conclusion there was something wrong with that, something terribly wrong. The question had never been asked because history just sort of developed it. Thunder Bay was the dominant role, and then Vancouver was sort of a secondary role, and it just made sense that this dominant role and this premium secondary role, that the two of them would be ideal pooling points for the Canadian Wheat Board system. A theory of pooling, though, had never been developed in terms of why do you have a specific point? And I’ll always remember I finally, after likely two years thinking about this and bouncing it off various individuals, I finally remember in 19-- I guess it was ’84, ’83-’84, saying to Jim Leibfried, “Jim, our system’s wrong.” And had the antagonists of the Wheat Board understood this, you know, we would have been attacked miserably and killed in terms of the system, and that was my argument anyway. Jim basically looked at me and he said, “You know, you may be right. Go for it.”

And that was one of the biggest turning points because what it basically said was that the bias towards shipping through Thunder Bay was wrong, and the economics was wrong, and that Thunder Bay should be replaced by a port point, which was St. Lawrence. And that meant in terms of shipping stuff eastward, added \$25 a tonne onto the price of shipping, and it turned the breakeven point from central Saskatchewan to Brandon, basically, which meant that only the grain produced east of Brandon was economic to go through Thunder Bay, and all the rest—if you had the capacity—would go through Vancouver. It was massive.

NP: Regardless of markets?

BO: Regardless of market. Regardless of market. Yeah. And so, I say that within the context of the economic realignment that takes place. That’s sort of a story for another day and that for your readers, I spelled out that entire piece in a book called *Across the Grain* that was basically a long and interesting article in that book. But I’ll also remember Jim Leibfried just listening to me and saying, “You may be right. Go for it.” And what that led to was us unveiling that proposed change, which I did at the annual meeting of the Manitoba Wheat Pool in 1985, and they did not know what hit them. They just knew that something hit them, and it hit them big because Manitoba was going to move from being the strongest and most preferred grain export point to the least desired export producer in North America basically.

NP: Well, think how it made Thunder Bay feel!

BO: Yeah, yeah. But the economics was the economics from my point of view, and what it did was it totally gave us a jump in terms of that issue. Rather than running from behind and it being brought up by our critics, basically our critics basically looked at us and said, “What the hell are these guys doing?” And our supporters said, “What the hell are these guys doing?” You know?

**[1:15:14]**

NP: Yeah. Given the time—and I do need to be across at Architecture for 11:00—so I have noted for another day to come back to a lot more information about that, hate to use the term, epiphany on your part, and its impact on Thunder Bay. Because of the nexus of our project, we're interested in all of the things that occurred, good and bad. But I want to go back to something that you said earlier. You were talking about the situation in the late '60s and how the logistics, particularly with the railways, was a real problem, and that the Wheat Board just said, "Enough of this. We're buying cars. We're going to have more of an impact on the delivery." What do you say to the critics, then, that over time would say that that was one of the biggest mistakes, was having the centralized control of grain delivery—wheat in particular—settled in the hands of the Wheat Board?

BO: Yeah. There's two aspects there that I want to just make sure we're clear on. One was the '60s, where the transportation system was just in terrible shape in terms of being able to move grain, and so you developed a different logistics system. Could the railways and the Pools—basically because the Pools were the grain companies—could the railways and the Pools have developed a system that didn't have the Wheat Board right at the centre of it? I suppose they could have, but in terms of the Board being such a major player, then it only made sense that the Board had a pretty central role in terms of that car allocation process because most of that grain was Wheat Board grain, in terms of the Wheat Board side. The car purchase side is late '70s, so that's a different question, again, and that's related to the Crow's Nest Pass rate because the Crows Nest Pass rate and the high inflation of the 1970s basically was making the grain transportation free. The price of moving grain was basically—in real economic terms—was moving towards zero. And so, the railways basically said, "There's no way we're going to be spending money on grain cars." [Laughs] And this is exactly the time that the grain industry was booming. So those are two quite different questions.

One was stimulated, in the first case, by China coming into the market in the early 1960s, Canada having big supplies of grain, and then suddenly, China—basically behind closed doors—saying, "We're interested in a lot of wheat." In the Chateau Laurier, where these meetings took place, Bill McNamara saying, "How much?" And when he came back, they basically knew that they had to push the system to its absolute limit, and that was then the genesis of the question, "How do we basically make sure that this system can move the type of wheat that is needed and is going to be needed with players like China coming on?" And it devolved in that system. I think a full evaluation of that system, which I think was really quite an excellent system, did it fully change? Did it fully meet all the demands of the system? I'm not sure. I'm not sure what the alternative would have been benchmarked against it, but it certainly was a major, major role, and an important part in terms of the '60s and '70s and the '80s, and should not be confused at all with the implications of having a transportation grain rate that basically was driving the price of grain transportation to zero. Those are two very, very different questions.

**[1:20:00]**

NP: Would it have been different--. Again, the argument being put forward by some people we've interviewed that the control by the Wheat Board of that transportation system made it, over time, backwards. And I'm using my own terms here rather than the people interviewed. Would it have made any difference if, instead of the Wheat Board doing it, the government had done it? Would it have taken some of the pressure off of the Wheat Board?

BO: It would have added one extra player in there because--. I don't know how the government would have done it without essentially being a mirror control. Because one thing you have to remember, as you go into the '60s, wheat was everything. And remember, there was no product--. There was this funny little product called rapeseed that there was a bit of movement, and then rapeseed started growing by the time I came through. There was basically unlimited access. The Board basically gave unlimited access to rapeseed movement. And there was this silly joke that was in the transportation side that the cars that were allocated to wheat were essentially charged, in a certain sense, but on the rapeseed side, then, there was basically unlimited access and there was no charge in terms of the internal type of charge system, if you want to call it, that existed. There was this silly joke that, "This is the only place in the world where you don't get charged for rape." [Laughing]

NP: Well, how would that even work? I don't understand how one product would be charged and another wouldn't.

BO: Well, it basically was some type of docking system where you had an allocation, a weekly allocation, and then that allocation was a floating allocation that you'd have to talk to someone like Jim Leibfried who fully remember the full system. But in terms of that allocation, then the wheat side was always docked against that allocation, but the rapeseed side wasn't. But it was a minor product at that time, and you always have to come back to this thing that wheat really was king. And there was more and more barley that was starting to move towards Japan at that time and Europe. That was opening, but barley and rapeseed were still relatively minor. As rapeseed grew and then morphed into this canola, the canola product, then there became, I think, more frustration in terms of the Board actually playing a major role in non-board grains, and that was part of the question of the role that the Board would play.

So that was basically the time and place in the '70s that I had this exposure to the Canadian Wheat Board, during what I viewed as this real seminal period where I came into the grain industry in 1970 at a time when we were paying farmers to not produce wheat, and when I left the first time from the Canadian Wheat Board in 1973, the roof had blown off wheat prices. If you looked at wheat prices in real inflation-adjusted prices, they would be somewhere around \$25 today in terms of prices. So you have to pick up just how significant that was. The price of land in southern Manitoba in 1970 was \$100 an acre. In 1982, it was over \$1,000 an acre. So can you imagine the price of land or the price of houses going up ten times in not much more than ten years? Ten times in not much more than ten years. Like, the price of land basically says something happened. Something was going on here. This was a different

time. The '70s was a different time, and so a lot of the stories of the history of the '50s and the '60s get imbedded in the start of the '70s, and the end of the '70s ends up laying the whole groundwork for everything that happened in 1980 and 1990, and really only has this massive change once ethanol enters the scene.

**End of interview.**