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JERRY FRUIN

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Edited and compiled
by
Barry E. Prentice, Ph.D.
Vice-President, Programs

"NOT WITH A BANG BUT A WHIMPER"

THE BIRTH, LIFE AND DEATH OF THE
CROW RATES

Lessons for policy makers in an uncertain world

by

Paul D. Earl

Policy Manager

Western Canadian Wheat Growers Association

Disclaimer: The views in this paper are those of the author, and do not necessarily represent the views of the Western Canadian Wheat Growers Association.

Introduction

This paper is something of a personal reflection on the long and circuitous history of the "Crow's Nest Pass Rates" - or more correctly, since 1925, the "Statutory Grain Rates." Having personally spent a large portion of my career embroiled in western grain transportation issues, I have seen it transmute from an issue which was too sacred to discuss, to a fizzling squib as it died, in the words of T.S. Eliot, "not with a bang but a whimper."

It is *a propos*, therefore, to ask two pertinent questions: (1) Why did such a dramatic transformation occur? And (2) what can we as policy advisors and policy "decision-makers" learn from these events?

To answer these questions, we have to recognize that policy is never made in a vacuum, but always embodies society's underlying beliefs. And what I will argue in this paper is that the concerns and assumptions of the people who brought the rates into existence in 1897, were very different from those of the people who defended them from about 1920 to 1975, and both of these were very different from the concerns and assumptions of those who let them die in 1995. I want to uncover what some of those concerns were, and to argue the "Crow debate," at every stage of its evolution, was as much about public

philosophy, or ideology, as it was about either transport or economics.

The Birth of a Policy

To begin at the beginning, let's first look at why the rates were created in the first place.

The background to the original "Crow's Nest Pass Agreement" is fairly well known. The key objective was the economic annexation of the Kootenay region of British Columbia to Canada, and the arrest of further American control over the area. As such, the Agreement was a natural extension of the so-called "National Policy," whose objectives were to create an "inland empire" on the Prairies, to advance what was seen by the 19th century as "civilization," and to defend "British North America" from American expansion. Settling the "North West" - the vast thinly populated northern part the Great Plains - largely to provide a market for eastern manufacturers, was a key part of that policy, to be sure.

As such, the Agreement was consistent with one of the key assumptions of the National Policy, at least as Sir John A. Macdonald saw it, namely that railway development went hand in hand with national development. As Macdonald put it in a letter to CPR founder George Stephen in 1881, "in the long run [CPR's] interests and those of the Dominion are identical." (Friesen, p. 177.) This harmony of interest was assumed by the Crow's Nest Pass Agreement, in its implication that national sovereignty was to be exercised by the construction of the rail link from Lethbridge to Nelson.

However, if the Agreement's prime purpose was to cement Canadian sovereignty over the Kootenay area, why then did it also embody certain rate provisions? Were lowered rates required to encourage the prairie settlement necessary to implement the "National Policy?" Was the encouragement of western settlement present at all in the thinking of those who forged the Agreement?

If the Agreement itself is taken as evidence, it is doubtful. Its lengthy and legalistic preamble is silent on these issues, and only three of its 17 clauses relate to freight rates:

Clause 10 specifying that rates over the Crow's Nest line, as well as rates between that line and the Company's main line, "shall first be approved by the Governor in Council or by a Railway Commission, if and when such a Commission is established."

Clause 11 specifying reductions on rates on a variety of commodities often referred to as "settlers' effects" (e.g., agricultural implements.)

Clause 12 - the enduring provision - specifying that grain rates be reduced by three cents per hundredweight.

It is significant that nothing in the Agreement - and not much in the Parliamentary debate leading up to it - dealt with settlement of the prairie area, or with the role of reduced rates in encouraging western development. In fact, it is questionable whether, by 1897, grain rates were an obstacle to settlement. They had actually been dropping over the previous two decades - from 28 cents per cwt in 1888, to about 20 cents in the mid-1890s (Friesen, p. 192, footnote 34) - and an 1895 inquiry found grain rates on the CPR to be at the same level as those in the Dakotas. Later, they actually fell below the level of the Crow.

Settlement certainly did follow the Agreement, with a wave of immigration prior to the Great War. But it is unlikely that the rates were pivotal to this immigration actually happening.

So why the rate clauses? The answer seems to lie in the fact that, notwithstanding that the Agreement and the Crow's Nest line advanced Canadian sovereignty, the identity of interest that Macdonald had seen between the CPR and the country as a whole, had frayed a little. Whether grain rates were excessive by 1897, rates generally had been a broad source of complaint, and the objective of nation building did not bulk large in CPR President William Van Horne's mind when he told a U.S. Senate committee that: "The Canadian Pacific was built for the purpose of making money for the share-holders and for no other reason under the sun." (Friesen, p. 177.)

So by 1897, it looked to the government as if it had been optimistic about a harmony of interest between the CPR and the nation, and a little reigning was in order. A paper done for the University of Manitoba Centre for Transportation Studies in 1973 concluded that the subsidy given to the railways under the Agreement was in fact "a means of buying back from the CPR certain rights (i.e., a degree of freedom from rate regulation) which many felt they never should have had." (See Duncan.) This conclusion seems to be more in keeping with the language in both the Agreement and the debate preceding it, than the later interpretation of the rates as a great "Magna Carta" of Western Canada to encourage the development of agriculture. Undoubtedly, the motive of western development was present, but it was not, it seems, a

prime motivator of those who framed the original Agreement.

Several key points emerge from this analysis, which, as we shall see, stand in contrast to the assumptions of those who later defended the Crow Rates:

1. The Crow was not part of a "sacred trust" designed with the interests of western agriculture uppermost in mind.
2. Western settlement was without a doubt a goal of National Policy, but not particularly a goal of the Crow Agreement.
3. Despite friction over freight rates, and a desire to reign in railway market power, the partnership of the railways and the government to implement National Policy remained a key part of government thinking, and a clear division of interests between the railways and the broader interests of society as a whole had not yet developed.

The 1920s, and the legislation of grain rates:

By the 1920s, things had changed dramatically. To begin with, farmers had not experienced the warm cooperation with the CPR that Sir John A. Macdonald had. In fact, in 1902, in the famous "Sintaluta Case," the newly formed Territorial Grain Growers Association felt compelled to take the CPR to court for failing to distribute boxcars in accordance with the Manitoba Grain Act provisions. They won their case, and the railway was fined the princely sum of \$50 and ordered to obey the law.

There were other less momentous matters of dispute with the railways, like their failure to control weeds along their rights of way, and disagreements over just who was at fault when livestock got run over by freight trains or grass fires were set by sparks from passing locomotives. The old joke about the farmer condemning the CPR for everything from hail storms to crop failure was not entirely without roots in reality. From the farmers' point of view, arrogantly rejected claims over loss of livestock, and a flagrant disregard of the law in regard to the distribution of boxcars, were bound to generate feelings of powerlessness and resentment.

As important as powerlessness in relation to the railways was powerlessness in relation to grain prices. Farmers found themselves whiplashed by the price instability which is characteristic of commodities with relatively inelastic short term supply and demand. In the early

1920s, grain prices collapsed rather dramatically, and farm groups felt the need to control their own destiny. Their new-found strength of purpose eventually led to the formation of the wheat pools and the Canadian Wheat Board.

Most importantly, underlying the creation of these institutions was not only a sense of resentment and quest for power, but also a shift in the predominant political and economic ideology of rural Western Canada.

In 1900, westerners were mostly *laissez faire* liberals in the 19th century mode, accepting free markets as the appropriate means for setting prices and allocating resources. In fighting with the railways and the grain industry farmers did not feel, in the pre-War years, that they were fighting the market system *per se*, but with what they saw as impediments to its proper performance.

EXHIBIT 1

(Arch Dale, *Grain Growers' Guide*, Feb. 5, 1919, p.6.)



"HE MUST BE WEANED"

The problem, as they saw it, was that powerful interest groups - manufacturers, railways and banks - had secured special privileges which enabled them to manipulate markets at the farmers' expense. And the chief evil of special privilege was "the Tariff." They felt, not without some justification, that the "National Policy" of promoting western consumption of protected eastern manufactured goods forced them into economic servitude. They expressed their outrage in a rich outpouring of cartoons, poetry and rhetoric, of which Exhibit 1 is a prime example.

But somewhere between the Great War and 1924, these beliefs shifted to the left. Farm leaders began to view the market economy, not as a malfunctioning institution that could be corrected, but as fundamentally corrupt. Initially, their criticisms focused on the grain marketing system - and in particular, the futures market. And again, the cartoons like Exhibit 2 capture their feelings. But by the late 1920s, the target was broadened from grain marketing to what they referred to as "the competitive system" *in toto*. (See Exhibit 3.)

EXHIBIT 2

(E.S. Russenholt, Scoop Shovel, Feb., 1927, p.9.)



"THE LAST OF THE WILD WEST SHOWS"

And just as they saw the market as corrupt, they began to view government regulation and cooperative enterprises as instruments of justice and fair play. After the disaster of 1929, this feeling deepened, as of course it did

EXHIBIT 3
 (E.S. Russenholt, *Scoop Shovel*, June, 1931, p. 7.)



"Even a child can see that immediate action is required"

everywhere, but in the West it was already well entrenched in the wheat pools, who felt that they were operating above and beyond the dictates of the market. They claimed that they had attained enough power to control the flow of grain to market, and thus to control prices. Whether this was so is highly debatable, but that was the perception.

The political manifestation of this anti-market mentality was the "Progressive movement." This was a complex, nation-wide phenomenon, but Progressives across the country were united on one fundamental issue, namely the feeling that the existing political and economic system was not serving the interests of the people at large.

Whole books have been written about the Progressives, but the interpretation of historian Gerry Friesen will suffice to capture the essence of the movement, and its significance for the saga of the Crow:

Its ideals underlay the organization of the wheat pools and the consumer co-operatives. Its successes included partial restoration of the Crow Rate. ... And its determination to counteract the rise of

powerful industrial and merchant capitalists found an outlet in other better-organized, better-based political movements. ... Thus progressivism should be seen as a step in the development of a Canadian critique of monopoly capitalism. (p. 374)

What Friesen saw as the movement's "success" was made possible by the political power which the Progressives achieved electorally. The 1921 federal election, which brought Mackenzie King's Liberals to power, also brought 65 Progressives into the House, 37 of them from the prairie provinces. More to the point, the Liberals were in the minority, and they had to court the Progressives to stay in power. The Progressive leader was Thomas Crerar, President of United Grain Growers, former Minister of Agriculture, and an old *laissez faire* liberal, but also a firm proponent of public ownership of railways.

The "partial restoration" of the Crow Rate referred to by Friesen, took place in 1922, after a rather complex series of events. In 1918, the rates were suspended by an Order in Council passed under the War Measures Act as one of several rate increases to keep the railways solvent. In 1919, an Act was passed that would have ended the effect of the Crow's Nest Pass Agreement, by exempting the Railway Commission from the authority of Special Acts, but opposition to the move limited the application of this Act to three years. So in 1922, the Act was up for renewal.

The Progressives, however, hostile to the railways, and critical of a market driven economy, were not about to allow the Rates to expire. A special committee of parliament recommended that the Crow's Nest Pass Agreement continue to be suspended for a further three years, but reinstated the rates on grain. The Grain Growers Guide gave the Progressives credit for this victory with an appropriate political cartoon. (Exhibit 4.)

Of course, the whole issue came up again in 1925, and although the Progressives in Parliament were badly divided by this time, they still held the balance of power. So legislation was adopted which preserved the grain rates and made them applicable on all grain, to all ports, for evermore - or at least, as we now know, for 70 years.

The important thing which emerges from this brief survey is the degree to which the attitudes, assumptions and beliefs of the Crow's 1920s defenders differed from those of its originators in 1897. Specifically:

EXHIBIT 4

(Thorson, *Grain Growers' Guide*, July 19, 1922, p. 6.)



"Delivering the Goods"

1. Whereas, in 1897, the predominant economic ideology - in both Parliament and among farmers - was *laissez faire* liberalism, the Progressives and the farmers who elected them, were decidedly more hostile to the market, and more interventionist in their attitudes.
2. Whereas the government which signed the original Agreement still saw considerable unity of purpose between the railways and the nation, the rates' defenders in the 1920s had experienced a sharp conflict of interest with railways.
3. Whereas the objective of western settlement was hardly mentioned in 1897, the Crow's place in aiding and encouraging settlement featured prominently in the arguments raised in the 1920s.
4. Finally, whereas rail rates were in fact a fairly minor part of the original agreement, to the 1920s defenders of the Crow, the rates on both grain and eastbound goods were represented as central to the Agreement, with the Crow's Nest railway line relegated to a secondary issue.

In summary, the issues at stake for those who defended the rates in the 1920s - and the basic philosophies they brought to the debate - were substantially different than those of the original framers of the Agreement in 1897.

I contend that the defense of the Crow - with all that it implied by way of regulatory control, intervention in the market and antipathy to a free market, were part and parcel of a developing "grain ideology" that was to shape the development of grain policy, and to rule unchallenged, until about the late 1960s.

The 1960s and the death (more or less) of the Crow

The 1960s marked the beginning of the end for the Crow, even though it was not immediately apparent at the time. And what drove the change was the reality of the marketplace - which, to the grain industry, arrived in the form of opening markets in China and Russia. Grain marketing policy, not transportation considerations, was the key factor.

Since the 1920s and the formation of the Wheat Pools, a major underlying premise of grain policy was that Canada could drive up world wheat prices by withholding wheat from the market. This theory was stated with great vigour by farm leaders in the 1920s, and again during the hearings which led to the passage of the Wheat Board Act in 1935. J.D. McFarland, the first Chief Commissioner of the Board believed this theory passionately, as did Bill McNamara, Chief Commissioner in the 1950s. But the reality was that this policy led, not to higher prices, but to increased stocks. By the 1950s, wheat was stored in elevators, on farms and even in curling rinks - rinks which were built with government storage payments on the wheat inside them.

By the late 1960s it was recognized that this could not continue, and this recognition also coincided with the first large wheat sales to the communist countries: the Soviet Union and China. These large sales exposed the effects of almost three decades of neglect and stagnation in grain handling and transportation. In fact, the system very nearly broke down, and was only able to do its job because of a specially constituted industry committee with the power to commit their organizations to specific performance standards.

But the system itself was in sad shape. The network of elevators and rail lines had not really changed since the 1930s, and, under government storage policies, literally thousands of obsolete country elevators sat stuffed with grain.

I can well recall my own first visit to a country elevator. I thought I had stepped into a living museum. Large wooden levers protruded down from the ceiling at

the back of the elevator, with hand-carved handles. These controlled slides which opened spouting through which the grain flowed out of overhead bins. That such things still were being operated in the 1970s brought home to me in a vivid way that it was no idle talk to speak of a system from the horse and buggy era.

The system's poor performance for those large sales to Russia and China sparked an intense period of study and examination. Contrary to popular belief, it was farsighted people in the grain industry itself who recognized the system's shortcomings, and they began to drag the industry into the twentieth century. In about 1967, they organized a major conference in Minaki, Ontario. It was a watershed event, whose major accomplishment was to rationalize the logistics management of grain through a control system called "the Block Shipping System."

Not much else came of Minaki, but the realization began to grow that dramatic change was needed if the marketing needs of the future were going to be met.

The large Russian and Chinese sales also marked the end of the old "withholding" theories. Chief Commissioner Bill McNamara was appointed to the Senate, the Wheat Board became an aggressive world seller, and the pressure on the handling and transportation system continued unabated. Slowly - very slowly at first - the system began to rationalize.

In the late sixties and early seventies, a few brave voices began to be raised against the holy Crow. The McPherson Royal Commission gave the first formal recognition that the railways were losing money on grain, and a few farsighted people, who could see beyond the reigning ideologies, began to identify the role of a non-compensatory rate in the stagnation and decline of the transportation system.

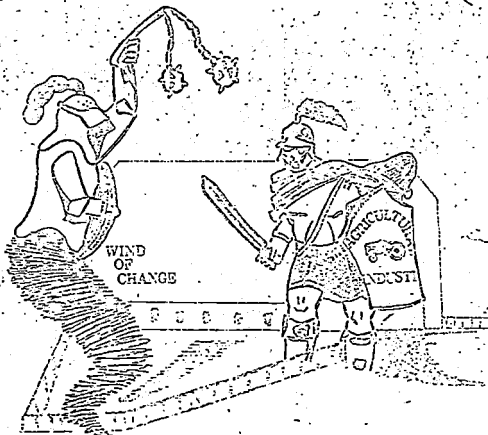
In 1969, the very activist Liberal government under Pierre Trudeau seized the initiative away from the industry, and set out to solve the grain problems itself. Otto Lang, then a junior Minister without portfolio, was given responsibility for the Canadian Wheat Board, and his was one of the voices prepared to criticize rate regime. In a 1974 speech to the semi-annual meeting of the Canada Grains Council, he said:

It is indeed likely that the Crow Rate on domestic grain is harmful to western development in livestock, and the Crow Rates on export grain are discouraging the export of more meat and products of grain. They are also creating serious problems in

terms not only of maintaining a deteriorating system but in rebuilding a modern one.

This speech was greeted with a barrage of criticism, and just like the 1920s, the cartoons capture the flavour of the debate better than the more measured written comments. (See Exhibit 5.) In late 1969, Lang initiated

EXHIBIT 5
(*Western Producer*, Mar. 27, 1975, p. 72.)



"I am afraid we are in danger of losing (many of the Wheat Board's) desirable features in the general wind of change blowing over the industry"
- D.H. Treleaven, Assistant Chief Commissioner,
Canadian Wheat Board

a long and protracted set of studies, inquiries, operational changes, and legislation which tried to deal with "the grain transportation problem." There is not space to go into detail, but a list of the major ones will give some idea of the intensity of work that went on:

- In 1973, a series of studies undertaken by the Canada Grains Council.
- In 1975, the Hall Commission, to study branch lines.
- In 1976, the Snaveley inquiry into railway losses on grain.

- In 1977 the "Prairie Rail Action Committee" decide the fate of lines which Hall had left in limbo.
- In 1978, the Booz-Allen, IBI study into grain transportation operations.
- In 1980, the establishment of the Grain Transportation Authority, to take over car allocation from the Canadian Wheat Board and to introduce efficiency measures.
- In 1982 the Gilson negotiations, which finally came to grips with the Crow Rate.
- In 1984, the Western Grain Transportation Act (WGTA), which abolished the legislated rates of 1925, and set up an administered rate structure, with complex cost sharing between the farmers and the government.

All these activities were still not keeping pace with the realities of grain markets. The former critics of the Crow became critics of the subsidized WGTA rates, and they continued to focus on four themes: one, that the subsidized rates hampered efficiency; two, that they discouraged value-added, secondary processing and livestock; three, that they were inconsistent with trends in world trade agreements; four, that government fiscal constraints were going to make grain transportation subsidies untenable. The critics were proven right on all counts, and in 1995, largely in response to trade and fiscal pressures, the WGTA subsidy died. And it died without farmers marching in the streets.

So the last question we have to examine here is why it died with so little outcry after decades of passionate defense. Why were the defenders of subsidized rates so silent as the "Magna Carta of Western Canada" disappeared?

The answer lies in the broad shifts in public opinion occurring over this period, and the steady shift to the right in political and economic opinion. This shift was manifesting itself around the world, from the collapse of the Soviet Union and the Eastern European regimes, to the deficit cutting governments of all political stripes in Canada. These events were paralleled by trade agreements which embody free market principles, a falling faith in government, a reemphasis on the responsibility of individuals to look after their own welfare, and a general renewal of faith in open markets as the way that economies must run. In Canada, and in the transportation world, we see these same trends in air policy, marine

policy, and rail policy. The privatization of CN and ports are just two examples.

The Western Canadian grain industry underwent the same transformation, with various manifestations:

- the privatization of two large cooperatives: UGG and the Saskatchewan Wheat Pool;
- farmers risking civil law suits to run across the U.S. border with grain to avoid the Canadian Wheat Board;
- Saskatchewan Wheat Pool and Cargill grain, formerly companies that represented totally different philosophies on grain marketing issues, collaborating to build a terminal at the West Coast;
- senior officers in the grain industry developing an approach to logistics management for a post-WGTA subsidy world, (the so-called "SEO Package") which they think is the very antithesis of a regulated, centralized, transportation control system;
- a major shift in farm opinion away from supporting the centralized selling of the Canadian Wheat Board, with farmers in large numbers voting against Board monopoly selling in a recent plebiscite in Alberta, and a poll in Saskatchewan showing widespread support for allowing private grain companies to export grain.

The sum and substance of all this is that an increasing proportion of farmers see a deregulated grain marketing and transportation system as the solution to their problems. This combined with widespread support for deficit control and smaller government, meant that farmers were not in a mood to defend controlled and subsidized rates when the government announced the demise of the WGTA in 1995.

And once again we can see, just as the 1920s defenders of the Crow Rate acted out of a very different set of assumptions and concerns from the original architects of the rates in the first place, so too did those who let it die so ignominiously in 1995.

Of course, the revolution in economic and political thought was not total in the 1920s, and is not total today. There are still large numbers of farmers opposed to open markets, who desire the return of legislated, subsidized rates. Their impact on public policy is reflected in the continued existence of the so-called

"rate cap" which will continue to apply on grain for five years under the Canada Transportation Act.

So the Crow is not quite dead, even though the end, at the moment, is in sight, and a fully "commercial" transportation environment for grain seems just around the corner.

Or is it? I will close this paper with a few reflections on what this quick review of history shows us, and what lessons we might learn.

Lessons for policy makers in uncertain times

The first lesson, I hope, is quite obvious; I have already repeated it throughout this paper:

1. Policies are not made in a vacuum; they reflect the political, economic and social background in which they are implemented.

I have tried to illustrate the truth of this by describing the very different political and economic philosophies under which the Crow Rate was born, was sustained, and finally died.

The second is less obvious:

2. Policy initiatives grow out of a very few simple, but fundamental, assumptions.

The farmers who, in the 1920s, defended the Crow, built cooperative wheat pools and later created the Canadian Wheat Board, started from a few basic beliefs: that the few should not get rich at the expense of the many, and that people were inherently communal and cooperative, not individualistic and self-seeking were two of the most important. The elaborate arguments as to the effects that their grain marketing and transportation policies would achieve, were all elaborations on these few basic assumptions.

We see the same thing today in the rosy future promised if only we deregulate and let markets rule. The policy arguments are all elaborations around a few basic assumptions.

The third is a lesson which gets driven home after a long policy fight like the one over the Crow:

3. Reason is no match for myth, legend or ideology.

Mountains of paper were produced trying to prove - and disprove - the arguments of the Crow's critics that it discouraged efficiency and value added, and was untenable in the face of government fiscal problems. Presumably all that argumentation had some value, but it scarcely made any impact on those who were convinced by their basic underlying beliefs that regulated rates were a good thing, and that the Crow was the West's Magna Carta. In the end, it was not the rational arguments which prevailed, but the shift in public philosophy that saw markets, not centralized control, as the appropriate way to run an economy.

Lesson 4 should also be clear, now that we can look back with some dispassion:

4. Policies yield unexpected results, and everything has its downside.

No one anticipated that a legislated freight rate would so stifle innovation. To the extent that the Crow was seen as an instrument to promote development, its actual impact was negative: discouraging livestock and value added; distorting production patterns; stifling efficiency and costing farmers in high handling costs.

We should apply this lesson today, as we strive to find post-WGTA policies to promote those things that we believe a centralized and regulated system prevented. The old adage, "be careful what you wish for; you may get it," seems particularly apt. The current zest is for unfettered market forces, which are expected to bring efficiencies, accountability and justice. They will undoubtedly also bring something else that we did not bargain for.

This leads directly to the next lesson:

5. Don't get blinded by ideology.

One of the things we are not taught in economics is the degree to which our "science" is infused with values. It is not immediately apparent to those of us who were taught economics as a kind of science, that to say "markets drive efficiency" is an ideological, not scientific, assertion. However, the statement carries a whole number of assumptions about human behaviour that are only partially correct - or only partly explain the economic decisions which people make.

The current fascination with free market forces as the desirable goal of public policy is ideological to a far greater degree than we might think, and it would be fruitful for the public policy process to recognize that.

Finally, insofar as the seemingly imminent death of the Crow, and dismemberment of government intervention in grain markets, we must remember what Socrates said:

6. No one can pretend to be a statesman who knows nothing about wheat.

He might have added, "about livestock, fruits and vegetables - indeed about food in general." Governments have involved themselves in food since time immemorial, and will continue to do so. Anything that is so essential to human life will never be abandoned to the amoral actions of the market for any extended period of time. Remember that markets fundamentally are instruments for determining who gets what at what price. And those are moral - and hence political - decisions. If enough people don't get their due, politicians will intervene, and in so doing, will fall victim to all the pitfalls of policy making that are so vividly illustrated in the history of the Crow: that policies don't always give us what we bargained for; that they have undesirable side effects quite different from those foreseen; and that the policy process gets driven by underlying ideological beliefs, not by reason.

There is one further lesson to be learned from history - not from the history of the Crow *per se*, but from history in a broader sense - and it is extremely relevant to the immediate future as it seems to be unfolding.

Those of us who were unswerving opponents of the Crow, and who fought for change in grain transportation policies, studiously ignored one key factor, namely the impact of railway market power. And indeed, it is arguable that the so-called "SEO Package" put together by senior grain industry people to control grain logistics, contains the same blind spot in its enthusiastic embrace of market forces to determine the future shape of the grain handling and transportation system.

It behooves us to remember, therefore, that in the first two decades of this century, when we had the closest thing possible to an unfettered *laissez faire* system in grain marketing and transportation, farmers did not like it. In fact they fought rather vigorously to replace it with something else. Moreover, as you study that period and the farm leaders of the time, you come to recognize that they were not fools.

I believe it was Winston Churchill who said something like "Those who do not know history are condemned to repeat it." Someday, long in the future, someone will stand before a group like this, and will dissect the

results of today's policy developments. Perhaps they will point out just how foolish we were to place such faith in the market, and to forget the abuse of market power which led farmers to be so interventionist in the first place. And perhaps, as we repeat history, we will come to find out why farmers and shippers portrayed the system of the 1920s in the way they did in Exhibit 6.

EXHIBIT 6
(E.S. Russenholt, *Grain Growers' Guide*,
Dec. 28, 1921, p. 6.)



"Separating the farmer from his profits"

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