

LEADER-POST

Ritz wrong to kill CWB

BY BRUCE JOHNSTONE, LEADER-POST OCTOBER 22, 2011

At a news conference Tuesday to announce the introduction of the legislation to remove the Canadian Wheat Board's monopoly on export sales of western wheat and barley, Agriculture Minister Gerry Ritz made this statement.

"Unlike what some people may claim, the sky will not fall in an open market. Instead, the sky will be the limit."

Well, at least Ritz - who never met a hyperbole he didn't like - is half right.

No, the sky will not fall on Aug. 1, 2012, when the CWB's single desk is dismantled. No doubt, the sun will come up and life will go on much as it did before "marketing freedom" was imposed on western farmers.

But Ritz's promise that farmers will be reaping a bonanza of high prices and boundless opportunities for profit in the open market is as hollow as the empty phrase "marketing freedom."

What exactly will be accomplished by the "Marketing Freedom for Grain Farmers Act"?

According to Allen Oberg, chair of the CWB, the legislation will destroy the world's largest marketer of wheat and barley, with more than \$5 billion in annual sales and more than 400 employees.

It will turn over the estimated \$500 million a year in premiums the CWB paid to western farmers to the grain companies, who will no doubt use it to fatten their own bottom lines.

It will turn back the clock to a time when "farmers were captive to the grain companies and powerless against the railways," Oberg said, and erase the gains made in 1998 when a more enlightened government gave farmers two thirds of the seats on the CWB's board of directors.

If you think Oberg is playing Chicken Little and crying doom and gloom, consider the fate of the Australian Wheat Board, which lost its single desk authority in 2008 and subsequently saw its remaining assets gobbled up by Agrium and Cargill in recent months.

At least the AWB had assets. The CWB is, first and foremost, marketing agency, with few, if any, tangible assets, beyond a some rusty old railcars. The single desk is the CWB's most valuable asset, and the Harper government is throwing it away like last week's garbage.

But the legislation will do much more than destroy the world's last remaining "state trading enterprise" with single desk powers. It will do irreparable harm to Canada's reputation as the marketer of quality wheat and barley.

By dint of its marketing clout and the single desk, the Canadian Wheat Board can guarantee delivery of specific quantities and qualities of grain to customers in 70 countries where it does business. No private grain company, no matter how large, can do that.

It will damage, perhaps fatally, the network of branchlines that provides loading sites for producer cars and the shortline railways that operate on them. Those producer cars saved Prairie farmers an average of \$1,200 per railcar, money that will now be flowing to the grain companies.

By removing the CWB's regulated access to grainhandling facilities, the Harper government has left farmers to the tender mercies of the grain companies and railways.

In the short-term, the elimination of the single desk will also cost Canadian taxpayers million of dollars a year. The legislation calls for the Port of Churchill to be subsidized to the tune of \$5 million a year to support grain shipment for five years and another \$4 million over three years for maintenance.

In fact, the cost of winding up the CWB could cost taxpayers many more millions - in severance to employees, legal costs, etc. All this to get rid of a profitable enterprise that wasn't costing taxpayers a nickel.

So who will benefit? Not farmers, who will lose control of a marketing agency whose mandate is to get the best price for farmers, in exchange for the "freedom" to sell to grain companies that are in business to make money for shareholders, not producers.

Not taxpayers, who will be footing the bill for the winding down of the CWB for years. Not rural communities, which risk losing branchlines and the shortline railways that service them.

Who benefits? The grain companies, the railways, and the ideologues in the Harper government.

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