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**Company Affiliations:** Canadian Grain Commission (CGC), Government of Canada, Canadian International Grains Institute

**Interview Date:** 13 December 2014

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**Summary:** Former executive director of the Canadian Grain Commission Dennis Wallace discusses his short time in direct connection to the grain industry, and his long-lasting interest in the trade. He begins by sharing his family's long history of farming in Manitoba and his own experiences as a child helping with harvesting during the summer. He describes how he came to be hired as executive director of the CGC, the CGC's role in the Canadian grain system, and his responsibilities for oversight of the organization's major functions. Wallace discusses what he learned about the CGC's quality control function, Canada's global reputation for consistency and quality, and Canada's battles with global grain competitors. He relates his worries about Canada's quality control system eroding, rapid deregulation, the elimination of the Canadian Wheat Board, and increasing complaints from customers. He relates the CGC's connections to other industry pieces, like the railways, farmers, terminal elevators, the Winnipeg Commodities Exchange, and Canadian International Grains Institute. Other topics discussed include his time as secretary on the Canada-US Joint Commission on Grains, the Americans' dislike for the Canadian system, the CGC's downsizing, the CGC's relationship with eastern grain producers, shifting markets from Europe to Asia, and the elimination of the Crow Rate.

**Keywords:** Canadian Grain Commission (CGC); Government of Canada; Canada-US Joint Commission on Grains; Canadian International Grains Institute (CIGI); Grain farmers/producers; Grain inspection; Grain weighing; Grain marketing; CGC—Grain Research Lab; Grain trade—Laws and legislation; Agricultural policy; Government subsidies; Canadian Wheat Board (CWB); International trade; Grain export destinations; Downsizing; Deregulation; Free-enterprise system; Grain varieties; Grain buyers; Grain audits; Winnipeg Commodities Exchange (Winnipeg Grain Exchange); Grain trading; Grain transportation—rail; Crows Nest Pass freight rate; Government lobbying; Thunder Bay; United States of America

Time, Speaker, Narrative
NP: This interview is taking place at Palm Desert on December 13, 2014. I'm going to have our narrator for today introduce himself and also to just tell us his connection to the Canadian grain trade.

DW: My name is Dennis Wallace. I am slightly superannuated, and at one point when I was in the federal civil service had the good luck to be the executive director of the Canadian Grain Commission [CGC] between 1992 and 1995. In that capacity, I was responsible for the operations of the Commission across the country, and in my last year I also served as secretary to the Canada-US Joint Commission on Grains, led by Bill Miner. In addition, I was a member of the board of directors of the Canadian International Grains Institute [CIGI] between 1992 and 1995.

NP: Great. Now, how did you come to be involved with the Grain Commission? Did you grow up on a farm?

DW: No. I have a history of farming in my family. I lived on the farm when I was very young, went to a farm every summer. My family has been engaged in farming in Manitoba since 1880. Thus, I feel I have a connection, but I was asked if I would consider moving over to the Canadian Grain Commission from Western Economic Diversification, where I was the assistant deputy minister.

NP: What interested you in the grain part?

DW: I'd been assistant deputy minister for four years. I felt that I was at the stage where others needed to have a turn to take other direction. Thus, I chose the Canadian Grain Commission, which for me in many respects was a significant restriction in what I had been doing. The ambit was much different. It was less, but nevertheless it had a very important role, I think, in economic activity that is critical to Canada.

NP: Whenever we have people with a background in farming in the families, which you said you did, I always like to talk to them about those early days, even to go back to the history of the family. So was it the Wallace family then?

DW: No. My mother's name was Maxwell. Her family moved to Canada in 1831 living in Quebec around the area of Ormstown in Chateauguay and Beauharnois counties. They were engaged in farming. Some were blacksmiths, and in 1879, my great grandfather went by train to North Dakota, and with a Metis guide and my great uncle walked to the area in the Strathcona district where he, in fact, staked the land and returned the next year by train and drove his cattle, brought his family to that area, and began farming. Three of my uncles were actively engaged in farming thereafter. My grandfather also farmed slightly north of that original area where my great grandfather homesteaded. They were mixed farmers. For the time, they had an adequate income.

NP: How long did they stay on the farm?

DW: They farmed from the 1880s, my great grandfather, through to the early 1900s. My grandfather worked on building the CNR [Canadian National Railway] through Fort Frances as a way of helping to pay for the farm that he bought when he married my grandmother. He, with my grandmother, raised eight of my aunts and uncles including my mother, all of whom were involved in farming until they left home. Three of those uncles, in fact, engaged in farming after—two of them buying farms, one of them taking over the farm that my grandfather and grandmother operated.

NP: So when you said that earlier on when you were a kid you used to visit the farm, so that would be visiting one of the uncles?

DW: Lived on the farm for one year when my father was killed and went to the farm every summer for two months for probably ten years.

NP: Was it still a mixed farm then, or had they changed to--?

DW: Always mixed farms. So the standard crops you'd expect in that area of southwestern Manitoba—wheat, barley, oats—and cattle. In the early years, the 1950s, there would be 100 chickens or more on each farm, turkeys. I'm trying to think of what else. And they would have very, very large gardens as well. So in fact, they were, in many respects, for food, independent. Yeah.

**[0:05:16]**

NP: Did your uncles-- Did you ever know your grandfather?

DW: I did.

NP: So he was the one who worked on the CNR, building that?

DW: He was.

NP: Was he a storyteller at all? Did he ever tell about his early days?

DW: Not really, no. No, I discovered that after his death. My grandmother had kept a letter that he wrote to her from the Fort Frances district, again, as I say, in 1905 when he was a road crew member building the railroad, which I found to be very, very interesting. But certainly, I remember driving a Farmall A tractor pulling a threshing machine—not a threshing machine—a binding machine that laid out sheaves that were then subsequently stooked, which I was a part of. I certainly was unloading sheaves off a

hayrack onto a combine, so I know that earlier form of grain processing and the idea of the family having dinners at 4:00 in the afternoon for 20 people or more, and you work until dark. I was there for the period where there was the transition to combining instead of sheaves and stooks and threshing machines to a different approach.

NP: So how did you feel about--? Did you feel put upon to have to do that work, or did you rather enjoy it?

DW: Sheer joy. Sheer, utter, absolute joy for anyone at that age to be able to do that because you were doing things--. At the end, I might have been 14, and I was driving a pick-up truck. So you had responsibilities working on a farm that you'd never have living in a city. You could see what you did immediately by way of accomplishment or not, so I thought that was pretty good. I didn't know it at the time, but I do now.

NP: You were living in Kenora at the time that your dad died?

DW: Yes. Yeah.

NP: So it was a city boy, small-town boy going into the farm.

DW: Yes. More or less, yes.

NP: Anything else you'd like to say about that early time with your family?

DW: Well, no. It was very good because it was a marvellous way for a young person to be part of a family web that had expectations of you, so that there were many people who would help you. That might be a slight poke in the backside from time to time if you were erring in your ways. So I found it to be quite good. And interestingly in joining the Grain Commission, there was this cascade of memories. I remember going to a grain elevator with a very, very, very old truck, about 1938 vintage truck hauling grain, and remembering the fact that there was this great, huge engine underneath the grain elevator. I think it was probably a generator that drove the belts that powered the elevator that received the grain. So all of that was Greek to me at the time, but then the connection was made when I began to work for the Commission.

NP: When you went and spent that year and the summers on your family's farm, what years would that have been?

DW: From the age of 6 through 14, probably.

NP: So--?

DW: Eight years.

NP: '50s?

DW: Ten years.

NP: '50s into the early '60s?

DW: My mathematics are poor. Eight years.

NP: Yeah.

DW: So from 1952 to 1960.

NP: Okay.

DW: Yeah.

NP: Now, fast forwarding a great deal—and you've done that in just the last couple of sentences—you moved from Western Diversification in Winnipeg to the Grain Commission.

DW: I did. Yeah.

NP: What is the job of a executive director--. Have I got that right?

DW: Yes.

NP: Of CGC, what does that entail? What responsibilities do you have?

DW: We're working under a piece of legislation for the Canada Grain Commission that governs inspection, weighing, and other responsibilities of the Commission. What's important to understand is that there are, if I recall, there are three commissioners plus the chief commissioner.

NP: And who were they at the time you were there?

DW: They're--. Oh, my goodness. Jack Murdaugh was one. Milt Wakefield was the chair, and two others I'm going to need four or five minutes to think of, but I will. They were really the board of directors of the Commission, and it was their responsibility to have a relationship with the producers because, in fact, we had assistant commissioners across the west. So in each province sometimes more than one, and we also had one in Ontario who were there for the purpose of inspecting elevators, of looking at weighing reports, of receiving information from farmers, complaints, compliments—certainly complaints—dealing with issues around inspection in particular about whether in fact the grain received was of the quality that the grain elevator judged.

**[0:11:08]**

They were the communicators, but the Commission itself was there to--. It had a, I won't say—it did—a quasi-judicial role because it would hold hearings from time to time to adjudicate on certain actions that might have taken place inside the grain trade. So the executive director was the person who, in fact, one, was responsible for the activities of the Commission, and that is inspection, weighing, and the Grain Research Lab. So each of those activities were my responsibility. I was also the interface between the Commission itself, the board, the two commissioners, and the employees of the Commission across the country, and there were about 800-and-some employees at the time I was there.

NP: And where were the major CGC offices at the time?

DW: The major offices were in Thunder Bay and Vancouver. Vancouver was growing a little bit, and Thunder Bay was on the wane because exports to Russia had dropped off the map more or less. There was that other function too, which in a way kept Thunder Bay buoyed up a bit, and that was the emergence of special crops, and the Commission had a role there too. So pulse crops, even sunflower seeds were a part of the ambit of the Commission too. So it was really Vancouver, Thunder Bay, Winnipeg, and then lesser offices in Ontario that would work with the Ontario Wheat Board and other grain producers, Quebec, Baie-Comeau, and Montreal, Quebec City. We had smaller offices in the Prairie provinces too.

NP: I'm interested particularly because we haven't heard much about what was the relationship between the Ontario Grain Commission, was it--?

DW: The Grain Commission on the Ontario Wheat Board and entities there, yeah.

NP: What kind of relationship was there between them and--?

DW: It was pretty good. The Wheat Board in Ontario served a slightly different role than it did in the west, but there was another function there too, and that is in Ontario actively producers and grain companies were selling grain directly to manufacturers. So think of Kellogg's, think of other cereal producers. Corn came into that as well at the margin. They were actively exporting across the Great Lakes into places like Chicago and other American cities. And certainly, there are also exports out of the Ontario grain producing areas because those, in fact, might have been going to the Middle East, might have been going to Europe. So the Commission did do inspection for export purposes and under contract might do some weighing, but the Commission didn't have the responsibilities save for the export position that was the case—I'll say was the case—in the west.

NP: Now, was there or were there required annual get togethers of the Grain Commission and Winnipeg and the Ontario one, and was there a Quebec one as well?

DW: No. At several levels, the Commission and Commission employees—when I say the Commission, I refer to the chief commissioner and commissioners—they were very much the—I'm not being too light with my words—but the diplomatic group who would foster good relationships with producer groups across the country. But in particular in Ontario, there would be annual meetings of producer groups, grain elevator companies, and one or more of the Commissioners would always be in attendance at those events.

**[0:15:34]**

I had occasion to attend some of the meetings of more the processing side, one step up from the producers, from time to time. It was an important part of, I think, of the grain industry, and again, certainly when you think about value-added, we didn't do enough in Canada, but we certainly made a difference in supplying cereal companies and others just across the border in the United States.

NP: Because of the difference in size of the Canadian Grain Commission versus what might be operating in Ontario, was there dissent? Was there a sense of Ontario versus the rest of Canada, or Ontario versus the Prairies? Or did it seem to go quite smoothly?

DW: There was always that, always that because effectively the role of the Grain Commission in its primacy, period of primacy, was really from Thunder Bay to the West Coast, Vancouver and particularly on the Prairies. In Ontario, it was a relationship that, in my own opinion, could have been diminished or severed, but it wasn't. So I think that there was a feeling particularly on the part of the producers—and to some degree the grain companies—that the Commission had a role to play in Ontario, certainly at the export position, otherwise, in ensuring that producers were well-served in the amount that they were being paid for the grain that they delivered to elevators.

NP: And what was happening in Quebec?

DW: In Quebec, it was the handling of grains. So in Montreal, Quebec City, and Baie Comeau grain was moved there by rail—when I say rail, that was a recent phenomenon, mid 1990s—but by laker, and it was received in large terminals, I'm thinking of Cargill was one example, and then moved out internationally by steamship abroad.

NP: So your previous experience with the grain industry would have been on a little farm that was a mixed farm, so it must have been a fairly huge learning curve when you moved in 1992 into the Grain Commission.

DW: Yes and no. When I was so to speak brought into the Commission, I was an individual who really didn't have the background immediate in the grain sector that my predecessors had. My immediate predecessor had been with Foreign Affairs, but he was for the most part involved in grain trade, or actively involved in grain trade.

NP: Who was that?

DW: I can't remember his name at the moment. It may come to mind. We met a couple of times. But my focus was on the--. That's where my skill set lay, I think, in the effective management of the Commission and positioning it in changing circumstances, and that's where I spent my time. At the same time though, I did spend much time with my employees, the commissioners, and industry—Wheat Board, grain companies. I developed an understanding of the trade, including the commodities market.

NP: And what did you learn? Like what surprised you, what pleased you, what disappointed you about Canada's grain system?

DW: I came out of dealing with aerospace manufacturing service sector at a time when there was a revolution taking place, and that was the idea of quality, that buyers expected that they would get a product that was exactly the same to their specifications every time they placed an order, and that when orders were placed there would be just-in-time delivery. And that further, there were standards to be met. It could be International Standards Organization. They could be NATO mil-spec. When I say there was a



revolution under way, many companies realized that the principles of J. Edward Demmings and total quality management were essential to survival and success.

**[0:20:23]**

So when I joined the Commission, what did I learn within a few months of being there not from my staff, not from the commissioners, but independently? Where did Demmings get his start? Well, besides the US post office, it was the grain trade. He was an expert in process and sampling and testing and putting in place measures so that you achieved an outcome that was expected.

So what bowled me over in joining this industry that I thought was a little dusty in more that one sense is that in the case of grains in western Canada—wheat number one, barley two, and oats three, but really oats were out by the time I came in there—we had it all. Where else in the world was there the capability to be able to say to a buyer, “We can tell you that these are the varieties of wheat that we use, for example. These are the characteristics that you should expect.” We had inspectors in place that could tell you at every stage of movement of that grain from gate to plate what the quality of that crop was.

In addition, for all its faults in the case of wheat and barley but mostly wheat, we had the Wheat Board with all its warts that was able to, because of its sheer size, be able to receive huge quantities of grain, and then they would be blended at various stages so that every year that buyer from Japan could be convinced—whether there was a bumper crop, wonderful year or a drought, miserable weather—that that person would get the same quality of grain that they had the year before. That would be protein level.

And in addition, we had the Grain Research Lab that would conduct research to be able to say that with pup loaves and other tests, “Yes, with the grain that’s been bulked up into terminal position or even at inland terminals, we can supply you the grain that you need that will, for the Amazake Baking Company, give you that super-puffed white bread that you need.” Think of another example, it would be champagne in France. Why is it that Mumm Champagne can give you the same product every year? Well, it is exactly what Canada was doing in the west.

The feature of things like varietal control is that, as was stated to me when I worked on the Canada-US Joint Commission on Grains, it could be that when a producer is delivering grain into a country elevator, there could be 27 or more different varieties of grain being received so that unless the company—Cargill, Bunge, ADM—contracted for a unique buyer who wanted a particular quality of grain, they wouldn’t get it. The other thing that caught my attention in that idea of total quality management of a sector is that it was subject to the independent assessment, and that would be amongst others but particularly the Grain Commission. So it inspected the grain; it researched the quality of the grain; it collaborated with Agriculture Canada on the development of new

varieties—and there was a complex process there—and it was part of the marketing as well, mostly with the Wheat Board, but also with private companies.

If you think of countries that are better off that can be discriminating and can demand a high quality—Italy, Britain, Japan, Germany, others of that nature—Canada met the bill, met the standard that they wanted, and could do that year in and year out. I thought that was very, very, very good. But I also saw all the short sides, so we can talk about that if you want to.

**[0:25:07]**

NP: Sure.

DW: The shortcoming of that is the system was put in place for export so that instead of looking at value-added on the Prairies, you were providing, using the champagne example. But the problem was it was the raw product, not the bottle with the label on it ready to go. But nevertheless, you were supplying a product that was without equal. So when I was involved around the negotiations with the Americans on the Joint Commission on Grains, they literally howled about the idea of, “You’re providing far better quality than you contracted for.” But the response to that is that Canada has a very, very good system with varietal control, with the contracts that were put in place.

Particularly when the United States had its export enhancement program, and Europeans had the EEP [Export Enhancement Program], their subsidy program-- I’m sorry, EEP is American. The subsidy program through the European Economic Union, the market was distorted. So Canada had to survive in a situation where the Europeans got involved in raising grain beyond domestic consumption for national security, and that was the purpose of it that they produced more than they needed at huge cost, and they started to export, and they subsidized it. The United States was not going to get caught off guard, so it began to subsidize. The Canadian Wheat Board in particular had to survive in that marketplace, and it did happen. The Commission wasn’t involved in that dimension, but we knew it did happen often in tough times in the marketplace where we were supplying a better product than maybe the customer needed. But that was the way by which you ensured that that product, in fact, was sold. We missed the-- Go ahead.

NP: What’s the competition’s problem with providing a better quality?

DW: Because we’re communists. [Laughing] In the discussions with the Americans, they knew—they knew—that the Wheat Board in particular was such a power force in the marketplace. It represented about 20 percent of the market in the products it brought forward that it had a huge capacity to influence what was taking place. The other point is there is the apocryphal stories of

American grain being delivered in China, and you can see the plume of dust going up several hundred yards above the ship, whereas Canadian grain when it was received was pristine, pure, very clean. That peeved the Americans to no end because, once again, “Why are you putting all that effort into something when you’re in a difficult market?”

So one, the Americans didn’t like the government involved, a crown corporation Wheat Board. Two, they were dubious about the Grain Commission, but they had the Federal Grain Inspection Service, FGIS. It also has—it had, has—the same functions as the Grain Commission too, but it went through several iterations of I don’t know if it’s boom and bust, but they were pushed backwards depending on who the administration was in power. So their role was from time to time maybe a little more muted than the Canadian system.

NP: What I have difficulty with in this scenario is if Canada was competing, and it competed by providing better service, if you want to look at it that way--.

DW: Better quality.

NP: Better quality.

DW: Never surprise your customer. It’s always the same.

NP: Then what is--.

DW: Well, it is that--.

NP: I mean, other than saying, “Well, I don’t like that,” there’s nothing dishonest about that, is there?

DW: No. But it is for the Americans. They have an amazing sense of schizophrenia to the extent that they would say, “Well, the Wheat Board’s a government entity, and that method you have of bulking up, and the Wheat Board buying the grain, and the producer’s not really there, they should be buying from the grain companies. That’s communism.” I’m not joking. Those were statements made. But really sub-that is that they knew that they were trying to beat a competitor who was better than they were.

**[0:30:26]**

NP: And there were challenges against that process, especially as it involved the Wheat Board. Were those successful, and if not, why not?

DW: No. Those were before the various international bodies every year, and I'm not sure because, again, I didn't work for the Wheat Board, but if there were 100 complaints laid—and there would have been—in not many years, were there five that were found to be valid? I'm not sure. So what I'm saying is the Americans knew they were competing against a formidable group, but what they forgot was--. Then one other point is the Americans would say, "Well, your system subsidizes the producers too because you have universal healthcare. Our producers have to pay." But what they forget is they had set-aside programs, they had environmental programs that paid producers not to produce, they had the Export Enhancement Program that subsidized grain shipments. Let's not forget the programs they have in the States for school lunch programs, and let's not forget that they stockpile butter, grain, other commodities for strategic purposes to ensure that the country is fed in times of difficulty.

But they didn't seem to be able to put that all together and say, "Gee, well--." Oh, let's not forget too that the Mississippi is subsidized—excuse my language—to hell by the US corps of engineers. They straightened it out and they flood themselves every so often. "Oh, no. That's not a subsidy, that's just a--." Well, it struck me that they were a little disingenuous there, but I--.

NP: So--. Sorry?

DW: I'd like to come back to the other point though, and that is I fully saw the impact of the system that was in place, and particularly the actions of the Wheat Board—you could say for good reason, but I didn't buy it—where buyers of Canadian wheat had to go through the Wheat Board. Millers, other users, could be feed operators, and I didn't agree with that. I was a public servant, so I won't comment beyond I could see the problems inherent in that. And if you looked at barley, when barley was removed from the Wheat Board and to a degree from the Commission, that--.

NP: Feed barley?

DW: Yeah, yeah. And then when the Crow Rate was dropped, the subsidy on grain transportation, that was a revolution on the Prairies. So why is it that Manitoba has such an incredibly successful hog industry? It's because of that fact. So you can see where if you can get a well-functioning sector for a commodity, it's better to have a free system. However, thinking of wheat, you've got to go commodity by commodity. I worry about our position around wheat in time to come. Barley, I'm not so sure about it, probably not.

NP: Just in case I forget to come back to that, why do you worry?

DW: It is that at a time when, as I said, in most every other sector quality is the essence of success—in other words, it's a package that you make available to a potential buyer where you will always provide them with that which they ordered—you cannot slip. I worry a great deal as I look to a circumstance beyond my time at the Commission until 1995 that perhaps that capacity on the part of Canada had begun to erode. First of all, it is--. I go back to things—thinking of wheat—like varietal control. I think about whether the individual companies, Viterra, all the rest, Cargill can assemble quantities of wheat in particular where it could be blended up and sold to meet a market need that's very specific.

**[0:35:38]**

With the shift away from absolute varietal control, do you run a risk there too where the quality of the grain coming out of the ground may no longer match what the market's needing? What the Americans have said is, that we go to contract farming so that we can guarantee through groupings of producers to provide what they want, but there's always the problem of volunteer seed, volunteer grain appearing in fields, and the chain from gate to plate that may be broken several times before it gets to the buyer's door.

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NP: We've sort of moved onto some of the challenges and also some of the changes that, as you've noted, are ones that occurred after you left. But because of your interest in it and the fact that you're still pretty connected to Winnipeg and what's going on there, I'd like to come back to that because there's other changes I'd like to talk to you about that occurred after you left. But I'm also interested in the changes that occurred—and the challenges that you had—at the time that you were at the Grain Commission. Now, the one that you mentioned in passing, the Grain Research Lab. Tell me a bit about that and what they were up to at the time that you were there, as far as you can.

DW: I say the beauty of the Grain Research Lab is that it had a core of scientists who were the best in the world. Not just amongst the best, they were the best in the world.

NP: Now, you're sort of biased. So what can you--.

DW: I don't think so.

NP: What can you say to support that?

DW: I would go to the buyers and on whom they rely for the analysis that would give them confidence that that which they were buying would meet their manufacturing specifications. I would suggest that the gold standard was Japan. And it was interesting that when there would be a meeting in Tokyo—pick a place, Tokyo—where perhaps the Wheat Board was present and the chief scientists from the Grain Research Lab, who sat next to the president of the Japanese company? It was the chief scientist from the Lab because the Japanese revere they who are expert at what they do. So if you were to ask me, “Well, what are the benchmarks between the various countries around the world and their standards?” I wouldn’t be able to give you that, but I could say that from direct experience, I know who the buyers like.

What’s important there, too, is in a non-negative way, they looked on the Grain Commission and the Research Lab as being independent. In a way, it served them as much as it did the grain industry. So they didn’t see something that they were going to be given fuzzy logic or incorrect data. Not at all.

NP: Was Canada alone in that--?

DW: Every country had a capacity in inspection, weighing, research. Federal Grain Inspection Service certainly did it. It was much bigger than Canada, significantly so. They had research labs—I’m trying to remember—down around Colorado, somewhere in the midwestern United States, but when one looked at the outputs and the use by the buyers in determining their interest in acquiring grain in a given year, it was my distinct impression that the Japanese, the Italians, and the British did rely on the Grain Research Lab for the work that it did.

**[0:40:12]**

The other thing that they all appreciated—and I’ll give you a good example in a moment—is that when the Commission still did weighing at export position, they knew that they were getting what they ordered by way of volume and weight. The other part was that—certainly, that still is the case, I believe—the inspection would assure them that that which they ordered was placed on the vessel before it left. I think that that is a very important--. And at the time that I was in the Commission, it did happen that a Grain Commission employee would be sent to—I’m trying to remember—Chile to inspect a cargo there because the buyer felt that they weren’t getting the product that they ordered. Grain Commission employees were in China, were in Russia, were in Iraq, Iran, Italy, North—did I say North Korea?—North Vietnam because buyers wanted the Commission to sample the grain that was received there. They had a concern. I took that as a measure of respect and success on the part of the Commission.

NP: That they would ask the people who were from the country to come and--.

DW: Absolutely. Absolutely. And not to forget that isn't remarkable where in Canada one had the Canadian International Grains Institute, and the United States had the same kind of program. Some of them will say that they stole it from Canada. Australia did something similar, but CIGI would be conducting its own work on things like ramen noodles--.

NP: Now, CIGI's a new term that we've introduced here, so perhaps--.

DW: That's the Canadian International Grains Institute, which is a body that's funded by—was—by the Wheat Board and grain industry to conduct workshops and training for both domestic and international purposes. So they would run seminars for producers, they would run them--. And that would have to do with things like the grain industry to get a better understanding. They would talk about varietal control, all of that. But in particular, they had thousands and thousands and thousands of foreign representatives who came to Canada who took training programs that gave them an understanding of what it is they needed to do in their own countries to make best use of grain products, particularly grain products.

What too few people realized is that many of those countries, those trainees became cabinet ministers, became deputy ministers, and in fact, their thinking was framed by their experience in Canada. So what a wonderful way by which you create a pull toward Canadian products by virtue of that relationship. So when you think about it, if you've got a foreign buying group, I'll say Japan, coming to Canada, and they meet with the Wheat Board and the Grain Commission—they may do it separately—and then they come together, and then they spend some time with the International Grains Institute, and there was a personal relationship there. The chief scientist, it could be a representative of CIGI, they know each other, they trust each other, and that's the basis of doing business.

I worry, I worry that, that not diminish. Because of where I live, I have a number of friends who are in the grain business, and they do say to me now that they have more difficulty in getting their products out around inspection. They run into more difficulties about whether the product, when it arrives, does it meet the specifications because they're the commodity trader. They're not at the terminal inspecting. Someone else is doing that. And certainly, that was the case in the United States when FGIS, Federal Grain Inspection Service, was pushed back. There was some books written about that in the mid-1980s. So Canada has to be very, very alert to that fact.

**[0:45:15]**

NP: Now, at the time that you were at the Grain Commission, what was happening in the grain industry? What changes were occurring? What challenges did--?

DW: Well, there were several things taking place, some of them independent of what was taking place in the industry. The first thing was that heading toward 1995, the Government of Canada was running into a serious budgetary deficit. It, like New Zealand, was at the margin of running into the wall, going bankrupt. The government had to cut back. What's remarkable is that the Grain Commission, though, apart from the costs of the Research Lab, was essentially self-sustaining. It charged a fee. It was a special operating agency. It was deemed that about a year before I got there so that it was, in a way, cost neutral for the government. But you had on the other side the grain companies saying, "Gosh, we can't afford these inspection fees. The weighing fees are killing us. The market's very tough." We were in a recession then. "Our margins are so thin. We need to get rid of some of these functions because it just makes the difference on whether we're breaking even or not."

So there was a huge amount of pressure on the Commission internal to government to cost less, and external to government to be less present and also cost less. Further, you then had cabinet ministers being lobbied, who would say, "Well, we'll freeze the fees of the Commission," or they would begin that slippery slope around what would be the role of the Commission in the trade against what it had done before? Thus, looking at my own time there, one of the first things that struck me was we had to reduce our costs. So that meant a process that I put in place where, with the employees—and I do say with the employees—Peat Marwick, through a competitive process, was hired. It was realized that, for example, in Quebec, in Thunder Bay we had more employees than were needed. We took advantage of the overall federal program to reduce the civil service. Thunder Bay reduced by-- The Grain Commission reduced by 18 percent the number of employees in the space of about a year and a half.

In addition, we combined weighing and inspection. Why would you have two different divisions when you could do the two together? Why aren't you doing joint training so that people can do some of the work of each of the other functions? So I spent quite a bit of time at that. And in fact, we did cut the costs, but never let politics play a role. Politics played a role.

NP: Politics in what way?

DW: Insofar as you had the movement at the time for producers to be set free. When you think about it, even in the time I was at the Commission, the size of farms were growing significantly. The 160-acre farm disappeared in World War II. The one-section farm really was redundant by the '70s my sense would be, and you saw so many farms that were running 6,000 acres and more. Those producers were so sophisticated that not only did they use satellite technology for fertilizing their fields, they were tied into several international commodity markets. They felt they didn't need the Wheat Board to market their product. They could make their own arrangements. They could work with the companies that they chose to deal with. I understood that, and I agreed with it.

But it was that rush to judgement, I would say, on the part of the government, and then you move from the Liberals to the Conservatives, and that was advanced significantly. When the Conservatives were in power, ending in 1993, you'll remember that



barley was removed from the Wheat Board, and then there was a shift towards—did I say barley? oats—and then there was a shift to barley too. And then the great debate raged around wheat. It was the idea of, “Let the private sector rule. Let the market determine what would be appropriate.” The Commission was very much part of that.

**[0:50:33]**

NP: Going back to the Thunder Bay situation, you mentioned much earlier on in the interview that the markets had started to shift. So it would not be surprising then that they would be over staffed given the--.

DW: Well, we’ve talked about special crops, but I’ll focus on the traditional grains first. Clearly, Canada’s export programs and other supports that we provided to countries like Russia, financing ended. So that huge volume of grain that was going to Eastern Europe--. Because Canada for how many years, from World War I to the mid-1970s—along with the US, Australia—was really the breadbasket of the world. Our focus tended to be, on western Canada, towards the east because that’s where the grain moved. But by the end of the ‘70s into the ‘80s, Russia was no longer a player or buyer. For the most part, Eastern Europe was out for a variety of reasons too. So our markets changed, and most of our grain then was moving to the Orient. China, an emerging buyer, as their economy improved, they were looking for wheat for noodles, bread that they previously didn’t use. It was rice.

So volumes were down, but the other thing to keep in mind too is the Canadian Grain Commission, I think, played an important role with the special crops producers—peas, beans, lentils. We inspected. We were involved the contracts that were made. As the traditional crops began to diminish, some very intelligent seed cleaning plant operators, individual producers, began to bring forward products that filled gaps in markets. India for peas, France for red stripe. I can’t remember them all anymore. Lentils, things like that.

NP: Plus--.

DW: So some of that was moving through Thunder Bay.

NP: Plus the Research Lab was also trying to keep up the--.

DW: Very much so. Very much so. But you had a diminution of movements east, and you had things like municipal governments that kept up property tax regimes on terminals that, for the most part, were empty. The municipalities depended on it. They wanted it. So the grain companies, it didn’t take them long to figure out, “Well, maybe we’ll just shut this down.” So you had this sea change in the industry in the infrastructure of how it operated.

NP: You bring up the topic of terminals, which is a topic near and dear to the heart of Friends of Grain Elevators. What was the Grain Commission's role with terminal elevators?

DW: It was regulatory. It performed inspections to ensure that they were clean, that their inspection processes were adequate, that their weigh scales were tested and functioning as they should because instead of Industry Canada doing the weighing—which they do for most commercial enterprises—the Commission had that role with the grain industry. Otherwise, it was the body that was the sober second thought. It looked at grain samples going out. The company was doing their own inspections at port position to meet the standards that were in the contract for the delivery, but the Grain Commission was there to be sure that that was accurate. That was a huge problem in the States, and I think that's beginning to emerge in Canada now.

NP: Were they also responsible for audits?

**[0:55:01]**

DW: That's correct. In a way, the grain inspectors, weighers were like auditors. They would review the records at terminal position to make sure that the documentation was right. I mentioned that the equipment functions properly, and inland, the assistant commissioners did that with grain elevators at the receiving end. So it was a system that the Commission had a role in ensuring was functioning well and honestly.

NP: And what problem was that auditing function put in place to insure didn't occur?

DW: Well, the Commission was created in part in about 1923, if I remember correctly.

NP: 1912? The Grain Act?

DW: Good question.

NP: I think there's probably different permutations of it.

DW: Different permutations and combinations. The Wheat Board came around in another role through World War I. But its primary responsibility in the beginning was to protect the producer, and it was there to be sure that when grain was delivered, how would the producer, the average individual, know what was in the grain that was received. Was it dirty? Was it cleaned? Was there

other seeds in it? What was the quality, the protein content? How would they know? So if they felt that they weren't getting a fair deal, the Grain Commission was there to protect them. And it was needed, and it performed a needed function, and that remained for 50 years. It remains until today in many respects.

Our experience in Canada is no different than was the case in the United States too. Thus, the Commission was there to protect the producer, but then over the years, thinking of outside of times of conflict—the wars—just particularly after World War II, the Commission was part of that team that, for the buyers, gave them confidence that they were getting what they had contracted to buy. That would be weighing, inspecting, cleanliness, varietal control, and then also the research function that gave them the confidence they were being well-served.

NP: What was your contact with the grain companies?

DW: It was frequent. Part of it was, in the case of the special crops groups, talking to them about how we can better serve them because that was on an on-call basis in many respects to meet the market needs that they had, whether it was France or India or the Middle East. In the case of the Wheat Board, it was very much meeting with them about every quarter, my management team and myself, to talk about markets and problems that were there, opportunities, what the crop was like. So with the team, it was regular contact with that group, and with the individual companies, certainly, that was the case too for arrangements that they were looking for.

What we haven't talked about is the role of the Commodities Exchange too, which is a whole other dimension that tended to be dominated by the commissioners, particularly by the chief commissioner, but the Grain Commission was one of those unique government bodies that was actually charged legally, legislatively, with the oversight of the Winnipeg Commodities Exchange.

NP: What did they watch for?

DW: Well, the Commission was, for example, had the RCMP involved at various times. It conducted forensic audits and paid for those if there was accusations of things like bucket trading. It would--.

NP: What's bucket trading to those of us who don't know?

DW: Bucket trading is--. To be honest, I can't give you the details. It would be an illegal practice under the Act on the part of traders who were unfairly trading information, inside knowledge. Just bad deals. Bad deals. The Commission was called on to investigate that. The Commission, at its cost—at its cost—sometimes that could be \$3 million, would hire forensic companies to

undertake reviews. And at a point where if there was a particular problem, they may choose to engage the Royal Canadian Mounted Police, and then the RCMP would use that information that was developed to determine whether, with a crown attorney, there was a basis of a charge being laid.

**[1:00:39]**

NP: Did that ever happen during your time?

DW: More often than not what would happen is there would be an out-of-court settlement, or—because they're very, very difficult to prosecute—or it would be determined that, while there was something, a whiff, there wasn't sufficient that would make its way through the court because it's a very—I'm trying to find the word—murky business for a court to understand.

NP: The--.

DW: But people knew. Sorry. People knew in the trade that this force was present, and because of that fact, I do think that that had a positive influence.

NP: How would the CGC find out about it? Was it through the audits or would they be--?

DW: No. More often than not it would be a complaint. It would be someone in the grain trade, it could be--. More often it would be people in the grain trade, and a circumstance would be brought to the Commission. It could be the Commodities Exchange itself. It might find that there had been practices on the part of individual traders that were inappropriate, and these would be brought forward. It might be to the board of the Commodities Exchange, but the Commission would be involved.

NP: Since we're talking about this—and this is actually the first time that I've talked to anybody about that role of the CGC with oversight of some of the practices in the Commodities Exchange—it would be after you left I would assume, yes, that the Winnipeg Commodities Exchange pretty much, at least for wheat and likely other products, was bought out, and they moved offshore to the US at that time. I'm not sure where it is now, whether it's even beyond the US. So I've talked to other people about having the Commodities Exchange move its physical site from Winnipeg, what kind of impact that had on the farmers, and most of them said, "Not much because all of the trading now is electronic."

DW: Electronic.

NP: But nobody mentioned the oversight function. Is that something you can comment on?

DW: Well, I think that like a stock exchange and thinking of the crash in the international markets around 2008/9 and things like asset-backed commercial paper and the fraudulence that was inherent in that, much of that potential to act unfairly is present for commodities too. So the markets deserve to know that there's a system in place that's regulated. The last thing governments can do is stand back and say, "Oh, we don't do that. The industry should regulate itself." Well, in some cases that's true, but in the end, in my view, there is a partnership there between government and industry to ensure that—we're talking about the Grain Commission—the producers, the industry, and buyers know that there's not something taking place that someone benefits at the expense of somebody else.

NP: And when it was local and a lot of the traders knew each other and could see what was happening, they would be more likely to be able to raise a red flag and say, "This is the case." Because of the distance now and the impersonality of the whole thing, what are the chances that somebody's even going to notice that a red flag needs to be raised?

**[1:04:58]**

DW: Good point. A good friend of mine is a commodities trader. He doesn't have to go to the Exchange. At one time, he worked on the trading floor. He called it out, trades, and their paper was exchanged at the end of the day. He was part of that. But he can do his trading in Paris, in Panama, in Winnipeg. It doesn't matter. But what he needs to know is that there is integrity in the marketplace, and to be honest, I'm away from it long enough now that I can't say what's in place to ensure that is the case. The other thing would be the producers, particularly the larger producers—those 6,000-acre farms and beyond—who may themselves either, one, use a broker to look after their crops, or may themselves be involved on the markets too in the commodities. So in this, thinking of Canada, rapid shift to say, "The government should not have a role in the business of the country. That should be the private sector," I worry about that.

NP: And the distance. I just think about the horrible mess with trading in not commodities, but in the stock exchange, but nobody knew—very few people—unless they were extremely expert could tell what was going on.

DW: Well, the other point too is that at the time I left the Commission, the Commodities Exchange was investigating the possibilities of handling other commodities, whatever they might be. Had there been, I think, a more alert government—and I'm talking about the political side—and then underneath that a public service that followed through, there could have been a slightly stronger partnership to potentially advantage Winnipeg with a Commodities Exchange that was still there that was handling many more things than, in fact, it was. So sometimes I worry that political philosophy blindly causes action that may not, over time, be in

the best interests of a sector, an industry sector, agriculture, and the country. Canada's exports of grain still are, I believe, about six percent of our GDP, so it's very, very important.

NP: The rail and water transportation aspects of the industry, what was the CGC's interface there? Let's deal with rail first.

DW: Okay. My connection there dropped off at the time I left in 1995. The Wheat Board was the player on grain car availability, grain car purchase—hopper cars, that is. The system worked. My impression was the system worked well. In very few instances did you find circumstances, unless there was a huge bumper crop, where grain would be stored on the ground, where there were demurrage charges on the part of exporters because the grain wasn't getting to the terminal to be loaded on the ships that were contracted to haul it away at a given time. My impression was it worked well. There weren't complaints. I can't speak to anything past that time.

NP: The farmers. Did you have much connection with them when you were--?

DW: Yeah. Yes. I went to meetings with producers in Saskatchewan and Alberta, Manitoba.

NP: Were they happy times?

DW: No. Well, yes and no. For the most part, it was, yes. You had to delineate there because these would be the smaller producers, smaller farms, that is, where the system that was in place for them provided security. For the bigger producers, they would talk to you about the impediments, the barriers to their doing well over time. So I saw the dichotomy at present about the shift in farm size, sophistication in the Prairie provinces.

**[1:10:14]**

NP: Have you had a chance--.

DW: Maybe--.

NP: Sorry.

DW: Go ahead.

NP: Have you had a chance to talk about what you saw as the major changes that were occurring? And you were there for a relatively short period of time, so have you commented pretty much on the changes that you saw?

DW: It was commented to me by a deputy minister with whom I worked that ag policy is sticky. It doesn't change quickly. Think of the Crow Rate. It was in place for upwards of a century, and when finally it was ended, there was suppositions that there would be misery and unhappy circumstance. Didn't happen. Didn't happen. And in fact, you saw the development of a secondary industry, value-added food processing, on the Prairies. Good idea.

NP: Did that really happen very much?

DW: I think it did.

NP: As much as was hoped?

DW: It certainly did in Manitoba, but what was interesting is that it didn't happen in Saskatchewan to the same degree that it did in Manitoba. Why? I don't know. Alberta, different circumstance. I think it might have helped there a bit. They got into hog production and so forth in a larger way, but it was Manitoba that really was the beneficiary there, I think, in many respects. Producers were ready, the industry had been there 100 years, who knows. But--.

NP: I always had the sense, and you can correct me if I'm wrong, because I was living in Manitoba at the time, and it seemed to me that the hog industry was really very volatile.

DW: Other factors came into play. One had countries like Korea who were always anxious about imports, and at the instant there might be a problem with disease, they would blindly shut down imports. You would have countries bad-mouthing other countries in order to bias the market. You would have countries offering sous-la-table subsidies. I don't think it was the industry and its development so much as it was the practices in the trade moving the product abroad. And the best example of that, I think, is our sales of pork to the United States. Our pork is just as good as the Americans', maybe better, but whether it was the border agent in Kootz, Montana who gained international recognition for his over-abiding interest in Canadian products--. No, it was a distorted market.

I think the decisions around the Crow Rate and the push towards value-added, that was achieved. And we're seeing now that the market dropped off, but now it's picking up again. The price of pork has gone up, for example, about 25 percent. So it was good. But I guess, in a way, that makes a good way of bringing it to a conclusion in some respects. When you think about it, the existence

of the Wheat Board and to some degree the Grain Commission, we were in place in times of conflict—World War I, World War II. It was that ability to gather together grain products and move them to export position to supply the needs of countries and our own military forces that were fighting to save a way of life. That evolved into a market system over time, particularly after World War II, that was pretty remarkable. But again, there was some governmental influence when you think about the recovery of Western Europe and then meeting the needs of Russia because of the insanity of the system that existed there.

**[1:15:09]**

Having said that, I go back to the central hypothesis that I would hold, and that is Canada did have a system that any other industry—aerospace, manufacturing, electronics—would envy, and that was this ability to produce this product year in, year out. There might be problems here, problems there, but by the time that product got to export position, it was the same product that the buyer expected every year.

NP: And not only could they produce it, they could deliver it.

DW: That's right. You got exactly what you ordered, and it's called peace of mind, but it was also called certainty, and it also is called quality management.

NP: We've talked about rail, and there wasn't too much connection there. What about water shipping?

DW: Well, there's two levels here. The first was rail. When the Wheat Board played the role in car supply, railroads were able to respond because they had the rolling stock. It was a case of getting the motive power to get it to where it was needed. It seemed to work well. In addition, I suspect that the crown corporation Wheat Board played a large role in making sure that those cars were in place. That's lost.

The second thing is lake movements. Certainly, the grain companies—Richardson, Parrish & Heimbecker [P&H], others—had good capacity, but then that dropped off badly with the economic downturn, shift in markets, and all of that, particularly on the Great Lakes. But my sense is it would be less the lake movements than it would be the railroads paying attention. And with oil fractionation, I believe that's knocked the pins out from underneath the grain trade to some degree because it's more profitable for the railroads to do that than it is to do the grain movement. It goes back to my point there is a role for government from time to time in some form to be sure that the system is working.



NP: You mentioned early on that you took part as the secretary of the Canada-US Joint Commission on Grains, '94-'95. Tell us a little bit about that and what remains in your mind as the highlights of that experience?

DW: Well, you will remember that in the '90s, Canada was moving large quantities of grain into the United States to the dismay of the producers. Not the grain industry, not the companies because it was the grain companies that were moving it—Cargill and others--.

NP: Now why were they moving it at that time?

DW: Well, because they got a better product. Sometimes, it was argued, got a better price. If you pick one example, in 1993, it was one of the worst harvests in 50 years for wheat because of heavy rains, which resulted in a high level of fusarium, vomitoxin. But what too few people realized was that that particular grain had incredibly high--. That's not right. It had high levels of protein, but it had this vomitoxin that if you were a hog producer, you wouldn't want to feed it to your hogs because it would put them off their feed. Otherwise, you didn't want to have it in any deep or large quantity. But if you were an American grain company, and you had grain coming in that was not the best quality, but you could take this fusarium-affected grain that was high protein, and you blended that into this so-so grain that you were getting in, you could raise the protein levels, improve the product, and then sell it at a significant profit. So trainloads of grain that was designated feed wheat in Canada, universally that was the decision, and it turns out it was a flawed decision, in my opinion, resulted in this huge movement south.

**[1:20:08]**

But there was also other sales as well just because the Canadian grain was available. It was clean. It was good, and it met the market needs. So you had along the US border during the Clinton regime with senators like Bacchus and others this hew and cry about this socialist system exporting subsidized grain to knock out our fair, private-sector-oriented, US system. What good citizens we are. In order to mute the noise, the government of the day suggested to the United States, "Why don't we put a commission together to take a look at this and see if, in fact, it is what you're saying and from our perspective what we believe."

NP: So it was a Canadian initiative?

DW: It was Canadian and American, but I would say the Canadians initiated it thinking--.

NP: And who would have--. At what level would that--?

DW: Cabinet ministers.

NP: Agriculture or Trade?

DW: Yeah, yeah. Foreign Affairs. It emanated out of Agriculture as an idea, and then cabinet ministers picked it up and said, “Yeah, this has got merit.” Because you have to think too, it’s following on the heels of the Free Trade Agreement where you just assume somehow that products would be freely moving north and south. Yeah. But when you get into the practical part of it in the US system, it’s not that way. [Laughs] So--.

NP: Now, before you go on, then, to talk about the workings of it, would American grain move north in a free-trade system?

DW: That’s part of the problem. We’re not the best people in the world, dairy and feathers. Why is it that we have this protectionist system? Well, the same applied with grain. Well, we cannot take that American grain into Canada because, of course, there’s no varietal control in the United States. It’s not part of the mandate that we have. So the Americans would be saying, “Well, you’re moving all this grain into the south. Why can’t we move it into Canada? Why can’t we rail grain through Canada to a port position?” It wasn’t an unreasonable thing to say.

Thus, there were other things at play too where Clinton was looking for support on certain bills—gun control, hand guns—and in order to get the support of some senators, he would blindside Canada and stop movement of grain south in order to placate those senators and get their support on gun control because in the States. It’s very much an issue-based political system in a number of respects. So the commission was put in place to do a reasoned study with, I think, it was six representatives each from Canada and the United States. The commissioners met in Canada. They met in the United States. They met with producers. They met with the grain industry, and otherwise did research. They had staff in place that looked at things like the Mississippi. Why couldn’t Canada be moving grain down the Mississippi to Louisiana? Interesting when you have Keystone going the other way altogether. But at that time, the idea was, “Well, why don’t you move more Canadian grain down the Mississippi?”

NP: When you say going the other way altogether, are you talking Churchill?

DW: No, no. Not at all. It was the idea that, “Do we need to have a more integrated system of transportation, of trade, and the like?” Quite clearly--. And we also looked at things like subsidies, the Export Enhancement Program. What does the Wheat Board do? How is it financed? Where does its money come from? In order to, so to speak, lift our skirts and reveal each of our respective sets of practices. You know, and from a Canadian perspective, clearly, early on it became very evident the United States had a huge

system of subsidies in place for producers. I mentioned set-aside. I mentioned lands put into fallow for a number of purposes. I mentioned school lunch programs and purchases to stockpile, and then Export Enhancement. Thus--.

**[1:25:04]**

NP: Canada had none of those?

DW: No. Not to the degree the United States did, no. So even including the set-aside program, we really didn't have a lot on that side. You might have Ducks Unlimited, you might have a provincial government, maybe the feds wanting to take measures that would avoid the removal of little bluffs of trees and slews and those things that kept wildlife and held the land in place and all of that, but the US, it was a huge program and that for producers, it would provide a rather large part of their income. And then we took a little look abroad over into Europe and realized the depth to which subsidy was in place there. The original purpose was to, as I said earlier, ensure food security, but then they resulted with Frankenstein, where they were exporting hugely subsidized grain.

So after a year, there was agreement on a report. I think there was a higher level of understanding. I think there was even a coming to terms with the commissioners and some of their groups on, "It wasn't quite the way we thought." But that didn't affect the politics one iota. Nothing changed. So getting blindsided, whether it was beef or pork or wheat or barley, it didn't matter. That was still there.

NP: So if the commission had had its way, what would it have changed?

DW: Well, the commission was--.

NP: I mean, not all of it, but the major things that it would have to make it more fair.

DW: The Commission was a bit player because I happened to be tagged with being the secretary to the Joint Committee on the Canadian side for writing the report. I would say that it was the understanding about how the US system worked with the Federal Grain Inspection Service. I think it was the idea that the system we had was not unreasonable. What the Americans were doing wasn't significantly different. I think, too, it was the idea that perhaps Canada had a system that worked well, but was it exactly what we wanted? Because if you were a hide-bound free-booter, you would say, "We need to let the private sector--. Let it run. It'll work itself out." Whereas in Canada, we tend to be subject to--. We like to be regulated a little bit.

You know, it was interesting that the Americans, besides meeting on the Wheat Board, also poked us rather effectively on dairy and feathers. You don't have to be a rocket scientist to realize we pay twice as much for milk and cheese and butter, and it's indefensible. So there was broader trade issues that were part of that too on the US side.

NP: So other than an interesting discussion from '94 to '95, it was really--?

DW: Did it make a difference? I don't think so. I think that Canada was, with the government change again, was headed towards a system that was more closely resembling the United States. I think the idea of reducing trade irritants—the Wheat Board—was very much in the mind of the Americans, and Canada decided to respond positively towards them on that side. I think that with the current government in power, its decision to change the role of the Wheat Board was all in that mix. That was going to occur whether there was a Canada-US Joint Commission on Grains or not.

NP: From the standpoint of lobbying, then—because you would know more about lobbying the federal government—the farmers' groups largely, but not exclusively, lobbied to keep the Wheat Board. Who would have been lobbying to get rid of it, and would it have been exclusively Canadian lobbying?

DW: You have to separate the two. In the case of the Wheat Board, as I said, you would have industrial users in Canada say, “We need a fairer system so that we can buy grain, wheat, based on a market system. We need a commodity system here so we can predict the prices. We can't be obliged to go to a one-stop shop with the price that may not match what we think to be the market.” So there was that. You would have the producer who, as I mentioned, would say, “We're just as sophisticated as you are. We can go to a Commodities Exchange and buy/sell our grain, take a futures position, and we have all the capacity that you do. We don't need you. If we need to produce a particularly special type of wheat, we can do that. We'll contract-grow it in a defined area, and it will meet the needs of the market.”

**[1:30:59]**

In the case of the Grain Commission, you know, most of the producers, in my opinion, and many of the grain companies rather liked--and the grain traders too--appreciated the role of the Commission, certainly, at export position because it had a cache—in my opinion, it still does—that for the buyer, they are going to get what they contracted for for dockage, for protein, for end-use characteristics—all of that. Other countries—the US, less effective, Australia—are doing the exact same thing. So I think the deregulation and the dismantling of the system that was in place, there's that idea of not throwing the infant out with the bathwater. I think it does apply. Again, from talking to people in the grain trade, they are running into problems now, my impression is, that weren't there a few years ago.

NP: And I can't understand why they would be running into difficulty because my understanding of the system—and you may not feel comfortable commenting on it because it is after the time you were right in the centre of things—is that to-- . One change occurred—and I'm just thinking of Thunder Bay now—one change occurred, and that was that there's no longer any inward inspection of grain cars, and the argument for that is that in most instances the cars that are coming in are coming from the same company that is receiving them. So people are delivering to Richardson's on the Prairies and Richardson's is receiving it. That was not the case when the Wheat Board existed.

DW: That's true.

NP: Now, what they did save—and I think there was large support for it—was that anything that was being loaded out of Thunder Bay going for export market without transshipment would have to be inspected by the Grain Commission. If that is the case, why should there be any drop in the quality of what was being shipped?

DW: Evidently--.

NP: Unless it was coming out of a port on-- . Yeah. Unless it was coming out of a port on the St. Lawrence where it was a transshipped shipment.

DW: And the ports on the St. Lawrence, they're also receiving grain from the United States.

NP: Well, and also those, if they're exporting, are exporting with a certificate final still being given.

DW: They are. They are.

NP: So why should there be any decrease in the quality of what's being received?

DW: That's a very good question. The problem existed in the United States in the 1980s. It exists in Canada now.

NP: Even though it was inspected?

DW: Yeah. Well, I think it is, you have a system, so you have to then-- . If your customers are complaining that they're not getting what they contracted for, then there's a problem. So what is the cause of it? Is it the frequency of the inspection? Is it the time of

inspection? Is it the system of movement? Is it the actions of the grain companies? Hard to say. That would have to be worked through. But evidently, there is a problem to some degree. What is the degree? I can't comment. Emerging, that suggests that have we gone too far? Have we given thought to what it is? Because I go back to that system of quality. What do we need to have in that process from gate to plate that will move us back into a set of circumstances where the complaint levels are at a frequency that we can manage?

**[1:35:27]**

I'll give you one more example that has nothing to do with grain. If you look at the aquaculture industry for salmon in the Atlantic in particular, their exports now into the United States are such that they're in a position to be able to say, "This is the species of salmon that we've raised. This is the food that we've provided them. This is the day that these salmon were slaughtered. This is the packaging that they were in. Here are the weights that we've guaranteed you. These are the prices that we've put on your packages that we've delivered to you to put on your store shelf." So you've got this uniform system that's recorded, evidence of training and other management processes are confirmed. It's a system that's intact. Is that still the case in Canada? And that's what I wonder. Maybe something that the industry and government, to the degree that there's a government left that has an interest, would want to take some time because I worry—I worry—that with South America in particular, where they can get a couple of crops off in a year, we may find Argentina and others whopping us, and we'll be lost.

NP: That's a question that I've asked others, and others have commented too that if Canada can't compete on quality, it has difficulty competing with no quality.

DW: That's right. Don't fall--.

NP: Because of the climate, the distance to port, and so on.

DW: Don't--. Well, what's one of our greatest strengths? It is that we live in a cold climate, so we have insect-free grain for the most part. We're just damn lucky that we live where we do. But all those other attributes that made us so important are ones that we need to be sure that the market is accepting the changes that we're making. Yeah. And Nancy, there you are.

NP: Okay. I think you've answered this, but I'll let you summarize it. What is your sense of the role that you and the CGC played in Canada's success as an international grain trader, assuming that you think it's successful?

DW: I think it was that Canada, on the export position, had what you could deem to be an honest broker function on the part of the Canadian Grain Commission that was so strong that despite the fact that we represented our country and the producer who was our primary focus, we're still sufficiently independent in that which we did that foreign buyers, without question, accepted the inspection and the weighing and the research that was done. That's pretty remarkable.

NP: Now, we have a special interest in this project in Thunder Bay and terminal elevators regardless of where they occur. Any remembrances at all about the terminals, either difficulties that they presented--?

DW: If you think about Canada's economic growth, many believe in the theory of the staple theory of economic growth so that Canada developed initially on the basis of fish caught off the East Coast, followed by fur—that was the economic base—followed by timber, followed by mining, and then with the settling of the west, grain. At one time, Canada could move grain out. They had some serious depressions and hurts, but without a lot of difficulty, but the market began to become more sophisticated. And at the instant that occurred, particularly after World War II—except Russia—Canada was in a position where, because of the huge market play that the Wheat Board had—20 percent of the world market—and the internal system, varietal control, for whatever reasons, we decided to do that. We were ahead of what industry's doing now. Total quality management, ISO, NATO mil-spec. What is it that we need to be sure that's still in place to keep our primacy over time?

**[1:40:17]**

NP: Any vivid memories of your work life for those years? Pleasant experiences, real highs, horribly depressing lows?

DW: It was all very good. I used to work in the fur trade, 1975, and it's about as arcane as the grain industry. They're very, very different than other industry sectors, and you generally tend to have to be a player throughout your life so that to be an interloper for three years I found to be a privilege. I met people in the grain trade at all levels, particularly the senior levels, who I still hold in high respect because of what they know and how they did their business, and the integrity that they have is remarkable and is unique. The other thing is that it's an industry where there is a respect through from producers to grain movement—railroads, shipping—to the grain companies that's quite special. So I enjoyed all of those contacts, and I enjoyed meeting with foreign buyers who, when you talk to them, spoke about their experiences with the Canadian system that they liked.

Don't forget the point I made—not because I made it, but I'm repeating others—there are countries in the world whose leaders went through training programs in the Canadian grain industry. You can't do that very often. There are people in the grain trade whom I've met who have such close relationships in Russia that they're revered there, yet they were honest, they had integrity, but that's why they were revered. It's pretty special.

NP: Something you can be proud of.

DW: Yeah. Absolutely.

NP: Yeah. Any questions I should have asked you?

DW: Not at all, Nancy.

NP: Can I just say that I am especially pleased to come to the end of this interview because, first of all, we got it started after having planned to do it for about the last five years, and so I'm really glad that we have it on tape. And the other reason is because you are a member of Friends of Grain Elevators, and we appreciate having you on the committee because of your interest that goes beyond the three years that you--.

DW: What a unique group of people. Why could you not?

NP: Yes. Thank you.

DW: Thank you.

**End of interview.**