

A PRAIRIE OCEAN:
THE NEW TIDAL WAVE OF GLOBALISATION AND PRAIRIE WHEAT
MARKETING POLICY

by

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ABSTRACT

This dissertation examines the multifaceted and pervasive impact of globalisation on the Canadian public policy environment through a detailed analysis of the monopoly marketing of prairie wheat. The study argues that forces associated with globalisation, working through regionally differentiated configurations of farmer opinion and interest groups amidst varying partisan settings, are key to understanding the changing nature of policy-making processes, structures, and outcomes in the wheat marketing arena. The forces associated with globalisation include the increased presence of transnational corporations, the expansion of international trade regimes, increased interaction and co-operation between Canadian provincial governments and US state governments, the international harmonisation of regulations, advances in transportation technology, and heightened levels of education, knowledge, and information. In attempting to understand how globalisation influences the wheat policy arena, the examination uses a comparative analysis focusing on Alberta, Saskatchewan, and Manitoba. The inter-governmental harmony that had prevailed since the 1940s on the matter of Canadian Wheat Board's (CWB's) wheat monopoly was replaced by conflict by the 1990s as the forces of globalisation washed across the Canadian prairies. The dissertation shows that where the absence of these forces once reinforced the CWB's wheat monopoly, the presence of these forces now poses a formidable challenge to its continuation. Farmer opinion data indicates that a trend away from monopoly selling *toward* open marketing is present throughout the prairies. Like the presence of the forces of globalisation, anti-monopoly opinion is particularly strong in Alberta. The dissertation will also show how the conflict over monopoly wheat marketing was projected into the policy arena through differentiated sets of interest group configurations and partisan environments. In doing so, the examination points out that institutions, while often providing resistance to change, can also serve as conduits facilitating change. The analysis shows that the public policy network involved with the marketing of prairie wheat, as well as actors within this network, have become increasingly internationalised. The examination indicates that domestic governmental regulation and control have been severely undermined in the wheat marketing arena as north-south ties increasingly undermine and replace the east-west unity previously forged by the National Policy.

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LIST OF ABBREVIATIONS

Abbreviation	Full Name
ADM	Archer Daniels Midland
AE	Accredited Exporter
AWB	Australian Wheat Board
BHA	Bulk Handling Authorities
BHC	Bulk Handling Companies
BNSF	Burlington Northern Santa Fe
CAPA	Canadian Agricultural Policy Alliance
CCA	Canadian Council of Agriculture
CCA	Canadian Cattleman's Association
CCF	Co-operative Commonwealth Federation
CFA	Canadian Federation of Agriculture
CGC	Canadian Grain Commission
CN	Canadian National
CNR	Canadian National Railway
CP	Canadian Pacific
CPR	Canadian Pacific Railway
CTA	Canadian Transportation Agency
CWB	Canadian Wheat Board
EEP	Export Enhancement Program
FFJ	Farmers For Justice
FTA	Canada – US Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GPS	Global Positioning System
HTP	High-through-put (facility)
IE	International Exporter
KAP	Keystone Agricultural Producers
NAFTA	North America Free Trade Agreement
NDP	New Democratic Party
NFU	National Farmers Union
OWPMB	Ontario Wheat Producers' Marketing Board
PC	Progressive Conservative
PRO	Pool Return Outlook
TNC	Transnational corporation
UFA	United Farmers of Manitoba
UGG	United Grain Growers
VRO	Variety Registration Office
WBG	Western Barley Growers Association
WCWGA	Western Canadian Wheat Growers Association
WGMP	Western Grain Marketing Panel
WGRF	Western Grain Research Foundation

WIF
WRAP
WSGA

Wheat Industry Fund
Wild Rose Agricultural Producers
Western Stock Growers Association

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To the glory of God,
The Father,
The Son, and
The Holy Ghost

*But as for me, I watch in hope
for the LORD,
I wait for God my Saviour;
my God will hear me.
Micah 7:7 (NIV)*

... *"Great and marvelous are your
deeds,
Lord God Almighty.
Just and true are your ways,
King of the ages.
Who will not fear you, O Lord,
and bring glory to your name?
For you alone are holy.
All nations will come
and worship before you,
for your righteous acts have been
revealed."
Revelation 15:3-4 (NIV)*

*Then Jesus declared, "I am the bread of life.
He who comes to me will never go hungry,
and he who believes in me will never be thirsty."
John 6:35 (NIV)*

Glory be to the Father,
and to the Son,
and to the Holy Ghost;
As it was in the beginning,
is now, and ever will be,
world without end.
Amen.

Soli Deo Gloria

CHAPTER I

INTRODUCTION

Silicon wafers now dot the prairie landscape where wooden elevators once stood. Farmers are as familiar with differentiated GPS (global positioning system) as with evaluating soil measure content. Satellites navigate rolling databases across vast stretches of ripened grain. All the while, the illustrious prairie wheat economy continues to be transformed by international forces, the likes of which have not been seen for a century. The operative consensus determining the principles of managing the wheat economy, which guided the marketing of grain for more than half a century and which was still in place a mere decade and a half ago, has been torn asunder by the returning tide of globalisation. The tide, at ebb for more than a century, is now flowing with a force recalled from the dust of Western Canadian history. Its impact is massive and blunt. The ebb tide family farm, branch line transportation system, country elevator storage system, co-operative pool management, and monopoly marketing consensus are all in the process of being washed away. The crush of the flow is changing the very basis of the prairie wheat economy and with it a way of life and a Dominion of continental scope forged out of the wilderness, a Dominion which spread its arms outward from its cradle in the Province of Canada with the resplendent gleam of the golden fruit of its blessed soil.

The channels through which the tide of globalisation flows to reshape the wheat economy are diverse, each with varying capacities, shapes, and relationships to their surroundings. This study of prairie wheat marketing will analyse how globalisation is

projected into various political landscapes through differentiated channels of mediation. More specifically, the current examination will make the argument that both regional and broader international forces associated with globalisation are central to understanding the changing nature of the policy-making processes, structures and outcomes in the arena of prairie wheat marketing. These forces will be seen to work through differentiated sets of farmer opinion and farmer interest groups as well as different partisan environments. Far from being monodimensional and homogeneous, a close examination of the impact of globalisation on the marketing of wheat from the Canadian prairies reveals that not only is globalisation multidimensional in its constituent forces, but heterogeneous in its initial political impact. The forces of globalisation also appear paradoxical in nature: they disintegrate yet integrate, they internationalise yet provincialise, their impact is differentiated yet homogeneous.

Globalisation is anything but new to Canadian agriculture. Prior to the US War of Independence, the Imperial colonies of the New World traded relatively freely with one another and with their mother country within an Empire of truly global proportions. Some semblance of internationalised commerce was restored in North America with the Reciprocity Treaty of 1854. The expanded local market opened by the treaty allowed Canada to, at least temporarily, overcome the economic constraints imposed by the geographical barriers to its own expansion by the Laurentian highlands.¹ Within this setting of continental free trade, the Canadian wheat-growing west, namely the western portion of Ontario, was transformed. The forces of globalisation expressed in the Reciprocity Treaty moved the region from basic diversified agriculture to one crop agricultural production by the time it was cancelled at the end of the US Civil War.

By the time the Reciprocity Treaty was in place, a measure of freer trade had also already been gained for Canadian agriculture through the gradual diminution of the Corn Laws. The strong protection of the British Corn Laws had, by the late 1820s, been transformed into a system of relatively modest preference for British producers.² The system was further loosened in 1843 with the passage of the *Canada Corn Act* which, for a nominal tariff (1 shilling per quarter (i.e. per 8 bushels)), allowed Canadian wheat to enter Britain irrespective of the level of local British prices.³ To be sure, the Canadian government had imposed a tariff on US produce of 3 shillings per quarter the previous year. Nevertheless, international trade flows were high, particularly in the 1840s and 1850s, in response to strong British demand and a growing US market for Canadian grain. It was the Reciprocity Treaty, however, that served as the key force of globalisation within North America during this period until it was abolished. Although the subsequent opening of the Canadian prairies would again lead to one crop agriculture and significant global exports, the forces of globalisation, with the defeat of the proposed reciprocal trade agreement between Canada and the US in the 1911 federal election,⁴ remained in the background, hidden from sight, until the mid-1980s when they re-emerged with unprecedented strength, breadth, and depth.

The recognition of the centrality of staples, including wheat, to Canadian economic development has a long and venerable history. Harold Innis and others have pointed to the pivotal roles played by a succession of key staple products in the eventual forging of a transcontinental Canada.⁵ Although the success of the staple trade itself, including the extent to which the staple trade has allowed for economic diversification through forward, backward, and final demand linkages, has been and still is a matter of debate

amongst staples theorists and other economists, the importance of staples as the backbone of Canadian economic development is not.⁶ During the interregnum between the decentralisation of the North American market in the mid-nineteenth century and the movement toward decentralisation that occurred in the late twentieth century, the centralisation of market control held sway in the prairies. In fact, the ebb tide of globalization ushered in by the abrogation of the Reciprocity Treaty in the 1860s cleared the way for a return to a tradition of eastern control, albeit in a new guise; whereas previously the fur trade was under the commercial and political control of the Northwest Company, the wheat trade was subjected to the commercial control of Montréal and later Toronto, and the political control of Ottawa.⁷ Various means of control were used including the centralisation of the banking industry, the National Policy, the construction of a transcontinental railroad administered from Montréal, and the implementation of a wheat marketing board ostensibly headquartered in the prairies but run from Ottawa.

It is most specifically within this context, namely the eastern centralisation of trade in wheat, that writers from the two major schools of staple theory, the Innisian and Mackintoshian, are in essential agreement. The Innisian line of analysis was generally more likely to emphasise the potential of the Canadian economy to be permanently reliant on staples production, to be caught in a “staples trap.” The Mackintoshian line of analysis, meanwhile, tended to place more emphasis on the ability of the economy to use the “spread effects” of staple trade to diversify and develop a manufacturing base. When we focus on the prairie economy, instead of the Canadian economy as a whole, however, the Mackintosh line of analysis quickly becomes marked by Innisian shades.

In this regard, Vernon Fowke and Kenneth Buckley,⁸ both scholars in the Mackintosh tradition of Canadian political economy, persuasively argue that the extraordinary wheat boom of the late 1800s and early 1900s failed to provide diversification linkages and other benefits to the farmers of the Canadian prairies and their provinces. Instead, the prairie staple paved the road to the industrialisation of Ontario and Quebec. Viewed from the standpoint of the prairie economies, the proximity of benefits promised by the Mackintosh approach was so distant that Innis' line of argument would appear to have held. Such a diagnosis would appear to be in keeping with Donald Smiley's argument that Western Canada was, for much of the twentieth century, essentially an economic colony of Central Canada.⁹ The wheat trade analysed by both Fowke and Buckley indeed provides a replay of the prior colonial trade in staples of the New World with its mother country described and analysed by Innis. Control had shifted from London to Ottawa; the Corn Laws were replaced by the National Policy and the *Canadian Wheat Board Act*, the central regulation of a global empire by the central regulation of a continental empire. Although fractures in the system were present prior to the late 1980s, the centrally administered prairie wheat monopoly remained largely unchallenged. In the 1990s, however, under the return of the globalisation tide, Canada's *de facto* Colonial Office for Wheat, the Canadian Wheat Board, and its monopoly came under severe and sustained attack.

The study that follows will analyse how an entrenched policy of central control came to be broadly assaulted and, in some respects, relatively quickly changed in the face of the return of the globalisation tide in the 1990s. In doing so, it will serve to highlight the impact of globalisation on agricultural policy-making. The substance of the wheat

marketing policy which was in place for more than sixty years came under intense scrutiny in the final decade of the twentieth century. The scrutiny, moreover, went beyond policy substance. The methods by which the policy was administered and the policy-making process itself were at the centre of the prairie challenge. The challenge of the US War of Independence ended the first round of inter-colonial free trade within the British Empire, as cries for representation and the localisation of the policy-making process echoed through the land. The challenge that was posed by prairie producers at the end of the twentieth century marked the start of the next round, again amidst cries for representation and local control of the policy-making process echoing through the centuries from colonial New England.

The prairies of the 1930s, racked by depression and the breakdown of international trade, stood in stark contrast to the prairies of the 1990s, swept up in the recontinentalisation of North American trade mentioned above. Within the difficult setting of the 1930s, virtually no protest met the creation of the Canadian Wheat Board (CWB) as a centralised, federal government agency in the 1930s. In fact, the main resistance to its creation came not from prairie farmers or governments, but rather from the federal government. Moreover, the consensus that had emerged on the prairies favoured not only the creation of a centralised wheat board, but also single-desk, or monopoly, selling. The result of this prairie consensus and pressure by prairie premiers, such as Brownlee in Alberta, was a compromise solution, namely the establishment of a voluntary board.¹⁰ The federal government, however, continued to emphasise the temporary nature of the Board throughout the 1930s. In fact, Ottawa, in line with

recommendations from the Turgeon Commission, went so far as to attempt to disband the Board in 1939 amidst intense opposition.¹¹

Against the background of war in Europe and emergency federalism in Canada,¹² a federal-provincial consensus on the need for monopoly marketing emerged in the 1940s. The key to the solidification of support for monopoly marketing was, in accord with Fowke's analysis, Ottawa's movement towards the notion as part of its overall policy direction; the monopoly marketing of wheat became, along with general price controls, part of the federal government's war effort.¹³ The regulation of prices was central to the management of the wartime Canadian economy. As such, the federal government's efforts could have been undermined by failing to control wheat prices, which were, at the time, rapidly rising. In addition, given the rapidly rising prices of wheat, Ottawa also required increased regulatory authority in order to ensure that Canada could effectively meet its wheat selling obligations. As with the creation of the CWB itself, the CWB's wheat monopoly was implemented in 1943 with only minimal opposition on the prairies, mainly from the business interests of the Winnipeg Grain Exchange. The extent of support for monopoly marketing was readily evident; the implementation of single-desk selling received solid support throughout the region in spite of it being established in order to keep prices down.

The consensus favouring the monopoly selling of wheat remained solid even after the war. Surprisingly, even the federal government did not break the consensus. C.D. Howe, for example, envisioned that the operations of the CWB would "continue indefinitely."¹⁴ The strength of the commitment was demonstrated later in the decade when the federal government, with the negotiated consent of provincial governments, which had to pass

complementary implementing legislation, extended the monopoly to oats and barley in August of 1949.¹⁵ The provincial side demonstrates the depth of policy consensus. Although some legal questions and objections were raised in Manitoba and Alberta, these provinces, along with Saskatchewan, all passed their enabling legislation quickly.¹⁶

Extensive producer representation within the CWB and producer control of the CWB's day-to-day operations and overall policy were not at issue during this time period. Wheat producers clearly viewed themselves as farmers, not marketers.¹⁷ To the degree that western producers felt a need for input into the Board's affairs, the matter was settled with the establishment of the CWB Advisory Board in 1940, through which producers could interact with the CWB, and thus the federal government, in an advisory manner.

Support for monopoly marketing remained strong into the 1950s and 1960s. In accordance with the general setting of the co-operative federalism that prevailed during much of this period, the CWB monopoly was a matter of federal-provincial harmony.¹⁸ Along with a reorientation of federal government policy toward Keynesian economics, Prime Minister John Diefenbaker presented a strongly interventionist agricultural policy.¹⁹ Accordingly, the federal government expanded the scope of CWB marketing to include credit sales to China and the distribution of wheat as "food aid."²⁰

The federal government's support for the single-desk also appeared to command the support of the Parliament of Canada. Although some opposition to monopoly was still evident, it was marginal in significance.²¹ In fact, the major problem perceived with CWB selling was that the Board was not the marketing agency for all grains.²² Proposals to minimise futures trading and extend the CWB monopoly to cover other commodities,

including rye and flax, were the order of the day.²³ Calls for increasing the CWB's jurisdiction continued into the 1960s. A motion requesting that the Board's authority be expanded to cover eastern provinces was, for example, debated in the House of Commons.²⁴ Broad-based support for the CWB was also readily evident in a debate concerning whether the existence of the Board should be made perpetual rather than reviewed every five years, which included a virtually unchallenged conclusion that it was unthinkable that any future federal government would attempt to abolish the CWB.²⁵ The Board was also congratulated for its history of marketing successes by Members of Parliament from all parties.²⁶

Provincial backing of the CWB also generally remained solid during this period. Alberta displayed no signs of opposition to the Board's monopoly. In Manitoba, the government's support of the CWB was overwhelmingly backed by a plebiscite of producers.²⁷ Although Ross Thatcher, who served as Premier of Saskatchewan from 1964 to 1971, interfered with CWB marketing by attempting to barter Saskatchewan grain at the end of the 1960s, Saskatchewan remained solidly at the forefront of CWB support throughout the rest of this period. Motions calling for all grains to be subject to CWB monopoly control and for the perpetual existence of the CWB were, for example, unanimously passed by the Saskatchewan legislature.²⁸

Despite the brief challenge posed by Ross Thatcher in 1969, the consensus amongst policy-makers on the monopoly marketing of wheat remained intact into the 1970s. Even Alberta, which would eventually become the leader of the challenge to the Board's monopoly in the 1990s, remained a steadfast backer of the Board. The Minister for Agriculture of Alberta, for example, supported a motion of the Alberta legislature that

called for investigating ways in which the Board's offshore sales could be increased.²⁹ The Minister also readily agreed that the CWB should remain the only exporter of wheat. The Premier of Alberta during most of the 1970s, Peter Lougheed, also voiced his support for the CWB as the sole exporter of Canadian grain.³⁰ The federal government's support for the monopoly also continued unabated. Although Otto Lang, who became the federal minister responsible for the CWB in 1974, was more market-oriented than his predecessor, both he and Eugene Whelan, the minister in charge of the Board in the earlier part of the decade, remained committed to the monopoly marketing of wheat.³¹

While harmonious relations continued to prevail over the CWB monopoly authority to market wheat during this period, the central governance of the Board began to come under assault. Where individual producers would eventually demand representation during the 1990s, the debate over governance during the 1970s involved government representation. In a prelude of events to follow, the first volley of calls for the decentralisation or localisation of CWB governance and wheat policy-making came from the Government of Alberta. Alberta's proposal, which was included in its constitutional position paper *Harmony in Diversity*, called for the creation of a Board of Governors to control the CWB with 40 per cent of its members from Alberta.³² In keeping with strengthening the means of intrastate federalism, Lougheed envisioned that CWB governors from Alberta could potentially include MLAs as well as members of the province's civil service.³³ The debate was intense; the dispute included a heated exchange of correspondence between Lougheed and Pierre Trudeau. Lougheed charged that the federal government was "out of touch," while Trudeau claimed that Lougheed, through his actions, was trying to politicise the Board.³⁴

Although a market-orientation was increasingly present in the agriculture departments of the governments involved as well as in the widespread support for the off-Board marketing of other crops, such as oats, general agreement on the desirability of the continuation of the monopoly marketing of wheat managed to survive into the 1980s. Support for the CWB and its wheat monopoly was readily demonstrated in Ottawa, even amongst future members of the Progressive Conservative government, which was otherwise to have a market-orientation. Don Mazankowski, who would arguably become the most powerful minister during the Mulroney era, pointed out that “in the final analysis, farmers line up in support of the Canadian Wheat Board.”³⁵ Moreover, the breadth of support for the Board was captured by Jake Epp’s observation that “it appears to be almost as if one [Member of Parliament] tries to outdo the other in terms of their loyalty to the Canadian Wheat Board.”³⁶ The Member of Parliament from Red Deer, Alberta, Gordon Towers, moreover, claimed that support in the west for the CWB was so great there would be “an explosion” if it were to be disbanded.³⁷

The broad support for the Board in Ottawa also continued to be mirrored provincially. Even Alberta’s Minister of Agriculture, Ernest Isley continued to commend the Board’s “excellent job” in selling grains abroad.³⁸ While Isley pointed out that the CWB’s performance in the arena of barley marketing was only “reasonably good,” he emphasised his backing of the Board where it “performed well.”³⁹ Although a motion suggesting that Alberta withdraw from Board jurisdiction was brought before the Alberta legislature, MLAs who participated in the ensuing debate, including the very member who brought forth the motion, readily endorsed the CWB’s single-desk for wheat.⁴⁰ Elsewhere, the Minister of Agriculture for Manitoba stated his confidence in the Board’s

ability to deal with the marketing of wheat to the Soviet Union.⁴¹ In Saskatchewan, meanwhile, Grant Devine, as Premier of that province from 1982 to 1991, readily congratulated the Board's "excellent job of marketing wheat and barley" while highlighting the role that Progressive Conservative governments have played in supporting a co-operative marketing system.⁴²

The overall and general agreement on the desirability of CWB-controlled wheat marketing that had prevailed since the 1940s amongst the producers and governments would, however, soon come to an end. The consensus was shattered in the 1990s and the extent of the disagreement ran deep. Producers and governments aimed their calls for change at the very heart of the CWB, namely the wheat monopoly itself. These calls were, moreover, combined with calls for decentralised control over Board operations and marketing policy, including effective producer representation within the governance apparatus of the CWB.

The first signs of the breakdown came from the barley arena. In the early 1990s, the Government of Alberta proposed that the CWB monopoly over barley be lifted for North American sales, allowing farmers to market their barley either through the Board or off-Board. In response to the Alberta Government's proposal, a continental barley market was implemented during the summer of 1993. Intergovernmental conflict immediately erupted as the Saskatchewan Government attempted to restore CWB monopoly control. After the continental market had operated for only six weeks, the Government of Saskatchewan obtained an indefinite injunction which re-established the Board's single-desk for barley. The Government of Alberta quickly responded by launching an appeal to overturn the injunction. It also subsequently became involved in a Charter lawsuit that

claimed the CWB monopoly violated certain Charter rights, including the freedom of association.

The debate soon moved into the wheat arena and gained its federal-provincial dimension with the election of the Liberal Party in Ottawa and the appointment of a steadfastly pro-monopoly minister responsible for the CWB in the person of Ralph Goodale. By May of 1994, the Government of Alberta began its calls for an end to both the barley and wheat monopolies. Alberta proposed that the CWB's single-desk be ended for sales in Canada, the US, and Mexico, but retained for offshore markets. Both sides in the dispute, which rapidly came to be centred on the federal government – Alberta Government axis, quickly became entrenched in their positions. The Alberta Government continued to consistently advocate a dual marketing regime (i.e. a choice of Board or off-Board marketing) for western grain, emphasising the need for farmers to be able to choose a particular mode of marketing. The federal government, meanwhile, failed to respond to Alberta's proposal.⁴³ In fact, Goodale set aside "any suggestion" that the Board's monopoly was open to discussion.⁴⁴

The federal government's intransigence served to increase tensions with the Alberta Government. The Minister of Agriculture for Alberta intimated that a "real problem" had been created by the lack of response from Ottawa.⁴⁵ Alberta later threatened that if the matter continued to be ignored, then it would seek to implement a system of dual marketing unilaterally. Alberta's Minister of Agriculture charged that the federal government was failing to admit that "the world is changing" and that it would "have to change with it."⁴⁶

Goodale finally responded to the calls for change from the Alberta Government and prairie farmers in July of 1995 by appointing the Western Grain Marketing Panel (WGMP). The nine-member panel was instructed to study the future of prairie grain marketing. By December of 1995, further fuel was added to the debate; the Government of Alberta organised a "Market Choices Implementation Committee" in order to investigate the possibilities of unilateral Alberta Government action to help farmers in the province avoid the CWB's monopoly.⁴⁷

In the midst of this increasing federal-provincial conflict involving the Government of Alberta, the Board's monopoly was also coming under assault from the actions of individual farmers living close to the Canada-US border. In early 1993, two border-region farmers from Manitoba started to export grain to the US without first obtaining a CWB permit.⁴⁸ By the end of the same year, approximately 40 truckloads of grain were being illegally exported to the US each day. The developing federal-provincial conflict over wheat marketing was bolstered when the scope of the smuggling became generally known. The first reports in the media of grain smuggling began to appear in February of 1994. By June of the same year, customs statistics from the US suggested 1993 had seen the illegal importation of 387 000 tonnes of grain into the US from Canada.⁴⁹ One of the original smugglers, who had subsequently attained a high profile in the media, became, in September of 1994, the first person to be fined by the federal government under its new "anti-smuggling" law.⁵⁰ In spite of the federal government's resolve, another 367 000 tonnes of grain, amounting to approximately 10 per cent of Canada's total annual grain exports to the US, managed to slip across the border. Confrontations with farmers continued. One incident involved a stand-off at the border with three farmers, including

the original two smugglers. One of the farmers, who was eventually fined \$2600, was threatened with incarceration after he proceeded to remove a roadblock and drive his grain truck across the border without a permit from the Board.⁵¹ The RCMP also seized various financial records of the original smugglers. By the end of 1994, pro-dual marketing rallies and pro-monopoly counter rallies were becoming increasingly common.⁵² Border crossing incidents, as well as farmer rallies, continued after 1994. In October of 1995, for example, three trucks carrying grain without a permit were seized. A rally was immediately organised which saw about three hundred farmers form a procession approximately two miles long to the border crossing near Boissevain, Manitoba.⁵³

On the governmental side, the WGMP, following extensive prairie-wide consultations, released its examination on 1 July 1996. The report recommended that the CWB continue to retain its monopoly over most classes of wheat. It did, however, suggest that farmers be given the option of selling a small percentage of their wheat outside of the Board's single-desk. The panel also recommended that the governance structure be reconstituted in order to allow for a partly elected Board of Directors with a majority representation of farmers.

Immediately after the report was released it became evident that it would not serve as a vehicle to end the conflict. While the Government of Alberta called for the WGMP's recommendations to be implemented immediately, it also intimated that the report's recommendations were not enough.⁵⁴ Alberta's Minister of Agriculture emphasised that the "marketing choice" given to farmers growing grain designated for human consumption within Canada or export should be equivalent to that given to farmers of

grains that fall outside of the Board's jurisdiction. The federal minister responsible for the CWB, meanwhile, was not even willing to accept much of what the WGMP had recommended, particularly concerning any modification of the Board's monopoly powers. The Minister of Agriculture in Saskatchewan also took issue with the report, stating that he was upset by its recommendations.⁵⁵ The Saskatchewan Government held that the report failed to accurately reflect the majority of submissions to the WGMP, which it contended favoured monopoly marketing.⁵⁶ Saskatchewan also felt that the report had moved too much in the direction of dual marketing.

Rather than being marked by increased harmony, the period following the release of the WGMP's recommendations saw the intergovernmental battle over the wheat monopoly step into the constitutional realm. It was at this point that the Alberta Government became involved in constitutional litigation on three major fronts, which will be covered in their particulars in subsequent chapters. These cases included the barley Charter case mentioned earlier. The Saskatchewan Government threatened to intervene by attempting to block the litigation coming from Alberta.⁵⁷

The diverging approaches of the Alberta and Saskatchewan governments were also evident in other actions. The Saskatchewan Government demanded the removal of a sign erected by pro-dual marketing farmers close to the Canada-US border which stated the following: "Welcome to Canada, the only country in the free world that jails it's [sic] farmers for growing and selling their own wheat."⁵⁸ The Government of Alberta, meanwhile, denied a request by Canada Customs that asked for help from officials in the Alberta legislature to combat the protests of dual marketers.⁵⁹ In addition, the

Saskatchewan Government began to take out newspaper advertisements to make its point, while the Government of Alberta aired radio messages.⁶⁰

The summer of 1996 marked a further escalation of protest activity across the prairies. The summer protests started with a 100-farmer rally in Regina in support of one of the original smugglers from Manitoba.⁶¹ Farmers in favour of the continuation of monopoly marketing of wheat responded with rallies of 150, 1500, 600, 200, and 600 farmers held at Regina, Rosetown, Winnipeg, Edmonton (at the provincial legislature), and Oak Bluff respectively.⁶²

The federal government's attempt to stop the illegal export of grain also continued. More than 125 farmers were charged with smuggling grain by the end of July. Incidents and charges continued after the summer. Most convictions involved fines.⁶³ In December of 1996, for example, convictions on the charge of illegally marketing grain in an "act of defiance of the CWB" were handed down on fourteen farmers. The farmers were fined \$4000 for failing to surrender their trucks to Canada Customs officers. Four of the farmers were also convicted of the additional charge of failing to provide "proper documents" and fined an additional \$6000. In another incident, which occurred in March of 1997, twelve farmers from Alberta were fined \$2500 after being convicted of failing to surrender their vehicles. Nine of these farmers were also fined an additional \$5000 after being convicted of the additional charge of failing to provide a CWB export license. Fines, however, were not the only punishments handed down. One farmer, again one of the original Manitoban smugglers, was released in December of 1996 after spending five months in jail.⁶⁴

Against this summer of sustained intergovernmental conflict and farmer protest, the federal government made public its specific position in the debate by revealing Bill C-72, an act to amend the *Canadian Wheat Board Act*, in December of 1996. The federal government had first announced its intentions to introduce changes to the *Canadian Wheat Board Act* in September. The proposed changes would have increased the Board's accountability to farmers, allowed for minor changes to the Board's methods of selling grains, and preserved the Board's wheat monopoly.⁶⁵ More specifically, Bill C-72, which failed to be passed prior to the 1997 federal election, would have provided for a partly elected Board of Directors and a CEO to replace the commissioners that were in charge of the day-to-day operations of the CWB at the time. The federal minister responsible for the CWB was to appoint the initial Board of Directors and then decide when elections were to begin. Proposed changes to the CWB's marketing methods included the following: CWB price hedging, the cash purchase of grain by the CWB, and the ability to discontinue pool accounts and distribute their respective funds at any time. The legislation was also subsequently amended to allow for the addition of oats, rye, flaxseed, and canola to the CWB's marketing responsibilities on a dual marketing basis. The proposed changes to the CWB's governance were, however, not as potentially far reaching as they might first appear. Under Bill C-72, changes to the CWB would only have been allowed after receiving the support of its Board of Directors, being assessed not to "jeopardize quality" by the Canadian Grains Commission, and achieving approval in a farmer plebiscite. Given that the Canadian Grains Commission was appointed by the federal government, Commission approval would have presented Ottawa with a potential veto point. Moreover, the federal government would have set aside for itself the ability

to appoint the proposed CWB president. In addition, the legislation specifically forbade the Board of Directors from recommending to the federal government an end to the CWB's monopoly marketing powers.

Not surprisingly, the federal government's proposals were not well received by the Government of Alberta. Although the Alberta Government was reluctant to continue with its legal challenges in the face of Bill C-72 and the province's Minister of Agriculture would have preferred not to pursue any further legal avenues, the province nonetheless hired eight lawyers and held meetings throughout Alberta in order to discuss the merits of the proposed legislation.⁶⁶ Alberta's Minister of Agriculture also pointed out his dissatisfaction with the federal government's proposals. The minister claimed that the legislation would not increase Board efficiency, that the marketing of the Board would remain "secretive and monopolistic," and that the Board of Directors under the amendment would not have more actual authority to make governance decisions than did the prior Advisory Committee.⁶⁷

In spite of the Alberta Government's hostile reaction to the amendments, the federal minister responsible for the CWB remained adamant that he would reintroduce the legislation, unaltered, after the 1997 federal election.⁶⁸ An essentially similar amendment was indeed introduced following the election. As a result, the Board came under the control of a partly elected Board of Directors. The details of the changes, as well as the previous Board governance structure, will be covered in the background chapter. While the amendment increased farmer input into Board operations, the federal government remained steadfast in its commitment to monopoly marketing. In fact, Goodale, the

backbone of the pro-monopoly forces in Ottawa, was promoted in the federal Cabinet from agriculture to natural resources while retaining jurisdiction over the CWB.⁶⁹

Globalisation, Federalism and Prairie Wheat Marketing Policy

The forthcoming chapters will serve to demonstrate the impact of globalisation on the prairie wheat marketing arena. The changes that have occurred in the field of wheat marketing since the creation of the CWB in the 1930s and the establishment of its monopoly in the 1940s have been significant and wide-ranging. By the 1990s, globalisation had impacted the prairies in a number of ways since the infancy of single-desk selling: the education level of farmers had increased; the availability of information to producers had ballooned; the knowledge base of farmers had been enhanced not only in depth, but also in breadth (many producers had become agricultural experts and business experts); regional and world-wide trade regimes had become increasingly pervasive; regional-international ties and co-operation had developed and become increasingly entrenched; the transportation sector had seen a number of significant and mutually reinforcing changes, including the erosion and re-configuration of rail lines and advances in trucking technology; and transnational corporations had developed, begun to penetrate the Canadian prairies, and challenge the dominance of the prairie wheat pools. A climate of deregulation had developed over the prairies. The growing presence of *laissez-faire* economics was seen to clear the way for still further deregulation, including in the area of monopoly marketing of wheat.

In 1943, when the Board's monopoly over wheat was established, the absence of these forces was seen to readily reinforce the single-desk. The education, information, and

knowledge revolution had not yet started. International trade regimes lay in tatters. International agricultural relations were conducted by the federal government. The movement of grain was effectively accomplished through an extensive web of main and branch rails distributed throughout the prairies. Trucks were beginning to make their appearance for on-farm use. Provincially-based wheat pools provided for the seeding, implement, and collection needs of farmers throughout the region.

By the 1990s, however, the wide-reaching changes indicated earlier had radically transformed the economic landscape of the prairies. These persuasive and powerful forces of globalisation had an impact that reached to the roots of prairie life. The returning tide of globalisation was filtered through particular sets of structures, institutions, and processes, largely shaped, constructed, and adjusted during the prior ebb tide era of domestic centralisation. The changes associated with globalisation, such as the presence of anti-monopoly interest groups and transnational corporations, not only served to alter the configuration of entities through which these changes were filtered by presenting a range of new factors and actors, but also served to increase the potential for altered policy outcomes in the agricultural policy arena, which themselves would, in turn, further alter the configuration of structures, institutions, and processes of prairie wheat marketing. Deeply embedded federal-provincial accord in the area of prairie wheat marketing was replaced with deeply embedded discord. These forces of globalisation together presented a significant and unprecedented challenge to the CWB wheat monopoly. This challenge was catapulted into the policy-making arena through changes in farmer opinion and the associated development of an array of agricultural interest groups favouring either dual or open marketing for wheat.

As will be seen, a movement away from support for Board-controlled single-desk selling of grains toward dual and open marketing was readily evident throughout the prairies by the mid-1990s. The timing of the trend away from support for monopoly selling was consistent with the increasing presence and impact of the forces associated with globalisation. The examination of farmer opinion data will also indicate substantial inter-provincial differences in line with theoretical expectations. Although significant intra-provincial differences in farmer opinion were evident⁷⁰ and an overall trend away from monopoly marketing was present throughout the prairies, anti-CWB views were most evident in Alberta while pro-CWB views were relatively more abundant in Saskatchewan and Manitoba. A second opinion trend was also present; support for an end to monopoly marketing proceeded from commodities that are relatively easy to market, such as rapeseed, towards those that are relatively difficult to market, such as wheat. A third opinion trend that finds support in the analysis to follow involved a correlation between farmer support for and the degree of change entailed by any of the various marketing options that were potentially available. An inverse relationship will be seen to exist between the amount of support for a particular non-monopoly market option and the degree of change it represented. Levels of support increased as the consideration of alternative methods moved from the open marketing option towards the continental marketing end of the scale. The presence of these three trends throughout the prairies as well as their mutually reinforcing nature highlighted the burgeoning strength of CWB opposition as the forces of globalisation shifted farmers' views and interests. The consistent long-term direction of these data indicate that calls for an end to the CWB wheat monopoly are not likely to suddenly dissipate.

In addition to direct pressure by farmers on federal and provincial governments, the implications of the forces of globalisation were also ushered into the governmental arena through producer interest groups. By the time the full impact of globalisation was making its presence felt on the prairies, the complexion of the interest group environment in the region had changed radically since the establishment of the wheat monopoly. The number of interest groups involved with the marketing of prairie wheat had proliferated in the period leading up to the conflict of the 1990s. Although harmony continued to prevail on the matter of monopoly wheat marketing in this period prior to the 1990s, differences in interest group stances concerning the degree to which governments should be involved in agricultural activity began to develop. The interest group environment of the early years, namely the pre-eminence of a single major interest group which readily supported governmental intervention in the agricultural arena, including the CWB's single desk for wheat, stood in stark contrast to the subsequent substantive and organisational fragmentation of the interest group environment on the Canadian prairies.

By the 1990s, divisions within the overall interest group setting, in line with the changes indicated by the opinion trends of prairie farmers, began to include widespread divergent views on the suitability of the continuation of monopoly marketing of wheat through the CWB amidst the eruption of federal-provincial conflict between the Alberta Government and the federal government. Caught in the tide of globalisation washing over the region, a number of interest groups, including the Western Canadian Wheat Growers Association, Wild Rose Agricultural Producers and the Western Barley Growers Association, began to aggressively call for the globalisation of the prairie wheat marketing arena. While the impact of globalisation affected the entire prairie region and

each of the prairie provinces had interest group officials within its borders advocating an end to the CWB monopoly over wheat, only the configuration of interest groups in Alberta was able to amplify anti-monopoly demands through a provincial government. Although the Government of Alberta was often reluctant to take action in the matter, interest group pressure pushed the government toward sustained federal-provincial conflict. By contrast, the interest group configuration in Saskatchewan tended to reinforce that province's NDP government in its pro-monopoly stance, while the crosscutting interest group configuration of Manitoba was consistent with the Manitoba Government's non-committal stance in the matter. The federal minister responsible for the CWB, meanwhile, constructed his own interest group configuration by allowing those interest groups with stances consistent with his own to increase in influence relative to other groups, rather than being subject to the influence of a pre-existing configuration or the actual overall Canadian or prairie configuration in its entirety.

The overall provincial pattern of interest groups, however, can be further magnified to reveal the finer details underlying the governmental stances taken in the prairies during the 1990s. In each province, the complexion of the interest group configuration faced by the major governing party during the 1990s was consistent with the complexion of that province's overall interest group configuration. When left at this level of detail, the analysis might suggest that, given the general conditions present in the 1990s, any party elected in any one of these provinces would likely have projected the globalisation challenge into the wheat policy arena in the same manner. This was, however, not the case. Non-governing parties in each of the prairie provinces faced, in their geographical regions of partisan support, intra-provincial configurations of interest groups different

from those of the governing parties. Moreover, other differentiated factors of partisan support, such as variations in farmer incomes in different regions in each of the provinces under consideration, were also present. An understanding of the partisan environment within each of the jurisdictions under examination is thus also necessary in order to understand the process through which the various forces associated with globalisation were filtered through governmental institutions and structures into the federal-provincial agricultural policy arena.

In this regard, the varying stances taken by relevant parties across the prairies on the issue of monopoly marketing of wheat will be seen to be firmly supported in a number of ways. Party stances were, in addition to being historically and systemically supported, also deeply embedded. A range of mutually reinforcing geographically specific variables will be seen to readily correlate with the geographical distribution of partisan support and the stances taken by relevant parties, as vehicles of governmental power. The impact of globalisation on the competitive dynamics of the policy arena pertaining to wheat marketing was thus mediated, in the final stage, through specific sets of partisan structures and institutions within a liberal democratic arena. Given the range of well-supported partisan stances on the issue of the continuation of the CWB single-desk for wheat in each of the prairie provinces, the particular positions taken by prairie governments on the matter of the CWB monopoly for most of the 1990s are not necessarily the only likely future policy-position outcomes, to the extent these other parties are either viable contenders for office or viable vehicles of influence in a minority government situation. The likelihood of partisan change or oppositional influence in a particular jurisdiction is thus key to not only understanding the regionally fragmented

nature of the policy impact of globalisation on the prairie wheat marketing environment in the 1990s, but also to assessing the future of wheat marketing on the Canadian prairies into the next century.

The forthcoming chapters will serve to set the stage for the study to follow. The next chapter will review the literature pertaining to the key variables involved in examining the field of prairie wheat marketing. Globalisation and societal factors, such as farmer opinion and interest groups, will be highlighted in considering how they impact the public policy environment. The subsequent chapter will provide the reader with necessary background information on wheat marketing. The marketing of wheat from the Canadian prairies occurs amidst a complex set of institutions, processes, and structures. This array of institutions, processes, and structures is critical to understanding the issues pertaining to the foundation and content of wheat marketing policy. The chapter will therefore include a detailed presentation of the mechanics of wheat marketing in Canada, including the role of the prairie wheat pools, hopper car allocation, rail rates, the contract system, the role of the Canadian Grain Commission, and the CWB's use of agents. An overview of the structure of CWB governance, the Board's position within the global grain market, and a brief history of wheat growing and selling in Canada, including co-operative elements of grain marketing prior to the creation of the CWB, will be presented in order to place the marketing of prairie wheat in its immediate and historical context. The examination of how the forces of globalisation have impacted monopoly marketing policy is then presented in the chapters that follow. Various implications of the study will be presented in the final chapter.

CHAPTER II

LITERATURE REVIEW

The impact of globalisation is revolutionising the way in which public policy in the wheat marketing arena is being debated, made, and enforced across the Canadian prairies. This chapter will focus on providing a theoretical and practical framework with which to examine the key factors shaping and channelling public policy in the wheat marketing arena. Pre-eminent among those factors is globalisation. The present review will thus begin by examining a variety of aspects of the literature involving globalisation. The dissertation, however, also contends that the various forces associated with globalisation are, prior to their impact on public policy itself, filtered through differentiated configurations of farmer opinion, interest groups, and political parties. Accordingly, certain aspects of the literature on public opinion, interest group behaviour and organisation, and the role of political parties will also be considered as they apply to the marketing of prairie wheat. All of this, moreover, occurs within the setting of Canadian federalism. The review of the literature concerning the various relevant variables will thus also include federal-provincial relations as a mediating variable. Other aspects of the political environment of the field of prairie wheat marketing impinging on and supplemental to understanding these key areas will also briefly be considered. In this regard, the chapter will discuss the impact of the constitutional environment and political culture on the public policy arena involving the marketing of wheat.

The Setting

Investigations attempting to explain the making of public policy within Canada have often had to deal with federal-provincial relations as a mediating variable. The current study of the impact of globalisation in a specific area of public policy is no exception. In attempting to take account of the intergovernmental factor, many examinations have, not unexpectedly, trained their spotlights on governmental factors.¹ By contrast, a number of non-governmental variables, globalisation most prominent among them, will be key to understanding the emergence of the debate over the continuation of the Canadian Wheat Board's (CWB's) wheat monopoly. To be sure, governmental actors, though not central, are, nevertheless, still present in this public policy arena. Although interest groups reacting to the forces of globalisation were key in driving the Alberta Government toward bilateral conflict with the Government of Canada, the institutions of the Government of Alberta were, for example, nevertheless important in projecting these pressures into the wheat marketing policy arena with sustained strength. In any attempt to account for the emergence of federal-provincial *governmental* harmony or conflict and changes in *governmental* policy, the connection to governmental elites must always be made. The recognition of the importance of societal factors, however, is central to understanding the subject matter of the current study. Accordingly, the role of political parties as vehicles of governmental power and governmental action will be considered in the context of pressures on public policy coming from globalisation and being filtered through farmers and their interest groups.

By the end of the twentieth century, a number of interconnected forces associated with globalisation had begun to once again powerfully flow across provincial and international

borders, reshaping the political and economic landscape. The impact of these various forces of globalisation on the prairie wheat marketing arena has been pervasive. The latest round of globalisation, as it pertains to the prairies, may be seen to include the following elements: trade liberalisation, increased ties between Canadian provinces and US states, increased levels of education and information, improvements in trucking technology, and the increased presence of transnational corporations. The globalisation variable has, however, historically received relatively little attention in studies of Canadian federalism and public policy. Although the lack of attention is a natural consequence of the ebb of globalisation throughout the vast majority of the history of the Dominion of Canada, it now requires attention if federal-provincial relations and public policy in the area of wheat marketing as well as many other areas of policy-making are to be adequately understood. Accordingly, the current study will attempt to analyse the multifaceted and wide-ranging impact of the various forces associated with globalisation on the emergence of intergovernmental conflict in the area of grain marketing policy. In doing so, the absence of these inter-linked forces will also be recognised for their contribution to the previous era of federal-provincial accord in the area of monopoly wheat marketing. A detailed investigation of the impact of globalisation is particularly pressing given the potentially wide-ranging nature of the forces with which it is associated. This impact has been strikingly felt in the prairie wheat marketing arena.

The role of public opinion will also be seen to be central to the examination of the nature of and changes in federal-provincial relations and public policy in the field of wheat marketing. Public opinion, including informed opinion, is linked to its environmental, including social and economic, context. Farmer opinion is connected

with the positions articulated by political parties and interest groups. Moreover, public opinion can constrain leaders in areas where the public is knowledgeable and interested.² As such, public opinion, and in this case producer opinion, is not only useful in explaining change over time, in particular the impact of globalisation in the current analysis, but also differences in the manifestation of these changes on the public policy environment across political jurisdictions.

The interest group variable has also traditionally received relatively meagre attention in studies of Canadian public policy involving intergovernmental relations. Even Richard Schultz, who has acknowledged that interest groups can play substantial roles in federal-provincial conflicts, nonetheless still found governmental elites to be central. In the final analysis, Schultz found that interest groups are “caught in the vice of federalism”³ created and controlled by governmental actors. By contrast, this dissertation will argue that interest groups have the ability assume a central position in determining the policy positions of governments and, as a result, the tenor of federal-provincial relations. Moreover, the current examination will also examine the societal factors in which these groups are embedded. The centrality of interest groups, as a mediating variable channelling the impact of the forces of globalisation on federal-provincial relations and the public policy arena, will be reinforced by taking into account the context of the demographic and geographic composition of their membership bases.

The final connection between the impact of globalisation and public policy is made through party and party system environments. The party variable is able to account for change in the thrust of public policy and the tenor of federal-provincial relations through dynamics observed in the role of parties, the way in which citizens are linked with

parties, how cleavages and issues may rise and fall from political salience, and the context of partisan competition. Political parties, as vehicles of governmental power, are also able to account for variations in responses to change across jurisdictions. Different parties as well as cleavage structures are present across jurisdictions.

The globalisation, public opinion, interest group, and political party factors will be central to the analysis of the prairie wheat marketing arena in the dissertation which follows. The discussion of the position of this study will thus begin by exploring the key factors that contributed to the debate in the area of wheat marketing policy in the 1990s. Explanations of the contributions of other variables to an understanding of changes in monopoly marketing policy will then briefly be considered.

Globalisation

Globalisation is central to understanding the conflict that emerged over the policy allowing for the monopoly marketing of wheat in the 1990s. The phenomenon of globalisation has been found to contain a number of forces. The main concern of the current analysis is how these forces are related to the governments, parties, interest groups, and farmers concerned with wheat marketing. As Mathew Horsman and Andrew Marshall, Vincent Cable, and Thomas Courchene have all pointed out, the locus of decision-making is increasingly shifting from the nation-state to, among others, the private sector and regional governments.⁴ Although, as John Helliwell points out, international borders continue to provide significant trade and investment barriers, a movement toward cross-border “economic regions,” including north-south economic integration is evident.⁵ The “regional-international interface,” meaning, in the case of

wheat marketing, direct interaction between Canadian provincial governments and US state governments, has been seen to be growing in importance.⁶ As a result, provincial trade policies are increasingly reflecting a north-south regional focus as the economic incentives to engage in north-south trade increase. These changes stemming from the latest round of globalisation have made themselves felt in the wheat marketing arena. Producers, and their interest groups and governments, are increasingly looking to north-south trade at the expense of east-west trade in grains.

Additionally, provinces have also been seen to increasingly compete with one another in “untraded interdependencies,” which include the infrastructure, services, and policy environment of a particular jurisdiction.⁷ This is consistent with what would be predicted by new growth theory, which holds that productivity and competitiveness may be enhanced through government spending on areas such as education, infrastructure, and research and development.⁸ Significantly, private spending can also serve to potentially enhance productivity and competitiveness. Conflict may thus arise from interacting forces relating to the international setting, nationalism, and untraded interdependencies present in the wheat marketing arena. In the field of wheat marketing, levels of farmer education, the condition of transportation arteries, and agricultural research and development, all crucial to farmer survival, will be seen to interact in a number of ways with the other factors that will be examined in the chapters to follow and introduced in the current chapter.

While it is evident that distinctions may be made between regionalisation and broader internationalisation, this study will include both of these phenomena under the globalisation heading. Grace Skogstad has, for example, distinguished between the

regionalisation of the Canada-US Free Trade Agreement (FTA) and the broader, more widespread, internationalisation of the General Agreement on Tariffs and Trade (GATT) Uruguay Round.⁹ Both phenomena are, however, sub-categories of the various processes of globalisation. These regional and international aspects or manifestations of the forces of globalisation, while included under the more encompassing globalisation term, will, of course, also be distinguished in the analysis of the chapters to follow.

A number of forces that have been associated with globalisation in the literature will be seen to be partially responsible for the changes that are occurring in the wheat marketing arena. Each aspect of globalisation may be seen to work through other mediating factors that explain the nature of federal-provincial relations and the thrust of public policy in the wheat marketing area. What follows are some of the major aspects of globalisation identified in various studies and present in the prairie wheat marketing environment by the 1990s.¹⁰ First, transnational corporations (TNCs) have increased in prominence in the prairies. These enterprises, unlike multinational corporations, can no longer be readily controlled by the "host country". Second, a knowledge revolution has occurred in the farming community. Knowledge is becoming viewed to be increasingly critical for maintaining competitiveness. The function of the government as a source of knowledge has eroded as the knowledge base of non-governmental actors has increased. In this regard, it has been argued that the importance of resources will increasingly be judged by the degree of knowledge they contain. Third, globalisation has also included a revolution in the information arena which is seen to "compress" the time and space of economic activity. This revolution, which in the grain marketing area involves various types of economic and weather information, has, in other areas, been seen to be

“inherently decentralizing.” Moreover, because individuals increasingly have the capacity to “access, transmit, and transform information” in ways that governments are largely unable to regulate, the information revolution has also been seen to be capable of redefining the scope of public and private sector roles. The combination of changes in information structure and knowledge is consistent with the idea of cognitive mobilisation that Ronald Inglehart and Russell Dalton have theorised and observed in many western democracies. Inglehart and Dalton point out that people increasingly have access to information as well as the ability to know how to use it.¹¹ These changes allow for increased personal involvement in politics whether through individual or interest group effort. For prairie farmers, dependence upon the CWB for information has been significantly eroded within the North American market. Fourth, international economic regimes have been highly successful in removing trade barriers. This again alters the scope of government activity. Agreements such as the FTA and the North American Free Trade Agreement (NAFTA) provide an environment conducive to potentially easier, and thus an increasingly attractive, private north-south wheat trade at the expense of an east-west governmentally regulated wheat trade.¹² Last, government regulation and taxation have also become increasingly difficult because of the increased mobility of commodities such as wheat, with, for example, improvements in the increasingly widespread private accessibility of truck-based shipping, as well as the increased presence of TNCs whose scope of operations outstrips the scope of governmental regulatory jurisdiction.

By contrast to the general contention that globalisation shifts powers from the federal government to the provincial governments and the private sector, Ian Robinson has argued that “free capital agreements,” such as the Uruguay Round, tend to centralise

political and economic power.¹³ Robinson thus distinguishes “free capital agreements,” which primarily serve to increase capital mobility, from “free trade agreements,” which decrease tariff barriers.¹⁴ Accordingly, he makes the argument that, with the implementation of free capital agreements, centralisation results from the imposition of “unprecedented legal restrictions” on provincial governments by the federal government as well as the constraints imposed by the market itself.¹⁵

The alleged centralisation that results from the imposition of legal restrictions, however, assumes that the federal government is able to ensure provincial government compliance. The ability of the federal government to do this appears to be in some doubt. Legislatively, the treaty power of the federal government is restricted from areas of provincial jurisdiction by the *Labour Conventions* (1937) case while both “POGG” and “trade and commerce” have been ambiguously defined.¹⁶ Moreover, the ambiguity of the constitutional environment, which will be discussed in a forthcoming section, appears to undermine the credibility of a federal government “bluff.”¹⁷ To be sure, the credibility of a bluff may also conceivably be increased by the uncertainty and potential mutability associated with constitutional jurisdiction. Nonetheless, the net constitutional impact appears to diminish the bluff because of the power of provincial governments as well as their ability to circumvent unfavourable judgements.

The debate surrounding the effects of market constraints then appears to be less about whether or not shifts in the federal-provincial balance have occurred and more about the normative question of the extent to which government should be constrained by the market. Where Robinson is concerned about and laments the decreased ability and scope of provincial governments to intervene in their respective economies as they increasingly

compete with one another for private investment, Courchene embraces this competition as an increase in provincial government freedom and stature. Any varying impact of market forces on the two orders of government is not necessarily self-evident. Moreover, Robinson, like Courchene, expects an increase in federal-provincial conflict in various arenas of public policy as the impact of the forces of globalisation undermine the *status quo*.¹⁸ Thus, in addition to the relative implausibility of the Robinson position, the relative importance of Robinson's argument concerning the balance of federal and provincial power to the current analysis is also diminished because the potential for globalisation to increase federal-provincial conflict and have an impact on public policy does not appear to have been placed in doubt.

A cautionary word is appropriate concerning the nature of the conflict resulting from the changes brought on by globalisation. To the extent that the federal government "voluntarily" moves towards withdrawing from the wheat marketing policy area, conflict may gradually decrease, especially in the long-term. A federal government of different partisan stripe may be willing to withdraw from wheat marketing policy or, at a minimum, from an insistence on a monopoly marketing policy. Alternatively, a new minister may also make significant policy changes. By contrast, the potential for intergovernmental conflict in the short-term is relatively high because the governments involved, as well as other actors such as farmers and their interest groups as well as TNCs, may scramble to "defend themselves" and establish new relationships as the previous *status quo* is challenged by the various forces of globalisation.

Given the decentralisation evident in globalisation, which undermines the centralisation of governmental control of the previous ebb tide era, the private sector has

been placed in a position where it is able to enhance its impact on public policy and, thereby, potentially increase its ability to contribute to either conflict or harmony in federal-provincial relations involving the CWB's single-desk. Actors from the private sector, such as agribusiness TNCs, may thereby also reinforce the activities of other decentralised political actors, such as farmer interest groups, which have become increasingly fragmented since the establishment of the CWB's wheat monopoly in the 1940s. Thus, more generally, globalisation in its impact on prairie wheat marketing can be seen to have strengthened new or previously unimportant actors relative to other actors in the wheat marketing policy community. As Helen Milner and Robert Keohane point out, changes in the international arena, including the relative costs of international transactions, can affect the relative political influence of various domestic actors.¹⁹ Steven Bernstein and Benjamin Cashore have likewise concluded that changes in the international arena, such as the increased influence of international institutions and actors and the ideas of these institutions and actors, can produce pressure for change in the domestic policy arena.²⁰ Moreover, conflict can be expected between actors who benefit from globalisation, and thus call for increased "openness," and those who do not.²¹ Such international forces impact the domestic policy preferences of relevant political actors as well as political institutions.²²

The ambiguity of the constitutional environment in the area of wheat marketing may also provide an avenue for globalisation to exert a decentralising impact. A certain amount of constitutional flexibility may be required to deal with the rapid, largely uncontrollable, and often unpredictable changes associated with the forces of globalisation.²³ In other words, constitutional ambiguity may be aggressively and

explicitly exploited. Along these lines, François Rocher and Richard Nimijean point out that Canadian governments face considerable obstacles when they, in response to the globalisation of the economy, attempt to make formal changes to established institutions.²⁴ The ability to make informal changes within the current formal constitutional environment are thus of great importance. In this regard, Benjamin Barber theorised the potential need for a general movement of *de facto*, informal change towards confederation as a solution to the pressures of globalisation on governments.²⁵

In sum, the impact of globalisation is pervasive and multifaceted in its relationship to other variables. Globalisation is readily consistent with the appearance of conflict over the monopoly marketing policy as new demands are brought into the wheat marketing policy arena and the relative stature and nature of actors within the policy community is altered. The globalisation variable is readily able to account for change in its ebb and flow.

Public Opinion

The role of farmer opinion is key to understanding the impact of globalisation on the arena of wheat marketing policy. Kathryn Harrison has demonstrated the public policy impact of the interaction between fluctuations in public opinion and the presence or absence of federal-provincial conflict in the Canadian setting in her study of environmental policy.²⁶ Although even during periods of heightened public concern over the environment the federal government continued to give subsidies and offer only “hollow” and “symbolic” commitments, the impact of public opinion on policy and the nature of federal-provincial interaction is clear; only during such periods of high public

concern did the federal government readily assert its jurisdiction over the environment and federal-provincial conflict ensue. Moreover, as other areas of concern gained precedence over the environment in the public's eye, the federal government allowed its previous environmental policies to languish.

Different subsets of "public" opinion may be distinguished for analysis. For the purposes of the present analysis, which focuses specifically on the opinions of prairie farmers, V.O. Key Jr.'s general assessment that public opinion included "those opinions held by private persons which government finds it prudent to heed"²⁷ serves as a useful starting threshold for separating opinion that is irrelevant in shaping government action from that which is not. In this regard, David Elkins has argued that governmental leaders are constrained by the public on issues where the public is knowledgeable and interested; a *de facto* specialisation in the task of constraining leaders occurs within the general public on the basis of individual areas of expertise.²⁸ Although Philip Converse has found that people's opinions tend to lack the organisation of an overarching coherent framework or ideological constraint,²⁹ this does not necessarily imply that individuals are not knowledgeable about specific matters of interest. To be sure, one key theoretical difference that has been observed by Vincent Price is that between actors and spectators (i.e. leaders and followers).³⁰ Price contends that the public debate occurs mainly between actors, such as interest groups. However, as will be seen, the extent to which Price's distinction holds is debatable given the existence of particular areas of expertise among voters, especially as information and knowledge have become increasingly diffused in recent decades and education levels have increased in a setting of increasing globalisation. Moreover, an informed and interested public may also use interest groups

to constrain governments. In the case of the present study, farmers are readily familiar with policy issues dealing with their line of work and are achieving ever higher levels of education and access to information. Farmers have also readily used interest groups to press their views.

Although the distinction between actors and spectators is becoming decreasingly relevant as levels of knowledge, information, and farmer participation increase, it nevertheless serves to highlight the changes that have occurred as a result of globalisation by pointing to the potential for the existence of a different impact of opinion on policy during the prior ebb of globalisation when that knowledge and/or participation levels were relatively low. The distinction thus contributes to an understanding of the effects and implications of some of the changes that are occurring as a result of globalisation.

Another way of conceptualising the differences between the various levels of expertise in the general public is to distinguish between the general public *per se* and the portion of that general public involved in a particular industry, such as wheat farming. In this regard, Harrison makes the distinction between the general public's opinions on the environment and the opinions of industrialists. People directly involved in a particular industry, as a systematically differentiated subset of the general attentive public, are likely to have different opinions on matters relating to that industry, from not only self-interest but also knowledge, than people who are more peripheral to it. Along these lines, a further distinction may also be useful to separate the opinion of those who are more or less peripheral to the matter on which the opinion is expressed. Public opinion may also be analysed on a regional basis. Regional variations in opinions on particular matters are often apparent and, as will be seen, readily evident in the wheat marketing arena.³¹

To be relevant for the analysis of federal-provincial governmental relations, public opinion must, as Key points out, be communicated to and have an impact on political parties and governments. Policy makers must care about and be attentive to public opinion if it is to have analytical importance. The evidence here is overwhelming. Although parties sometimes ignore polls, Alan Frizzell points out that “no political party plans campaign strategy without them [polls], no government is prepared to risk major policy initiatives without gauging public opinion, and for major news organizations they are an indispensable reporting tool, both between and during elections.”³² John Meisel concludes that polls are superior to discussions with party activists in their ability to provide feedback.³³ Many public policies have been decided and election dates set on the basis of polling data.³⁴ Accordingly, many political parties have their own polling firms. As Price points out, even perceptions of what the attentive public might do are important to political actors.³⁵ Similarly, Harrison highlights the importance of opinion within a particular industry in showing the sometimes “symbiotic” relationship between government and developers.³⁶

The present study will provide evidence that parties and governments are indeed attentive to the opinions of farmer constituents. As such, the analysis of farmer opinion contained within the analysis of the study to follow also demonstrates the working of liberal democracy within a globalising context. In a reflection of the divergence of farmer opinion across the prairies on the future of the CWB's monopoly, intergovernmental conflict became a significant feature of the wheat marketing arena by the 1990s.

The use of polling is also pervasive. Many forms of polling data are used by parties and governments, including tracking, focus group, and “micro-polling” data.³⁷ Moreover, polling is used for a number of purposes by governments and political parties.³⁸ These include policy development, normally done on a daily basis, and communications, to indicate that governments care about a particular matter and to persuade the public. In addition to these two major uses, polls are also used to ascertain the public mood, or for environmental scanning, and program evaluation. Various governments involved in the monopoly marketing debate have used polls as a basis for directing their policy positions.

Public opinion is readily helpful in accounting for change because of the nature of what is being measured. Opinions, as opposed to attitudes and values, which are more long-term, enduring, and encompassing, are relatively issue-specific, situational, and contextual.³⁹ Thus, even where opinions are well informed and organised, they are still readily susceptible to change as circumstances change over time. The nature of public opinion therefore appears suited to examining the wheat marketing debate by taking into account the changes that have swept across the prairies in the new tide of globalisation.

In sum, the public opinion variable is able to aid in explaining the changes in public policy in the area of wheat marketing. The contextual nature of opinion is also able to account for variations across jurisdictions. Attention to demographics and context allows the approach to contribute to understanding the impact of the forces associated with globalisation. Public opinion theory also provides a link between changes resulting from globalisation and the statements and actions of interest groups and governments concerned with the CWB’s single-desk for wheat.

Interest Groups

Depending on the circumstances, the impact of interest groups on the public policy arena as it involves intergovernmental relations has been found to range from being substantial to being virtually non-existent. The present study will argue that interest groups do play a significant role in the wheat marketing policy arena as they channel the forces of globalisation in particular governmental jurisdictions. Particular provincial configurations of interest groups will be seen to at times favour different and conflicting public policy outcomes in the wheat marketing arena. As such, they will also be seen to either promote intergovernmental harmony or create intergovernmental conflict depending upon whether their policy demands are the same or are differentiated across governmental jurisdictions. Some indication of the degree to which this may occur is captured in the categories of various models which will be examined shortly. In the current study, the policy impact of interest groups is filtered through the arena of intergovernmental relations. Accordingly, studies dealing with intergovernmental relations will be used in addition to other studies to consider how the interest group literature may be applicable to wheat marketing policy. A nuanced view of the interest group impact may thus be attained by combining and weighing the insights provided by these models in relation to the specific case of wheat marketing.

Richard Simeon has argued that interest groups are largely irrelevant in aggravating or calming federal-provincial disputes. The access of interest groups to the bargaining process of intergovernmental negotiations is viewed to be limited, if not non-existent.⁴⁰ Simeon concludes that “at best interest-group concerns form only part of a government’s goals.”⁴¹ Accordingly, Simeon contends that interest groups will be readily “jettisoned”

when their "status or ideological goals" are not central to the matter at hand.⁴² He also argues that the secretive nature of these negotiations may also mean that interest groups remain oblivious to developments that could affect the successful pursuit of their demands.

Although Simeon's model may be readily applicable to many cases, it should, nonetheless, be approached with caution for a number of reasons. First, case studies and models have logically suggested interest groups may play at least a marginal role in federal-provincial relations in particular policy areas. For instance, Grace Skogstad and Richard Schultz have demonstrated a prominent interest group presence in the agricultural policy and transportation policy arenas respectively.⁴³ Second, Simeon acknowledges that interest groups do form part of the government's policy goals and that their impact may be significantly higher when their ideology and status assumes a central position. Third, Simeon's model also implies that, as the secretive mechanisms of elite accommodation are eroded, the position of interest groups may improve. In this regard, the wheat marketing arena not only encompasses a number of prominent interest groups with ideologically distinct positions, but they are competing within an environment concerned about openness and accountability.

One of the formulations suggesting interest groups play a significant role in federal-provincial relations is Morton Grodzins' "multiple-crack hypothesis." Grodzins argues, from a US perspective, that federal states allow more access points for interest group participation than do unitary states because of the presence of two orders of government.⁴⁴ Groups are viewed to move towards the order of government that is most responsive to their objectives. In so doing, interest groups may "play one [order] off

against the other.”⁴⁵ This suggests that interest groups are able to contribute to the federal-provincial public policy arena. Moreover, such circumstances may be reinforced by the uncertainty and mutability of the constitutional setting.

The model used by Richard Schultz also takes issue with Simeon while simultaneously modifying the approach of Grodzins. By contrast to Grodzins, Schultz, from the standpoint of the interest groups involved, attempts to also account for the possible costs of a federal system.⁴⁶ Within an environment of ongoing bargaining, interest groups are seen to risk becoming embroiled in intergovernmental disputes and being used as a governmental resource. Schultz demonstrates his hypothesis by way of a case study of the Canadian Trucking Association, which not only serves to illustrate the role of an interest group in federal-provincial conflict, but also the dangers of playing powerful governments off against one another. The allegiance of a given interest group to one order of government may make it the “enemy” of the other order of government; federal-provincial “hostilities” may be transmitted to the interest groups themselves.⁴⁷ Thus, a particular group may become dependent upon one order of government which may no longer be either willing or able to meet its demands to the extent it is viewed with suspicion by the other order of government. The interest group factor is thus seen to be more heavily weighted than in the Simeon model, while the power of governmental elites is seen to be more heavily weighted than with the Grodzins hypothesis.

The Grodzins and Schultz approaches are each potentially consistent with aspects of the role of interest groups in the wheat marketing debate. A number of interest groups involved have attempted to lobby both provincial governments and the federal government. Nonetheless, these groups also appear to be most closely associated with

and concentrate their efforts on governments that are more readily willing to listen to them.

The degree to which particular interest groups are connected with particular governments thus varies considerably in the wheat marketing area. William Coleman and Grace Skogstad have referred to three types of connections: pressure pluralism, clientele pluralism, and parentela pluralism.⁴⁸ The term pressure pluralism is used to refer to the networks that emerge where groups mainly carry on "a policy advocacy role" and the autonomy of state agencies is retained.⁴⁹ Clientele pluralism is present when "state officials are unable to differentiate themselves from organized interests" although the role of policy advocacy remains in place.⁵⁰ The primacy of policy advocacy is, by contrast, displaced in the situation of parentela pluralism, where interest groups occupy "a dominant place within a governing political party."⁵¹ Parentela pluralism is most likely to occur in provinces where the dominance of one party is combined with presence of a small number of industries.⁵² These distinctions are useful for assessing the actual and potential degree of influence of particular interest groups in particular jurisdictions. As will be seen, different types of pluralism appear to be evident in the wheat marketing arena.

These various forms of pluralism may be seen as points on a continuum extending from pressure pluralism to parentela pluralism. In circumstances where the demands of particular provincial or sub-provincial configurations of interest groups are differentiated, forms closer to the pressure pole appear to be less likely to exacerbate federal-provincial conflict than those tending towards the parentela pole. This is because the neutralisation of provincial government stances by cross-cutting pressures⁵³ is more likely to occur in

the former situation than in the latter. In fact, governmental stances may, in the parentela case, be clarified by relatively “unidirectional” pressures resulting from the presence of an interest group “monopoly” or “oligopoly.” The pressure scenario, in other words, tends towards allowing governments to more readily compromise with one another than the parentela scenario, which may instead clarify any opposition that may be present.

The potential for close ties theorised by Coleman and Skogstad, has also been found by Patrick Fafard.⁵⁴ Fafard, in the area of environmental policy, has found evidence that groups may forge close alliances with particular governments. Fafard argued that the particular tenor of federal-provincial relations is often incidental to the relationships of these alliances. Such relationships will be seen to be evident between some groups and governments in the study to follow.

Fafard also makes the observation that larger provinces tend to have governments that are more autonomous in their relations with interest groups than those of smaller provinces. This finding is consistent with Coleman and Skogstad’s point that parentela pluralism is most likely to occur in provinces with a small number of industries. Moreover, governmental officials at the federal level, in particular the minister responsible for the CWB, is subjected to a wider range of interest group influence than his provincial counterparts and is consequently, *ceteris paribus*, less tied to any particular configuration of these groups.⁵⁵ In the case of the current study of wheat marketing policy, the prairie provinces each have a relatively small number of industries compared with Canada as a whole and wheat is prominent among them. The federal government, in its dealings with interest groups involved with wheat marketing, can thus be expected to

be less tied to any particular configuration of groups than are the governments of Alberta, Saskatchewan, and Manitoba.

For the purposes of evaluating the influence of particular interest groups concerned with wheat marketing in the relevant jurisdictions, the *structure* of interest groups may also make a difference. First, a distinction may be made between interest groups operating in “one-province” and those operating in a number of provinces. Coleman contends that interest groups operating in only one province are generally more likely to be effective than those operating across a number of provinces because multiple-province groups are more likely than their single province counterparts to be faced with differing points of view which are difficult to integrate.⁵⁶ Single-province groups may thus be seen to be more likely than multiple-province groups to be influential in the wheat marketing policy arena and contribute to federal-provincial conflict to the degree that interest groups are provincially differentiated in their demands.

Second, Paul Pross argues that a distinction may be made between interest groups tending towards institutionalisation and those tending towards issue-orientation.⁵⁷ Institutionalised groups are those with, among other things, “continuity and cohesion” in organisation, “stable memberships,” “extensive knowledge” of relevant sectors of government, and objectives that are broadly enough defined and resources that are significant enough to permit effective bargaining with governments over policies. Issue-oriented groups, by contrast, lack such characteristics. As with the various types of pluralism of the Coleman and Skogstad model, Pross’ categories may also be viewed as a continuum. Moreover, issue-oriented groups have been seen to partly overcome their weaknesses in relation to institutionalised groups by appealing to public opinion.⁵⁸ This

has, in turn, been seen to force institutionalised groups to follow suit by undermining their dominance.⁵⁹ In line with the Schultz hypothesis, interest groups tending towards institutionalisation would appear to be likely to play a greater role in promoting harmony or conflict in federal-provincial relations than those tending towards issue-orientation. Nonetheless, because of the power of the media, the potential influence of issue-oriented groups should not be entirely discounted, especially in cases where public opinion may be significantly swayed and competitive governments are struggling for support. While most groups involved in the wheat marketing debate in the 1990s tended towards institutionalisation, one issue-oriented group, Farmers for Justice, also figured prominently.

The *nature* of the interests that are represented by groups also make a difference to assessing the strength of interest group stances on the marketing issue as well as the degree to which they are likely to be connected to certain governments. In this regard, Skogstad claims that single commodity interest groups may be distinguished from general farm organisations.⁶⁰ When compared with the latter, the former groups tend to be more market-oriented and particularly suspicious of the federal government. Single-commodity groups, to the extent that they associate with any government, are thus more likely to associate with provincial governments than with the federal government. These groups are also more likely than their general farm organisation counterparts to question traditional assumptions and institutions. The emergence of commodity groups would thus appear likely to aggravate federal-provincial conflict as they compete with general farm organisations for governmental influence because of the tendency of the two types of groups to articulate opposing sets of demands. Obversely, the presence of only one of

the two kinds of interest groups may be seen to promote federal-provincial harmony, given that both orders of government will more likely be subjected to similar demands.

Public choice theory can further enhance the analytical impact of the interest group variable by building on some of the distinctions already made as well as contributing further grounds by which to assess interests groups based on their relative influence and the strength of their stances. Public choice theory also serves to lay out some of the more basic underpinnings of the existence of interest groups in their relation to the opinions of prairie farmers. Three interrelated areas will be considered: the relationship of farmers to interest groups; the relationship of interest groups to one another; and the relationship of interest groups to governments. The analysis will consider both interest group theory directly associated with the rational actor approach as well as that developed without explicit reference to the rational actor approach.

Olson may be seen to provide the basis for the analysis: to the extent that interest groups produce public goods, shirking is likely to occur.⁶¹ In the area of wheat marketing, the costs and the benefits resulting from interest group lobbying would accrue to all farmers whether or not they participate. Moreover, large groups would be particularly susceptible to this “free-rider” problem. It would thus appear that one theoretical implication of the rational actor analysis is that, *ceteris paribus*, smaller groups (of affected people) are likely to be more successful than larger groups in their organising efforts.

However, the theory suggests that interest group leaders might also be important: a small group of farmers within a larger farm organisation may be “disproportionately interested” in acquiring particular public goods.⁶² When applied to the wheat area, such a

formulation suggests that certain farmers stand to make large gains from dual marketing. Moreover, it provides the theoretical foundation with which to understand why some farmers participate in interest groups when they could be free riders: the benefits might always outweigh the costs for a particular type of farmer.⁶³

Ronald Rogowski sets the foregoing observations within an international context by contending that external trade regimes will stimulate internal conflict by differentially impacting owners of land, labour, and capital.⁶⁴ In the area of wheat marketing, for example, well-capitalised farmers may become net beneficiaries while farmers with a relative abundance of land may become net losers in a globalised economic environment. In this way, the previously hegemonic coalition in the wheat sector, which supported the CWB monopoly, may be seen to have had its influence eroded by other powerful interests in other sectors and policy areas that favoured the FTA and NAFTA arrangements; the federal government's reaction to these interests may be seen to have, in turn, influenced the relative power of various wheat sector groups *at the provincial order of government*. Rogowski also contends that the interests that gained from the arrangement will not only strengthen their political power, but will also attempt to "continue and accelerate" the change.⁶⁵ Thus, a further theoretical implication is that those farmers who are richer, have larger farms, are more educated, and live closest to the Canada-US border⁶⁶ (i.e. those farmers who have the most to gain) should constitute a disproportionate share of interest group membership in groups that would prefer continued change. Obversely, groups that prefer continued change should also be strongest in areas containing richer and more highly educated farmers, larger farms, and easy access to the Canada-US border.

The implications of Skogstad's distinction between single commodity interest groups and general farm organisations as well as Coleman's distinction between the natures of multiple-province and single-province interest groups can thus be further fleshed out with the public choice approach. The rational actor approach supports the idea that multiple-province groups and general farm organisations are more likely to be at a relative disadvantage because of a lack of internal cohesion. Moreover, the public choice analysis also indicates that the benefits of such groups for key supporters would likely be lessened.

The disadvantage of general farm organisations is also consistent with and reinforced by Olson's "by-product" theory. In particular, Olson finds that farm organisations tend to get their members "mainly through farm co-operatives and government agencies."⁶⁷ Because organisations such as farmer co-operatives and governmental agencies in the area of wheat marketing tend to support monopoly marketing and have historically had greater influence than they do now, the competitive advantage of the more recently emerging commodity-based interest groups over general farm organisations is reinforced: commodity groups do not have a ready-made base of large membership. This competitive advantage is reinforced to the extent that the implication stemming from Olson's "free rider" observations examined earlier hold. The Skogstad observation, when viewed within the context of the rational actor approach, indicates that single commodity groups should be at competitive advantage relative to general farm organisations when it comes to maximising governmental influence.

In sum, the interest group variable appears capable of explaining one way in which the forces of globalisation are mediated and ushered into the public policy arena. The

interest group variable is thus also able to take account of increases and decreases in federal-provincial conflict in a nuanced and detailed manner as changes in public policy are proposed or made. The interest group factor, in light of the models presented, should be recognised for its ability to explain both stability and change in federal-provincial relations as these relations relate to wheat marketing policy, to the degree that the same groups remain pre-eminent or different groups come to and fall from prominence.

Although such turnover may be more likely with groups tending towards issue-orientation than institutionalisation, other groups may also rise and decline as the impact of a changing global environment is felt in the wheat marketing public policy network. Similarly, interest groups, like farmer opinion, are also able to explain the presence or absence of variations in provincial policy responses to issues, to the extent that specific provincial configurations of groups involved in the debate are varied in relation to one or more of the models examined.

Parties and Party Systems

Parties, operating within specific party systems and constituting the primary vehicles for obtaining governmental power, provide the last link between the forces of globalisation and public policy. The differentiated public policy impact of globalisation across governmental jurisdictions concerned with CWB marketing is consistent not only with the divergence of farmer opinion and interest group stances and strength, but also with divergent parties and party systems. The jurisdictions involved in the wheat marketing debate have a broad range of parties and party systems: from one-province parties to national parties and from one-party dominant to three-party systems. The

stances of parties on monopoly marketing are also diverse. Although the basic electoral system and overall political context underlying this apparent diversity is essentially the same, provincial party systems nevertheless exhibit persistent differences relating to the main cleavage and ideological divisions present within each jurisdiction, which, as will be seen, tend to reinforce partisan stances taken on the monopoly marketing issue, and how particular leaders manage to interact and manoeuvre *within* these divisions. These differences appear to function in two ways: the cleavages and ideologies themselves may be different or the balance within similar cleavages and ideological divisions may be significantly different.

The party system environment is one of diversity meeting conformity. The conformity is largely seen in the persistence within each province of particular party systems amidst the larger persistence of inter-provincial diversity. Although changes may have occurred, they have generally taken place within the relatively well-defined and less movable confines of the cleavages and ideological divisions of particular jurisdictions. Such a finding would be within the bounds of stability suggested by Johnston et al. in their study of the national electoral system in *Letting the People Decide*.⁶⁸ It is also consistent with the approach taken by Wiseman, who, as we will see, suggests that a unique political culture persists in each province. These cultures, Wiseman argues, rely on the cleavages and ideology of particular, regionally specific, groups of immigrants.⁶⁹ Both the Johnston and Wiseman approaches acknowledge the possibility of change. Change, however, is theorised to be relatively slow and seen to occur within the limits of, for example, the institutions associated with the initial or founding immigrants. These institutions, including the party system, would be seen to

reflect the cleavages and ideological viewpoints of such a founding generation. The founding generation would, in other words, become institutionalised.⁷⁰ Further, Wiseman points out that leaders are reflectors of their respective political cultures.⁷¹ It would thus seem plausible to hypothesise that although leaders might marginally shift the focus of the political culture of the arena within which they find themselves, they would likely do so within the boundaries of the previously established cultural norm. Obversely, leaders are thus also in a unique position to simultaneously guard against any radical movement away from any particular jurisdiction's previously established cultural norms.

To be sure, the degree of immovability implied by Wiseman appears too high to explain the rise and fall of specific parties. It appears, for example, to be unable to account for the rise of the Progressive Conservative Party and the fall of the Social Credit Party in Alberta in the early 1970s. The Wiseman approach, however, appears to be significantly more useful when allowance is made for a greater degree of institutional movement. Similar ideological divisions and cleavages may underlie the old and the new parties or other institutions. In other words, the contemporary institutional continuity of more long-standing ideological or cultural strains may be transferred between specific institutions while simultaneously being preserved, yet modified, in each in turn. Thus the institutionalisation of the *laissez-faire* liberal pole of Saskatchewan's political culture, which is consistent with an anti-monopoly stance, may be seen to have been preserved in its transfer from the Progressive Conservative Party of Saskatchewan to the Saskatchewan Party. To the extent that the basic Wiseman approach is modified by according it a greater allowance for change, it may be brought largely in line with David

Elkins' findings that individuals are constrained by institutions, yet still have some room to manoeuvre.⁷²

This theoretical framework is consistent with both E.E. Schattschneider's ideas as well as the limitations of those ideas. The leaders of political parties may exploit and even develop specific political cleavages that will allow their party to attain power.⁷³ For example, otherwise latent cleavages may become salient to electoral competition as a result of the efforts of party leaders. The efforts of party leaders, however, remain restricted to the particular political context in which they reside. A linguistic cleavage, for example, cannot be introduced within a jurisdiction containing only one language group. Moreover, Alan Ware has suggested that where individual citizens are connected with a political party on the basis of a "policy/personality/image link" the role of political leaders is greater than in a situation in which either a "material/individual link" or a "social solidarity link" is most prevalent.⁷⁴ Harold D. Clarke et al. in *Absent Mandate* have provided evidence on the basis of national electoral results that the Canadian context is one in which a policy/personality/image link is likely to prevail, at least at the federal level.⁷⁵

A number of hypothesis may thus be generated. First, leadership matters, but only on the margin. Leadership is unlikely to radically alter the previous party system in the short-term, given its underlying cleavages and ideological divisions. However, leaders are able to drive the system in new directions and procure changes within the norms of a particular system. In line with George Rabinowitz and Stuart Elaine Macdonald, leaders and their parties can only advocate change and be elected if such changes conform to the "realm of plausibility."⁷⁶ Second, cleavages and ideology are likely to have a significant

impact on determining the shape and the stability of the party system. Third, to the extent that different immigration patterns and a significant degree of institutionalisation in each of the systems under consideration has occurred, inter-provincial diversity in cleavages and ideologies ought to be present.

The diversity of party systems is also seen in the scope of parties themselves. Not only do party platforms vary from province to province even with parties of the same name, the parties themselves often differ across jurisdictions. Moreover, Elkins has found that parties of the same name are likely perceived differently relative to one another in their ideological content in different regions of the country.⁷⁷ In addition, new parties often quickly rise to power, such as the Alberta Progressive Conservative Party, or prominence, such as the Saskatchewan Party, while old parties are sometimes virtually eliminated, such as the Social Credit Parties of Alberta and British Columbia. Also critical to the nature of federal-provincial interaction is the extent to which national and provincial parties are integrated. Donald Smiley has observed that although the extent of the change varies across parties and regions, a general movement away from integrated toward con-federal party structures has occurred in Canada.⁷⁸ The potential co-operation that may result from integration may also be overcome by the independence of the partisan power bases themselves. As J. Stefan Dupré has pointed out, the real partisan opposition of a party in power in one order of government is that of the party or parties in power at the other order of government.⁷⁹ Changes in the roles of parties themselves may also occur. John Meisel has pointed out that many of the functions once performed by parties are now performed by other entities, such as interest groups.⁸⁰ To be sure, Meisel does not suggest that parties have become irrelevant. At a most basic level, parties, by

forming governments and providing provincial and national leaders, still stand at the critical intersection between voters and interest groups and their policy goals. However, Meisel's observation also indicates that the interconnection between interest groups and parties discussed in the previous section should not be neglected.

In sum, the party variable is able to account for change in wheat marketing policy through dynamics observed in the role of parties, the degree of party integration, the way in which farmers are linked with parties, how cleavages and issues may rise and fall from political salience, how governing parties can potentially be replaced by parties with differing stances, how majority governments can be reduced to minority or coalition governments, and the context of partisan competition. The party factor is also able to account for variations in responses to change across jurisdictions and how the public policy debate over monopoly wheat marketing may be projected into the intergovernmental arena. Moreover, governing parties provide the final connection between issues raised by farmers and their interest groups and governmental action.

Other Factors

Although factors such as the constitution and political culture are not key in themselves to the analysis of the following chapters, each of these areas impinges on the broader examination at least peripherally. Some of the context of the main analysis is also provided by these factors. A brief examination of the constitutional setting and political culture is thus provided with a view to better understand the major factors with which the subsequent analysis will be primarily concerned.

The Constitution

The constitutional environment within which the debate over monopoly wheat marketing policy developed in the 1990s exhibited a significant degree of controversy and ambiguity concerning both the scope of governmental jurisdiction as well as farmers' rights. Provincial and federal policy-makers have traditionally not been sure of the exact constitutional scope of their powers. This lack of judicial clarity in the arena of agricultural marketing is consistent with a more general lack of clarity observed by Patrick Monahan, David Beatty, and Peter Russell.⁸¹ This ambiguity contributed to intergovernmental conflict in the 1990s as governing parties attempted to use the judicial arena to press stances consistent with those of their constituent farmers and farmer interest groups on the issue of monopoly marketing. As will be seen in subsequent chapters, cases involving the marketing of prairie wheat in the 1990s included a proposal for a provincial wheat marketing board as well as arguments based on Charter rights.

The ambiguity and uncertainty of intergovernmental jurisdiction that is of particular concern to the wheat monopoly debate involves the jurisdictional areas of "property and civil rights" and "trade and commerce." To be sure, section 95 of the *Constitution Act, 1867* authorises both orders of government to legislate matters pertaining to agriculture. However, as Peter Hogg has pointed out, section 95 has been turned into an empty shell by the courts, which have chosen to deal with agricultural matters under other sections of the constitution, such as "property and civil rights" and "trade and commerce".⁸² Although *Parsons* (1881) established that intra-provincial trade and commerce is a matter pertaining to property and civil rights, thus falling within provincial jurisdiction, while international trade and commerce and general trade and commerce are matters within

federal jurisdiction,⁸³ the exact scope of these various categories of trade has remained uncertain.

A number of groups of decisions demonstrate this uncertainty. In *Shannon* (1938) and in *Home Oil Distributors* (1940) the JCPC and the Supreme Court of Canada respectively upheld the mandatory use of a provincial marketing board for products produced outside of the province operating the board on the grounds that such a regime was essentially intra-provincial. In *Carnation* (1968), the Supreme Court upheld a provincial marketing arrangement that allowed for the sale of a product to a company that sold the majority of its product outside of the province again on the grounds that such a regime was essentially intra-provincial. These precedents, spanning thirty years of jurisprudence, were unexpectedly set aside in *Manitoba Egg Reference* (1971) when the Supreme Court struck down a provincial law that regulated the sale of a product within the province. To be sure, the court in its decision in *Ontario Farm Products Marketing Reference* (1958) warned that provincial laws involving activities that were in reality inter-provincial would be struck down. However, this warning was also contained in the *Carnation* case where it was not regarded as immediately relevant. The decision in *Manitoba Egg Reference* can also not be explained by the production of some of the regulated product outside of the province of regulation because Justice Laskin stated that his decision was not based on such grounds.⁸⁴

The court's decision in *Manitoba Egg Reference* resulted in the negotiation of a new marketing plan between the provincial and federal governments. The Supreme Court approved of the plan in its decision in *re Agricultural Products Marketing Act* (1978) stating that the place where a product would eventually be sold was not a relevant

consideration in determining the constitutionality of provincial production quotas. However, in *Central Canada Potash* (1978) the Supreme Court struck down a provincial law pro-rationing a product produced in the pro-rationing province. Peter Hogg points out that these decisions contradict one another because the economic and political purposes of both plans were the same.⁸⁵

Cases explicitly dealing with trade and commerce also exhibit the court's inconsistency. For example, in *Canada Standard Trade Mark* (1937) the court appeared to hold that federal standards involving the use of a distinctive mark on a voluntary basis were acceptable even when products were bought and sold entirely within a province. In *Dominion Stores* (1979), the Supreme Court reached the opposite conclusion in an essentially similar case. Hogg has concluded that the reasoning the court attempted to apply in the later decision approximated dispensing with the rule of precedents and "confining a case to its own facts."⁸⁶

To be sure, the *Canadian Wheat Board Act* was upheld in *Murphy v. C.P.R.* (1958) by the Supreme Court of Canada.⁸⁷ The *Murphy* case, however, involved a shipment of grain across provincial borders. It thus concerned an inter-provincial, as opposed to intra-provincial, transaction. While *R. v. Klassen* (1959) saw the Manitoba Court of Appeal uphold the *Canadian Wheat Board Act* in a case involving a purely intra-provincial transaction, no Supreme Court decision is available for *Klassen*.⁸⁸ Moreover, as Hogg points out, the decision in *Klassen* represented "a striking departure from the course of Privy Council decisions" which held that the federal jurisdiction over trade and commerce could not include entirely intra-provincial transactions even in cases where the central purpose of a federal regulation was to govern inter-provincial or international

trade.⁸⁹ The cases involving the Canadian Wheat Board directly are, furthermore, also part of the larger ambiguous constitutional environment described earlier. Not only does considerable constitutional ambiguity exist regarding the status of the *Canadian Wheat Board Act* taken as a whole, but also regarding the applicability of national standards in the wheat marketing arena as well as the constitutional status of a potential provincial marketing board.

The ambiguity in the division of responsibilities is, moreover, now potentially combined with the uncertainty central to Charter litigation. As will be seen, Charter litigation has been used in the monopoly marketing policy arena on the grounds of farmers' rights, including, for example, the right to equal treatment, given that not all Canadian wheat farmers fall under CWB jurisdiction. One reason for ambiguity and uncertainty is that the case law associated with the Charter is not firmly established because the Charter has been in place for only a relatively short period of time. As Monahan points out, uncertainty is also increased by the court's denial that it is engaged in making normative, as opposed to positivistic, decisions.⁹⁰ In this regard, the Supreme Court has refused to consistently follow the normative instructions set forth in the Charter's preamble.⁹¹ As a result, decisions are made in an unpredictable normative vacuum. Beatty has similarly found that cases in the Supreme Court are being determined by the "legal and political philosophies of the judges" rather than "any rule or principle of constitutional law."⁹² As a result, Beatty concludes, it is "virtually inevitable" we will see "rulings that are themselves unconstitutional."⁹³

The constitutional background against which the wheat marketing debate of the 1990s was fought was one with a significant degree of ambiguity. The lack of clarity may be

seen to have contributed to litigation sponsored by the Government of Alberta as well as judicial actions and threats by the Government of Saskatchewan. The constitutional context thus provided a welcoming environment within which and from which to at least partially wage the governmental battle over wheat marketing policy.

Political Culture

Nelson Wiseman has argued that inter-provincial differences in political cultures are evident in the Canadian prairies. For the purposes of understanding the inter-provincial and intra-provincial differences in opinion and governmental stances evident in the wheat marketing policy debate, such an approach can potentially provide useful background information. To be sure, a pan-Canadian approach, developed by Gad Horowitz, which draws on the explanatory technique used by Louis Hartz, has emphasised pan-Canadian commonality in political culture.⁹⁴ Under the Horowitz approach, socialism is hypothesised to result from a “synthesis” of liberalism, retaining its rationalist-egalitarian elements, and Toryism, retaining its corporate-organic-collectivist elements. The presence of Toryism is thus seen to be key to the subsequent development of socialism. Horowitz claims that the Canadian configuration of conservatism, liberal, and socialism has led to a heightened susceptibility to toleration and compromise. Horowitz’s primary intention was to explain differences between the political cultures of Canada and the United States. However, the pan-Canadian approach introduces a theoretical problem: Why is presence of socialism relatively weak where Toryism appears to have is greatest strength (namely in Atlantic Canada)? Conversely, why has socialism had its strongest influence where the presence of Toryism has traditionally been relatively weak (namely

in Saskatchewan)? The provincial approach appears to be able to overcome this problem.⁹⁵

Wiseman's approach responds to the problem presented by Horowitz by emphasising variations in immigration patterns. These variations in immigration patterns are taken into account on a provincial basis. Accordingly, Wiseman argues that Alberta, Saskatchewan, and Manitoba were most influenced by the political cultures of the American mid-west, the United Kingdom, and Ontario respectively because of three separate provincial flows of immigration and settlement. The importance of these "waves" of immigration is high because it is the initial political cultures that have the most profound long-term societal impact by forming the base on which future modifications are made.⁹⁶ In Alberta, the impact of American culture, which brought with it values of liberalism and a *laissez-faire* attitude towards the operation of the market, was most profound in rural southern and eastern Alberta, areas which represented the "key to political power."⁹⁷ By contrast, in Saskatchewan a significant rural British population supported the presence of a social democratic and co-operative element that battled with an Ontario liberal element. This has led to ideological polarisation since the 1930s.⁹⁸ In Manitoba, immigrants brought with them the cultural "ambiguity and ambivalence" of "tory-touched [sic] liberalism."⁹⁹ Wiseman points out that the differences in political culture have the potential to not only place limits on the type of parties that hold office but also on the types of leaders who are chosen.¹⁰⁰

In sum, the provincially-oriented political culture perspective suggests the potential for divergent stances on the issue of monopoly marketing by highlighting deeply rooted inter-provincial, as well as intra-provincial, cultural differences. This perspective will be

seen to generally reinforce and be consistent with inter-provincial and intra-provincial differences in farmer opinion and stances taken by interest groups and political parties evident in the debate over monopoly wheat marketing policy in the 1990s. Although the approach does not readily account for change, given its long-term and embedded nature, it does suggest underlying reasons for variations in provincial responses to issues that, for example, may be activated by particular provincial interest group configurations, which are, in part, themselves a reflection of political culture.

Globalisation and Wheat Marketing Policy

The chapters which follow will systematically analyse the changes that have occurred within the prairie wheat marketing policy environment since the establishment of the CWB's single-desk authority using the variables discussed in the previous section. As seen, the dissertation will argue that forces associated with globalisation, working through regionally differentiated configurations of farmer opinion and interest groups, are key to understanding the changing nature of federal-provincial relations concerning the monopoly marketing of wheat as represented by the political parties and governments involved as well as the changing nature of the policy-making processes, structures, and outcomes in the wheat marketing area. A comprehensive investigation of the changing nature of wheat marketing in the Canadian prairies has the potential to contribute to the literature examined earlier by offering a window on how the new wave of globalisation is reshaping the Canadian public policy environment. In doing so, the examination not only affords the opportunity to explore the reasons for the sudden emergence of conflict in an area of intergovernmental relations normally prone to harmony, but also provides an

excellent vehicle with which to examine the impact of the forces of globalisation on a major area of public policy.

The wave of globalisation which swept across much of the world at the end of the twentieth century had associated with it a number of trends, including changes to accountability demands, governance structures, and the location of policy-making actors.¹⁰¹ These trends are consistent with the changes or pressures for change apparent in the wheat marketing arena. First, calls for increased citizen participation were accommodated by governmental officials. Within the context of the protracted bilateral dispute between the federal government and the Alberta Government outlined in the introductory chapter, the Canadian Government's minister responsible for the CWB introduced incremental changes to the governance structure of the Board to improve accountability and respond to diverse farmer demands stemming from globalisation. Second, these changes in the Board's institutional structure also reflect a trend towards new models of federal governance. After a long period of stability, the relationships between industry and government and between provincial and central governments are being modified. As such, the changes that are occurring in Canadian wheat marketing are consistent with the world-wide trend toward localised administrative and governmental control, in this instance on the part of primary commodity producers. Third, the conflict that emerged in the area of federal-provincial relations involving the marketing of prairie wheat was closely tied to pressure stemming from the internationalisation of policy making. Forces of globalisation, such as those coming from the World Trade Organization, the North American Free Trade Agreement, the internationalisation of information flows, and international agreements between federal sub-units (such as those

between Alberta and Montana), were washing over the Canadian wheat industry, complete with demands for increased local autonomy by individual producers and their interest groups.

In the process of analysing the impact of globalisation on prairie wheat marketing, the study will also examine the role of interest groups in promoting federal-provincial harmony or conflict. In doing so, the dissertation will attempt to reconcile institutionalist theories with theories that are more attentive to the role of interest groups and public opinion. Institutions associated with liberal democracy will be seen to transmit societal pressures related to the forces of globalisation into the public policy arena. The examination that follows, which deals with the marketing of prairie wheat as a window to better understand the impact of globalisation on federalism and to address the reconciliation of institutionalist and societalist approaches in a particular area of public policy, also provides an excellent setting from which to reconsider policy network literature: the extent to which the policy community in the area of wheat marketing has expanded to include international and globalised domestic actors, as well as the extent to which important shifts in the nature of the network itself have occurred, is significant to analysing federal-provincial relations and public policy in a global environment. The analysis will demonstrate that approaches to studying and understanding federal-provincial relations in their impact on governmental policy must be updated by taking into account the various forces associated with globalisation and the emerging body of literature dealing with this phenomenon. These forces include increased levels of education and information, increasingly pervasive international regimes, heightened

regional-international interaction, and the expanding presence of transnational corporations, all of which have had a significant impact on the wheat marketing area.

The study will use a comparative approach to demonstrate relationships between a number of independent variables, including those associated with globalisation, public opinion, and interest groups, and the key dependent variables, namely the nature of federal-provincial relations and public policy outcomes. The study will focus on a detailed comparison of Alberta, Saskatchewan, and Manitoba. The prairie wheat marketing environment offers the advantage of being well suited to intensive comparative study. Broad similarities unite the prairie provinces: they have similar governmental structures, they are subject to precisely the same wheat marketing regime (i.e. that of the CWB), they are subject to the same constitutional environment, and they interact with the same federal government. Differences in other variables, such as farmer income, political culture, party systems, and interest group configurations, can thus be dealt with effectively. This comparative-historical emphasis will also be supplemented by the previously described application of rational choice theory to derive hypotheses for understanding interest group behaviour and comparative survey data to analyse of the actions and opinions of individual producers in the Canadian prairies. As well be seen, farmers, amidst the flood of globalisation, face a number of changing political and economic incentives informing their interests and views in pursuit of particular policy ends.

Although the comparison will be both historical and cross-jurisdictional, it will focus on a specific sector. Rather than comparing the wheat marketing sector to another sector not experiencing similar international pressures, the study will compare the wheat

marketing sector in its currently internationalising context to its context prior to the latest round of globalisation. This will have the advantage of holding constant a number of variables which might otherwise contribute unnecessary complications in a cross-sector comparison. Moreover, given the pervasiveness of the forces of international pressure, most sectors have likely been impacted to some degree. It would thus appear optimal to include an historical comparison within and across provinces, given that the international variable (and change in that variable) is key.

Developments in the barley marketing sector, which is also under the jurisdiction of the CWB, will, however, also be periodically included to the extent that they contribute to an understanding of wheat marketing. The debate over the future of barley marketing generally ran ahead of and parallel to the debate over the future of wheat marketing. One of the most significant events that occurred in the barley marketing arena was the brief implementation of the continental barley market mentioned earlier, which allowed farmers the choice of selling their barley through the CWB or through other avenues. Although quickly stopped by an injunction, its success demonstrated that farmers were capable of marketing their own grain. Given that the Saskatchewan Government supported the injunction while the Alberta Government did not, the event also served to demonstrate governmental and partisan differentiation on the issue of monopoly marketing across the prairie region. Moreover, interest groups involved in the barley arena have also been a reinforcing influence in the wheat arena because the issues and options being debated are essentially identical.

Conclusion

This chapter has focused on the literature pertaining to the major factors involved in the debate over the continuation of the CWB's wheat marketing monopoly in the Canadian prairies. As such, it serves to set the stage for the analysis that follows by examining the ways in which a number of key variables can help with understanding the impact of globalisation on the public policy area concerning the marketing of prairie wheat. In doing so, it has pointed out the multifaceted and pervasive nature of globalisation as well as a basis for understanding its ultimate impact on the future of monopoly marketing policy by providing a general framework for examining how mediating variables, such as farmer opinion, interest groups, and political parties, channel the various forces associated with globalisation. The review of the literature includes a basis for evaluating the degree of influence of particular interest groups in particular jurisdictions, shows the connections between the incentives provided by the changes brought on by globalisation and the opinions of farmers, and indicates the potential links between the opinions of farmers and the stances of their interest groups on one hand and the policies of political parties on the other. The precise ways in which these variables functioned in the monopoly wheat marketing policy debate of the 1990s, including their interaction, will be systematically analysed in the chapters to follow.

CHAPTER III

INSTITUTIONS, STRUCTURES, AND PROCESSES OF WHEAT MARKETING

The marketing of wheat and other grains from the Canadian prairies is a complicated logistical exercise. Also, the vocabulary of the wheat industry and of wheat marketing is in many cases highly technical and specific in usage. The data that will be considered in the dissertation will be examined in order to gain a better understanding of public policy-making in a globalised environment. Nevertheless, since wheat marketing will be central to the analysis, some knowledge of the wheat industry and technical and logistical matters involving wheat marketing is beneficial. Such knowledge is required in order that the issues and debates surrounding various aspects of globalisation, such as the impact of changes in trading environments and the education levels of farmers, transportation routes and cost structures that farmers face, and interest group and political party activity may be properly understood and analysed. The chapter will begin by providing a brief sketch of a typical prairie farmer in order to more fully appreciate the practical significance of the information that follows. The range of marketing options that are potentially available to farmers in the Canadian prairies will then be outlined. Next, a brief sketch of the global market structure for wheat will be presented. This will be followed by descriptions of the statutory authority of the Canadian Wheat Board (CWB), the logistics of marketing prairie wheat, the management or governance structure of the CWB, and a brief history of grain marketing in the Canadian prairies.

Sketch of a Prairie Farmer

James Brownlee has been growing wheat at his farm in southern Saskatchewan, near Maple Creek, for more than twenty-five years. As he contemplates previous generations of Brownlee farmers, he is stuck by the increased competitiveness of wheat-growing in his region. He is thankful, however, that, unlike many of his older colleagues who have gone bankrupt or left the business, he has been blessed with a university education and a relatively large farm, upwards of 5000 acres, both of which he has found critical to maintaining his operation as a going concern. Nonetheless, Mr Brownlee has felt consistently hobbled in the use of his resources by various regulations concerning the marketing of his crop imposed by the Canadian Wheat Board.

Although currently the dead of winter, the next crop year is being carefully planned. Mr Brownlee has two major options: he can sell to the CWB under the normal contracting system or take advantage of the new fixed price or basis price options being offered for a number of classes of wheat, including Canadian Western Spring Wheat. (The details of these options will be discussed later.) With the later option, he would be able to use at least some of his considerable business knowledge and marketing expertise. In addition, he would also be able to take advantage of potential increases in profitability stemming from his excellent cash flow and on-farm storage facilities, both of which allow him to time sales for periods of higher market prices. To be sure, he could also sell directly to a number of buyers known to him in the US who are willing to pay a premium for the high quality of Canadian grain. Although he would be able to obtain a significantly higher price and use his own trucks for transporting his grain to these buyers, he is not willing to break the law by selling outside of the CWB's wheat

monopoly. In order to assume the greatest amount of control over his cash flow as well as maximise his return on investment under the current rules (which he would like to have changed), he opts for growing Canadian Western Red Spring wheat rather than the Canadian Western Amber Durum wheat he would rather grow and sell to a pasta manufacturer he knows in North Dakota in order to increase his income for the coming crop year.

By late April, closer to planting time, Mr Brownlee buys seed and fertiliser from a local Sask Pool shop and notifies the CWB of his intention to use basis pricing for the grain he will grow in the current crop year. He suspects that the local Sask Pool supplier that served his father as well as his grandfather will soon be taken over by ADM. Toward the end of summer, Mr Brownlee is set to harvest his substantial crop. He, and a number of his neighbours who also grew No.1 Canadian Western Red Spring wheat with 13.5 per cent protein (i.e. class No.1 CWRS 13.5), were delighted to find out that the CWB has accepted 100 per cent of the amount contracted for this variety. As he moves his grain to the nearest terminal, he realises the increased amount of time taken to deliver the grain as compared with past years is adding a substantial expense; the nearby branch line and elevator had been abandoned in favour of a high-throughput-facility operated by United Grain Growers (UGG) located further away from his farm. After the grain is weighed and graded on the basis of a sample taken from the delivered grain, UGG, as an agent of the CWB, pays Mr Brownlee the basis price for which he contracted in early May.

Potential Marketing Options

A number of views on grain marketing are present in the current debate. Aside from the options of monopoly marketing (also known as “single-desk selling” or “agency status”) and open marketing, “dual marketing” and “continental marketing” are also advocated by farmers. The dual market essentially refers to a voluntary wheat board. Farmers would theoretically have the option of marketing their grain through the CWB or on their own. The continental market is a variant of dual marketing where the CWB would retain its monopoly in the offshore market (i.e. sales in markets other than the North American market) while sales to the US and in Canada would fall under a voluntary wheat board regime.

Dual marketing options could, of course, be restricted to any one of a number of specific geographical ranges within the total operating expanse of a marketing board or be extended to the full range of operation of a board. In effect, a continuum of dual marketing options is available. The CWB could, for example, notwithstanding problems concerning economic feasibility, retain a monopoly for Manitoba and Saskatchewan while implementing dual marketing in Alberta. A more restrictive alternative would be that of “Declared Off Board [sic] Marketing” or “Direct Marketing”, proposed by the Ontario Wheat Producers’ Marketing Board (OWPMB).¹ Declared off-Board or direct marketing would allow dual marketing only for sales to the US (the domestic monopoly would remain) for a specific quantity of grain. Dual marketing may also be restricted through other means, such as by allowing only a certain number of acres to be eligible² or by applying the policy only to specific grades or types of wheat.

Global Market Structure

The global wheat market is highly integrated and thus sensitive to changes in production and demand. Over 85 per cent of the world wheat and wheat flour trade originates from five major exporting jurisdictions: the US, the EU, Canada, Australia, and Argentina (Table 3.1). Although no particular exporter is in a position of predominance, relative market shares vary significantly. The US accounts for approximately 30 per cent of the world trade in wheat, while Canada and the EU each constitute close to 20 per cent. Australia and Argentina are less significant exporters accounting for just over 10 per cent and 5 per cent of world trade respectively. In addition to the five major exporters, a number of new “minor exporters,” including Ukraine, Russia, Romania, Bulgaria, India, and Syria have also recently emerged. The global trade also includes older minor exporters, such as Turkey, Hungary, and Kazakhstan. Minor exporters have therefore become collectively, even if not individually, more significant.

The relative reliance of particular jurisdictions on the world wheat trade also varies significantly. Where Canada and Australia export over 70 per cent of their total production, the EU exports less than 25 per cent of its total production. The US and Argentina export approximately 50 to 60 per cent of the wheat they produce. The need for export markets also varies significantly within Canada. The CWB exports approximately 75 per cent of the wheat in its jurisdiction, while approximately 50 per cent of Ontario wheat is used domestically.³ The potential risk exposure, logistical problems, and transportation costs resulting from the need to rely on world markets is therefore higher for Australian and Canadian prairie farmers than it is for Ontario

farmers, as well as those in the US, Argentina, and particularly in the EU. As will become apparent, however, one mitigating factor for Canadian prairie farmers is the presence of a substantial relatively localised export market in the US. Although Canadian and US wheat markets cannot absorb the bulk of Canadian wheat production, they are large enough, together constituting a market for 3.26 million tonnes of wheat in 1999-2000 (i.e. 18.1 per cent of total CWB sales), to provide an outlet for the production of a significant number of Canadian farmers. The overall prairie farmer risk exposure, logistical difficulties, and transportation costs, although still significant and high, are lower than what the reliance on foreign markets would by itself indicate. The US market also represents another 30 to 35 per cent of the Ontario market, also mitigating what an already lower Ontario reliance on export markets would otherwise indicate.

World grain production has increased 12.5 per cent over the past decade. In addition to incentives produced by market conditions, total global production has also increased because of higher yields in non-first-world countries. Over this period, production has increased faster than consumption; production has increased at 1.31 per cent per annum while consumption has increased by 1.09 per cent per annum. Moreover, per capita wheat consumption (including feed) has decreased by 10kg per person over the same period. Meanwhile, after a decrease in the quantity of wheat traded on global markets in the mid-1990s, global trade has remained relatively stable. The decline in trade was largely attributable to significant decreases in wheat purchases by the former Soviet Union and China, at the time the two largest importers of wheat.

The global grain market is also characterised by high price volatility. Consistent with previous decades, the 1990s have had significant price fluctuations. Although various

environmental conditions can also play a role, the major force behind the fluctuations is agricultural subsidisation. Particularly significant are the subsidy policies of the US and EU, both of which have offered a large amount of aid to farmers.

Marketing Authority

The processes and structures associated with the marketing authority of the wheat boards that will be examined in this section aid in understanding the impact and contribution of variables that will be dealt with in subsequent chapters. For example, the jurisdiction of marketing entities and the amount and types of grain covered in legislative monopolies are related to the tone of negotiations and discussions and determination of farmers to change the *status quo*; if a large number of wheat varieties are not subject to the single-desk, calls for an end to monopoly marketing are likely to be fewer than in cases where all classes of wheat as well as alternative crops, such as barley, are covered. Likewise, the number of types of contracts and contract options available to producers also influence support for marketing boards. The range of contract options available becomes a particularly acute factor as the level of education and information amongst farmers increases. Generally, support for a marketing board varies directly with the number of contract options available to farmers with adequate business knowledge. The logistics of grain movement to buyers is also important in understanding the amount of satisfaction of farmers with their marketing boards. The degree to which farmers depend upon the expertise of a marketing board for transportation is dependent upon factors such as the complexity of grain movement (for example, the number of railways and the presence or absence of alternative means of transport), the presence or absence of

transnational corporations that can aid farmers in lieu of a marketing board, the state of repair of transportation infrastructure, and the relative cost of marketing (including transportation and handling). A farmer who is less dependent upon a marketing board for the transportation of his crop will be less likely to defend the need for the presence of a board in the event of board related transportation problems. A number of interest groups as well as political parties represent farmers' views on these various legal-jurisdictional, business, and transportation matters.

The following section simply presents the basic details of the marketing authority of the CWB. Information on the marketing authority and processes of the OWPMB and the Australian Wheat Board (AWB) are also presented in order to give some indication of various alternative systems and programs that can be used and are potentially applicable to the Canadian prairies. The implications of the background information given for the CWB will be dealt with in subsequent chapters.

The CWB

The CWB is currently an agricultural marketing board that, under the authority of federal government legislation (the *Canadian Wheat Board Act*) acts as the monopoly or "single-desk" seller for wheat and barley grown in Manitoba, Saskatchewan, Alberta, and the Peace River region of British Columbia which is either designated for export or for human consumption in Canada.⁴ (In the past, the CWB's jurisdiction has also included other crops and uses, such as oats, flax, and grains designated for consumption by domestic livestock and the Board had been a crown corporation.) The Board represents approximately 120 000 farmers, markets grains to over 70 countries, has annual revenues

of almost \$6 billion, and is Canada's largest net earner of foreign currency, making it one of the largest sellers of grain in the world. The returns from these sales are pooled into a number of pool divisions, meaning all farmers receive the same price for any particular grade of grain on the basis of the average net returns of the entire grade, and initial payments to the farmers, which are announced before farmers sign their contracts, are guaranteed by the Board. Four general pool groupings are distinguished by the Board: wheat, durum wheat, feed barley, and designated (i.e. non-feed) barley. Within each of these groupings, a number of type and grade divisions are maintained: 12 for wheat, 5 for durum wheat, 1 for feed barley, and 4 for designated barley. The CWB is financed by the federal government in three ways: the federal government guarantees initial payments (covering any deficit, should one occur), borrowings used by the CWB to finance its business activities, and payments on authorised credit grain sales made by the CWB.

The contracted grain has generally been accepted by the CWB four times each year. Accordingly, the CWB's regular procedure has been to announce the percentage of each particular grade of grain it will accept under a given contract series after it assesses the market demand for each grade, the availability of transportation, and the quantity of grain that is offered by the farmers under the contract. The amount of grain that the CWB accepts will thus vary from 0 per cent to 100 per cent of that which is initially offered by farmers. If the CWB does not accept 100 per cent of the grain offered, then farmers who offered that particular grade have two options. First, they can deliver the percentage of their initial offer that the CWB is willing to accept. Any unaccepted grain may then be automatically rolled over for consideration in the next contract series to the extent that

this option was chosen by the farmer when the contract was signed. Second, they can cancel their contract with the CWB within 14 days of the announcement. Producers who cancel their contracts or who choose not to opt for the automatic rollover may subsequently offer their grain under the next contract series. The CWB returns all available profits to the farmers. Thus, the guaranteed initial payments to farmers are augmented by adjustment payments, interim payments, and the final payment (includes deductions of CWB operating costs) to the extent that the CWB is able to obtain a higher net return than that indicated by the initial payments.

The wheat pools, acting as agents of the CWB, have traditionally been at the heart of the physical handling of prairie grain (the logistics of which is another marketing issue) by virtue of their ownership of a large number of small country elevators.⁵ Not only have these farmer-owned co-operatives collected a large part of the grain harvest for the CWB, but they have also sold production requirements, such as seed and fertiliser.⁶ Grain companies, such as the UGG, Cargill, and Pioneer, are also involved in the movement and handling of grain. As of 2000, the CWB has been instructed by the federal government to commercially tender at least 25 per cent of its business through port terminals in 2000-01 and 2001-02 and at least 50 per cent of its business through port terminals in 2002-03, thus increasing market control of the transportation process. The introduction of commercial tendering means that transportation contracts for the movement and handling of prairie grain will be increasingly awarded on the basis of competitive offers from grain handlers. In prior marketing years, commercial tendering had been absent. Although other options are available, farmers are normally paid the "initial price" set by the CWB (net of handling, cleaning, and freight) either when they

deliver their grain to an elevator or when the delivered grain arrives at a terminal facility. When payment occurs at the point of elevator delivery, the elevator companies pay the producers and are later reimbursed by the CWB as the grain is unloaded at the terminal.

As of March 2000, wheat farmers were given a further two options for the 2000-01 crop year. The first allowed the full price to be received to be locked in before the beginning of the crop year. Alternatively, a basis price could be locked in prior to locking in a futures price at a later date. The fixed price was the midpoint of the Pool Return Outlook (PRO) for the category of wheat involved, namely No.1 Canada Western Red Spring 13.5 per cent protein, minus a discount for time, risk, and administrative costs. (PROs are estimated crop year returns determined and released by the CWB.) The basis was determined by subtracting the Minneapolis Grain Exchange futures price (in Cdn\$) from the fixed price. Both options were initially available only for grades 1, 2, and 3 of Canada Western Red Spring (CWRS) (excluding feed wheat) and farmers were required to specify the tonnage they were to deliver and the specified amounts could not be less than 20 tonnes. For the 2001-02 crop year, additional classes of wheat have been included in the program.

For the period of 1 August 2001 to 30 November 2001, the CWB introduced a trial early payment option program.⁷ The program applies only to deliveries of two types of wheat, namely Canadian Western Winter and Canadian Western Soft White Spring wheat. Under the Early Payment Option, farmers must make a commitment for the delivery of a specific value and tonnage of wheat. When the delivery is made, the farmer receives the initial payment net of the normal freight and elevation expenses. The CWB, after it receives the delivery information, mails the farmer an additional payment. This

payment brings the total payment to 90 per cent of the PRO. The early payment is net of a deduction for risk, time value of money, and administration expenses. Producers choosing this option remain in the pooling system and are eligible for adjustment, interim, and final payments when the pool value exceeds the early payment option value.

The CWB also periodically offers support to farmers in the form of aid programs. Two such programs have recently been introduced. Both current measures are federal government programs administered by the CWB. One measure is an advance payments program in which farmers may be eligible to receive up to \$250 000 per crop year. The advance must be repaid immediately upon the availability of delivery opportunities. The first \$50 000 of the advance is interest free to September of the crop year or the point of repayment (whichever occurs first), with the balance subject to interest at the prime rate. The program allows the farmer the option of either signing a delivery contract with the CWB or delivering the grain into the feed grain market in order to repay the advance. However, the advance must nevertheless be repaid even if an insufficient amount of grain is contracted with the CWB. The second measure is the Spring Credit Advance Program. Under this program, farmers can receive up to \$20 000 interest free to December 31 of the crop year to help cover spring seeding expenses. After December 31, any remaining outstanding advance is rolled over into the Fall Cash Advance Program. The cash limit for individual farmers applies to the totality of their operations. In order to qualify, growers must have "all-risk" crop insurance and agree that any insurance payments, other than those to cover reseeding costs, must be delivered to the CWB.

The maintenance of quality control and the development of new varieties of wheat for customers are also important aspects of the marketing process. The operations of the

Canadian Grain Commission (CGC) are central to the preservation of grain quality. The CGC is controlled by three commissioners (and six assistant commissioners) appointed by the federal government and is responsible for establishing standards for and conducting research on grain quality, regulating grain inspection and weighing, regulating elevators and dealers, and issuing certificates that guarantee grain weight and grade for buyers. Moreover, a number of bodies are also in place to regulate the quality of new varieties of wheat. The approval of new varieties is granted through the Variety Registration Office (VRO) of the Canadian Food Inspection Agency. In order to be considered by the VRO, wheat varieties are first recommended for registration by the Prairie Recommending Committee for Grain, which tests grains for processing quality, disease-resistance, and breeding and agronomic merits over a period normally lasting approximately two to three years.⁸

Research and development related to wheat is extensive and ongoing and entails significant expense. One of the key organisations providing funding for such research is the Western Grain Research Foundation (WGRF), which is the largest farmer-owned and farmer-operated research funding entity in Western Canada.⁹ The WGRF, which was founded in 1981, currently includes 18 farmer organisations as members and has a Board of Directors that includes representatives from virtually all of the major agricultural interest groups involved with the wheat marketing debate. The foundation's funds are generated in two major ways. One source is the Wheat and Barley Check-off, currently set at \$0.20 per tonne for wheat and \$0.40 per tonne for barley, which is deducted from final CWB payments to participating farmers. All CWB administered wheat and barley fall under the program except barley and soft white spring wheat grown in Alberta, which

fall under other check-offs. Both the Wheat and Barley Check-off as well as the WGRF's responsibility to administer it are authorised by statute from Ottawa. The foundation's second way of generating funds is an endowment fund. The fund was established in 1983 from the surplus of a federal government emergency fund for prairie farmers.

Transportation logistics are central to wheat marketing systems. Before 1996, the Grain Transportation Agency¹⁰ co-ordinated the transportation of the grain to domestic and foreign markets. In 1996, the CWB, the railways, and the private sector assumed responsibility for the allocation of hopper cars. In 2000, changes were made in the criteria for determining the allocation of hopper cars. Instead of allocating the cars to companies based on past handling, the cars are now awarded to grain companies on the basis of their current amount of business. In their provision of transport infrastructure, transportation companies, including the Canadian railways, also act as *de facto* agents of the CWB.

The CWB sells approximately 70 per cent of its wheat exports directly to buyers. For the remaining exports, the Board establishes port prices while sales are subsequently finished by Accredited Exporters (AEs) and International Exporters (IEs). As of the mid-1990s, 28 AEs and 2 IEs were approved by the CWB. Export grain is transported to port terminal locations in Vancouver, Prince Rupert, Churchill, Thunder Bay, and the St Lawrence Seaway. Most of the grain moving east is initially loaded onto lakers at Thunder Bay and then transferred to ocean freighters through transfer elevators at the St Lawrence Seaway. Some grain is also placed directly on ocean freighters at Thunder Bay

while other grain is either further transported by train or directly transported by train to the St Lawrence river.

The OWPMB

The OWPMB is currently an agricultural marketing board operating under the authority of the Ontario government's *Farm Products Marketing Act*, which allows marketing authority to be delegated to local marketing boards through the Farm Products Marketing Commission.¹¹ As such, the OWPMB has a marketing monopoly on all wheat grown in Ontario with the exception of wheat used by growers for feed and seed and that sold from one producer to another for his on-farm use for the same purpose. Although it does not have a legislative monopoly in the area, the Board also markets feed and seed. The Board represents approximately 30 000 Ontarian wheat farmers and sells approximately 900 000 tonnes of wheat annually to markets in Ontario, the US, especially Ohio and Michigan, and other countries, especially those in the Middle-East. The market value of the Ontario wheat crop ranges between approximately \$165 million to \$200 million, making it the third most valuable cash crop after soybeans and corn. About 90 per cent of this crop is marketed through the OWPMB.

Ontario wheat farmers have a number of marketing options available to them, namely pooling, direct marketing, basis pricing contracting, minimum pricing contracting, forward pricing contracting, and the receipt of a cash price upon delivery. Under the pooling option, farmers may deliver wheat to either a country elevator or a terminal elevator, thereby receiving an initial payment. The initial payment may be approximately 65 to 70 percent of the total expected revenue. A license fee for Board administration is

subtracted from the initial payment. All revenue from wheat sales is returned to the producer net of agent handling charges and transportation, storage, and interest expenses. The level of payments received by any one farmer will also depend upon the quality and grade of wheat that is delivered, with wheat of the same quality and grade, *ceteris paribus*, receiving the same price. As the Board attains sales revenues from a particular pool that exceeds the initial payment, adjustment payments are made. A final payment is made to farmers after the crop year is closed. For example, in 1998, the Board operated six pools A through G for white wheat, red winter wheat, red spring wheat, soft red wheat, common red varieties, and feed grade wheat respectively. Currently only the pooling option is eligible for the OWPMB's on-farm storage program, whereby the Board pays farmers to store wheat on their farms.

The direct marketing option, meanwhile, allows up to 150 000 tonnes of wheat to be marketed by farmers outside of the Board monopoly in any class of wheat. Exemptions are granted on a first-come, first-served basis (until the total maximum of 150 000 tonnes for all farmers is reached) and are temporary (valid only for one crop year). Requests made by farmers for exemptions over 200 tonnes must be judged reasonable by the OWPMB in relation to their past level of production and/or their current capacity. Exemption applications must be specific in quantity requests and the type of wheat for which the exemption is sought. Direct marketing is currently reviewed on a yearly basis.

Producers are also able to lock in futures prices under basis and forward pricing contracts. In forward pricing, farmers receive the Board's initial payment upon delivery and subsequently receive the remainder of the contracted price (which is fully determined at the time of contracting and may be established prior to delivery) in a second payment.

In basis pricing, the farmer again receives the Board's initial payment upon delivery, but a second payment occurs only once the farmer has locked in the futures price, which, by contrast to forward pricing, does not have to be done at the time of contracting.

Alternatively, farmers may simply receive the spot price operative at the time of delivery. The farmer again receives the OWPMB's initial payment upon delivery (i.e. cash price upon delivery) and a subsequent second payment for the remainder of the contract.

Under minimum price contracting, farmers can also wait to fix a price and yet still receive payment beyond the Board's initial payment in the form of the minimum payment determined by the Board in its choice of a particular futures month. In each of the options of basis pricing, minimum pricing, forward pricing, or cash upon delivery (spot) pricing, farmers must sign a contract with the OWPMB at or prior to the time at which they deliver their wheat.

The Board appoints country agents to accept delivered wheat. Aside from branch operations, about 225 agents have been approved across Ontario. Under all OWPMB options except direct marketing, farmers can deliver their wheat to these approved agents at country elevators. When wheat is delivered to approved agents, the agents pay the farmers the initial payment determined by the Board. The Board later compensates the agent when settlement forms for the initial payment are received. Agents receive a handling fee and are eligible for a conditioning fee if the moisture content of the wheat is 14.5 per cent or less. Low moisture content is a component of the value of delivered grain. As such, it represents a potential area for which farmers could ask for individualised Board compensation, as is the case when farmers deliver their grain themselves. An incentive is thus provided by the conditioning fee regulations for direct

farmer delivery. Since 1981, farmers have had the choice of direct delivery to OWPMB approved terminals or processors. When direct delivery is exercised, the initial payment is paid directly by the Board to the farmer and farmers receive the handling charge normally paid to the agent. As mentioned, farmers are also eligible to receive a conditioning fee for which the agents are otherwise eligible if the wheat delivery has a moisture content of 14.5 per cent or less. Storage is secured by the Board at approximately 11 deep water terminal elevators at various points within Ontario and elsewhere including Georgian Bay, Goderich, Sarnia, Windsor, Port Stanley, Port Colborne, Toronto, Prescott, Montreal, Halifax, and West St John. The delivery of wheat to the agents, terminals, or processors is the responsibility of farmers. For wheat delivered to agents, the OWPMB is responsible for its movement to terminal and processor locations.

The AWB

The AWB is currently a grower-owned private corporation operating within a competitive, open domestic wheat market while retaining a statutory export monopoly on all wheat.¹² The jurisdiction of the Board covers all of Australia. The AWB represents approximately 40 000 wheat farmers, sells wheat to over 70 countries, and, with annual export revenues of over US\$2.5 billion, is Australia's third largest exporter. All revenues on export sales clear of marketing, storage, and transportation are returned to producers. Farmers may choose from a number of options for the marketing of their wheat, including pooling, where revenues are separated by class for specific time periods and markets. For wheat, the AWB makes a number of pool distinctions: Australian Prime

Hard, Australian Hard, Australian Standard White Noodle, Australian Premium White, Australian Standard White, Australian Soft, Australian General Purpose, and Feed.

Many significant changes leading to the present configuration and responsibilities of the AWB began to be enacted in the late 1980s. Until the *Wheat Marketing Act (1989)* and other amendments in 1992, 1997, and 1998, the AWB officially (notwithstanding constitutional provisions allowing interstate trading) operated a domestic monopoly in addition to the export single-desk. The domestic monopoly was ended by the 1989 bill. These pieces of legislation also marked a movement towards deregulation in handling and transportation. State-owned Bulk Handling Authorities (BHAs) (now Bulk Handling Companies (BHCs)), which act as official handlers for the AWB, were no longer allowed to impose restrictions on deliveries. Australia has six BHAs, one per state, which provide bulk storage in wheat growing areas, and are collectively known as the "central storage system." Since BHAs no longer enjoy sole handling rights for the AWB, on-farm and private storage are becoming increasingly popular options. Storage is normally along railway tracks and in port terminals. The BHAs operate integrated networks of approximately 900 country delivery points that are connected with 18 grain export terminals. Grain export terminals are located throughout the wheat belt at the following locations: Geraldton, Kwinana, Albany, Esperance, Thevenard, Port Lincoln, Port Pirie, Wallaroo, Port Giles, Port Adelaide, Portland, Geelong, Port Kembla, Newcastle, Brisbane, Gladstone, and Mackay. The handling authorities also provide for mainland distribution.

Regulations restricting the use of road transportation services for wheat have been eliminated, government-owned railroads have been commercialised, and port authorities

have begun to be privatised throughout Australia. Farmers have thereby been afforded the opportunity to decrease their individual handling and transportation costs by being given choices in the areas of transportation and handling. The transportation logistics of grain movement from the BHAs to ship is co-ordinated by the AWB. The AWB now also has the right to sell feed grain domestically and grains of non-Australian origin. Voluntary pooling and cash trading therefore now occurs with crops such as pulses, triticale, cottonseed, canola, sorghum, and oats. The Board also now has an increased ability to micropool by, for example, operating greater numbers of pools with different durations and geographical scope, while allowing premiums to be paid for grain quality and protein yields.

A financial reserve known as the Wheat Industry Fund (WIF) was created in 1989 in order to underwrite AWB borrowing. Unlike the CWB, the AWB is no longer aided by a government guarantee on either pools or loans or foreign credit sales, which completely ended on 1 July 1999, when the statutory AWB was changed into AWB Limited with the WIF as its capital base (B class shares). A compulsory levy of 2 per cent of the value of the wheat sales funded the WIF until 30 June 1999, at which time the WIF was converted to share capital. In addition to the class B shares, the AWB also raises funds by floating bonds and promissory notes in Australian and international financial markets. The Board's treasury functions are now the responsibility of two subsidiary companies, AWB Finance Limited and AWB (Australia) Limited. AWB Finance Limited has exclusive jurisdiction over the financing of wheat export pooling. AWB (Australia) Limited, meanwhile, provides for the financing of other AWB financing outside of the export

wheat pools, including all domestic wheat marketing and non-wheat export marketing. The AWB is currently moving towards stock exchange listing.

The AWB allows producers a variety of contract options, namely harvest payment contracts, fixed grade contracts, target price contracts, spot price contracts, and forward price contracts. Under the harvest payment option, producers receive 80 per cent of their share of the estimated pool return within three weeks of delivery during the harvest period, which runs from October to January. This replaces the government's Guaranteed Minimum Payment with an AWB guarantee backed by its capital base. The payment is in the form of a loan that the AWB automatically repays from pool receipts. The harvest payment may be subsequently increased with a further post-harvest payment based on revised forecasts and new information concerning the grain market, thereby pushing the total payment to approximately 90 per cent of the final estimated pool return. Other payments may follow or farmers may cash out of pools at AWB specified times. Cashing out allows the farmer to receive a cash settlement of any remaining pool obligation. For farmers not cashing out, any further pool receipts that are available after the loans and interest have been repaid are then allocated to producers in a final payment. A non-underwritten quarterly pool payment in US or Australian currency is also available.

Alternatively, farmers may use fixed grade contracts, where they agree to deliver a specific quantity of a particular grade of grain; target price contracts, where the sale is triggered when a particular agreed upon price level is reached or exceeded; negotiated cash prices on delivery, where farmers agree to receive the spot prices prevailing at the time of delivery; and forward price contracts, where growers are able to lock in a futures price for their delivery. For forward price contracts, farmers can either conclude fixed

price or minimum price contracts based on a price announced daily by the AWB reflecting activities on the global wheat and currency markets. These contracts can be concluded on any day between March and harvest each year (for example, January through April the following year) with a minimum contracted delivery of 100 tonnes. Australian farmers thus have a number of options for managing price risk through AWB mechanisms.

Management and Governance Structure

The management and governance of marketing boards has become a matter of critical importance to ever more educated and information-rich farmers in the 1980s and 1990s. Farmers expect higher levels of accountability and input. The method of selecting Board officials, the equity of the voting structure, the public availability of information on Board transactions, and the ability to question and change Board leadership have all assumed a prominent position in determining farmer support for marketing boards. In fact, problems in the area of governance have served to undermine support for the marketing authority itself. As in the area of marketing authority, matters concerning management and governance are also key to understanding the position of interest groups and political parties. Information on the OWPMB and the AWB is again included in order to show some of the range of practicable alternatives in management and governance that may potentially be applied to the Canadian prairie wheat marketing arena. The implications of management and governance structure will also be dealt with in subsequent chapters.

The CWB

Until recently, the CWB was a Crown corporation controlled by three to five commissioners appointed for an indefinite period (to age 70) by the federal government. The Board also had an eleven member Advisory Committee that was elected to four-year terms by producers. Although the Advisory Committee had no direct decision-making role, it was nevertheless mandated to advise the CWB on policy and operational matters and to serve as a conduit for communication between producers and the CWB. Ultimate authority over the CWB rests with the Crown administered through the federal minister responsible for the CWB.

Major changes in CWB governance were made in the June 1998 amendments to the *Canadian Wheat Board Act*.¹³ The CWB is now run by a board of 15 directors, 10 of whom are elected directly by farmers. The remaining 5 directors as well as the president and CEO are appointed by the federal government. The directors elect the chairman of the CWB. Under the amendments, grain may be removed from the CWB's monopoly when the following conditions are present: the Board of Directors must recommend it; the Canadian Grain Commission must give its approval to an "identity preservation" system in order that the grain quality may be upheld; and, where the potential removal is deemed significant, farmers must approve of it through a referendum. Although farmers have a greater ability to control various aspects of wheat marketing and hold the Board accountable, the federal government can potentially maintain substantial control over the monopoly provisions not only by choosing 5 directors and the president and CEO, but also by controlling appointments to the Canadian Grain Commission. The 1998 amendments also serve to potentially enhance the business flexibility of farmers by

allowing for the implementation of an increased number of payment options, including fixed price contracts, early cash contract settlements, and the ability to borrow against projected future pool deliveries.¹⁴

The OWPMB

The OWPMB is controlled by 10 elected directors, one for each wheat growing district the Board serves. Each wheat growing district over which the Board has jurisdiction lies entirely within Ontario. All directors are wheat producers and are elected to single-year terms of office. The directors are elected by provincial county delegates (i.e. members of the district wheat producers committee), who are, in turn, elected by the general population of wheat farmers. The provincial county delegates elect only the director of the district they represent. Similarly, farmers vote only for the delegates from their district. The number of delegates assigned to a district is determined by a weighted combination of representation by population (i.e. number of wheat farmers in the district) (60 per cent weight) and the percentage of total wheat production originating from the district (40 per cent weight). The delegates also serve to advise the OWPMB on marketing and policy matters.

The directors of the OWPMB are responsible to the Ontario Farm Products Marketing Commission, which is in turn responsible to the Government of Ontario (Minister of Agriculture and Food as well as the cabinet's Management Board). The Farm Products Marketing Commission must approve any new marketing powers. Moreover, interested parties, such as wheat millers, processors, and food product manufacturers can appeal the marketing responsibilities granted to the OWPMB at the Farm Products Appeal Tribunal.

Debates concerning the marketing authority of the OWPMB are thus open to the input and influence of a broad array of interest groups and corporations.

The AWB

Prior to 1 July 1999, at which time the statutory wheat board ceased operation, a minister of the Commonwealth Government had control over the AWB, including appointments. The AWB was corporatised on 1 June 1998. At this point, the AWB became AWB Limited, with two subsidiaries, AWB (International) Limited, which is primarily concerned with the operation of the sale of wheat internationally within the Board's trading monopoly, and AWB (Australia) Limited, which is primarily concerned with domestic wheat trading and the international sale of other grains. Upon privatisation in July of 1999, the AWB became a private corporation controlled by Australia's wheat growers. The AWB retains a statutory monopoly for the international sale of wheat. The Board is currently run by a 12-member Board of Directors. A majority of the Board of Directors is elected by farmers holding class A shares and a minority of the Board of Directors is elected by class B shareholders. Both classes of shares were issued on 1 July 1999.

Only qualified wheat growers may obtain class A shares, which may not be transferred and must be returned if the farmer leaves the wheat industry or is no longer able to meet share ownership requirements. These shares confer voting only, with no participation in dividends. The number of votes a farmer receives is dependent upon the form of the vote: for show of hands votes, growers each receive one vote; for poll votes, growers receive one vote plus one extra vote if their wheat deliveries to the Board

average more than 33 and one-third tonnes per year over the previous three years plus one extra vote for each 500 tonnes of wheat, or portion thereof over 500 tonnes, per year averaged over three years. WIF equity holders were initially able to obtain class B shares in proportion to the equity that was held. The AWB is currently preparing to list class B shares on the Australian Stock Exchange. As with class A shares, the number of votes allocated to a particular shareholder varies according to the type of vote: for show of hands votes, each shareholder receives one vote regardless of the number of shares held; for poll votes, shareholders receive one vote per share held.

History of the Canadian Wheat Board

Setting the CWB in its historical context serves to provide background information for understanding the changes that have occurred in the area of wheat marketing since it was established. Some of the incentives present at the time when single-desk selling authority was implemented, such as the threats stemming from the First World War and the Second World War and the general lack of marketing and business expertise of farmers, are no longer present. The tone of federal-provincial relations and the degree of consensus present at the time the Board was established is also conveyed and can serve as a contrast to the present era of division to be dealt with in upcoming chapters.

The period immediately preceding the formation of the CWB lays the context for not only its formation, but also its monopoly powers.¹⁵ In the 1917-18 and 1918-19 crop years, Canadian wheat was marketed under monopoly regulations by the Board of Grain Supervisors, which was abolished following the First World War as uncertainty in the grain market decreased and inflation was less of a concern. With the knowledge of the

precedent established by the previous existence of the Board of Grain Supervisors, which demonstrated the ability of monopoly marketing to achieve higher rates of return for farmers, a national wheat board was established for the 1919-20 crop year in response to grower pressure emanating from the Canadian Council of Agriculture. This board, which also ran on the basis of pooling and monopoly selling, was eliminated in August of 1920 against the wishes of a vast majority of farmers. Accordingly, futures trading on the Winnipeg Grain Exchange was also immediately reinstated. The ongoing oscillation between the establishment and abolition of marketing boards reflected the opposed demands of farmers and the business community set within a context of constitutional ambiguity.

In 1922, the federal government was again forced to respond to farmer demands, which were now articulated through not only agricultural interest groups, but also provincial governments. Although legislation to create a wheat board was drafted, the federal government displayed its reluctance by failing to enact this legislation. As a result, farmers began to organise Voluntary Contract Pools, which marketed 50 per cent of all wheat delivered between 1923 and 1930. However, governments were soon again central to farmer demands when these pools went bankrupt during the depression after 1930. Accordingly, the CWB was reluctantly created by the federal government in 1935. At this time, the Board operated as a voluntary wheat agency for the Canadian west. The failure of the federal government to grant the CWB monopoly status at that time was indicative of the government's reluctance, which may be attributed to pressure emanating from business interests, such as the "grain trade" and the Council of the Winnipeg Grain

Exchange.¹⁶ The CWB was thus perhaps initially conceptualised as a temporary replacement of the Voluntary Contract Pools, which also did not have monopoly status.

The Board's selling status has undergone a number of changes during the time of its existence. The CWB was given its monopoly status in September of 1943. Initially, the single-desk authority extended only to all wheat grown in western Canada. In 1949, the Board's monopoly powers were enlarged to include all western barley and oats. Until 1967, the CWB's existence had to be renewed every 5 years by the federal Parliament. The Board's single-desk selling mandate for feed-grains was ended in 1974. The remaining export and human consumption monopoly over oats was subsequently abolished in 1989. The Board briefly also lost its monopoly over barley for export and human consumption within North America in August of 1993. However, as seen, the monopoly was reinstated in the following month because of a legal challenge.

Conclusion

This chapter has outlined the current logistics of wheat marketing, marketing authority, governmental involvement, marketing options, and Board organisation of the CWB. The origins of the CWB have also been briefly reviewed. Further historical developments that have occurred between the foundational era and the marketing debate of the 1990s will be covered elsewhere within the analysis itself. This background chapter thus serves to provide the contextual basis for the analysis of various factors, such as trade regimes, education and information, transnational corporations, farmer opinion, interest groups, and political parties, that have an impact on the state of wheat marketing policy.

CHAPTER IV

THE ROLE OF POLITICAL PARTIES AND ELECTORAL SYSTEMS

Federal-provincial conflict is ultimately conducted by governments of particular partisan stripes. In the 1990s, the main axis of intergovernmental conflict over the future of the Canadian Wheat Board's (CWB's) wheat monopoly pitted a Progressive Conservative government in Edmonton against a Liberal government in Ottawa. Moreover, an NDP government in Saskatchewan periodically also entered the fray, often with great effectiveness. By contrast to the Progressive Conservative government in power in Alberta, the Government of Manitoba, though of the same partisan stripe as that of Alberta, remained steadfastly noncommittal at the outermost margins of the conflict.

Although party label may give some indication of governmental policy across different political jurisdictions, it is not necessarily a sufficient indicator of the content of governmental stances on any given issue. Accordingly, this chapter will examine the particular political settings in which individual parties operate, including their specific bases of political support, both geographically and demographically. Correlations between geographic and demographic partisan support and the stances taken by both governing and non-governing parties will be evaluated within a set of theoretical expectations. The chapter will thus serve to indicate the degree of embeddedness of the various stances taken in the wheat debate. In doing so, it will not only show the underpinnings of the conflict by examining the partisan and governmental impact of some of the variables through which the impact of globalisation was filtered, but also the depth and the range of the conflict. In addition, the possible future dynamics of the

debate and the direction of its probable resolution will be analysed. In this regard, the chapter will argue that the conflict of the 1990s was deeply embedded throughout the prairies. In line with this evaluation, the chapter will set forth an extensive set of theoretically consistent correlations between the bases and contexts of partisan support and operation on one hand and the various stances taken by the parties on the issue of the future of the CWB's single-desk for wheat on the other.

In addition, the chapter will indicate that the pressure that emanates from each of the prairie provincial governments will not likely always follow the general 1990s pattern (namely opposition from Alberta, support from Saskatchewan, and a noncommittal stance from Manitoba) regardless of which party assumes power in any particular province or set of provinces. This assumes that the underlying geographical distribution of farmer demographics is likely to remain relatively unchanged in the short and medium term. Parties have the potential to make a difference in the federal-provincial dimension of the wheat marketing debate. The potential impact of partisan change across jurisdictions, however, is not equal. The governments under consideration may be ranked by the extent to which partisan change has an impact. Using longer-term historical data, the ranking (from most to least) would be as follows: the federal government is followed by the Saskatchewan Government, the Manitoba Government, and the Alberta Government. If the most recent data is given greater weight, then the order may be revised to place the federal government between the governments of Manitoba and Alberta. Also, to the extent that partisan change is felt, it is likely not to favour the continuation of single-desk wheat marketing. Thus, the chapter will also argue that the partisan structure indicates

that any resolution to the dispute is likely to follow dual marketing lines rather than monopoly lines.

The theoretical framework of the current analysis will first be briefly outlined. Next, the stances of the relevant parties on the wheat marketing issue will be examined. A number of factors, including the location of wheat farmers, geographical distribution of farmer income, proximity to the Canada-US border, location of cattle ranches, location of interest groups, political culture, party leadership, the constitution, the bureaucracy, federal-provincial party relations, overall party ideology, overall party programme, core areas of partisan support, and the likelihood of single party government will then be analysed to determine the foundations of party stances and the extent to which the relevant parties are likely to follow through on those stances. A consideration of the chances of each of the parties forming or supporting a government will follow. Throughout the chapter, the wheat marketing arena will, in various ways, be compared with and set within the general partisan arena in order to evaluate the degree to which a particular party's wheat marketing stance is consistent with its general policy thrust, thus further establishing the foundations, depth, embeddedness, and likely durability of the stance and, in turn, that party's likely continued contribution to the conflict. The conclusions and implications of the examination will then be presented. A detailed historical analysis of the impact of interest groups on the debate and the ways in which farmer opinion relates to the stances taken by the prairie governments on the wheat marketing issue in the 1990s will be examined in subsequent chapters.

Theoretical Notes

The current analysis will link the stances taken by parties, especially parties in office, with their political context, including pressure emanating from the views and interests of supporters. Accordingly, the chapter will examine the geographical characteristics of partisan support of both governing and opposition parties.⁵ The geographical location of partisan support by rural riding will be compared with the geographical location of wheat farms (as the threshold variable), the geographical distribution of farmer wealth (on the assumption that richer farmers may be more likely to favour dual marketing because of, for example, the flexibility stemming from a lack of cash flow problems)¹, its proximity to the US border (border area farmers have more of an incentive to favour dual marketing because of relatively low cross-border transportation costs as trucking technology improves and railway efficiency declines),² the geographical distribution of cattle ranches (farmers located close to cattle farms have the option of selling wheat into the feed grain market without incurring significant transportation costs, thereby reducing the risk of a severe financial loss by having a viable alternative market available to the human consumption market should the need arise), and the geographical location of interest group strength.

Given the centrality of the wheat marketing debate to rural political support across the prairies, parties that depend on rural support must be careful to adjust their stances on the matter to reflect those of their core rural constituents if they are to prevent erosion of core rural support. This adjustment, moreover, reflects a black and white, either/or choice – either the party is for or against a continuation of the CWB's wheat monopoly. Thus, rather than adjusting their stance toward the middle, marginal ridings, in line with the

Harold Hotelling and Anthony Downs models, parties have an incentive to move away from the middle towards clear stances in line with the model of Rabinowitz and Macdonald.³ The core of Saskatchewan Party and Alberta PC support was in favour of ending the monopoly, while the Saskatchewan NDP core support was in favour of a continuation of the CWB wheat monopoly. In Manitoba, meanwhile, core PC support is mixed, as reflected in the party's lack of commitment on the matter. The centrality and extent of core partisan support, with its voting and seat delivering power, and the inability of parties to take a compromise stance – if they take a stance, then they must be either for or against the monopoly – undermines any race to the middle to increase support in marginal ridings.

As indicated, the analysis of these intra-provincial distinctions will then be complemented by an examination of inter-provincial distinctions. The analysis will be applied to the federal government only where it is warranted, given that the stance of the federal government has been neither assumed nor found to be intimately connected with the demographic complexion of partisan support from the prairies; the federal Liberal government did not rely on the support of rural prairie voters during the 1990s. Because the nature of the demographic variables used in the current analysis are relatively stable over the short-term and the focus of the analysis is the conflict of the 1990s, any census data used will be taken from the mid-point of the period, namely the 1996 Canadian census. Maps outlining the agricultural census regions for each province are included after the electoral maps (Maps 4.10, 4.11, and 4.12).

Stances of Relevant Parties

A *prima facie* examination of the provincial and federal configurations of stances of relevant parties (namely those in office, those with the potential to assume office, and those in a position to bargain in a minority government situation) on the issue of wheat marketing indicates significant partisan variation was present and that partisan change was likely to have an impact on the nature of policy-making in this area. With the exception of Manitoba, the dual marketing position was supported in each jurisdiction by at least one party. In Alberta, two of three parties favoured dual marketing. The governing PCs had consistently demonstrated their preference for ending the CWB monopoly. In fact, the Alberta Government was the key player in the bilateral federal-provincial conflict over the future of the Board. In 1994, the Government of Alberta presented a proposal to the federal government that would have seen the CWB retain its monopoly for sales to offshore markets and lose its monopoly for wheat sales to the US and Mexico.⁴ After the federal government failed to respond,⁵ the Alberta PCs demonstrated their determination by organising a "Market Choices Implementation Committee" in December 1995 to determine whether or not the Alberta Government could take unilateral actions to help Alberta's producers circumvent the CWB monopoly.⁶

The Alberta Government also quickly became involved in a number of avenues of litigation concerning the CWB's wheat and barley monopolies. In the first, Alberta challenged the legality of the CWB's delivery contract program, claiming that it was invalid under the *Canadian Wheat Board Act*.⁷ The province argued that the process by which farmers contract with the Board did not allow them to properly manage their risk

and cash flow by providing for arbitrary CWB action and, more generally, by allowing the Board to act in a manner biased toward itself. On a second front, Alberta began to pursue a reference case involving its proposed "Marketing Choice Program", which would have seen the Alberta Government purchase Albertan grain grown by resident farmers in order to sell it within the US. Accordingly, the key to the Alberta Marketing Choice Program Reference Case was the Alberta Government's claim that, given the *Canadian Wheat Board Act* did not state that it applied to any government, it could export Albertan grain without first acquiring a CWB export license. Finally, a third piece of litigation saw the Alberta Government participate with a number of other litigants in a suit that contended that the CWB's monopoly violated a number of Charter rights by not applying to all Canadian wheat and barley farmers.⁸

Although the Alberta Liberals claimed to have no position in the debate and advocated consultations with the agricultural community, which included the possibility of a plebiscite,⁹ such a stance might be seen to have amounted to a *de facto* dual marketing position given the nature of farmer opinion in the province. Nevertheless some caution is in order given that the demographic profile of the Liberal constituency does not, as will be seen, necessarily fit with the dual marketing position. Nonetheless, as will be seen in a subsequent chapter, farm opinion data indicated broad support for dual marketing in the province; a 1995 plebiscite of Alberta producers, for example, indicated that the freedom to sell wheat to any buyer was supported by 62 per cent of wheat farmers.¹⁰ The Alberta NDP, by contrast, provided the only partisan base of support for monopoly marketing.¹¹ The strong endorsement of single-desk selling by the NDP in Alberta was a reflection of the position and strength of the party's national

organisation.¹² This ideological default position remained unmitigated by pro-dual marketing rural support, given the party's limited success in the province has been centred in urban seats in Edmonton.

In Saskatchewan, meanwhile, the parties were split on the issue. In line with the NDP's overall national stance, the governing NDP in Saskatchewan supported the continuation of the CWB's monopoly. Like the Alberta PCs, the Saskatchewan NDP had also been consistent and ready to act on its view. For example, in 1993, the Government of Saskatchewan intervened to help obtain an indefinite injunction to stop the onshore dual marketing of barley after the federal government had lifted the Board's continental barley monopoly.¹³ The Saskatchewan Government also initially threatened to block Alberta's court challenges to the CWB's monopoly with legal intervention of its own.¹⁴ By contrast, the partisan opposition in Saskatchewan would generally appear to have favoured some form of dual marketing. Although some Liberals remained outside, the relatively small and fragmented PC and Liberal opposition partly coalesced by mid to late decade to form the Saskatchewan Party, which favoured dual marketing. In its founding convention in November 1997, the party passed a resolution stating that it "favours giving Saskatchewan farmers the right to choose selling the grain they grow independent of the Canadian Wheat Board or to continue selling through the Wheat Board voluntarily."¹⁵

In Manitoba, two of three parties did not take a clear stance on the future of the CWB wheat monopoly. The governing PCs remained noncommittal.¹⁶ The Manitoba Minister of Agriculture, for example, stated that "Manitoba Agriculture cannot recommend changes until stakeholders have had an opportunity to state their views" in the Manitoba

Government's submission to the Western Grain Marketing Panel study.¹⁷ The Manitoba Liberals exhibited similar ambiguity. For instance, the three Liberal MLAs in the legislature after the 1995 election each appeared to have a different stance. One appeared to support the monopoly, one appeared to advocate privatisation, and one appeared not to have assumed a stance on the issue.¹⁸ Not surprisingly, the NDP, as elsewhere, advocated the continuation of single-desk selling.¹⁹

As in Saskatchewan, the federal parties were also split on the issue. The federal Liberals consistently favoured monopoly selling after they assumed power in 1993.²⁰ The federal NDP also endorsed single-desk marketing. By contrast, the Reform Party endorsed the "development of a modern and market-oriented CWB in which participation is voluntary."²¹ Similarly, the federal PCs appeared to favour dual marketing by pointing out that the problem that farmers have is a "lack of selling options."²²

By themselves, these jurisdictional configurations of partisan stances would appear to indicate the significant presence of both pro-monopoly and pro-dual marketing stances, that intergovernmental conflict may continue even with partisan change, the possibility of a geographical differentiation of party demography, and that parties have the potential to play a significant role in establishing the axis or axes of conflictual or harmonious federal-provincial relations in the area of wheat marketing. *Ceteris paribus*, it would appear that the Saskatchewan and federal arenas, with their partisan splits, would have the most potential to make an impact on the future of wheat marketing policy as well as the tenor of federal-provincial relations with partisan change. By contrast, Manitoban emphasis on non-commitment and Alberta's 2 to 1 partisan endorsement of dual

marketing, suggest that partisan change may be of lesser potential importance in these jurisdictions.

The stances of the governing parties on the issue are expressly demonstrated by their actions or lack of actions: the question of whether they will or will not endorse a particular stance once in office is not an issue. Three lines of questions, however, present themselves: first, is there an underlying base for the stances taken by the governing as well as relevant opposition parties? Second, how embedded or deep are these stances? Are they largely arbitrary or are they consistent with various characteristics of partisan support? Thus the following may also be asked: to what extent are opposition parties likely to follow through on their stances and to what extent are governing parties likely to hold to their stances? Third, which parties are likely to either assume office or have the opportunity to influence the stance of a minority government?

Bases of Partisan Stances

The extent to which party stances are indeed as varied as the initial analysis of their positions would suggest may be tested on the basis of a number of factors which may support these positions. Simultaneously, any inter-jurisdictional variation in the bases of partisan influence may be highlighted. Such variation will be seen to be present and reinforced by a number of factors.

The Geographical Base of Support for Partisan Stances

One way in which the durability or strength of a party's stance on wheat marketing may be discerned is through an examination of the geographical basis of partisan support.

For clarity, the federal government, which may be seen to constitute somewhat of a special case, will be dealt with separately after the provincial analysis. In each provincial case, the provincial elections that set the tone for the federal-provincial conflict of the 1990s will be used to establish general patterns of party support in the decade. The riding-level partisan distribution of MLAs in rural areas will be the basis for the examination. While the distribution of MLAs in the first two elections of the 1990s in each of the provinces under consideration will be used in the analysis to follow, the results of the elections of the mid-1990s in each of Manitoba, Saskatchewan, and Alberta are provided on a popular vote basis by agricultural region in Tables 4.2, 4.3, and 4.4 respectively. The popular vote basis of support is also included on Maps 4.7, 4.8, and 4.9. Rural ridings are used as the basis for the analysis because it is in these constituencies, rather than in the urban ridings, that agricultural concerns, including the marketing of wheat, are likely to assume pivotal importance. Provincial political parties will be seen to generally articulate positions in line with the views of their rural constituents.

During elections in the early to middle 1990s, the regional distribution of ridings with members affiliated with the governing party remained virtually unchanged in both Alberta and Manitoba (Maps 4.1, 4.2, 4.5, and 4.6). In Alberta, the PCs clearly dominated the rural landscape. The only exceptions occurred around the Edmonton region and the central-west part of the province. Manitoba was the model of consistency; no changes occurred in the distribution of rural ridings over the two provincial elections under consideration. Moreover, Manitoba displayed a clear north-south divide in the partisan complexion of ridings. PC ridings were concentrated in the southern part of the

province while the NDP captured ridings in the north. By contrast, the situation in Saskatchewan was less clear and more variable (Maps 4.3 and 4.4). While the north generally supported the NDP, NDP support in the central-eastern and southern regions of the province was eroded by a rejuvenated Liberal Party. Aside from a core of NDP ridings running down the centre of the province, the Saskatchewan Party, as an approximate combination of old PC and Liberal ridings was to find a significant base of support in the southern part of the province.

The threshold correlation that will be considered is that of the partisan complexion of ridings and the geographical location of wheat farmers. The location of wheat farmers is important because parties without a strong constituency of wheat farmers are not only more likely to discount the importance of the marketing issue, but are also less likely to be tied to any particular stance. A comparison of the total amount of wheat grown in each of the prairie provinces, as well as inter-provincial aggregate comparisons of other characteristics which follow, are presented in Table 4.1. Of the regions with the greatest amount of wheat farming in Manitoba, the western middle region bordering Manitoba corresponded with a region of NDP support, while the south-central and south-west portion of the province corresponded with areas containing PC ridings (Table 4.2). The southern central and western regions in general, including the Canada-US border area within these regions, have the highest percentage of farm acres dedicated to wheat in Manitoba. The wheat acre data also indicate that this southern region was the bedrock of Manitoba's wheat industry. Similarly, with the exception of the south-east, the remaining areas containing PC rural ridings also contained a significant amount of wheat farming. Although the amount of land used for wheat was, aside from the mid-western portion of

the province, lower in areas of NDP strength than in areas of PC strength, wheat farming was nonetheless still present. The Liberals, meanwhile, relied on urban support. In Saskatchewan, the regional bases of support for both the NDP and its Liberal/Progressive Conservative/Saskatchewan Party opposition were in areas of heavy wheat production (Table 4.3). Data for Saskatchewan show high levels of wheat production virtually throughout the province with the exception of the non-agricultural northern half. In Alberta, support for the PCs came from a number of areas of heavy wheat production (Table 4.4). In particular, the bedrock region of PC support in the southern portion of the province correlates well with areas of heavy wheat production and large-sized farms. The Liberals and NDP relied mainly on urban support. However, to the extent that the Liberals managed to win rural seats they generally did so in areas of moderate wheat production in the central region of the province.

Within this context, the distribution of farmer income in the prairies provides a striking correlation with the stances of parties that captured rural seats. In Manitoba, the areas containing PC ridings were fairly evenly divided on the income scale with farmers positioned towards the low end, centre, and high end of the income continuum (Table 4.2). Areas of PC ridings contained net incomes that ranged from those approaching the \$30 000 level, in the south central and west of the province, to those failing to reach the \$15 000 level, in the south-eastern region. The percentage return on capital showed a similar broad range within the PC region. This broad range of support corresponds well with the noncommittal stance of the Manitoba Government, to the extent that different income groups indeed have different marketing preferences. By contrast, Manitoba NDP ridings were concentrated in areas containing the poorest wheat farmers. All areas of

NDP ridings had average net incomes of under \$15 000, which tend toward the lowest portion of the income scale. The return on capital tended uniformly towards the lower end of the range present in the province. The party's pro-monopoly stance thus appears to be supported. In Saskatchewan, a general partisan division between richer and poorer farmers was apparent. A correlation between areas of NDP ridings and areas containing wheat farmers that tended towards the lower end to the income and return on capital scale was evident (Table 4.3). Likewise, areas containing farmers with higher net incomes and returns on investment tended to more readily support the PCs and the Liberals. Using PC and Liberal ridings as an approximation of future Saskatchewan Party ridings, the income distribution in Saskatchewan thus readily reflected the pro-monopoly and pro-dual market positions of the NDP and the Saskatchewan Party. In Alberta, the pro-dual market stance of the PC party readily reflected its rural constituency. Although the party also retained support amongst poorer farmers in the north, its southern bastion of support contained the wealthiest farmers in all of the prairies and the highest returns on capital in the province (Table 4.4). Liberal ridings, meanwhile, tended to be in the central portion of the province which contained lower income farmers. At first glance, the noncommittal stance of the Liberals would appear to be at odds with their base of support of relatively poor farmers. Upon closer examination, however, the opposite appears to be the case. Because the Liberals would have likely required rural support beyond their core rural constituency around Edmonton in order to form the government, their core rural constituency actually may be seen to have pulled them *away from* an otherwise clearly articulated pro-dual marketing stance (consistent with majority opinion in the province) towards a *de facto* pro-dual marketing plebiscitarian view. This is consistent with the

likelihood that, should the Liberals be elected to govern the province, their expanded “core” rural constituency would then probably have a pro-dual marketing complexion.

Income effects also tend to be reinforced by the proximity of producers to the Canada-US border. The richest farmers in each of the three provinces generally tended to be located in the southern portion of their respective provinces. Although both poorer and richer border area farmers potentially had lower transportation costs, wealthier farmers were more likely able to take advantage of the cost advantage. The greater ability of wealthier farmers to purchase vehicles, such as grain trucks, would more readily allow them to potentially take advantage of lower transportation costs in the event of an open border than poorer farmers. During the period under consideration, the average market value of farm trucks in general and of farm trucks other than pick-ups and cargo vans in particular tended to be higher in areas with higher farmer income levels in each of the prairie provinces (Tables 4.2, 4.3, and 4.4). Aside from the potential to buy trucks, many farmers, as the figures would indicate, already owned trucks that could have been used to transport grain across the Canada-US border. A powerful additional incentive for higher income farmers was therefore provided by both locational and infrastructure advantages and the analysis of the previous income section is reinforced.

The geographical support of party stances can also be reinforced by the presence or absence of feed grain markets. Farmers located in regions with significant numbers of cattle farms are able to reduce the risk of financial loss associated with independent grain marketing by having a viable alternative feed grain market available, without incurring prohibitive transportation costs, should difficulties arise in the primary human consumption market. In Manitoba, the southern region of PC ridings contained regions

of both medium and high average numbers of cattle and proportions of farms with cattle (Table 4.2). While some regions of NDP support in Manitoba tended to have high numbers of cattle and a high percentage of farms with cattle, these regions were not major centres of wheat production. The areas with the highest proportions of farms with cattle and calves in Saskatchewan tended to be areas with relatively lower levels of provincial wheat production (Table 4.3). Nonetheless, aside from these areas, regions with relatively low percentages of farms with cattle and calves tended to be those that contained NDP ridings. Meanwhile, regions with higher percentages of farms with cattle and calves tended to be those supporting the Liberal, PC, and eventually Saskatchewan parties. With the exception of the south-west and north-west portions of the province, the average number of cattle and calves throughout Saskatchewan tended to be uniformly low. In Alberta, the farms with the highest average number of cattle were located in the southern region of the province (Table 4.4). The percentage of farms with cattle were also high in the southern region and in Alberta in general. The location of cattle farms thus accorded well with the location of PC support, wealthier farmers, and proximity to the Canada-US border. Throughout the prairies, the geographical distribution of cattle farms located in wheat producing areas tended to correspond well with the stances taken by the relevant parties on the future of the CWB's single-desk; higher and lower measures of cattle correlated well with pro-dual marketing and pro-monopoly stances respectively.

The geographical context to party stances analysed to this point is also generally reinforced by the interest group configurations that were present in each of the provinces. The major groups involved in the dispute, their major geographical areas of influence,

and their positions are outlined in the following chapter.²³ For the purposes of the present chapter, Table 4.5 indicates the stances taken by relevant interest groups on the monopoly marketing issue. In all cases, the geographical distribution of interest group strength was also a reflection of the income variable, given that rich farmers tended to be attracted to groups favouring dual marketing and poor farmers tended to be attracted to groups favouring monopoly marketing. In Manitoba, the configuration of interest groups corresponded with the stance taken by the governing PCs. The areas in which the National Farmers Union (NFU), the Western Canadian Wheat Growers Association (WCWGA), and Keystone Agricultural Producers (KAP) had their strongest influence in Manitoba accorded well with the southern belt of PC ridings. The fairly strong influence of the WCWGA was offset by the moderate influence of the NFU and the presence of KAP. Although the overall prairie-wide influence of the WCWGA was greater than that of KAP, the influence attributed to KAP within Manitoba should be elevated by virtue of its single-province structure and the multiple-province structure of the WCWGA. Because the WCWGA's influence was concentrated in the south, the area of NDP support in the northern area of the province was thus also a region of relatively unchecked KAP and NFU support. The interest group configuration therefore also supported the stance of the NDP in Manitoba.

In Saskatchewan, the interest group configuration may be seen to have had the potential to reinforce the stance of the NDP more than that of the Saskatchewan Party. Although members of both the NFU and the WCWGA were distributed fairly evenly throughout the southern portion of the province, the WCWGA had traditionally been weakest in influence within Saskatchewan, regardless of which party assumed power,

while the NFU attained its greatest degree of influence in the province. In addition, the NFU had the largest portion of its prairie membership located in Saskatchewan, while the membership roster of the WCWGA was moderate in the province. The strength of the NFU was thus consistent with that of the stance of the NDP government. Although this overall interest group configuration would not appear to support the stance of the Saskatchewan Party, its dual marketing policy may nevertheless have still been somewhat supported, especially when the income distribution is included in the analysis. While members of both the NFU and the WCWGA may be fairly evenly distributed across the southern portion of the province as a whole, some regional differentiation may nevertheless be present.²⁴ Moreover, 35 per cent of WCWGA members were located in the province.

The stance of both the PCs and the Liberals in Alberta reflected the interest group configuration in that province. The southern stronghold of PC ridings corresponded well with the areas in which the WCWGA and Wild Rose Agricultural Producers (WRAP) were strong. Moreover, while WRAP was a general farm organisation, it may nevertheless have bolstered the dual marketing side by operating in only one province. Also, the NFU was weakest in Alberta as a whole, and the WCWGA was strongest. The stance of the PC Party was thus well supported. Likewise, the Liberal stance also found support. The area of strongest NFU influence within Alberta corresponded well with the area of core Liberal support in the centre of the province.

In addition to these institutionalised groups, one issue-oriented group, namely the Farmers for Justice (FFJ), also had an impact. Its support, likely concentrated in the Canada-US border area, largely appeared to serve to reinforce the southern support of

parties favouring dual marketing. The group had also been a catalyst in driving the controversy by attracting significant media attention.

The federal government constitutes a special case in the geographical analysis because of the traditionally key role played by the federal minister responsible for the CWB. To be sure, such ministerial power may have in part been the result of a lack of Liberal party support in the prairies. The Reform party, for example, with its core base of support in Alberta might have been more likely to be influenced by the dual marketing stance of its supporters than the Liberals, which did not have a core base of rural prairie support. Without a large constituency of wheat farmers, the Liberal Party would, even with constituents in mind, have, *ceteris paribus*, been able to choose its position from the alternatives available more than the Reform Party. Nevertheless, as previous research presented in the literature review has indicated, the federal government is less tied to the will of agricultural interest groups than are provincial governments.²⁵ Moreover, the salience of agricultural matters is more likely to be diminished in importance relative to other policy matters at the federal level than with provincial governments in the prairies. To the extent that voter demographics matter, the federal minister responsible for the CWB throughout the period of conflict in the 1990s represented a riding that would likely have significant levels of support for the single-desk.²⁶ The activities of the federal minister responsible for the CWB will be examined in detail in the following chapter.

Political Culture

With the exception of the Alberta NDP, the findings of the geographical analysis appear also to be generally compatible with the political cultures within which these

parties operated. As noted in the literature review, Wiseman has pointed out that each prairie province has a unique political culture (Table 4.6). Accordingly, the dominance of "American populist-liberalism" in Alberta²⁷ is compatible with the market-oriented stances that were taken by both the Liberals and PCs. To be sure, the stance of the NDP in Alberta does not fit the general political culture of the province. Precisely because of this, however, the party did not appear as a viable governing or opposition party on a larger provincial scale beyond its core consistency.

These findings also fit well with the broader Albertan context. The changes that have occurred in Alberta's party system after 1960 are not only consistent with its American populist-liberal political culture, but also fit well into Alberta's larger historical pattern. The party history of the province is marked by a series of eras characterised by the dominance of a single party that is generally in tune with the province's overall tone of populist-liberalism. The rapid rise of new parties in accord with the political culture, though rare elsewhere, has been almost "normal" in Alberta. Both the United Farmers of Alberta (UFA) and the Social Credit governments of 1921 and 1935 were formed by new parties contesting their first election.²⁸ Moreover, prior to the 1960s, Alberta experienced three eras of one-party dominance. Macpherson went so far as to categorise Alberta's party system prior to the 1960s as a "quasi-party system."²⁹ Although the homogeneous class structure identified by Macpherson may be open to question, the one-party dominance alluded to by Macpherson's examination, which is consistent with the prominence of *laissez-faire* liberalism, has indeed been pervasive: never in the history of Alberta politics has a governing party even come close to minority status.³⁰ A governing party has never won less than 60 per cent of the seats.³¹ The rural-urban divide has

persisted as the major cleavage in Alberta. A strong, though highly unbalanced, free enterprise versus socialism ideological divide has also been present, as reflected in urban support for the NDP.³² While Macpherson may have overstated the case, the traditional class differences seen in other jurisdictions have indeed played a relatively insignificant role in Alberta politics.³³

Meanwhile, in Saskatchewan, the "struggle between Ontario liberal and British socialist influences" was found to predominate.³⁴ Both the market-oriented view that was taken by the Saskatchewan Party and the monopoly-oriented view that was taken by the NDP are supported within this polarised environment. As with Alberta, the larger party system in Saskatchewan is consistent with the views taken by the major parties in the wheat debate. The Saskatchewan system has been characterised by two-party dominance and, since the 1930s, ideological polarisation. This is consistent with Wiseman's conclusion that "the dominant tone of politics [in Saskatchewan] reflected a struggle between Ontario liberal and British socialist influences".³⁵ As with Alberta, the Depression caused voters to turn to a new party.³⁶ Moreover, also like that of the Alberta case, the new party was in tune with the largest segment of its province's political culture. Unlike Alberta, and in keeping with the province's social democratic element, the turn was towards the left, with the CCF, rather than to the right.³⁷ Given Saskatchewan's political culture, it is not surprising that, since 1944, the CCF/NDP has continued to dominate provincial politics. Although the clear advantage has been with the NDP, the ideological environment and, consequently, the electoral arena has, however, not been as imbalanced as in Alberta. While the ideological divisions and cleavages in Saskatchewan are not entirely clear-cut,³⁸ major divisions appear to run

along class, religious, and urban-rural lines. A general urban-rural cleavage is cross-cut by a class cleavage which relies on distinctions between farmer prosperity in rural areas and between the private and public sectors and the upper-class and working class in urban areas. Meanwhile, the religious cleavage relies on a Roman-Catholic – non-Roman Catholic distinction. Overall, however, these cleavages have generally been incorporated within the main political battles which have centred on the “free enterprise versus socialism” ideological division present within the rural constituencies under consideration in the current analysis.³⁹

Similarly, the ambiguous and ambivalent “tory-touched [sic] liberal” political culture of Manitoba is able to accommodate the ambiguous stances on wheat marketing that were taken by two of the province’s parties.⁴⁰ The nature of the province’s party system more generally is also in keeping with its ambivalent and ambiguous political culture and, thus, the partisan stances taken in the wheat debate. The electoral victory of the United Farmers of Manitoba (UFM) in 1922 constituted the beginning of a decline in overt partisanship in the province. The UFM held an anti-partisan ideology which was later to culminate in the gradual emergence of a non-partisan coalition government in the 1940s.⁴¹ Elections became battles between “coalition and anti-coalition forces.”⁴² The CCF eventually established itself as the primary anti-coalition force.⁴³ With the exception of the addition of ethnicity, the main cleavages and ideological divisions present in Manitoba tend to follow those of Saskatchewan. Unlike those of Saskatchewan, however, the weight of cleavages and divisions in Manitoba is fairly balanced and, by contrast to the overarching “socialism-free enterprise” division that has come to predominate in Saskatchewan, relatively even in political salience. While the gap

between the “poles” of the main ideological division of Tory-touched liberalism versus socialism is much narrower, if not often completely missing, ethnicity, class, and geographical location all tend to coincide, reinforcing the prevailing ambiguity.⁴⁴

Both Horowitz and Tuohy have suggested the presence of a similar ambivalence nationally.⁴⁵ The full continuum of possible views on marketing thus also appears to be available at the national level. The political culture context also suggests that there is more room for change in Saskatchewan, Manitoba and nationally than in Alberta. Moreover, change in polarised Saskatchewan is more likely to be meaningful than in Manitoba, where it is more likely to remain within the ambiguous middle ground.

Leadership

Leadership also appears to have the potential to reinforce the stances taken by the political parties and governments of the prairies. The views of the leaders of opposition parties are not readily available. Those of the premiers who held office during most of the 1990s, however, are on the public record. In each case, the views of the premiers entirely reflected their party's stances. In Alberta, Ralph Klein's *laissez-faire*, populist ideas reflected the PC's dual marketing stance.⁴⁶ Roy Romanow, like his party, the Saskatchewan NDP, was a strong supporter of the CWB. Romanow, for example, decried the presence of multinational corporations, which tend to undermine monopoly marketing, as early as the 1980s.⁴⁷ Like his party's position in the debate, Gary Filmon apparently neither strongly supported the CWB nor strongly spoke out against it.⁴⁸ As mentioned, within the federal government, the attitude of the minister responsible for the CWB is often key in determining the policy that is implemented. Ralph Goodale's

support for monopoly marketing has been clear. Goodale, as will be seen, became the first Minister of Agriculture in eleven years to address an annual meeting of the NFU.⁴⁹ By contrast, Charlie Mayer, in his position as Grains and Oilseeds Minister during the Mulroney era, preferred market-oriented groups.⁵⁰ In fact, the Mulroney government extensively relied on the WCWGA to set its second term agenda in agriculture. To be sure, the analysis in the next chapter will also show that much depends upon support from the prime minister. In Goodale's case, the prime minister's support was evident in his promotion from the agricultural portfolio to that of natural resources, a much higher cabinet rank, while simultaneously taking the responsibility for the CWB with him.

The ability of leaders to reinforce their party's respective stances is, moreover, supported by a prairie history of strong political leadership. Within the prairies, leaders have often come to dominate politics.⁵¹ This is certainly the case in Alberta. In fact, the only substantial indication that the Alberta party system may be less institutionalised in some areas than those of other provinces comes from the centrality of leadership in the province (overall institutionalisation will be considered shortly); leaders, though prominent in each of the systems currently being examined, have attained their greatest centrality relative to party organisation in Alberta. Aside from the sustained general economic prosperity maintained by the province during his tenure, the success of the Social Credit Party in the period after 1960 has been very much linked with the personal appeal of Premier Ernest Manning. To be sure, he was assisted by the Social Credit League. Nevertheless, this paled in comparison to his personal attributes which included a "strong administrative ability," a "stern moral reputation," his reputation for honesty, and his Christian radio program.⁵² Likewise, Peter Lougheed, who would follow the

Social Credit era as the first Progressive Conservative premier of Alberta, not only personally built, but also dominated the modern Alberta Conservative Party during his tenure as party leader.⁵³ This domination extended into policy matters and “handpicking [sic]” his own successor. The Conservative Party’s weak and unintegrated membership base reinforces the strength of the leader.⁵⁴ In fact, Dyck concludes that “leadership has probably been the single most important factor in Alberta politics” since 1935.⁵⁵ As with the other provinces that will be examined, these leaders have, moreover, reflected their province’s political culture.

The leadership factor has generally dominated party organisation in Saskatchewan as well.⁵⁶ Douglas, Thatcher, Blakeney, Devine, and Romanow have all been in solid control of their governments. By contrast, party organisation, as elsewhere on the prairies, generally stands underdeveloped or overridden.⁵⁷

As in Alberta, the main area where the amount of institutionalisation wanes in Manitoba is in the importance of leadership relative to organisation. Manitoba’s focus on leadership, though great, appears less than that of Alberta and Saskatchewan. The leader who has made the largest personal impact during the post-1960 period in Manitoba emerged from the NDP. The personality and background of Edward Schreyer were, for example, instrumental to the NDP’s 1969 win.⁵⁸

Federal-Provincial Party Relations

Federal-provincial party relations also generally allowed for the range of stances taken by the parties under consideration. The con-federal organisation of both the PCs throughout the prairies and the Liberals in Alberta during this period allowed for

provincial party autonomy and the unchecked influence of the local bases of support analysed earlier.⁵⁹ Although the integrated party organisation of the Liberals in Saskatchewan and Manitoba and the NDP throughout the prairies would suggest the possibility that the actions of these parties might have been restrained,⁶⁰ this does not appear likely: the Liberals in Saskatchewan partly merged with the PCs to form the Saskatchewan Party and the general stance of the NDP was consistent with its provincial bases of support throughout the prairies. The only exception to this is the Manitoba Liberal Party, which, however, did not hold rural seats and was divided. The Manitoba Liberals would thus appear to have been a candidate for extra-provincial federal party influence.

Party Ideology, Programmes, and Areas of Core Support

Irrespective of the degree of provincial party autonomy, the solidity of the stances taken by the prairie parties can be further tested by assessing their consistency with overall party ideologies, programmes, and areas of core support. Each of Alberta, Saskatchewan, and Manitoba will, in turn, be considered. In Alberta the *laissez-faire* free market-oriented political culture is readily reflected in the general ideological convergence of the major parties of the province. The convergence, moreover, was present not only in the 1990s, but was historically evident. Typical of this ideological approach was Manning's strict anti-socialist message which was reflected in the opposition to universal medicare, the absence of a Department of Labour until 1959, Social Credit's conservative labour legislation, and an emphasis on lower interest rates and free enterprise.⁶¹ To be sure, the Social Credit party supported a range of important

government services in the areas of education, health, and welfare, including a non-universal private form of hospital insurance.⁶² The support of such programs, however, can be attributed largely to the general prosperity of the province rather than to any ideological shift.

The difference between the Progressive Conservative party and the Social Credit party was, furthermore, not one of ideology as much as formal party label. The continuity was captured in the Conservative slogan for the 1971 election: "Free enterprise which cares".⁶³ As with Social Credit, the emphasis remained clearly on the private sector. Where Manning relied on transnational oil corporations, Lougheed instead attempted to actively promote an Alberta-based business elite. Thus, although the Conservatives have been willing to intervene in the economy, they have done so to promote, not replace, private initiative in the name of province-building.⁶⁴ Both parties, moreover, have been ardent defenders of Alberta's place within the Canadian federation. The conservative policy tilt of the Social Credit Party also continued: the Progressive Conservatives favoured extra-billing and did not nationalise the province's electrical utility. Under Klein, the party's right-wing economic ideology was reinvigorated after the deficit spending of the Getty years. Klein's extensive platform of spending cuts and privatisation was proclaimed in the name of *laissez-faire* economics.⁶⁵ The "Alberta Advantage," with its emphasis on low taxes, may be seen as a symbol of the PC approach.⁶⁶ In fact, the Conservatives remained committed to maintaining the country's lowest level of taxes and eliminating the province's debt in the 1990s.⁶⁷ In a manner similar to the Social Credit Party and the Lougheed Conservatives, Klein was forced to

become increasingly generous in certain areas, such as education and regional health authority funding, given Alberta's continued excellent fiscal health.⁶⁸

The Alberta Liberals have also failed to significantly distinguish themselves from this Social Credit-Progressive Conservative ideological centre of gravity. Amidst the conservative ideology of Alberta's political culture, the Liberals have tended to offer alternatives barely distinguishable from those of the governing parties.⁶⁹ Although this has, to be sure, sometimes led to splits within the party, the free enterprise faction has normally tended to prevail.⁷⁰

The NDP has been the only party to break with this *laissez-faire* ideology. However, it has done so largely to maintain its small niche in the electoral market, largely conceding that it is not attempting to form the government. It has traditionally favoured unionisation, the nationalisation of the resource economy, and social program spending.⁷¹ Even in the face of the Klein government's rededication to neo-liberalism, the NDP pledged to raise taxes during the 1993 campaign.⁷²

Although other factors such as region and ethnicity reinforce the core support of the parties, these factors only do so at the margins of the rural-urban cleavage and the free-enterprise versus socialism divide mentioned earlier, which are consistent with the stances taken by the Alberta parties on the wheat marketing issues. While the Social Credit party transcended basic cleavages on the basis of the strength of its overall support, its core supporters were nevertheless found in small towns and rural areas of Alberta.⁷³ The party also tended to attract a relatively higher share of voters with an English, a German, or a Scandinavian heritage.⁷⁴ These voters tended to live in the

southern part of the province. Also from the southern part of the province were religious fundamentalists, who constituted the heart of Social Credit support.⁷⁵

The core of PC support has been very similar to that of the Social Credit. The main difference has been the party's ability to attract the support of a rising urban middle-class and the cohort of voters that entered the electorate in the early 1970s.⁷⁶ The party lost a significant amount of urban voters under Getty, but managed to regain some of them under Klein, particularly in Calgary.⁷⁷ The basic core, however, on which the party continued to build its electoral victories in the 1990s, as reflected in the sustained controversies over electoral redistribution, remained the rural regions of the province. These regions were generally well disposed toward dual marketing.⁷⁸ The Conservative party's dual marketing policy was thus built on the foundations of both its immediate and historical political context.

Not surprisingly, the core support of both the Liberals and the NDP tended to be found in the larger urban centres.⁷⁹ The Liberals have also tended to be competitive with the PCs in smaller cities such as Leduc, Medicine Hat, Lethbridge, and Grande Prairie. At a secondary level, the Liberals have tended to attract French-Canadian support and the NDP has tended to attract Ukrainian support, which was located in the northern part of the province.⁸⁰ The NDP has also attracted voters lacking a religious affiliation. Liberal support in smaller centres potentially sympathetic with the concerns of the farming communities they serve lends support to either a dual marketing thrust, in Medicine Hat and Lethbridge, or a monopoly marketing thrust, in Leduc and Grande Prairie. The plebiscitarian Liberal stance thus appears supported. The virtual non-existence of rural

NDP support, meanwhile, is consistent with the implementation of a pro-monopoly policy in line with the basic thrust of the party's ideology.

The pro-dual marketing and pro-monopoly stances that were taken by the major political parties in Saskatchewan were also readily consistent with their respective ideologies, programmes, and bases of core support. In this regard, the CCF/NDP placed itself on the dominant side of Saskatchewan's ideological divide. Although the party moved away from its clearly socialist beginnings, it nevertheless continued to consistently favour left-wing policies, often going further than, and providing leadership for, left-wing governments in other provinces.⁸¹ To be sure, the party moved to the right under Romanow, cutting expenditures, closing hospitals, reaching out to the private sector, and balancing the budget. Even Romanow, however, appeared to have retained a "social democratic mindset"⁸² within a larger national trend favouring less government spending. Moreover, given that Saskatchewan apparently came close to bankruptcy during Romanow's first term, the premier appeared to have had little choice in the matter.⁸³

The partisan configuration opposing the NDP in the 1990s, under the PC, Liberal, and Saskatchewan party labels, had an ideology in keeping with the free market thrust of dual marketing in wheat. The Liberals have generally placed themselves well to the right of the NDP since the leadership of Thatcher in the 1960s. While the Liberals did not privatise or substantially decrease the size of government while in office, they did emphasise the role of private enterprise in developing the province's natural resources in a manner similar to that of Alberta. Thatcher was clearly viewed as "right-wing."⁸⁴

Like the Liberals, the PCs have also consistently endorsed less government intervention in the economy.⁸⁵ The PCs matched the Liberals in encouraging the private sector to develop resources and outdid the Liberals with a comprehensive privatisation program. The Saskatchewan Party shared similar views, thereby consolidating the right side of the province's major electoral divide. The Saskatchewan Party, for example, emphasised private sector-led economic growth and job creation, smaller and "less intrusive" government, decreased government spending and taxation, and social programs that protect only those who really need them.⁸⁶

The core support of the relevant parties in Saskatchewan also reinforced their CWB policies.⁸⁷ Since the mid-1940s, the NDP's core base of support came to consist of poorer farmers and the urban working class.⁸⁸ In particular, wheat farmers and workers in the wheat industry have continued to provide a solid base.⁸⁹ Since the 1960s, the NDP has fared better in urban areas than in rural areas.⁹⁰ More recently, the NDP has also begun to attract the support of farmers, middle-class professionals, and the public sector.⁹¹ Nonetheless, the core rural support remained that of the province's poorer wheat farmers.

By contrast, the Liberals have consistently found a strong base of support amongst wealthier farmers.⁹² Middle-class voters have also augmented this base.⁹³ In the 1990s, the party began to draw on the support of the business community and professionals in small towns.⁹⁴ The PCs have relied on the same class base for their core of support. It is thus hardly surprising that some of the Liberals and PCs would attempt to merge in order to increase their electoral effectiveness against the NDP and agree to a dual marketing platform, allowing the Saskatchewan Party to inherit this common core.

The ideologies of the parties of Manitoba have been remarkably less clear-cut than in Saskatchewan and Alberta, strikingly echoing the ambiguous Liberal and PC wheat marketing positions in the province. The PCs have leaned both rightward and leftward.⁹⁵ During the Roblin era, the party was associated with increased government spending, economic planning, and increasing social services. By contrast, the Weir and Lyon PC parties tended towards a more conservative neo-liberal ideology. In fact, Lyon, with his emphasis on decreased government spending and civil service reductions, has been described as Canada's first neo-conservative.⁹⁶

Similarly, the Liberals have also been all over the ideological map.⁹⁷ By the late 1960s, the Liberals became increasingly difficult to distinguish from the PCs following the selection of Robert Bend as the Liberal leader. In 1977, however, the party moved to the left under the leadership of Charles Huband. As a result, the electorate, amidst the confusion increasingly chose to "ignore" the Liberals. Although Sharon Carstairs managed to revive the Liberal Party, she did so at the expense of moving the party towards the right to again virtually eliminate any substantive distinction between the PCs and the Liberals.

Even the leader of the forces that once opposed the non-partisan administration has not been able to escape the ambivalent and ambiguous setting of Manitoba politics.⁹⁸ Although the NDP in Manitoba has favoured monopoly selling, its position is not supported by as solid an ideological base as in other provinces. During the Schreyer administration, as well as the subsequent Pawley years, the NDP appeared ideologically inconsistent. Initiatives in health care and social welfare, the nationalisation of automobile insurance, and an emphasis on income equalisation were, for example,

combined with wage and price controls and a rejection of nationalisation initiatives in the mining sector. The Manitoba NDP has been less ideologically distinct than its namesakes in Saskatchewan and Alberta.

The non-segmented distribution and mix of core supporters amongst the Conservatives and Liberals also appear to be able to support policy ambiguity. The Conservatives have relied on the support of Anglo-Saxon voters in the southern portion of Winnipeg and voters in the rural south-west.⁹⁹ More generally, the PCs tend to do better in rural and southern Manitoba.¹⁰⁰ The party has also come to rely on the middle class, wealthier farmers, and Mennonites.

Liberal-Progressive supporters tended to be drawn from the same areas as those of the PCs with the exception of the addition of non-Anglo-Saxon northern residents.¹⁰¹ With the exception of Roman Catholic and some non-Anglo-Saxon support, the Liberals have also tended to rely on the same base of core support as the PCs.¹⁰² The Liberals are thus without a strong regional base and must do exceedingly well in Winnipeg to attain power.¹⁰³

The core of the NDP's support, meanwhile, has always been the working class areas of the northern portion of Winnipeg.¹⁰⁴ Since 1969, the party has received support from non-Anglo-Saxons in northern rural areas and northern Winnipeg; Roman Catholic, Ukrainian Catholic, and Greek Orthodox voters; and Franco-Manitobans and natives.¹⁰⁵ More generally, the party also tends to receive support from urban areas, union members, left-wing women's groups, peace and environmentalist movements, and left-wing farmers' organisations, such as the Manitoba Farmers Union after 1967 (poorer farmers).¹⁰⁶

Partisan Change

The analysis to this point has concentrated on examining the bases on which the partisan stances on wheat marketing were built. The existence of long-term geographical and demographical bases of partisan support across a number of policy areas suggest that party positions on the future of the CWB wheat marketing monopoly, which are in line with the character and positions of this long-term partisan support, follow from the views of partisan adherents as they face changing political and economic circumstances and incentives favouring and opposing particular policy stances. The preceding analysis not only served to show the foundations for the stances that were taken, but also the depth and pervasiveness of the conflict. The depth and pervasiveness of the conflict over wheat marketing is also indicated by the potential importance of changes in governing parties. The impact of partisan change can be examined on a number of fronts. The nature of provincial bureaucracies suggests that the impact of partisan change would likely be less in Alberta than in Saskatchewan and Manitoba. As will be seen in the forthcoming chapter, it was in Alberta that the role of the WCWGA appeared to come closest to what Skogstad has termed parentela pluralism. This form of pluralism replaces the primacy of policy advocacy with a situation in which interest groups occupy "a dominant place within a governing party."¹⁰⁷ Parentela pluralism has been held most likely to occur in provinces like Alberta where the dominance of one party and a small number of industries are combined.

The prospect of single party government, meanwhile, suggests that the potential of opposition partisan influence may be greatest in Ottawa and Manitoba and least in Alberta and Saskatchewan. The party systems of Alberta, Saskatchewan, Manitoba, and

Canada have been characterised as one-party predominant, two-party, two-and-a-half party and two-and-a-half party (until recently) respectively.¹⁰⁸

With an effective number of parliamentary parties (ENPP) of 1.480, Alberta clearly falls within Scott Mainwaring and Timothy Scully's one party predominant system (Table 4.7).¹⁰⁹ The Alberta system is also rightly classified as "one-party predominant" on the basis of the winning party typically receiving at least 51 per cent of the seats and the province's high median seat ratio of first to second party (SR 1:2) of 6.49. In fact, Alberta's high one-party seat concentration (1PSC) of 80.8 per cent and low mean parliamentary fragmentation (PFRG) of .291 significantly differentiate it from the other provinces under consideration. Alberta's classification as a one-party system is also reinforced by its lack of governmental turnovers and the tendency of only one party from each era of the party system to be in government.¹¹⁰

Saskatchewan's ENPP of 1.758 (Table 4.7) would suggest that it ought to be classified as a two-party system by the criterion set out by Mainwaring and Scully.¹¹¹

Saskatchewan's 1PSC would also appear to suggest that a one-party predominant system may be possible. Nevertheless, voting results have clearly established that the main party opposed to the NDP has attained significant electoral success. Moreover, the province's median SR 1:2 is comparable to that of provinces with competitive party systems. Also, Saskatchewan's system has been subject to a significant number of turnovers. Alan Siaroff's numerically-based classification of Saskatchewan as having an imbalanced two-party system would thus appear to find support.¹¹²

The ENPP for Manitoba, of 2.282, is high and suggests the possible presence of three relevant parties (Table 4.7). However, the Mainwaring and Scully classification scheme

would place Manitoba squarely in the two-party system category. Such a classification appears to be inadequate. Manitoba's 1PSC and two-party seat concentration (2PSC) are both theoretically low and the lowest of the provinces under consideration. The degree of parliamentary fragmentation present in Manitoba is very high. It would thus appear that on the basis of a numerical analysis, Manitoba ought to be classified as having a two-and-a-half-party system for the period since 1960.¹¹³ In line with the numerical classification, the NDP, the Liberals, and the PCs have been involved in some relatively close three-way races. Although the Liberal party was reduced to a mere three seats in the 1995 election, it nevertheless retained the support of 24 per cent of voters. According to the Wiseman analysis, the province's political culture also suggests that all three parties can be more readily simultaneously sustained than in either Alberta or Saskatchewan.

Similar to Manitoba, the federal party system also has a high ENPP. In fact, its ENPP and PFRG are higher than all other jurisdictions under consideration. The one and two party seat concentrations, meanwhile, are the lowest. While the Liberals appeared to be the only remaining major party by the end of the 1990s, they nevertheless joined their competitors in becoming increasingly regionalised. The federal system thus also appears to have the potential to retain more than two relevant parties.

Accordingly, minority parliaments have occurred in Manitoba and have in the past been fairly common in Ottawa.¹¹⁴ Although the nature of the federal party system appears to have changed recently, the potential for minority government is still in place. The influence of opposition parties in the wheat debate is thus most likely to occur in Manitoba and Ottawa and least likely to occur in Alberta and Saskatchewan.

Electoral Prospects

In addition to examining the solidity of stances taken by the relevant parties in the wheat debate, the potential impact of changes in the partisan complexion of governments, and the probability of oppositional influence in a minority parliament, an analysis of the foundations, depth and pervasiveness of the conflict must also take into account the likelihood that various relevant parties will actually assume office. The previous analysis of party systems suggests that inter-jurisdictional differences in the likelihood of opposition parties coming to power are present. In Alberta, partisan change appears unlikely to occur in the short-term. In Saskatchewan, the Saskatchewan Party is a viable (as well as the only) electoral alternative. The Saskatchewan Party's status as a viable contender for provincial power was readily demonstrated in the 1999 provincial election where it captured a higher percentage of the popular vote than the NDP and only three fewer seats. In Manitoba, the NDP, in opposition for most of the decade, assumed power in 1999. Given that only six seats and less than five per cent of the popular vote separated the parties, Manitoba would thus appear to have two viable contenders for office. Nationally, a unified right-wing alternative, though currently unorganised, would potentially appear to be a viable contender for office.

Alberta's electoral system may be seen to reinforce one-party dominance on the basis of both system mechanics as well as continuing rural overrepresentation. Since 1959, all Alberta ridings have been contested on the basis of a system of single-member pluralities.¹¹⁵ Archer and Hunziker have suggested the particular level of popular support normally attained by the governing party has served to "maximize the distortions" of the electoral system.¹¹⁶ The one party dominance may also be reinforced by lower levels of

voter turnout as voters not supporting the governing party drop out of the electorate (Table 4.8).¹¹⁷

The distribution and redistribution of seats in Alberta also appear to reinforce one party dominance. Seat redistributions, given their bias toward the governing PCs, have been highly controversial. Alberta was the only province in which the commission regulating seat redistribution continued to retain a governing party majority.¹¹⁸ Moreover, the rural overrepresentation that was at the heart of the controversy showed no sign of diminishing; Alberta Premier Ralph Klein stated his intention to provide *greater* rural representation and go to court over the principle.¹¹⁹ The effects of rural overrepresentation are readily evident in the high seat bias of Alberta compared with that of the other prairie provinces (Tables 4.9).¹²⁰ In the period since 1960 (to 1997), Alberta had an average governing party bias of 29. By contrast, in Saskatchewan and Manitoba, the average governing party bias over the same period was 22 and 11 respectively.

With the exception of the prominence of party leaders examined earlier, the institutionalisation measures used by Mainwaring and Scully indicate that Alberta's party system is more institutionalised and stable relative to those of the other provinces under consideration.¹²¹ Although major parties do regularly appear and disappear in Alberta, they tend to do so infrequently and decisively. In fact, not only has such a change occurred only once since 1960, but the change also represents the only governmental turnover during that period. Moreover, as seen, the Social Credit Party and the PC Party that replaced it in 1971 were virtually ideologically indistinguishable. Alberta's electoral volatility index (Table 4.10) is the second lowest of the provinces under consideration, with its number two ranking generally stemming from the 1971 one-shot turnover.¹²²

Moreover, Alberta led the provinces under consideration in the earned majority category (Table 4.7). Institutionalisation measures thus indicate the likely continuation of the one party dominant system in Alberta. A change in the stance of the Alberta Government in the wheat debate is thus unlikely to come as a result of partisan change.

Unlike the Alberta case, the electoral environment that was in place for most of the 1990s as well as historical election data in Saskatchewan indicate that the opposition to the NDP, as long as it remains united, constitutes a viable governing alternative. Although the province has a history of governments shoring up their electoral prospects through the distribution of ridings, the likelihood of gerrymandering has decreased significantly since the mid-1990s. Prior to 1967, multiple-member urban ridings apparently tended to benefit the CCF/NDP at the expense of the Liberals, given that the system was changed under the Thatcher administration which was known for its extreme attempts at gerrymandering. Premier Blakeney established an independent redistribution commission.¹²³ Premier Devine's electoral revisions, though controversial, were eventually upheld by the Supreme Court of Canada after having been previously struck down by the Saskatchewan Court of Appeal.¹²⁴ In 1993, Saskatchewan established the strictest redistribution guidelines in the country at plus/minus 5 per cent (except the two northern seats).¹²⁵ Turnout in Saskatchewan has been high, in a reflection of the clear electoral alternatives in the province (Table 4.8).

In relation to the other provinces under consideration, Saskatchewan's party system appears to be relatively less institutionalised and stable, again opening the door to governmental turnover. Saskatchewan's electoral volatility is high (Table 4.10). While the major parties have not regularly disappeared and reappeared, the PCs and a

substantial number, but not all, Liberals have recently merged to form the Saskatchewan Party. This is also an indication of the imbalanced nature of the system: opposition to the prevailing social democratic ideology must be consolidated to have a chance of winning office.

Manitoba's electoral system reinforces its competitive party system. Although Manitoba has historically experimented with its electoral system, during the period under consideration all ridings have been part of a single member plurality system.¹²⁶ Moreover, the province has not had the same degree of sustained rural overrepresentation as have other provinces.¹²⁷ Electoral redistributions have generally not been controversial: a three-member commission is named according to statute.¹²⁸ In a reflection of the ambiguity of the parties and the political culture, turnout in Manitoba elections has been low (Table 4.8).

Manitoba's competitive party system, moreover, appears to be highly institutionalised.¹²⁹ After the disappearance of the Liberal-Progressives in the early 1960s, relevant parties have neither appeared nor disappeared. Even though Manitoba has a solid two-and-a-half party tradition, it nevertheless has managed to retain the lowest electoral volatility index of the provinces under consideration (lower than that of Alberta with its one-party dominance) (Table 4.10). The close, competitive structure of the system is thus evident. Unlike Alberta, in the Manitoba case, a turnover of relatively small numbers of seats can mean a change in government. The prospects of a change in wheat board policy through a change of governing parties in Manitoba is thus high, notwithstanding the ever-present potential for ambiguity in policy.

The federal electoral system and institutional setting support the prospect for a partisan change of government. To be sure, the partisan fragmentation on the right as well as the general regionalisation of partisan support would appear to have aided the Liberal Party in maintaining an unusually strong hold on power in the 1990s. Nevertheless, given that the fragmentation and regionalisation have occurred within a broader historical context of low institutionalisation and high competition, the likelihood of governmental turnover should not be underestimated, especially with a unified right. Moreover, the degree of institutionalisation of the federal party system tends toward the low side. The Parliament of Canada has seen a high number of governmental turnovers in the post-1960 period (Table 4.7) and fairly high electoral volatility (Table 4.10). In the same period, Ottawa had the highest number of minority governments amongst the jurisdictions under consideration (Table 4.7). The federal electoral and party systems thus appear to allow for the prospect of a change in the federal government's wheat marketing policy through a governmental turnover.

Conclusion

The evidence examined in this chapter indicates that the policy positions taken by relevant parties across of the prairies in the 1990s on the future of the CWB's wheat monopoly are solidly supported on a number of fronts. Party stances run deep and are both historically embedded and systemically supported. They were found to be strikingly consistent with a number of mutually reinforcing variables, including the bases of partisan support themselves; a range of geographically specific societal and economic factors which, in their particular manifestations, can be theoretically associated with

opinions for or against monopoly marketing, were found to readily correlate with the geographical distribution of party positions on the issue in the predicted ways.

Partisan change and opposition influence in minority parliaments both appear to have the potential to influence the configuration of the axes of harmony and conflict in federal-provincial relations in the area of wheat marketing policy. Change in policy associated with opposition party influence is, however, not likely to be present in all jurisdictions under consideration with equal probability. As seen, the relatively rare scenario of a minority parliament election historically appeared most likely to occur, and thus influence wheat marketing policy, in Manitoba and Ottawa. As with opposition party influence, the likely impact of changes in the partisan complexion of government also appears to be inter-jurisdictionally varied. Whereas factors such as the constitutional context, leadership, federalism, and the bases of partisan support appear to be similar in their ability to support a broad array of stances within any particular jurisdiction, other factors, such as ideological context, the bureaucracy, the likelihood of single party majority government, electoral prospects, and the views of the parties themselves, appear to suggest the potential for differences in the impact of particular parties on the wheat marketing issue in any one jurisdiction. Each of the jurisdictions under consideration may be placed on a continuum of partisan change potential. Based on the historical, long-term data, from least to greatest the arrangement is as follows: Alberta, Manitoba, Saskatchewan, and Canada. To be sure, following the 1999 provincial election, Saskatchewan has been placed in a minority government situation. Moreover, the right-wing federal parties were not able to successfully unite and challenge the Liberals in the 1999 federal election. To the extent these recent events are seen to modify historical

circumstances in assessing future possibilities, the order may be revised to Alberta, Canada, Manitoba, and Saskatchewan.

In Alberta, not only is the potential for partisan change lowest amongst the jurisdictions under consideration, but, to the extent that partisan change does occur, the party assuming office is likely to have the same stance. A party with a pro-monopoly stance is not likely to be a contender for office in Alberta. Although Manitoba, with its two-and-a-half-party system, would appear to have more potential for partisan impact than Saskatchewan, the consequences of change are muted by the tendency towards ambiguity in the province (this may even be exacerbated during a period of minority government), the smaller amount of wheat produced in the province, and the likelihood that the views of a new governing party will support the *status quo*. The impact of partisan change in Saskatchewan, meanwhile, appears great. Not only does the opposition party have a realistic chance at attaining office, but its stance is clearly opposed to that of the governing party. Nationally, the potential impact of partisan change also appears significant to the extent that right-wing opposition is consolidated. Indeed, given the power of the federal government's minister responsible for the CWB, any ministerial change within a party may even have a large impact (particularly considering that federal parties are not as tied to any particular configuration of interest groups as are provincial parties). This impact is reinforced by a number of factors: the federal government will likely formally decide the future of the Board, any potential right-wing alternative appears ready to end the monopoly, and the potential for minority government means that a pro-monopoly government may be more readily influenced by opposition party pressure, especially if it does not have a significant prairie constituency.

With the exception of the Manitoba case, which has a smaller potential impact than the Saskatchewan and national cases, any partisan change that does occur is likely to favour dual marketing. The bilateral federal-provincial conflict currently occurring between the Alberta Government and the federal government thus has the potential to either become multilateral, should the government change in Saskatchewan, or shift to a Saskatchewan Government – federal government axis, should Ottawa change its position. The former case is likely to produce significant pressure on the federal government to end the CWB monopoly, given that Alberta and Saskatchewan together grow more than 75 per cent of the country's wheat. In the latter case, the change may occur quickly, given that the federal government has the authority to end the CWB's monopoly. Moreover, were the monopoly to be ended, it may not be easily reinstated within the context of international trade agreements signed by Canada. Federal-provincial conflict over wheat marketing policy would not, however, likely end under such a scenario, given the depth of partisan support for monopoly marketing within an NDP government in Saskatchewan.

In sum, the stances taken by parties throughout the prairies on the future of the CWB monopoly are solidly consistent with a broad range of significant geographic, demographic, economic, historical, and structural variables. Parties are thus without any significant internal impetus for changing their stance on wheat marketing policy. Therefore, any change in a given provincial government's stance on the matter is likely to be associated either with a change in governing party or opposition party influence in a minority parliament. This sort of change is unlikely to occur in Alberta and likely to occur in Saskatchewan and Manitoba. Should such a change occur in Saskatchewan or

Manitoba, it is likely to matter more in Saskatchewan than in Manitoba because of the pervasive ambivalence present in the latter jurisdiction.

Partisan influence on governmental policy, be it in the complexion of governments or oppositional influence, matters in the area of wheat marketing. Moreover, changes in partisan influence also matter in determining the lines of conflict and harmony and the nature of future wheat marketing policy. Inter-jurisdictional differences in the potential impact of a change in partisan influence, however, are significant. To the extent that change does occur, it is likely to strengthen the position of the dual marketing option. The potential for major changes to occur at the CWB thus appear to be high. Moreover, the strength of the opposition to the *status quo* and its solid support throughout the prairies additionally serves to demonstrate the depth and pervasiveness of the conflict, given that support for the *status quo* is also solidly present throughout the region. The depth and dynamism of the conflict is also seen in the potential impact of partisan change to the landscape of the debate. Amidst the forces of globalisation, the desire for change became embedded in the partisan environment. The partisan structures within the liberal democratic setting of the debate transmitted societal demands into the public policy arena. This chapter has demonstrated that these various regions of support and opposition to the *status quo* actually and potentially feed into the policy-making environment through the stances taken by various parties capable of attaining power within various political arenas in the prairies. A window is thus opened for understanding the policy process and intergovernmental relations in a globalised wheat marketing area.

The data readily demonstrate the depth and breadth of the wheat debate that occurred in the prairie in the 1990s. The impact of globalisation that swept over the prairies before and during the debate can be seen to have deeply penetrated the very foundations of political debate concerning wheat marketing policy in Canada. These forces, as well as their impact on other mediating variables, namely interest groups and farmer opinion, will be examined in subsequent chapters. The current chapter serves to highlight the point at which all of these forces and variables meet to influence the public policy-making authorities themselves. In doing so, it shows how a myriad of factors came together in the 1990s to support federal-provincial conflict over the future of prairie wheat marketing policy.

CHAPTER V

THE ROLE OF INTEREST GROUPS

The agricultural sector generally and the wheat sector more specifically have been shaped by the presence of a number of influential, often regionally differentiated, interest groups. The number, type, and policy thrust of these groups have changed since the founding of the Canadian Wheat Board (CWB). Over time, various forces have shaped the prairie wheat marketing environment, including those associated with the depression in the 1930s, the Second World War, and globalisation. These forces have been filtered through a number of different interest group configurations in their impact on federal-provincial relations and policy outcomes.

This chapter will focus on the structure of interest groups involved with the marketing of prairie wheat. It will argue that changes in interest group configurations over time and differences in these configurations across provinces are correlated with the varied stances that were taken in the 1990s by the governments of Manitoba, Saskatchewan, and Alberta on the monopoly marketing of wheat. The chapter will argue that support for the CWB's single-desk for wheat was undermined as the overall interest group arena became increasingly differentiated: the importance of one-province groups, commodity groups, and issue-oriented groups increased relative to groups operating in a number of provinces, general farm organisations, and institutionalised groups.

Prior to the 1970s, the dominance of a set of powerful interest groups that were undifferentiated on the issue of how wheat should be marketed went unchallenged: all consistently and enthusiastically supported the CWB's monopoly. However, the interest

group environment is also consistent with the emergence of federal-provincial conflict and demands for changes in policy as market-oriented commodity groups began to appear in the 1970s and later rose to prominence. Variations in the regional strength of key interest groups will be seen to have led to differences in the composition and overall character of provincial interest group configurations.

Alberta and Saskatchewan have assumed relatively prominent positions in the development of grain marketing policy, while Manitoba has tended to remain in the background. The differences in the relative prominence of provincial roles are not only consistent with the greater importance of wheat to the economies of Alberta and Saskatchewan but, after the late 1960s, when the interest groups involved with wheat marketing became more diversified, the relatively clear and internally reinforcing configurations of interest groups in Alberta and Saskatchewan compared to the more "cross-cutting" and ambiguous configuration present in Manitoba. As Skogstad has pointed out, unlike in Alberta, where farmer opinion and the interest group configuration have tended towards a market-orientation, and in Saskatchewan, where these forces have tended to lend support to a governmental-orientation overall, Manitoba is divided on the matter both overall and in sub-regions.¹

An understanding of the role of interest groups and their respective provincial configurations provides insight into the lines of conflict that emerged on the issue of the monopoly marketing of wheat in the late 1980s and early 1990s and how that conflict was channelled. Such an understanding does not, however, explain the timing of the conflict and the nature and source of the views held by these groups. Left to itself, an analysis of the interest group environment might appear to suggest that conflict could

have erupted prior to the 1990s: monopoly-oriented general farm organisations had been joined by market-oriented commodity groups in lobbying the federal government and the governments of the prairie provinces. Moreover, powerful provincial governments were present in the prairies and continually engaged the federal government in other policy areas.

The impact of globalisation on the prairie wheat marketing environment, including interest group views and configurations, however, holds the key to the timing of the conflict. The reasons for the continued tradition of harmony prior to the late 1980s become evident: wheat marketing had not yet been assaulted by the full thrust of the forces of globalisation. In particular, the absence of free trade regimes, the lack of a sufficient regional-international interface, the predominance of middle-sized farms, the unavailability of timely market information to farmers, and the lack of business education among farmers remained as factors supporting federal-provincial harmony. In other words, the presence of powerful provinces and market-oriented interest groups had not yet been combined with the feasibility of globalised solutions to wheat marketing. Globalisation had not yet significantly altered the views and interests of farmers which were later to be projected into the policy arena with great strength.

The impact of globalisation on the wheat marketing environment will be dealt with in subsequent chapters. This chapter will provide evidence for the changing nature of the interest group configurations across the Canadian prairies. The development of various configurations of groups and their interactions with prairie and federal governments during periods of federal-provincial harmony in the area of monopoly marketing of

prairie wheat will first be traced. This will be followed by a similar examination of the period of federal-provincial conflict, beginning roughly in the early 1990s.

Period of Harmony – The Founding of the CWB to the 1990s

Although the initial period of harmony, especially after the late 1960s, saw a number of changes to the various configurations of interest groups in each of the prairie provinces, the groups and configurations of groups remained united in their general support of the continuation of single-desk selling of prairie wheat. Nonetheless, in the midst of the still prevailing harmony, the groundwork for the forthcoming conflict was being laid. By the end of the period, the number, geographic positioning, and political disposition of groups provided a ready framework to conduct the forces of conflict emanating from a globalised wheat market.

The relatively volatile and uncertain grain trading environment that existed immediately prior to the establishment of the CWB provides the basis for the initial views and structure of the interest group configuration during the foundational years of the CWB. The interest group configuration across the prairies was unified and homogenous. The Canadian Council of Agriculture (CCA), which favoured pooling and monopoly selling of wheat, was the key interest group in the area of wheat marketing throughout the prairies.² Its effectiveness in representing farmers was apparent; largely on the basis of lobbying efforts from the CCA, a pan-Canadian wheat board with pooling and monopoly powers was established by the federal government for the 1919-20 crop year. To be sure, the Board was eliminated in 1920. Nevertheless, amidst continuing pressure from farmers, the federal government eventually created the CWB in 1935 as a voluntary

agency. Moreover, the major line of pressure opposing the creation of a single-desk for wheat came not from interest groups representing wheat farmers, but rather groups representing business interests, such as the Council of the Winnipeg Grain Exchange.

Although the interest group configuration changed in the mid-1930s with the addition of a major pan-Canadian group, the previous unity favouring the monopoly marketing of wheat remained unchanged. The Canadian Federation of Agriculture (CFA) was established in 1935 as a general farmer organisation in order to represent farmers from across the country. In line with its structure as a general farm organisation, the CFA, from the outset, favoured government intervention in wheat farming. The CFA thus readily reinforced the prior unanimity in calls for board marketing.³ Moreover, in opposition to the relatively market-oriented views coming from the Winnipeg Grain Exchange and other business interests, the vast majority of farmers continued to emphasise, through the CFA, that their role and expertise lay in farming rather than marketing.⁴

By the 1940s, the unity of support for monopoly board marketing amongst the interest groups involved in wheat marketing as well as other major agricultural entities was clear. This was evident in the governmental arena as well as amongst key members of the prairie wheat marketing environment itself. For example, a 1942 conference called by the federal Department of Agriculture, which included ministers, deputy ministers, senior officials and representatives of the CFA, produced no evidence of conflict on the monopoly issue.⁵ In addition, the prairie wheat pools, which could potentially have acted as *de facto* interest groups, were also major allies of the CWB and its single-desk.⁶

Pro-monopoly interest group unity continued to be reinforced into the 1950s by the influence such views garnered amongst governmental elites. The federal government under John Diefenbaker was strongly interventionist in the tone of its general agricultural policy.⁷ The federal agriculture ministers during this period, namely Gordon Churchill and Alvin Hamilton, themselves also strongly favoured the interventionist approach. Accordingly, both ministers were especially receptive to the influence of the CFA and the wheat pools.

Moreover, the direction and tenor of debates in Ottawa were not only consistent with the federal government's policy direction, but were also reinforced by the CFA. To be sure, some anti-monopoly opinion was present.⁸ Nevertheless, the main criticism of the CWB was that it did not market all grains.⁹ Accordingly, calls were often made to extend its monopoly to cover commodities such as rye and flax, which were traded in Winnipeg.¹⁰ The CFA served to bolster the emerging consensus, which sought to minimise trading on futures markets while strengthening the CWB monopoly, through submissions to Cabinet.¹¹ Thus, groups such as the CFA not only represented the general pro-monopoly interest group unity of the period, but also had the means to bring it to the attention of policy makers.

The views and influence of the groups favouring monopoly marketing were also consistent with provincial stances. The Saskatchewan Wheat Pool and the Farmers Union, for example, supported motions to request that all grains be placed under the CWB monopoly. These motions were unanimously approved by the Saskatchewan legislature.¹²

The early 1960s still provided no evidence for a break in the general thrust of interest group support for monopoly marketing. Prominent interest groups, such as the Manitoba Farmers' Union, opposed even the marketing of relatively minor crops by individual farmers. This was evident in the opposition to the marketing of rapeseed through the information mechanisms of the Winnipeg Grain Exchange, which nevertheless began in 1963.¹³

The first major challenge to the hegemony of pro-monopoly groups, such as the CFA, and their allies, the wheat pools, occurred in the late 1960s. In 1969, the Canada Grains Council was created through federal government funding. Unlike previous groups, it soon became a supporter and advocate of free-market liberalism.¹⁴ To the extent that the Council could capture the attention and allegiance of particular governments in opposition to the continued strength of the pro-monopoly groups, the possibility of a greater degree of goal differentiation between governments in the grain marketing arena was increased. In addition to the potential for direct governmental influence and aside from any impact on policy, the Council served to lend credibility to an opposing point of view *per se*. Prior to the creation of the Canada Grains Council such opposition was virtually absent from the grain marketing arena.

The bonds of mutual CWB support between governments and interest groups was also beginning to be challenged by provincial governments at this time. Liberal Premier Ross Thatcher of Saskatchewan began, in 1969, to barter provincially-grown wheat in international markets in direct opposition to the activities of the CWB. In the absence of heightened levels of information, knowledge, and producer confidence, the Saskatchewan government challenge to the CWB monopoly was not yet mirrored at the interest group

level. At this point, the successful marketing of wheat still generally required the knowledge and skill of governments. The expertise of the Saskatchewan Government was required if the wheat was to be successfully marketed even on a smaller scale. In fact, the Saskatchewan Government required the assistance of the federal government if the scale of those efforts were to be increased. Nevertheless, the mutually reinforcing interest group – governmental support of the CWB stood weakened.

To be sure, the consensus surrounding the continuation of the CWB's wheat monopoly was not in doubt. However, changes were occurring that would ultimately support the federal-provincial conflict of the 1990s. Other new market-oriented interest groups were tentatively emerging and producers began to show signs of independence in relatively minor commodity areas, such as rapeseed. Nevertheless, the foundations which supported the CWB remained strong enough during the 1960s to prevent any sustained challenge to the policy consensus, much less federal-provincial conflict, even on various other wheat marketing issues not directly relating to the Board's wheat monopoly itself.

This continuation of shared policy goals on the monopoly issue between governments and interest groups was still readily evident into the 1970s. Moreover, the interest groups involved continued to generally promote federal-provincial co-operation on the issue. For example, federal government consultations with the Government of Alberta resulting in the creation of a separate pool for malting barley in 1977¹⁵ were supported by Unifarm (an Alberta-based general farm organisation affiliated with the CFA now known as Wild Rose Agricultural Producers (WRAP)).

Nevertheless, the early 1970s marked the clear end of the traditional dominance of pro-monopoly interest groups. A number of commodity groups, such the Palliser Wheat

Growers (now known as the Western Canadian Wheat Growers Association (WCWGA)), the Western Barley Growers Association (WBGA), the Western Stock Growers Association (WSGA), and the Canadian Cattleman's Association (CCA), were established at that time. The potential complexity of configurations of relevant interest groups was thus greatly increased. Although the emergence of the new groups had no immediate effect on federal-provincial harmony in the wheat marketing area,¹⁶ these groups, unlike the general farm organisations which previously had unchallenged domination of the grain marketing arena and favoured CWB control, tended to favour market-oriented solutions over governmentally-oriented solutions to grain marketing problems.¹⁷ These groups were, as will become apparent, reinforced by the increasing impact of globalisation in the area of wheat marketing. Furthermore, the character of these commodity groups, in addition to their presence *per se*, also contained the seeds of the federal-provincial conflict that would erupt during the 1990s. Although they were aggressively hostile towards all governments, they were particularly distrustful of the federal government.¹⁸ As a result, the stage became set for an eventual challenge of the prior policy consensus to the extent that these groups had the potential to become key actors within particular provinces. In turn, their influence in the intergovernmental arena would become amplified through powerful political and bureaucratic province-building elites.¹⁹

The presence of commodity groups, as well as their emerging ties to provincial governments, was reinforced during this period by government funding and access, media attention, and difficulties within general farm organisations. The Palliser Wheat Growers, for example, began to be funded by the Alberta Government.²⁰ Moreover, both

the federal government and provincial governments immediately included the new groups in consultations in spite of their relatively recent creation and small membership base.²¹ The rapidly increasing influence of these groups was further aided by other entities, including the media, which emphasised their criticism of the traditional pro-monopoly groups, and large agricultural corporations, which immediately supported their perspectives and criticisms of the older government-oriented groups.²² The balance of influence between market-oriented groups and government-oriented groups was also tipped in favour of the new market-oriented groups because of mounting tensions within the traditionally pro-monopoly general farm organisations, such as the CFA and Unifarm, over the future course of agricultural policy. The likelihood of a future erosion in CWB support was thus further increased.²³

Nevertheless, these new interest groups and the changes occurring within old groups were merely establishing themselves during this period. The demands of these new groups were still largely limited to increasing direct and effective producer representation on the CWB. Overall, although interest groups were proliferating, they were not yet differentiated on the wheat marketing issue and their governmental influence, though clearly present, was not yet firmly established.

The actions of provincial governments during the 1970s, however, served to reinforce the emerging inter-provincial differentiation of interest group configurations. In tandem with the rise of provincially influential commodity groups, the prairie premiers became increasingly supportive of their respective provincial configurations of producer interests within a setting of increasing concern over economic competitiveness.²⁴ Nevertheless, federal-provincial harmony was not yet disrupted.

Although governments encouraged new groups by, for example, funding them or giving them access to governmental officials and policy-making processes, the thrust of market-oriented influence remained limited in the area of monopoly marketing of wheat during the 1970s. Within the federal government, for example, the relatively influential and market-oriented Otto Lang became the minister responsible for the CWB.²⁵

Although more sympathetic to the market-oriented views of commodity groups than past ministers responsible for the CWB, even Lang continued to support the wheat monopoly, which was, at this point, also supported by these relatively new groups.

The increasing relevance of interest group differentiation was bolstered in the late 1970s and the early 1980s in the debate concerning the future of the Crow rate. The debate over the continued existence of the Crow rate was bolstered by pressure emanating from the railways, which were simultaneously threatening to close unprofitable grain-dependent branch lines.²⁶ The initial round of the debate ended in 1983 when the Crow rate was replaced with the Crow benefit, an annual subsidy paid directly to the railway companies. By this time, the debate had helped to reinforce the existence and political presence of a number of commodity groups, including the WCWGA and the WBGA. Simultaneously, general farm organisations, such as Unifarm and the CFA, came away considerably weakened through the exacerbation of internal divisions.²⁷ In fact, Unifarm, the CFA affiliate from Alberta, moved towards a more market-orientated stance subsequent to the Crow debate.²⁸ The shift in the configuration of interest groups in Alberta towards the market pole was thus further reinforced.

By the early 1980s, the increasing tensions between non-market-oriented interest groups and a market-oriented federal government were becoming increasingly clear. The

traditional predominance of board-oriented, market-opposed groups was clearly at an end. The National Farmers Union (NFU), a general farm organisation generally in favour of government intervention,²⁹ expressed the tensions in a brief to the Macdonald Commission with its claim that the federal government was “attempting to industrialize the farm sector at the expense of smaller farmers.”³⁰

The decision-making structure in the Mulroney government favoured market-oriented commodity groups at the expense of general farm organisations. The position of the Mulroney government's first Minister of Agriculture, John Wise, stood in marked contrast to the positions accorded to previous ministers. Unlike the federal ministers of agriculture who held office during the Diefenbaker era, who were aggressively interventionist and at the centre of policy-making, the first Minister of Agriculture in the Mulroney Cabinet allowed the agricultural policy agenda to be set outside of his ministry by ministers who advocated market mechanisms.³¹ Thus, despite having a minister who on his own might have been more willingly influenced by general farm organisations than other ministers, agricultural policy was nonetheless readily susceptible to the federal government's market-oriented agenda. In fact, Wise's passive attitude reinforced the centralised market-oriented views of a cabinet that was becoming increasingly institutionalised.³² Accordingly, whatever influence Wise could bring to the Cabinet was promptly overwhelmed by both Don Mazankowski from Alberta and Bill McKnight from Saskatchewan, as the major representatives of Western Canada.

In addition to the passivity and lack of influence of the minister himself, the centralisation of agricultural decision-making had already been encouraged by integrating the Ministry of Agriculture into the committee system with the appointment of Peter

Connell as deputy minister in 1982 by the former Liberal government. The integration of the Ministry of Agriculture was, however, also enhanced by the Mulroney government. In order to regularise weekly agenda-setting meetings of key ministers, a committee for cabinet operations was established. Wise's lack of influence over grain marketing policy was, moreover, augmented not only by his exclusion from the operations committee, but also by his inability to exert control over Charlie Mayer, his junior minister, who, as Grains and Oilseeds Minister, was proximately responsible for the CWB. Given the relatively free reign on the Grains and Oilseeds Minister, any potential impact of Wise's attitudes in this area of Cabinet decision-making was also dampened. Instead, Mayer's market-oriented views, along with the government's general policy thrust, was again able to reinforce the influence of market-oriented groups. The Grains and Oilseeds Minister was especially receptive to the Canadian Agricultural Policy Alliance (CAPA), which was founded in 1987 by commodity groups, cattlemen, and the United Grain Growers Ltd.. In fact, CAPA members were even granted appointments as advisors to the government.

Structural reforms within the Department of Agriculture also served to reinforce the ascendancy of commodity groups. Policy-making began to focus on "commodity strategies" and the department itself was restructured into commodity-based divisions.³³ Moreover, the WCWGA was consulted extensively in order to set the federal government's second term agricultural agenda.

The pro-market re-orientation of the federal Department of Agriculture, since the time of Eugene Whelan in Pierre Trudeau's Liberal government, reached its pinnacle when Don Mazankowski became its minister in 1988.³⁴ Mazankowski's clout within the

Cabinet was extensive. In addition to his role as Minister of Agriculture, he also served as Deputy Prime Minister, government house leader, and President of the Privy Council. Mazankowski's clout as well as his free market orientation, which was consistent with his role as the minister responsible for privatisation, finally gave the Department of Agriculture a direct line into the heart of the institutionalised market-oriented cabinet. While the shift towards a market-orientation was also reinforced by the increased prominence of agricultural economists within the Department of Agriculture during this period, the attitude of the minister himself remained key. In other words, it is likely that an activist minister could, with the support of key governmental elites, have potentially overcome the department's bureaucratic re-orientation toward free market liberalism. Despite the myriad of changes, however, the wheat monopoly remained in place during this period because the commodity groups that had the ear of the minister were not yet attempting in a concerted manner to change the way wheat was marketed.

The new structure of interest group influence as well as the divergence of views concerning the marketing of grain (at least grains other than wheat) was highlighted in the debate that surrounded the removal of the CWB monopoly on the marketing of oats. The CWB's oat marketing monopoly was ended in 1989 after a consensus emerged amongst the relevant governments.³⁵ In the consultations undertaken by the federal government prior to the removal of the oat monopoly, commodity groups, which tended to favour market-oriented policies, had the advantage over general farm organisations, which tended to favour government regulation. In fact, general farm organisations were virtually ignored by the federal government throughout the process. The process served to highlight the stark contrast in interest group views and the overall configuration of

interest groups since the period in which the CWB was founded. In addition to the importance of the attitudes and positions of the interest groups themselves, the process also highlighted the importance to interest groups of the attitude and position of the federal minister responsible for the CWB.

Simultaneously, interest group lobbying of provincial governments increased. With the ongoing institutionalisation of the federal cabinet, the number of powerful federal government departments that had direct input into agricultural policy increased. The number of input points for agricultural policy at the federal level thus significantly increased relative to those present at the provincial level. With relatively fewer input points at the provincial level than before as well as higher interest group sensitivity, the incentive of interest groups to lobby provincial governments increased.³⁶

The shift towards provincial government lobbying was reinforced by changes occurring in the media's coverage of agricultural affairs. As agriculture became increasingly less important to Canada as a whole, agricultural issues became increasingly regionalised in the media; regional media coverage of farm-related matters began to far outstrip national media coverage.³⁷ The potential impact of agricultural interest groups on provincial governments was thus further enhanced. Moreover, the regionalisation of media coverage in agriculture had the potential to provide an excellent environment for the development of regionally-based media-oriented interested groups. As will be seen, one such group, founded within this setting, played an important role in contributing to the federal-provincial conflict over the CWB's wheat monopoly.

An Ottawa-centred consensus on the monopoly marketing of wheat supported by the major interest groups involved with the marketing of grains provided the initial pinnacle

of federal-provincial harmony prior to the 1990s. Although this consensus allowed for a relatively minimal level of provincial government input in wheat marketing decisions, it was viewed as generally satisfactory. Interest groups remained largely undifferentiated on both the issue of monopoly marketing of wheat and, initially, on governmental regulation and grain marketing more generally. In spite of the appearance of provincially-differentiated configurations of interest groups, these initial harmonious relations continued to be operative in the wheat marketing area. The harmony was retained during this period because the forces associated with globalisation had not yet adequately developed in the wheat marketing arena. To be sure, the stage was set for the channelling of these forces through market-oriented interest groups and, in turn, powerful and responsive provincial governments. Nevertheless, a number of key elements of globalisation, including the opening of the US wheat market, the information and knowledge revolution, and the full-fledged emergence of the regional-international interface, were either still absent or had just begun to appear. However, by contrast to the initial harmony detailed at the beginning of this section, which was clearly and consistently centred on the wheat monopoly-consensus, towards the end of the period of harmonious federal-provincial relations, a powerful market-oriented thrust was ambiguously present in the wheat marketing arena alongside the prior government-oriented position. Within this radically changed environment, general support for the CWB wheat monopoly, though increasingly tenuous, continued.

Period of Discord – The 1990s to Present

By the beginning of the 1990s, a substantial number of interest groups were involved with wheat marketing. Unlike the previous period, these groups began to differentiate themselves on the matter of the CWB wheat monopoly itself. A number of different configurations of interest groups thus appeared on the issue of monopoly marketing in the various relevant governmental jurisdictions. These configurations of interest groups were consistent with the lines of federal-provincial conflict that emerged during this period. The overall thrust of the interest group configurations will be seen to interact with the general partisan climate of their respective provinces. Variations in the regional strength of key interest groups will be associated with differences in the composition and overall character of provincial configurations of interest groups.

In the analysis of the impact of configurations of interest groups within particular governmental jurisdictions, the potential for differentiated influence must be taken into account. The desires of particular provincial configurations of interest groups and their social bases in the wheat marketing arena can be found to be more instrumental in driving the actions of provincial governments than are the ambitions of governmental elites themselves. The current and previous chapters provide evidence that interest groups have been able to harness the resources of particular provincial governments in the agricultural arena because of their strength in certain provincial jurisdictions in combination with the electoral concerns of governments and political parties. At the federal level of government, however, the opposite dynamic has tended to prevail; governmental elites, more than any particular interest group or set of interest groups, tend to be most influential in determining the policy stance taken in the wheat marketing arena. The

tendency for interest groups to be more influential at the provincial level than at the federal level appears consistent with the findings presented in Chapter 2. In this regard, Coleman and Skogstad pointed out ties between interest groups and governments are likely to be closer in provinces with a small number of industries.³⁸ The relative importance of the wheat sector is also higher in the prairie provinces than in Canada as a whole. Similarly, Fafard observed that governments of larger jurisdictions are likely to remain more autonomous from interest groups than are the governments of smaller jurisdictions.³⁹ Moreover, it was theorised that federal ministers are liable to receive a wider range of interest group influence than provincial ministers and are, thus, potentially less tied to any particular configuration of interest groups.

To begin, the battle over the single-desk selling of barley will serve to provide a window on the main area of analysis, namely the interest group conflict over monopoly wheat marketing that emerged in the 1990s. In line with a proposal from the Government of Alberta in 1992, the federal Conservative government implemented a continental market for barley the following summer. Within the North American market the CWB monopoly over barley was thus replaced with a dual marketing regime, giving farmers the choice of selling barley through the CWB or in some other way, including through private grain corporations or on their own. The NDP Government of Saskatchewan, within the context, as will be seen, of a pro-monopoly interest group configuration, which included the NFU, intervened to help obtain an indefinite injunction which ended the continental barley market after only six weeks of operation.⁴⁰ In response, the Government of Alberta, facing a relatively pro-market interest group configuration, immediately became involved in attempting to appeal the injunction.⁴¹ In the midst of

this intergovernmental wrangling, the key market-oriented interest group in the barley arena played a highly visible role alongside the Alberta Government and its barley commission; in response to the injunction obtained to end the continental barley market, the conflict was continued by a Charter challenge launched by the WBGA, the Alberta Barley Commission, and 21 individual farmers.⁴² The Charter case claimed that the CWB's single-desk violated the "freedom of association," the "freedom of mobility," and the "guarantee of equal benefit of the law without discrimination" because only prairie farmers, rather than all farmers from across Canada, were under the geographical scope of the *Canadian Wheat Board Act*.⁴³

Within the context of the emergence of a debate about the desirability of continental grain marketing, which did not necessarily distinguish between barley and wheat (all that mattered was that a higher price was available in the US market), as well as the Charter challenge, the issues raised by the continental barley market dispute quickly spread to the area of wheat marketing and found a receptive government in Alberta. Thus, the barley marketing dispute soon became essentially indistinguishable from the wheat marketing dispute. In fact, given the overall importance of the wheat crop to the prairies relative to that of the barley crop, the future of wheat marketing came to dominate the debate.

As the Chrétien government assumed office, a number of changes, as well as some continuities, were evident in policy and practice. In the Chrétien government, the minister himself, as opposed to the inner Cabinet in the Mulroney era, became most influential in determining wheat marketing policy. The Mulroney government pursued a decidedly pro-market agricultural policy. By contrast, the Chrétien government pursued a pro-government agricultural policy. Both governments, however, provided heightened

access to and were biased toward the views and petitions of interest groups that accorded with their respective policy thrusts. Thus, unlike provincial governments which will be seen to have a tendency to pursue policies tied to the thrust of the particular interest group configurations within their jurisdictions, the federal government has tended to choose groups that are in accord with its own policies. The view that the federal government chose groups to support its policy rather than groups using the government to support their policy, was supported by the comments of interest group officials, who consistently contended that the single most important factor in determining the influence of a particular interest group was the minister himself.⁴⁴ This dynamic in the balance of influence was also evident historically; as seen, the ministers involved in determining wheat marketing policy during the Mulroney era often favoured smaller and less well-established market-oriented commodity groups to general farm organisations to the extent they were in accord with personal preferences and the thrust of governmental policy.

By contrast to provincial ministers who were directly tied to the particular configuration of prominent interest groups within their respective provinces, the federal minister responsible for the CWB had a broader range of options when determining which groups were to be given a more favourable hearing than others. Moreover, the federal minister had a larger pool of interest groups within his jurisdiction from which to choose than did provincial ministers. Also, the federal government, as the national government, covered the entire territory of multiple-province interest groups, the influence of which was stronger and more coherent at the federal rather than at the provincial level of government. A broader total array of groups was thus likely left

relatively unhindered by possible tensions associated with multiple-province group structure at the federal level than at the provincial level.

Before examining the reaction of various governments to particular interest groups and interest group configurations in the arena of wheat marketing, a brief description of some of the characteristics of the main interest group antagonists in that arena is in order. The characteristics of two groups,⁴⁵ namely the NFU and the WCWGA, and their stances on the issue of wheat marketing, given their relative influence, are particularly important to understanding the nature of the actions of the governments involved. In addition, other relevant groups, such as WRAP, the WBGA, the Farmers for Justice (FFJ), and Keystone Agricultural Producers (KAP) will also briefly be examined.

To begin, the most prominent of the interest groups supporting the continuation of the CWB's wheat monopoly was the NFU. In accord with the eventual position of the Saskatchewan Government, it held that dual-marketing was essentially an economic impossibility. The NFU claimed that once open-market selling was allowed, any supply management schemes would necessarily have to end. The group's brief to the Western Grain Marketing Panel (WGMP), which was appointed by Goodale in 1995 to "lead a comprehensive examination of western grain marketing issues," provided a succinct summary of its stance.⁴⁶ No other submission given to the Panel was more supportive of the CWB than that of the NFU. The NFU not only supported the continuation of the CWB's single-desk, but it sought that it be extended into the marketing of other grains and oilseeds. The group's membership base was highest and most evenly spread in Saskatchewan, strong in the northern and central region of Alberta, and moderate in the southern region of Manitoba. The geographical distribution of membership tended to

correlate well with income distribution: poorer farmers were more likely to be members of the NFU than richer farmers. The NFU's governmental influence also varied considerably throughout the prairie region.⁴⁷ While its influence was very strong in Saskatchewan and moderate in Manitoba, its influence was essentially non-existent in Alberta. Accordingly, the NFU had traditionally been able to make its influence felt in Saskatchewan regardless of the partisan complexion of the government. In the 1990s, this strong Saskatchewan base was thus reinforced by an NDP government with a leader dedicated to defending the CWB's wheat monopoly. The NFU's federal influence was also heightened when the Liberals assumed office and appointed a minister who favoured the continuation of the Board's monopoly.

The NFU's chief opposition came from the WCWGA, which strongly endorsed ending the CWB's monopoly in favour of a dual marketing regime. The brief presented by the WCWGA to the federal government's marketing panel stood in marked contrast to that of the NFU. The WCWGA steadfastly argued that the freedom of individual farmers to market their grain should not be jeopardised for "dubious" advantages. By the mid-1990s, the group's 6000 members were distributed as follows: 42 per cent resided in Alberta, 35 per cent in Saskatchewan, and 23 per cent in Manitoba. The central corridor of Alberta and south-eastern Alberta constituted its strongest region of support. Like the NFU, the WCWGA also had its members concentrated in the southern region of Manitoba and distributed fairly evenly throughout Saskatchewan. Although the WCWGA was a multiple-province group, it likely mitigated some of the disadvantages associated with this form of organisation, stemming from the potential for internal fractures, by allowing its regional offices in particular provinces to assume the lead in

dealing with single-province issues. By contrast, on major issues that crossed over provincial boundaries, the WCWGA attempted to maintain a common stance. The WCWGA membership roster tended to include a proportionately greater number of relatively rich farmers than the NFU. As expected, the group had its strongest governmental influence in Alberta. In fact, the Government of Alberta often relied upon the WCWGA to provide it with background information on various policy questions. The WCWGA benefited in influence from the general ideological congruence between it and the province's PC government. In Saskatchewan, however, the group had traditionally been weak in influence regardless of the party in office. This general weakness was reinforced in the 1990s by the presence of an NDP government. The organisation's sway in Manitoba, meanwhile, was fairly strong, second to that in Alberta.

In addition to the WCWGA, the WBGA, was able to parlay the controversy surrounding the continental barley market, as well as its ties to the WCWGA and the United Grain Growers Limited (UGG), to heighten its profile during the 1990s. The WBGA, like its allies, supported dual marketing and attained its greatest influence in Alberta. Given that the lines were often blurred between the debate concerning the barley monopoly and the debate concerning the wheat monopoly, the WBGA was often able to act as an implicit as well as explicit participant in the wheat area. Similarly, given their interest in reducing feed costs, a number of livestock producer associations also periodically entered the debate to support dual marketing. These groups had their largest membership base in the south-eastern part of Alberta and, like the WCWGA and the WBGA, saw their greatest influence in that province.

In line with the WCWGA, the WBGA, and livestock associations, WRAP also supported the implementation of a dual marketing regime for wheat. In this regard, WRAP held that the optimal form of marketing for a given commodity depended upon the nature and condition of its market. Both deregulation and supply management were seen as potentially acceptable, depending on the circumstances. WRAP thus placed a heavy emphasis on the "freedom to choose" a particular marketing regime. In its submission to the WGMP, WRAP argued that a plebiscite of grain producers should determine the future of grain marketing policy. The organisation was based solely in Alberta and attracted the support of rich as well as poor farmers. The south-eastern region of the province provided its strongest base of support. Depending on the federal minister responsible for the CWB, WRAP traditionally had the potential to enjoy fairly even policy input at both levels of government. The organisation was able to exert a strong influence within the Alberta Government. Its position favouring the use of a plebiscite was consistent with a series of advertisements launched by the Government of Alberta to support the government's dual marketing position.⁴⁸

A new media-oriented interest group, the FFJ, created in the summer of 1995, served to reinforce the conflict. In the early 1990s, a significant wave of grain smuggling emerged throughout the prairies at Canada-US border crossings. The media exposure of these smugglers and their interest group, the FFJ, reaffirmed the resolve of all interest groups favouring dual marketing to increase their pressure on the Alberta Government in particular. An issue-oriented group thus joined the chorus of institutionalised groups in favour of dual marketing. The FFJ experienced rapid growth immediately after it was created. It soon comprised 500 to 800 very vocal members, many of whom were at the

centre of the ongoing cross-border grain smuggling saga. The group's membership consisted largely of farmers living within trucking distance of the Canada-US border in Manitoba, Saskatchewan, and Alberta. Despite being originally founded by producers in Manitoba, farmers in south-eastern Alberta quickly embraced the group. As will be seen, the Alberta Government, given its previous interest group configuration, tended most readily to at least indirectly support the FFJ. By contrast, the Government of Saskatchewan generally opposed the group. Thus, the FFJ, as the only issue-oriented group of any consequence, also had its largest impact in Alberta, where it found its *de facto* governmental ally and where the influence of other interest groups favouring dual marketing was unparalleled. Its major area of regional strength within Alberta dovetailed with the region containing the province's wealthiest farmers and the bedrock of PC support. The FFJ's strength in the province was also reinforced by support from the WCWGA and the WBGA.⁴⁹ In addition, FFJ members were acutely aware of the potential of each of their actions to increase support for the group.⁵⁰

KAP was a final group of significance in the wheat marketing debate of the 1990s. Like the NFU, KAP supported the continuation of the CWB's wheat monopoly. The KAP strongly endorsed CWB marketing in its submission to the WGMP, emphasising not only the need for monopoly marketing, but also the need for pooling and the governmental partnership the CWB provided for farmers. The organisation tended to attract a disproportionate number of poorer farmers. Its membership base was located in southern Manitoba, the only province in which it operated.

The presence of all of these varied groups and their particular regional strengths promoted a climate of policy debate and intergovernmental conflict. As a result, the

determination of both sides in the debate grew steadily into the mid-1990s. By November 1994, pressure on the governments involved was heightened with increasingly frequent pro-dual marketing rallies as well as pro-monopoly counter-rallies.⁵¹ The pro-dual marketing rallies were often organised by farmers soon to be associated with the FFJ. They were, however, also supported by the WCWGA and WRAP. By contrast, the NFU generally organised the counter-rallies and counted on the support of the CWB.

Within this context, the interest group configuration favoured by Ralph Goodale, the Chrétien government's minister responsible for the CWB, in both the barley and the wheat monopoly debates, accorded well with his pro-monopoly stance. The minister's interest group preferences were clear from the outset. Upon being appointed to the agriculture portfolio, he was immediately receptive to suggestions from the NFU and attended the annual meetings of the wheat pools. By contrast, he refused invitations to meet with representatives of either the WCWGA or the WBGA.⁵² In an indication of the redirection of federal government policy since the Mulroney era, Goodale became the first federal agriculture minister to address an annual meeting of the NFU in eleven years.⁵³ The minister, in these actions, thus favoured interest groups which were sympathetic to the continuation of the wheat monopoly over those which were not. The experiences and observations of interest group officials readily indicate groups favouring the continuation of the CWB's monopoly were more effective in their dealings with the federal minister than were those groups that stood opposed to the single-desk.⁵⁴ Although not necessarily bound to his own political base, the region containing Goodale's constituency in Saskatchewan⁵⁵ reflected this pro-monopoly interest group configuration. As seen, the NFU is strongest in Saskatchewan while the WCWGA and

the WBGA are weakest. The Liberal federal government, then, displayed its opposition to any change in the CWB's wheat marketing practices in the initial stages of the conflict. Moreover, the federal government in general and the minister responsible for the CWB in particular supported their goals with a selected set of interest groups.

By contrast to the *de facto* manufacturing of a tailor-made "configuration" of interest group influence at the federal level, at the provincial level, the overall views of particular configurations of interest groups already closely mirrored those of their respective governments. Of the governments involved, the Alberta Government became the key advocate for change from the outset. The Government of Alberta is thus of particular interest because it, along with the federal government, not only represented the line of federal-provincial conflict, but it also constituted the most politically powerful single point of divergence from the previously pro-monopoly consensus. As such, the actions of the Alberta Government were a reflection of the growing interest group pressure.

The provincial interest group configuration faced by the Alberta Government during the 1990s was clearly and overwhelmingly opposed to the continuation of the CWB's wheat monopoly. The WCWGA, the most prominent group favouring dual marketing, though a multiple-province group, not only had the largest number of its members reside in the province, it also had more influence in Alberta than in Saskatchewan or Manitoba. By contrast, on the pro-monopoly side, the NFU, was also a multiple-province group, but was unable to offset this potential disadvantage with membership numbers or governmental influence. In fact, its weakest area of support in all of the prairies was in Alberta. Moreover, the pro-dual marketing side was reinforced by the highly influential WRAP, which was Alberta's only major single-province group present in the wheat

marketing arena. In fact, WRAP, which had traditionally been more sympathetic towards government assistance and regulation prior to the onset of the wheat marketing conflict, provides striking evidence of the further solidification of a market-orientation within an interest group configuration that was already solidly market-oriented.⁵⁶ The presence of the WBGA and livestock associations, which were also most influential in Alberta, served to reinforce the impact of groups favouring dual marketing. The dual marketing orientation was additionally bolstered by the formation of the Market Choices Alliance in 1994, which eventually included the WBGA, the Alberta Barley Commission, the WCWGA and the UGG.⁵⁷

As seen in the previous chapter, the anti-monopoly configuration of interest groups in Alberta also accorded well with the areas of support for the governing PC party during the decade. Given that the PC party was able to essentially sweep the rural ridings throughout the province during this period, the interest group configuration correlating with areas of PC support is essentially the overall interest group configuration of the province already examined. Beyond the general correlation, however, the areas of strongest PC support, namely in the south-eastern region of the province, also correspond exceptionally well with the areas in which the WCWGA and WRAP, the two main institutionalised groups favouring dual marketing, find their strongest support. In addition, the strongest region of support for the FFJ, the major issue-oriented group opposing the monopoly, was the southern, border region of the province. This was an area with strong PC support, particularly, as noted, in the south-east. The electoral maps contained in the previous chapter show the consistency of these areas of PC support across the decade.

By contrast to the federal government and its relationship with interest groups, in which it basically chose to emphasise interaction with groups consistent with its goals, the Government of Alberta was forced to react to the tenor and demands of the particular interest group configuration present within the province. The pressure emanating from key groups operating within the province was clear. The WCWGA insisted that, because of the actions of the grain smugglers associated with the media-oriented FFJ, its pressure on the government, as well as that of other institutionalised groups, would continue to intensify.⁵⁸ As the circumstances suggest, the WCWGA, called for “a wide-ranging overhall of Canada’s entire grain ... marketing system.”⁵⁹ Given its “insider status” within Alberta’s Department of Agriculture, the WCWGA predictably fully endorsed the Alberta Government’s proposal to end both the barley and wheat monopolies.⁶⁰ The WBGA similarly emphasised to the Government of Alberta that when farmers resorted to illegal actions in the face of federal government intransigence they were “saying they want[ed] a choice” in marketing their grain.⁶¹

In its immediate reaction to the WGMP’s report, released in July of 1996, the Alberta Government was initially inclined to limit its response to calls for the rapid implementation of its recommendations. Interest group pressure, however, soon forced the Government of Alberta to move well beyond such a response and to escalate the federal-provincial conflict by bringing it into the constitutional arena. The Alberta Government’s initial reluctance to press the matter was evident in its disinclination to move ahead with litigation in the wheat marketing area. Alberta’s Deputy Minister of Agriculture, fearing possible defeat, had sought to avoid any “head-on confrontation” with the federal government, at least until the WGMP’s report had been released.⁶² The

Government of Alberta had, in other words, hoped to use the report as a means for compromise in order to avoid further confrontation. The interest groups within Alberta that supported dual marketing, however, appeared not to have held out such hope once they had read the final report of the Panel. Any restraint in interest group pressure on the government evident prior to the release of the report immediately disappeared. The Government of Alberta was thus met with a barrage of pressure from anti-monopoly interest groups to take action on the future of prairie wheat marketing. This pressure became particularly intense after the Alberta Government intimated that it might shelve the legal challenges that it had been considering.⁶³ Ready evidence of the pressure faced by the Government of Alberta during this period from its configuration of interest groups is provided by the remarks of the president of the WBGA, who declared the Alberta Government's initial reaction to the report a "betrayal" and denounced Alberta's Minister of Agriculture as a "weak ally" without "the courage or political will to pay more than lip service to the issue."⁶⁴

Accordingly, the Alberta Government took action to accommodate the demands emanating from these interest groups and in doing so became involved in the three major legal actions relating to the CWB's wheat marketing monopoly mentioned earlier. The conflict, predictably, deepened as both sides reinforced their positions. The Alberta Government remained reluctant to pursue its legal challenges in the face of Bill C-72, the federal government's proposed amendment to the *Canadian Wheat Board Act* which allowed for some changes to the Board's structure but retained the Board's wheat and barley monopolies. Nonetheless, the Government of Alberta was again forced into a belligerent stance by its interest group configuration. The Alberta Government, for

example, was told by the president of the WBGA that it had “better get tuned up” to its mandate of creating a dual market or presumably pay the consequences in the next provincial election.⁶⁵ Accordingly, Alberta’s Minister of Agriculture hired eight lawyers and convened meetings “throughout the province to discuss the ramifications of Bill C-72,” despite having preferred not to resort to legal measures.⁶⁶ The minister also articulated his displeasure with the fact that the changes would not increase the Board’s efficiency, that the proposed Board of Directors contained in the legislation would have no more real decision-making authority than the previous Advisory Committee to the CWB, and that all marketing operations would remain “secretive and monopolistic.”⁶⁷

In line with interest group pressure being administered to the Government of Alberta, a member of the government suggested that Alberta, rather than merely reacting to an obstinate federal government, should move to further escalate the conflict by assuming more of a proactive position in the debate.⁶⁸ As a result, the province’s Minister of Agriculture claimed that, after the Alberta Court of Appeal ruled on whether the *Canadian Wheat Board Act* applied to the Crown, he would consider establishing an Alberta Wheat Board.⁶⁹ Moreover, in another legal arena, a ruling by Justice Muldoon in April of 1997 (*Archibald et al. (1997)*), which dismissed the arguments of the Charter case, was immediately appealed by both the Government of Alberta and the interest groups involved in the litigation.⁷⁰

The actions of the Saskatchewan Government were also readily consistent with the interest group configuration it faced during the intergovernmental conflict of the wheat marketing debate in the 1990s. However, in Saskatchewan, governmental elites faced a significantly different interest group configuration than the one present in Alberta. The

overall interest group configuration in Saskatchewan was skewed in favour of the continuation of the CWB's wheat monopoly. The two major interest group antagonists enjoyed significantly different levels of historical support in the province. The NFU had its strongest influence in Saskatchewan amongst prairie provinces, while the WCWGA was at its weakest. Moreover, out of the provinces under consideration, the largest number of NFU members resided in Saskatchewan. By contrast, the province was home to only a moderate number of WCWGA members. In addition, Saskatchewan had no powerful province-specific interest groups in the wheat arena. Given that *ceteris paribus* single-province groups tend to be more effective than multiple-province groups, multiple-province groups may be expected to be relatively more influential in jurisdictions where single-province groups are absent than where they are present. In this regard, the strongest group in Saskatchewan, the NFU, was not hindered by the presence of a single province group favouring dual marketing.

The overall interest group configuration in Saskatchewan, however, hides significant regional variations in interest group strength. These regional differences are important in assessing the sub-provincial interest group configurations facing governments of particular partisan stripes. The geographical distribution of heightened levels of support for the NFU correlated well with the areas of higher NDP support and poorer farmers seen in the previous chapter. Likewise, the geographical distribution of WCWGA tended to follow the location of opposition seats in the legislature and the locations of wealthier farmers.

The tenor of the interest group configuration faced by the NDP government of Saskatchewan was readily seen in its policies and actions throughout the decade. The

overall tenor was, for example, evident in the Saskatchewan Government's response to the litigation that involved the Government of Alberta. It was the Government of Saskatchewan, not the federal government, which initially threatened to block Alberta's challenges.⁷¹ Likewise, the reaction of the Government of Saskatchewan to the WGMP's report reflected that of the NFU, which held that the report was "disingenuous" and an "interim step towards dismantling the Board."⁷² In addition to pressuring the Saskatchewan Government to defend the CWB marketing regime, the NFU immediately began a letter writing campaign to counteract the WGMP's report by publishing a sample letter for farmers as an insert in the *Western Producer*, an agricultural newspaper.⁷³

Finally, the interest group configuration faced by the Manitoba Government was less clear than either of those faced by the Alberta Government or the Saskatchewan Government. In Manitoba's overall interest group configuration pertaining to the marketing of wheat, groups favouring the continuation of the CWB monopoly were fairly evenly balanced with groups opposed to its continuation. Within Manitoba, the strongest areas of influence of all three major groups, namely the NFU, the WCWGA, and KAP, were across the southern region. The relatively strong influence of the WCWGA on the anti-monopoly side was balanced by the moderate influence of the NFU in support of the monopoly combined with similar support from the KAP, a single-province group.

The partisan complexion of the Government of Manitoba throughout most of the decade accorded well with the major region of interest group activity. The electoral maps of the period are given in the previous chapter focusing on political parties. As seen in that chapter, the PC government relied on support from across the southern rural region

of the province. The ambiguous tenor of the configuration of interest groups facing the PC party was the same as that of the province as a whole.

The Manitoba Government, unlike its prairie counterparts, remained relatively distant from the debate and the ensuing conflict. However, the Manitoba Government's lack of action, like the actions of the Saskatchewan and Alberta governments, reflected its interest group configuration. This lack of participation readily reflected the ambiguity of the "cross-cutting" tenor of the interest group configuration present in the province. Unlike the relatively clear thrusts emanating from the configurations in Saskatchewan and Alberta that spurred their respective governments into action, the conflicting thrusts of the configuration in Manitoba encouraged a non-committal relative silence from the Manitoba Government.

Conclusion

This chapter has presented and examined the significant changes that have occurred in interest group activity associated with the marketing of prairie wheat since the inception of the CWB's monopoly in 1943. During the period of harmony, the number of groups involved with prairie wheat marketing increased significantly. This proliferation marked the beginnings of the development of differences in interest group views concerning the extent to which government involvement in agriculture generally and in the marketing of grain particularly is desirable. In the early part of the period of harmonious federal-provincial relations, the major interest group in the wheat marketing area, as well as the wheat pools, not only agreed that the CWB single-desk was desirable, but that governments had a substantial role to play in the marketing of grain. Although a virtual

consensus on the desirability of monopoly marketing was still in place by the end of the period, groups involved with grain marketing issues were at odds over the relative roles of governments and markets.

By the 1990s, disagreement amongst interest groups on the legitimate role of governments included divergent views on the future of the CWB's wheat monopoly. With the increased presence and development of the various forces associated with globalisation by the mid to late 1980s, the groundwork was laid for alternative market-oriented marketing routes for prairie grain. A number of groups, including the WCWGA, WRAP, and the WBGA, began advocating globalised solutions to the problems and desires of grain farmers. Interest groups involved in the debate on the future of the CWB monopoly were willing to lobby both the federal and provincial governments involved and work with whichever government was receptive to their views.

Although the impact of globalisation has touched all of the prairies, only the interest group configuration present in Alberta was able to amplify demands for ending the monopoly through a co-operative, albeit reluctant, government. The market-orientation historically present in Alberta as well as the global focus of the Alberta Government before and during the 1990s was effectively harnessed to promote an outlet for policy change within the arena of federal-provincial relations. The Edmonton-Ottawa axis thus became central to the federal-provincial conflict over wheat marketing policy. The Alberta Government – federal government axis is, however, not the only possible axis of conflict indicated by the examination of interest group distributions. The interest group configurations suggest that a federal minister in favour of dual marketing, far from ending the federal-provincial conflict, would likely merely shift the conflict to a Regina-

Ottawa axis, assuming an NDP government in Saskatchewan . Moreover, the distribution of interest groups within Saskatchewan indicates that even under a pro-monopoly federal minister, Alberta could conceivably be aided in pressing the case for dual marketing by a Saskatchewan Party Saskatchewan Government.

In sum, although the prairie interest group configuration of the 1940s initially lent support to the CWB single-desk for wheat, by the 1990s a radically altered configuration lent support to intergovernmental conflict. The configuration that was once homogeneous prairie-wide, had become regionally differentiated not only within the prairies, but also within the prairie provinces themselves. As forces of globalisation flowed over the prairies, a number of differentiated interest groups were in place in the wheat marketing arena to project their concerns into the policy arena through willing governments, especially those of Alberta and Saskatchewan. Where harmony had once prevailed on the issue of monopoly marketing of wheat, conflict had become commonplace.

CHAPTER VI

THE ROLE OF FARMER OPINION

Since the beginning of the 1990s, prairie farmers, as indicated by the previous analysis of political parties and interest groups, have grown increasingly dissatisfied and divided over the future of the Canadian Wheat Board (CWB). The interest group and political party data indicate that while many farmers continue to support strongly the continuation of the CWB's monopoly in the marketing of barley and wheat, other farmers prefer a voluntary board or even the complete abolition of the CWB. This chapter will focus on the opinions expressed by producers themselves, which underlie the partisan and interest group configurations. A certain amount of public opinion information is available concerning the monopoly marketing of prairie wheat. These data have, however, not been systematically analysed in their entirety. Poll results, for example, have been examined in newspaper articles in isolation from other data on farmer opinion and devoid of any theoretical expectations and analysis of possible geographic or temporal trends and differences. Important questions remain inadequately addressed: to what extent are farmers fundamentally divided on the issue? Are regional variations apparent? What are the longer-term trends? How does the federal setting shape the impact of these divisions, variations, and trends and the future of wheat marketing policy? This chapter will address these questions by collecting some of the data that are publicly available on the subject and setting them within theoretical expectations stemming from both the political cultures of the prairie provinces and the economic incentives facing individual producers within these provinces. In doing so, the current examination will show that a

fundamental division of farmer opinion on the grain marketing issue is increasingly evident as the trend away from monopoly marketing gathers steam and that this division receives its political salience from an inter-provincial distribution that is consistent with both economic and cultural expectations. Although the pro-market view is still in the minority, its relative concentration in Alberta enables it to be projected into the political arena with exaggerated strength. The pro-market position in Alberta is thus increasingly set in effective opposition to the eroding, yet still powerful, pro-monopoly opinions of farmers in Manitoba and Saskatchewan.

The examination will begin by outlining the theoretical setting of the analysis of farmer opinion to be undertaken. Next, various sources of public opinion data will be analysed. The conclusions and implications of the examination for our understanding of the wheat marketing public policy arena will then be considered.

Context of Public Opinion Data

The support for the various alternative marketing regimes appears to contain both ideological and economic components. The theoretical expectations stemming from these two components associated with informing farmers' views and interests concerning the future of the CWB monopoly may be seen to reinforce one another. In particular, what is important to the current analysis is how we would expect these components of decision-making to break-down geographically and, more specifically, provincially. Hypotheses will thus be derived from a combination of political culture and economic approaches in an effort to approximate farmer decision-making in the area of wheat marketing.

As mentioned in the theory chapter, Wiseman has suggested that each of the prairie provinces has a unique political culture stemming from different immigration patterns.¹ Generally, a *laissez-faire*, market-orientation stemming from the political salience of American immigrants is seen to pervade Alberta, an Ontario liberal influence is seen to battle with a social democratic and collectivist orientation stemming from labourite British immigrants in Saskatchewan, and an ambivalent and ambiguous Tory-touched liberalism from Ontarian immigrants that is hospitable to socialism is seen to define the political culture of Manitoba. Based on Wiseman's approach, one would thus expect to see ideological support for the CWB monopoly to be higher in Manitoba and Saskatchewan than in Alberta.

An economic approach also suggests that geographically distinct groupings of farmer opinion may be present. A number of economically relevant variables can be hypothesised to contribute to increasing the likelihood that a farmer will support ending the monopoly: proximity to the Canada-U.S. border (lower transportation costs); wealth (richer farmers may be less likely to have cash-flow difficulties and are thus not forced to sell their grain immediately thereby reducing risk by waiting for favourable market opportunities; they are also more likely to be able to afford to buy their own trucks);² the presence of alternative markets (for example, the feed grain market); and the degree to which international borders are open. The relationship of these variables to one another is briefly examined in the following paragraphs.

By itself, the transportation variable does not indicate that any inter-provincial variation should be expected. All prairie provinces border U.S. states. Moreover, the

population distribution in the northern-central US is uniformly low. Although the transportation variable, in isolation, does allow for a north-south differentiation, it does not indicate the possible existence of an east-west gradient.

East-west or inter-provincial variation, however, does emerge when the transportation factor is considered in conjunction with the farm wealth variable. Census data reveal that the richest border-area farmers tend to be found in Alberta while the poorest border area farmers tend to be found in Saskatchewan, with those living in Manitoba falling in the middle range.³

This is further reinforced by the concentration of the cattle industry in Alberta. Alberta farmers thus have the ability to reduce their marketing risk more than producers in the other provinces by having a ready-made internal feed-grain market available in desperate circumstances (such circumstances could, for example, include the imposition of trade barriers by the United States as happened in 1994).

As will be seen in the globalisation chapters, the Alberta Government has also gone further than the other prairie governments in establishing ties with its southern neighbours. Such ties include the Shelby railhead agreement and the operation of a joint border crossing. Trucking regulations have also been standardised with the Government of Montana as well as other states. These factors serve to reinforce the attractiveness of private cross-border wheat marketing for Alberta farmers relative to those operating in the other prairie provinces.

A general trend may also be theoretically apparent. Factors such as the emergence of continental and global trade liberalisation, rising levels of education amongst farmers, the

increased availability of market information, and improvements in trucking technology,⁴ all point towards a regionally undifferentiated trend away from the need for monopoly marketing. Thus, latent cultural (such as ideological) and economic (such as degree of risk exposure) variables may potentially be activated by the emergence of a broader array of viable marketing options as a result of these changes. Farmers are no longer as dependent upon the CWB as was once the case. Moreover, these changes generally occurred in the late 1980s and early 1990s.

The political culture and economic approaches thus appear to point to mutually reinforcing theoretical expectations. The conclusions emanating from each approach are generally consistent with one another. Thus, while public opinion data may be expected to show a prairie-wide increase in the amount of support for dual or open marketing, it would appear that it ought to be most concentrated in Alberta. Meanwhile, the general trend away from monopoly marketing, though present, should move more slowly in Saskatchewan than elsewhere. Further, the trend should be expected to maintain itself in the early 1990s as more farmers adjust to the changes outlined above, such as those associated with globalisation, improvements in technology, and higher levels of education and information.

An important theoretical distinction may also be drawn between different types of grain. The logistics and expertise required to market different types of grain vary significantly. Speciality crops, smaller crops and crops used for feed, such as flax, oats, canola,⁵ and barley are generally easier to market than larger crops, such as wheat. Smaller volume crops can often readily be niche marketed to a relatively large number of

small buyers. As the size of a particular crop increases, the likelihood that a relatively localised market will be able to absorb it (especially at economically sustainable prices) decreases. Marketing thus becomes more challenging as foreign and more remote markets must be found; the arrangement of transportation routes and modes becomes more complex, and language and legal barriers are increasingly possible. In addition, with increases in crop size, seller-buyer volume congruence can play a role in increasing the logistical difficulties of marketing. *Ceteris paribus*, both sellers and buyers will prefer to minimise the number of contracts negotiated for a given volume of grain, given that each contract increases marketing cost because of negotiating time and effort. Thus, where the volume of grain available from a seller does not match the volume of grain required by a buyer, marketing costs will be greater than where the grain available matches the grain required because extra contracting will be necessary. To be sure, as a sector in the economy becomes globalised, both buyers and sellers may become larger, thereby decreasing congruence difficulties. The local market size problem is, however, not overcome; in fact, the local market is likely to be satisfied in a smaller number of transactions than was previously the case with lower volume contracts.

Given that the price mechanism for wheat is determined by a global market and economies of scale are required to be competitive in this sort of globalised business environment, the sizes of individual operations tend to be large. Moreover, wheat also stands on its own in marketing difficulty, given the sheer size of the aggregate annual crop (Table 6.1). Table 6.1 shows the size of the wheat crop relative to other crops by cash receipts in each of the prairie provinces. Thus, while the farmer opinion data in the

area of barley marketing may serve as an indication of probable views in the area of wheat marketing, the two are not perfect substitutes for one another. *Ceteris paribus*, support for monopoly marketing of wheat is thus likely to be higher than for the marketing of barley. Opinions on barley marketing are, however, likely to closely reflect the *trends* evident in opinions on wheat marketing, given that the same underlying factors are involved. Overall, the wheat trend is likely to mirror but lag behind the barley trend if that trend is *towards* open marketing. The threshold of expertise and logistical difficulties for the marketing of either wheat or barley in offshore markets is sufficiently high that the debate has been restricted to the onshore or continental market.⁶

Support for change can also be related to the type of marketing option proposed. As seen in the background chapter, a number of marketing options are available, including monopoly marketing, continental marketing, dual marketing, and open marketing. The degree of support for the various non-monopoly marketing options can be hypothesised to be inversely related to the degree of change they entail and the amount of farmer expertise and confidence they require. Open marketing represents a greater change from the *status quo* and requires more marketing expertise than dual marketing, which, in turn represents a greater change from the *status quo* and requires more marketing expertise than continental marketing. A decline in support among non-monopoly marketing options should thus be present as we move from polling data on continental marketing to data on dual marketing and, in turn, to data on open marketing.

These hypotheses will be tested using a number of sources of data. The results of public opinion surveys and plebiscites will form the nucleus of the analysis.

Representative sample data will be referred to as survey data, while data from counts of an entire relevant population (i.e. formal balloted but non-binding votes) will be referred to as plebiscite data. Polling information will be used as a more general term referring to both surveys and plebiscites. This polling information is summarised in Table 6.2.

Governance has been raised as an issue in conjunction with the marketing debate. Although the governance issue is not the primary concern of the present examination, it will nonetheless be addressed to the extent it is relevant on the margin. The previous lack of accountability of unelected commissioners could, for example, have been exploited by producers who stood to gain economically from an open market as a reason to end the CWB monopoly.

Data and Analysis

Pre-1990 Era – The Monopoly Consensus

Before the 1990s, the foundations on which the potential viability of continental marketing of wheat and barley are built were not yet in place. Education levels were lower, free trade regimes were less developed in the area of agricultural products, farm size was smaller, and advances in trucking technology had not yet made their impact felt. As more of these factors grew in strength or were set into place, calls for an end to the monopoly marketing of various crops increased. The degree to which these factors (individually or in aggregate) need to be present for a movement away from monopoly marketing to occur should theoretically be lower for crops that are easier to market.

In the first instance, these theoretical expectations appear to be supported by the lack of producer opinion data that are available for this era. The lack of opinion data, especially in the latter part of the era (when the use of polling in many areas of politics became ever more widespread), provides indirect support for the hypothesis of underlying consensus: if the issue is latent, then polls will not be conducted on the issue. The results of two plebiscites, nevertheless, are available.

The results of a plebiscite held in Manitoba in 1951 (Table 6.2, poll number 1) are readily consistent with expectations: 89 per cent of farmers voted in favour of the continuation of the CWB monopoly over oats and barley.⁷ The context of the Manitoba plebiscite is one in which a number of the factors supporting dual marketing were either non-existent or in their infancy. For example, as will be seen in Chapter 8, the movement towards free trade was in its embryonic stages. The initial "consolidation" of farms was also just beginning to occur during the 1950s.⁸ Moreover, farmers readily acknowledged that they were not competent to market their own grain.⁹ Although problems with rail transportation were beginning to develop as grain-dependent branch lines were increasingly being neglected by the railway companies, trucking technology had not yet advanced to the stage where it would become a viable alternative.¹⁰ It would thus appear that the 1951 vote is indicative of the peak of farmer support for monopoly marketing. In fact, the support for wheat marketing would likely have been at near consensus levels, given that it is a more difficult crop to market than barley and especially oats. A plebiscite held on barley alone (i.e. without oats) would probably have shown an even higher percentage of farmers favouring the continuation of a CWB monopoly.

Support for such an assessment of consensus is further strengthened by two other pieces of evidence. The main criticism of the CWB at the time was that it did not market all grains. Not only was monopoly support high, but calls were made to extend the monopoly to cover commodities such as rye and flax, which were traded in Winnipeg and were relatively easy to market.¹¹ Moreover, the vote was overwhelming despite farmer interest groups being split. Although the establishment of monopoly selling of oats and barley was the result of demands from the major producer groups, Premier Douglas Campbell of Manitoba was pressured to hold a vote by a number of other farmer interest groups that claimed the monopoly marketing of oats and barley was unpopular among producers. The Manitoba cabinet was also split; the complementary provincial legislation had been passed only after being reintroduced as a private member's bill, with the cabinet splitting its vote 8 to 4 in favour of the measure.¹² Accordingly, Campbell claimed that he would repeal the complementary legislation and request the same of the federal government should a majority of producers reject the monopoly marketing scheme. Although the interest group and cabinet splits are consistent with the Tory-touched liberal political culture of the province, these differences were not yet evident in farmer opinion given the constraints placed on producers by the underdeveloped state of the factors that would eventually increase support for dual marketing.

A prairie-wide canola plebiscite held in 1973 (Table 6.2, poll number 2) meanwhile indicates the first signs of the overall movement away from monopoly marketing which would eventually reach into the wheat arena. The open market option received 52.7 per cent of the vote, the CWB monopoly option received 46.2 per cent of the vote, and 1.1

per cent of voters were undecided.¹³ These results are in line with the marketing environment of the early 1970s. The major change to have occurred since the 1951 Manitoba plebiscite was an apparent increase in the marketing expertise of farmers. The successful private marketing of speciality crops, such as rye and flax, as well as feed grains began to occur during this period.¹⁴ The non-feed wheat and barley monopolies, however, remained unchallenged. Independent producer action remained confined to crops and uses that were relatively easy to market. Accordingly, Otto Lang, the minister responsible for the CWB at the time, concluded that producers who supported an open market for a speciality crop such as canola would likely have not supported an open market for wheat. Even the Government of Alberta, as the government of the province in which producers are most likely to support an open or dual market, intended to strengthen and work more closely with the CWB throughout this period.¹⁵

The threshold for producer marketing of speciality crops and feed grains, which tend not to rely on foreign markets, had clearly been reached at this point. The vote favouring the open market option was solid at 52.7 per cent. The ballots, which were distributed by the federal government to 41 142 farmers, had three alternatives (namely open marketing, CWB marketing, and an "undecided" category). Given that a middle-range option (for example, dual marketing) was not included, farmers were forced to choose between polar options. Such a choice, if anything, would tend to favour the more conservative or traditional CWB option. Moreover, the "undecided" category could have become the preferred option for dual marketers or other mid-range option supporters and thus obscure the results. This was, however, not the case, given that the "undecided" category

garnered a mere 1.1 per cent of the vote. The results were also reinforced by the high response rate of 32 279 ballots returned (78 per cent). In addition, the campaign itself appears to have been fairly balanced.¹⁶ Producers, for example, each received two pieces of campaign literature, one each from the Rapeseed Association of Canada, which favoured open marketing, and the three prairie wheat pools, which favoured CWB marketing. The distribution of this information was funded by the federal government. Many advertisements appeared in newspapers and both sides presented their cases strongly. The pro-market side warned that “once you surrender freedom of choice you never get it back,” while the pro-CWB side warned that speculators were taking advantage of farmers and that pooling would lead to stability and fairness. As a result, farmers were likely well informed of the implications of open marketing.

The 1990s – The Wheat Consensus Erodes

According to the evidence of the changes that have occurred in the field of wheat marketing in the 1990s, as will be examined in the globalisation chapters and summarised below, increasing inter-provincial differentiation in farmer views on wheat and barley marketing would be expected. The extensive development of a number of factors underlying the trend *toward* the embrace of the open market in the agricultural sector has taken place since the late 1980s. As part of a long-standing trend, further increases in farm size and capitalisation occurred between 1981 and 1991 in all prairie provinces (Table 6.3). Table 6.3 shows growth in the average size of farms in Manitoba, Saskatchewan, and Alberta. Obversely, Table 6.4 shows that the number of farms in each

of these provinces continued to decline during the same period. These data indicate the rationalisation of the farm industry. In order to achieve the economies of scale required for profitability, and in many cases survival, full-time farmers have been forced to consolidate their operations within a context of declining subsidies and evaporating trade barriers.¹⁷ Accordingly, 8 per cent of farms accounted for 47 per cent of profits by the middle of the 1990s. The rationalisation of the farm industry, with its environment of increasingly open trade and emphasis on business management skills, tends to reinforce the movement away from monopoly marketing amongst not only the most profitable farmers, but also amongst others attempting to survive and compete.

The knowledge and information revolution also reached a critical point of development during this period. To be sure, the movement toward farmers with higher levels of education and easier access to larger amounts of information began before the 1990s. Nevertheless, as will be demonstrated in Chapter 8, which deals with education and information, the information and knowledge revolution reached new heights in the 1990s. Moreover, information and the ability to know what to do with it became more critical to farmers than ever before as a result of the rationalisation and consolidation of the previous decade.¹⁸ Business management skills became increasingly central to wheat and barley farming. Farmers also increasingly honed their marketing skills by growing off-Board crops (i.e. crops not marketed by the CWB). Off-Board independent marketing has, in turn, bolstered the confidence of farmers to market more challenging crops, such as wheat and barley. The number of seeded acres of wheat decreased from 34.5 million to 30 million between 1991 and 1996. It has been argued that this decline

can be attributed to farmers moving to other crops and land uses that allow for more marketing flexibility and thus more control over farm operations.¹⁹

As suggested, improvements in the education levels of farmers have been combined with advances in information technology which occurred in the 1990s. Significant numbers of farmers began to use the internet. Computer-based information services allowed farmers to receive current market and weather information.²⁰ In fact, not only did farmers begin to receive easy access to information previously in the purview of brokers, they began to have available to them computer systems that could track actual deliveries between sellers and buyers.²¹

Transportation alternatives also made significant inroads during this period. Chapter 8, which also deals with the transportation of wheat, shows that improvements in trucking technology have increasingly allowed the trucking industry to become competitive with rail transportation, in particular for farmers living close to the US border. The deterioration of the reliability and capacity of the railway industry served to reinforce the increase in the attractiveness of the trucking alternative.²²

In addition, as Chapter 8 indicates, significant developments occurred in regional-international interactions, particularly in Alberta, and in free trade agreements more generally. The General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO) and the Canada-US Free Trade Agreement (FTA) regimes were augmented by the North American Free Trade Agreement (NAFTA). In the area of regional-international relations, the Alberta Government has excelled. The Government of Alberta strengthened its ties with Montana,²³ as well as other states and the Mexican

Government. North-south trade in the grains sector was made easier as a result of these efforts. In particular, the competitiveness and attractiveness of trucking grain was strengthened through the standardisation of trucking regulations.²⁴

A 1992 survey of barley producers in Alberta (Table 6.2, poll number 3) indicates significant movement away from monopoly marketing in line with these changes.²⁵ Only 24 per cent of Alberta barley producers preferred a CWB monopoly. The degree of shift away from monopoly selling is indicated by the amount of support for the various alternatives: 20 per cent of respondents preferred a continental barley market, 43 per cent of respondents preferred a dual market, and 11 per cent of respondents preferred an open market. It is possible that the low amount of support for monopoly marketing reflects a question bias. The only monopoly marketing choice presented in the survey was that of CWB marketing as it currently stands (as opposed to a reformed CWB). Dissatisfaction with the current configuration and practices of the CWB itself, including governance issues, could lead to the choice of non-monopoly options. After all, according to the Alberta Grain Commission, dissatisfaction with the CWB increased from 60 per cent in 1985 to more than 80 per cent by 1992.²⁶ To the extent that farmers are able to clearly differentiate between dual marketing and continental marketing, such a scenario does not, however, appear likely given that the more open dual market is preferred more than 2 to 1 over the less radical continental marketing alternative. Moreover, only 3 per cent of farmers opted for the "don't know" category, which could also have potentially contained producers favouring a non-CWB or reformed-CWB monopoly.

The results of the 1992 survey were reflected in a plebiscite of Alberta barley producers held the same year (Table 6.2, poll number 4). Ending the CWB's exclusive control of barley exports to the US was favoured by 76 per cent of barley producers.²⁷ This is virtually identical to the total support of the continental marketing, dual marketing, and opening marketing categories of the previous survey. (Given that the dual marketing and open marketing options are the more radical alternatives, farmers who support them would be expected to also support continental marketing.)

These polls clearly indicate a significant movement away from monopoly marketing since the pre-1990 period. Not only does the shift extend beyond the *least* radical non-monopoly alternative, namely that of continental marketing, but a significant number of producers prefer the *most* radical alternative, namely that of open marketing. To be sure, theory would indicate that support for non-CWB marketing was likely less in Saskatchewan and Manitoba. Nevertheless, the survey indicates a significant shift from 1951 figures for barley growers as a whole because 55 per cent of prairie barley growers reside in Alberta. Because both the poll and plebiscite involved only Alberta barley producers, it is not able to indicate whether the theorised inter-provincial difference had begun to take hold. Finally, to the extent that wheat is more difficult to market than barley, these results can only serve to indicate that a significant movement toward a shift in opinion on wheat marketing had, by this time, probably occurred.

A 1994 survey (Table 6.2, poll number 5) provides further evidence for the expected trend evident in the 1992 data and provides the first evidence of inter-provincial differentiation in line with what theory would suggest. This survey, which included

farmers from across the prairies, classified respondents into three categories: “protectionists” (respondents who “support the wheat board and want to continue receiving government subsidies”), “free market opportunists” (respondents who support “some deregulation but aren’t ready to give up all government support”), and “determined deregulators” (respondents who “want no government help at all”).²⁸ The first category may be seen to correspond with the CWB monopoly category of the 1992 poll, the second category may be seen to correspond with the sum of the continental barley marketing and dual marketing categories, and the third category may be seen to correspond with opening marketing category.

In Alberta, support for the most radical option, open marketing, appears to have gained in popularity largely at the expense of dual marketing. Although the number of farmers favouring monopoly marketing appear to have marginally increased, this increase is largely illusory; the 1994 poll fails to differentiate between the barley monopoly and the wheat monopoly, instead including both in its questions relating to Board support. Thus, to the extent that wheat is more difficult to market, increases in the number of farmers favouring single-desk selling can be discounted when they are compared with the corresponding 1992 figures. In fact, support for monopoly marketing might have actually *decreased*, particularly when the poll accuracy of plus/minus five per cent is also considered. For the same reason, the gains made in the open market category are likely greater than the 9 per cent increase that is indicated.

A more general prairie-wide movement away from monopoly marketing since the pre-1990 period is also evident. Although the protectionists and free market opportunists are

virtually even in strength, this is certainly a significant drift away from the pro-monopoly consensus in the area of wheat and barley evident in the previous period. In fact, 13 per cent of respondents were classified as favouring an open market.

Inter-provincial differentiation in the expected direction is generally evident. Prairie-wide support for monopoly marketing is clearly higher than in Alberta. Also, support for dual marketing and open marketing is clearly lower. In fact, these differences tend to understate the differences between provinces because respondents residing in Alberta are likely included in the prairie-wide totals. The marginal contribution of Albertan respondents mutes the extent of difference. This dynamic is clearly evident in another related result from the survey. While 60 per cent of respondents thought that less government involvement in agriculture would leave them better off, the inter-provincial variation was striking. The response was, as expected, highest in Alberta at 70 per cent. In Manitoba, however, the suggestion did not even gain majority support, at 47 per cent support.

A 1995 survey (Table 6.2, poll number 6) appears to confirm a general trend away from monopoly marketing and the presence of inter-provincial differentiation.²⁹ The poll found that 67 per cent of Alberta farmers “want a choice between marketing their grain independently and using the CWB” (i.e. dual marketing). The survey again did not differentiate between barley and wheat. At first inspection, it would appear that support for dual marketing had significantly increased over the 51 per cent support indicated by poll number 5. Caution is, however, in order because the question appears likely to tap opinion on marketing choice *instead of* choice among marketing alternatives (to the

extent alternative marketing regimes were not presented); the question did not ask which marketing alternative they preferred, but rather whether or not they should have a choice at all. The 70 per cent support for less government involvement in poll number 5 is a better point of comparison. In this case, a trend is not evident. Any decrease in support should, however, be interpreted with caution, given that the change is well within the margin of error for the survey.

At first glance, meanwhile, the general trend away from monopoly selling appears to be evident in Manitoba (Table 6.2, poll number 7). If the government involvement figures of poll number 5 are again taken as a proxy for marketing choice figures in poll number 7, then a change in the expected direction is clear: 57 per cent of Manitoba farmers favoured marketing choice (60 per cent of Saskatchewan farmers favoured choice) compared with the 47 per cent of Manitoba farmers who thought they would be better off with less government interference in poll number 5. Nevertheless, because wording differences may indeed lead to different responses even though similar sentiments appear to be tapped, any conclusions based on this particular comparison should be tempered: less government involvement is clearly not the same as dual marketing. Moreover, opinions on government involvement in CWB governance may be a significant confounding factor.

By contrast, inter-provincial differentiation is clearly evident in poll number 7. The marketing choice figure clearly indicates that respondents in Alberta may be clearly differentiated from those of Manitoba and Saskatchewan in line with theoretical expectations. This is mirrored by CWB approval ratings: a mere 38 per cent of

respondents in Alberta thought the CWB was doing a good job, while more than 50 per cent of respondents in both Saskatchewan and Manitoba granted a similar assessment.

A 1995 survey of Saskatchewan farmers (Table 6.2, poll number 8) is consistent with the findings of poll number 6. The poll indicates that 58 per cent of farmers thought participation in the CWB should be voluntary, while 36 disagreed.³⁰ The Saskatchewan figure is thus brought closer to that of Manitoba. Although it is not possible to indicate which province has higher support for dual marketing, the level of support appears to be undeniably close.

A November 1995 barley and wheat marketing plebiscite held in Alberta (Table 6.2, poll number 9) and run by the Alberta Grain Commission appears to confirm the earlier polls, indicating that support for dual marketing remained relatively stable during the 1994-95 period in Alberta, and demonstrating the theorised differential between support for non-monopoly wheat versus non-monopoly barley marketing. The plebiscite indicated that 66 per cent of barley producers and 62 per cent of wheat producers were in favour of "having the freedom to sell ... [their] barley[/wheat] to any buyer, including the Canadian Wheat Board, into domestic and export markets".³¹ The ballot question was phrased in the language of marketing choice. Moreover, the voter was not allowed to choose between marketing alternatives. As with poll number 6, the question did not ask which of the various marketing alternatives farmers preferred, but rather whether or not they preferred to have a choice at all, regardless of the specific options available. The results of the plebiscite thus appear to be readily comparable to the non-comparative marketing choice polling data analysed earlier (poll number 6). The results appear

essentially to mirror those of the polls. Averaging between the wheat and barley results (given that approximately the same number of producers voted in both cases), 64 per cent of producers appear to favour the notion of marketing choice. The wheat and barley results are averaged in order to compare them with previous polls that included both wheat and barley. Although it appears that the plebiscite results are 3 to 6 per cent below those of the 67 to 70 per cent support suggested by the previous polls (see poll number 6), the difference may be accounted for by examining the types of producers polled in each case. Plebiscite participation on each of the questions was restricted to producers who had grown barley or wheat respectively in the past three years.³² To the extent that the prior polls failed to make such a distinction, their support for marketing choice was likely inflated relative to that indicated by the plebiscite; farmers without a financial stake are more likely to express ideologically oriented opinions (given that the financial basis for expression would be eliminated), which, in Alberta, are likely to follow along neo-liberal lines.

The manner in which the plebiscite was conducted also reinforces the accuracy of the prior poll results: polls were open for a lengthy period of time (two weeks); mail-in as well as in-person voting opinions were available; the Chief Returning Officer was well respected within the industry and government; a steering committee of industry representatives developed the question, and the Alberta Government urged the CWB, the federal government, railways, grain companies, and other businesses with an interest in the results to remain on the sidelines.³³ To be sure, the federal minister responsible for the CWB expressed "doubts" about the "loading" of the questions, the validity and

security of the voting system, and the quality of information available to farmers.³⁴ These concerns appear to be either largely unfounded or irrelevant from the standpoint of this examination. Although the form of the questions would tend to increase the apparent amount of anti-monopoly sentiment, the current analysis compares these to similar polling questions to ascertain trends and inter-provincial differences. Given the prolonged nature of the debate as well as the high degree of personal farmer interest, information problems are not likely to have been significant. Moreover, any information problems that do exist are likely to also have been present in previous polls.

Furthermore, no evidence of voting irregularities is readily apparent. Finally, although the vote was run by the Alberta Grain Commission, which tends to favour ending the CWB monopoly and is appointed by the Alberta Government,³⁵ there is no evidence that either it or the Government of Alberta were involved in advertising or other matters that could interfere with the vote. In fact, the Alberta Government was reluctant even to become involved in arranging meetings. Moreover, given that the Alberta Government and the Alberta Grain Commission had every reason to be confident that their preferred result was assured, it was in their interest to run a plebiscite that was beyond reproach.

The plebiscite results are also consistent with the hypothesis that barley is easier to market than wheat. The results indicated a 4 per cent gap in the expected direction between support for marketing choice in barley and wheat. Simultaneously, the high support for marketing choice in the area of wheat serves to show the high degree of anti-monopoly opinion in Alberta.

A survey conducted in 1996 (Table 6.2, poll number 10) after the release of the Western Grain Marketing Panel's report in July of that year (as seen, the Panel was commissioned by the federal minister responsible for the CWB in order to examine issues dealing with the marketing of western Canadian grain³⁶) provides further evidence of a trend toward the dual marketing opinion in the wheat area, a stabilisation of opinion in the barley area, inter-provincial differentiation, and a possible drop in support for the most radical option, namely open marketing.³⁷ It also provides evidence suggesting that the resolution of the governance issue is likely to increase support for the CWB.

Questions tapping dual marketing support for wheat appear to be consistent with or exceed earlier figures. The survey found that almost 50 per cent of respondents would like the opportunity to market "a portion of their wheat at a spot price offered by the wheat board."³⁸ At first glance, these results would appear to indicate a lower level of support for dual marketing than those of poll number 3 (where total support for dual and continental marketing combined stood at 63 per cent). Such a trend is misleading for three reasons. First, poll number 3 measured support for various forms of barley marketing. The current survey measures support for the marketing of wheat, which, as indicated, is more difficult to market. Second, the earlier survey involved only Alberta producers, who are more radical marketers than their extra-provincial prairie cohorts. Third, the sample of farmer opinion in the current survey is skewed towards over-representing Saskatchewan, the province with the least radical marketers. The level of support for such "dual marketing" of wheat indicated by poll number 10 is thus likely an increase from the levels indicated by poll number 3. This level of support would also be

an increase over prairie-wide numbers for “free market opportunism” in poll number 5. Moreover, the figures from poll number 5 should be discounted given that they included both barley and wheat.

Elsewhere, 56 per cent of respondents indicated that they would be in favour of ending the CWB monopoly over the export of feed barley. This appears to be roughly in line with the combined prairie-wide “free market opportunist” and “determined deregulator” categories (which total 58%) of poll number 5. To be sure, feed barley is likely easier to market (given a significant local cattle industry as well as on farm use) than barley designated for human consumption. As such, the figure from poll number 10 should be discounted in the comparison. Such nuances, however, may be overshadowed in this case by question wording differences. The apparent decrease in support for dual marketing in the area of barley suggested by poll number 10 may be the result of short-term factors stemming from the hope created by the Western Grain Marketing Panel’s report. As such it would not be a good indicator of any long-term trend.

Meanwhile, support for open marketing appears to have dropped from the levels of poll number 5. In poll number 5, 13 per cent of producers prairie-wide were listed as “determined deregulators,” who favoured ending *all* forms of government help, while poll number 10 pegs support for the total elimination of the CWB at 3 per cent. Although the data from poll number 10 are skewed towards pro-monopoly support because of the over-representation of farmers from Saskatchewan, question wording appears to more than compensate for this effect: in poll number 5 all forms of

governmental aid are being rejected, while in poll number 10 only one form of governmental aid is refused.

In addition, poll number 10 provides strong support for the hypothesis that the governance issue may impact farmer support for the CWB in its marketing role (the figures in this paragraph are not list in Table 6.2 because they are the only data dealing specifically with the matter of CWB governance). An overwhelming 86 per cent of producers favoured changes in CWB governance. In particular, farmers favoured the idea of having an elected Board of Directors composed mainly of farmers. Likewise, “a major overhaul” of the CWB was endorsed by 32 per cent of farmers while 36 per cent wanted “minor improvements.” By contrast, however, a mere 3 per cent of respondents advocated the CWB be eliminated entirely.

By contrast to the data to this point, the federal government’s 1997 prairie-wide plebiscite on barley marketing (Table 6.2, poll number 11) is not readily comparable to previous results because it forced farmers to chose between polar opinions. It does, however, provide striking evidence of the shift away from monopoly marketing that has occurred since the beginning of the decade and the presence of significant inter-provincial differentiation. The vote indicated that 63 per cent of farmers wanted the CWB to continue as the single-desk seller for all non-feed barley, while 37 per cent of farmers wanted a total open market in the area of barley marketing.³⁹ The results appear solid on the basis of procedure and turnout: the vote was supervised by KPMG; mail-in ballots were used, giving farmers adequate time to vote; and almost 75 per cent of eligible farmers cast their ballots.

To be sure, unregulated “advertising” and campaigning were heavy from both the pro-monopoly and anti-monopoly forces. For example, the federal government released a background report dismissing dual-marketing as unworkable,⁴⁰ the CWB was accused of arranging town hall meetings,⁴¹ the CWB released an independent study on barley marketing that favoured the monopoly option,⁴² the Saskatchewan Wheat Pool ran radio and print ads,⁴³ Manitoba Pool Elevators sponsored ads and sent information to farmers,⁴⁴ and a “Pro-CWB Coalition” ran radio and print ads extolling the merits of monopoly marketing and urging farmers to vote.⁴⁵ Likewise, on the anti-CWB side, Cargill, a transnational agri-business giant, mailed a brochure to farmers showing the benefits of open marketing⁴⁶ and the Alberta Government, which has consistently favoured a pro-market position, provided information concerning marketing issues.⁴⁷ Furthermore, the anti-monopoly forces apparently outspent the pro-monopoly forces.⁴⁸ Nevertheless, the campaigning appears to have been fairly even. Moreover, it appears likely that farmers had adequate information about both options.

What at first glance would appear to be a solid victory for the monopolist side is really a stunning defeat. Despite a significant bias towards the single-desk seller option, the open market selling option received substantial support. Three major factors favoured the monopoly selling alternative. First, the ballot did not allow a middle-range option, namely that of dual marketing. Given the radical nature of the open market option, such a polar choice is likely to lead to increased support for the monopoly pole.⁴⁹ The likelihood of such a dynamic was, for example, indicated by the 1996 Angus Reid survey, which found that although only 8 per cent of farmers wanted to keep the CWB

unchanged, a mere 3 per cent wanted to eliminate it entirely.⁵⁰ Second, the radical nature of the open market option was emphasised with the use of the word “entirely” in the wording of the open market option to leave no doubt that *all* barley would be ineligible for CWB treatment under *all* circumstances. Such wording decreases, if not eliminates, the possibility that the open market option was seen as a dual marketing option. Third, although all prairie farmers who grew barley at any time between 1992 and 1997 were eligible to vote, the voters’ list was initially based on barley producers who were CWB permit book holders. Permit book holders are more likely to support the CWB than, for example, feed-barley sellers or producers who grow barley for their own on-farm use. Moreover, non-permit book producers were forced to provide documented evidence of barley production during the period or swear a legally-binding affidavit.⁵¹ As a result, the plebiscite provides the most solid evidence to date of the substantial shift towards open marketing that has occurred in the 1990s.

Conclusion

Polling data on farmer opinion in the prairies provides solid evidence for theoretical expectations. A trend away from support for the monopoly marketing of grains that extends across the pre-1990 and post-1990 periods is readily evident. This shift is consistent with changes in various factors associated with globalisation, including burgeoning free trade, a knowledge and information revolution, and international ties between sub-national actors. As might be expected, this trend in farmer opinion appears to have continued into the 1990s and stabilised around mid-decade as these shifts took

hold. Simultaneously, the emergence of cross-provincial differences in opinion predicted by both cultural and economic theory also appear to have occurred. Strong evidence of differences in farmer opinion on CWB marketing was found: producers in Alberta tended to favour ending the monopoly more than those of other provinces. To be sure, not all producers in each of the provinces are united in their views and a general trend away from monopoly marketing is evident throughout the prairies. These general trends and *intra*-provincial variation, however, do not negate the political impact of *inter*-provincial differences in producer opinion; although the expected differences between farmer opinion in Manitoba and Saskatchewan are not evident,⁵² the concentration of anti-CWB sentiment in Alberta and pro-CWB sentiment in Saskatchewan and Manitoba is significant. In addition, the trend away from support for monopoly marketing has also followed the commodity order predicted by theory. Support for an end to monopoly selling has generally proceeded from commodities that are easily marketed to wheat,⁵³ which likely requires more significant expertise and logistical capacity. Finally, the predicted trend in degree of movement away from monopoly marketing has also been substantiated. It was hypothesised that the degree of support for marketing options is inversely related to the degree of change they entail and the amount of farmer expertise and confidence they require. A declining continuum of support for non-monopoly marketing from continental marketing to open marketing was evident.

The theoretically supported, multifaceted, and mutually reinforcing nature of these trends in producer opinion suggest that, to the extent that farmers are not satisfied by governance changes, the debate over the future of wheat and barley marketing will not

likely be resolved until the CWB's monopoly is eliminated. The length and focus of federal-provincial conflict stemming from the debate appears to depend on two factors: the viability of dual marketing as a middle-range compromise and the view of the federal minister responsible for the CWB, who has been found to be less driven by interest groups and the social bases on which they are built, including farmer opinion, than are provincial agriculture ministers and their governments.⁵⁴ Governmental elites, in other words, are less constrained federally than provincially. To the extent that dual marketing is sustainable, the general trend appears to indicate the possibility of short-term to medium-term inter-provincial convergence towards this marketing option. To the extent that the option is indeed unsustainable (a number of studies suggest this may be the case)⁵⁵ and farmers realise this to be the case, the polarisation indicated by the 1997 barley plebiscite is the likely outcome. While the trend towards inter-provincial convergence on open marketing may nonetheless occur in the long-term, it appears less likely in the short-term than convergence based on the concept of dual marketing because of the inverse relationship that was found to exist between the degree of producer support for a particular marketing option and the degree of change it entails. Given the high amount of aggregate inter-provincial differentiation indicated by farmer opinion data, the immediate future of the marketing debate is thus likely to produce sustained bilateral federal-provincial conflict. As demonstrated by Alberta Government-backed or initiated legal challenges dealing with the future of the CWB's monopoly,⁵⁶ a pro-monopoly federal minister responsible for the CWB is likely to continue to produce conflict between the Alberta Government and the federal government. Similarly, an anti-

monopoly federal minister responsible for the CWB would likely provoke conflict between the Saskatchewan Government and the federal government or even the Manitoba Government and the federal government.⁵⁷

In sum, the polling data indicate that federal-provincial conflict in the areas of barley and wheat marketing is likely to continue in the immediate future. Although a general trend towards open marketing is evident throughout the prairies, inter-provincial differentiation between pro-monopoly and anti-monopoly producers remains stark. To the extent these conflicts are ever resolved, peace in the barley arena is likely to precede peace in the wheat arena. Moreover, the theoretical analysis indicates that these shifts in farmer opinion are not the result of transient foundations: reversals in opinion trends do not appear likely. Any long-term resolution to the onshore marketing debate is thus likely to mean the end of the CWB monopoly.

CHAPTER VII
THE IMPACT OF GLOBALISATION:
THE ROLE OF TRANSNATIONAL CORPORATIONS

Within a context of increasing globalisation, transnational corporations (TNCs) are playing an ever larger role in the marketing of prairie wheat. The absence of TNCs will be seen to be consistent with support for “single-desk selling,” while the presence of TNCs will be seen to be consistent with calls for “dual marketing.” TNCs constitute a powerful new force in Canadian wheat marketing that challenges the continuation of the Canadian Wheat Board’s (CWB’s) wheat monopoly. The presence of TNCs, in other words, makes more likely the movement towards decreased government regulation, including increased support for dual marketing. The causal mechanism linking the TNC to government regulation in the area of wheat marketing will be supplied by a composite of theoretical perspectives dealing with the firm and globalisation. This theoretical framework will be applied to the prairie provinces using a temporally-based comparative approach. The chapter is not specifically concerned with an inter-provincial comparison of the differential political impact of the pressures emanating from the presence of globalisation in the form of TNCs. Qualitative evidence addressing a number of theoretical implications will be seen to provide the basis for understanding the impact of TNCs both currently and on the future of wheat marketing. The central impact of TNCs is found in their ability to undermine the CWB’s marketing monopolies. The interaction between governmental regulation and TNCs is the key to the analysis.

The theoretical framework of the analysis will first be introduced. Next, the period during which TNCs were generally absent will be examined. This will be followed by a discussion of the subsequent period of increased TNC involvement. Finally, the conclusions and implications of the analysis of TNCs will be considered.

The Theoretical Background

The analysis presented in this chapter will attempt to understand the influence of the presence or absence of TNCs by applying various prominent economic theories dealing with the behaviour of TNCs to the field of prairie wheat marketing by testing for the presence of a number of observable implications of these theories. Periods of largely unchallenged governmental regulation as well as periods of deregulation will be considered. To the extent that a substantial set of such implications is historically absent during periods of regulation and currently present during a period of deregulation, these implications, as well as others, will, *ceteris paribus*, be used to suggest the impact of TNCs on prairie wheat marketing. These theoretical implications will be tested in two areas intimately connected with core wheat marketing, namely railway transportation and domestic feed grain marketing, as well as in the area of core wheat marketing itself.¹ Moreover, given that TNCs are situated within an international context as one force of globalisation, the implications of theories dealing with the organisational and purely commercial aspects of firms intersect with the processes and implications of globalisation. Literature dealing with implications of globalisation is thus also considered and integrated into the framework. For the purposes of the current study, the term TNC, as opposed to multi-national corporation, will be used to emphasise the

increasing independence of corporations operating in a number of political jurisdictions from the resources and power of any particular political jurisdiction.²

The extent to which a unified theory of the TNC exists has been the subject of debate. Mark Casson has claimed that economic theories dealing with TNCs have emphasised their “enterprise aspect” instead of their “multinational aspect”.³ In other words, the general business elements of TNC operations, which TNCs share with all corporations, including those operating in only a single country, have, it is held, often been the focus of TNC theory rather than the impact of the fact that these operations occur across international boundaries. By focusing on the former, the sectioning of the world into nation-states has often been taken as a given, and studies have, as a result, often emphasised investigating the economic viability of the corporation under these circumstances rather than the viability of the nation-state in a world of TNCs.⁴ By contrast, Alan Rugman has argued that “internalisation” (i.e. internalising what would otherwise be domestic and/or international trade) is *the* theoretical framework dealing with the TNC.⁵ This analysis will use the implications of both approaches to the extent they are evident in the literature dealing with TNCs and globalisation. Such an approach is consistent with the “qualitative change” that has been observed in the role of the TNC since the 1980s,⁶ which stems from the intersection of the TNC with the growth of various forces associated with globalisation. As such, the qualitative change will be reflected in the interrelated implications that follow. All implications point towards the presence of increased pressure for deregulation as TNCs grow in stature.

*Implication 1: Operational Territory Outgrows and Undermines Regulatory Territory
(Spatial Incongruence)*

As TNCs operate in an increasingly globalised marketplace, jurisdictional spillovers have been the rule. The ability of national governments to regulate the market and the behaviour of market actors is eroded because the boundaries of the market no longer coincide with the boundaries of governmental jurisdiction.⁷ Jurisdiction has become increasingly ambiguous and sometimes non-existent as the logical locus of regulation has shifted to global organisations, such as the World Trade Organization (WTO), and regional blocks, such as the North American Free Trade Agreement (NAFTA), without equivalent shifts in effectiveness or capacity.⁸ Moreover, market expansion, through free trade agreements, has been accompanied by the emergence of corporate “ultra mobility.”⁹

Given that the market is increasing beyond the sovereign jurisdiction of national governments, and international organisations have not been able to fill the void, a *de facto* transfer of jurisdiction to the market has occurred. In addition, to the extent that some policy capabilities remain in the hands of national governments, pressure for “market-led policy congruence” has increased.¹⁰ The pressure for policy congruence may also emerge internally: domestic firms may find themselves to be at a regulatory disadvantage as they increasingly compete with TNCs playing by a different set of rules. National regulation is thus increasingly rendered impotent.

Implication 2: The TNC as Political Actor

TNCs have the incentive to effectively combine an ability to provide economic benefits to the countries and regions in which they operate with an ability to “slip

between the network of the sovereignty of individual states.”¹¹ As such, they have leverage to considerably influence governmental decision-making.¹² To be sure, TNCs require access to the market.¹³ The market they require access to, however, need not be any one particular national market. The influence of the TNC may thus be seen to increase in strength as global markets are opened and the incentive to capture any one national market is decreasingly associated with any immediate necessity to do so. TNCs should thus also be expected to attempt to directly influence domestic policy-making.

Implication 3: The TNC as the Market (Consolidation: Joint Ventures and Vertical Integration)

Because of market imperfections, TNCs have an economic incentive to internalise international trade.¹⁴ Moreover, given the globalisation of the environment within which they operate, TNCs increasingly have the ability to fulfil the goal of internalisation. TNCs have discovered, for example, that “multi-country sourcing” and other globally-oriented strategies can decrease production costs.¹⁵ Although alliances are also possible, joint ventures, mergers, and take-overs should increase in frequency as moves are made to vertically and horizontally integrate on a global scale.¹⁶ Furthermore, consolidation often does not stop at the joint venture stage. In the short-term, the TNC usually contributes technology and expertise in return for the local knowledge and political influence of the domestic partner.¹⁷ However, joint ventures tend to be temporary: as technology and corporate interests change, an incentive emerges for one actor in the relationship to buy out the other.¹⁸ The emergence of “predatory behaviour” on the part

of TNCs is thus always possible.¹⁹ Consolidation is an overarching incentive for TNCs and the entities with which they compete in the global marketplace.

Implication 4: Increasing Federal-Provincial Conflict

The global operation of the TNC creates new geographical and social cleavages as local economic well-being is combined with an international marketplace.²⁰ The incentives for integration encourage “domestic fragmentation, aggravating tensions among classes, interest groups, and regions.”²¹ To the extent that the costs or benefits of TNC penetration of the domestic market follow provincial borders and are differentially distributed, federal-provincial tensions are likely to increase. Jurisdictional incongruence reinforces this dynamic: provincial governments may challenge federal jurisdiction on behalf of regionally and provincially influential TNCs. As seen, TNCs still have incentives to directly lobby governments for deregulation. Although TNCs would *ceteris paribus* prefer governmental policy conducive to their operations spread over as wide an area as possible, they may nonetheless still be inclined to lobby provincial governments for a number of reasons including the following: provincial governments may be more susceptible to the influence of TNCs involved in key aspects of their economy than is the federal government;²² particular provincial governments may be more willing than the federal government to implement policies favoured by particular TNCs; the policy area in question may either fall under provincial jurisdiction or involve the jurisdictions of both orders of government; a particular province or a small number of provinces may contain the industry with which the TNC is concerned. Nevertheless, TNCs may also be seen to have the incentive to play federal and provincial governments

off one another, in line with the interest group dynamics suggested by Grodzins.²³ Groups are seen to move towards the order of government that is most responsive to their interests. In doing so, TNCs tend to look for governments with compatible ideological and cultural orientations.²⁴ Moreover, governments may increasingly become mediators rather than sovereign actors in corporate conflicts as sovereignty is devolved into private hands.²⁵ In addition, TNCs, with their cross-border structural integration, reinforce the incentive of sub-national governments of different countries to seek political ties with one another in opposition to the interests of their respective national governments.²⁶ Federal-provincial harmony should thus, at least in the short-term, be increasingly eroded, undermining any national consensus on regulation.

Implication 5: Demands for Accountability Will Be Split From Regulation

Demands for accountability will rise as the information and knowledge revolution of globalisation takes hold.²⁷ In the absence of effective global organisation, accountability will increasingly depend on informal avenues of political action and on "brute consumer power."²⁸ With deregulation, power increasingly resides within the TNC itself. In order for that power to be seen as legitimate, accountability will have to be strengthened.²⁹ Calls for increased accountability will thus be increasingly associated with *deregulation*. In other words, as markets are liberalised, demands for accountability are likely to increase.

The Period of Regulatory Hegemony

The extent and duration of widespread producer and governmental support for regulation varies in the transportation, feed grains, and core wheat areas under consideration. In each case, a period of relatively unchallenged consensus on the need for regulation correlates with an absence of TNCs in the general area of wheat marketing. The evolution of the regulatory consensus in the areas of wheat transportation, feed grains, and core wheat will each be examined.

A Noticeable Absence

TNCs were virtually absent from the area of prairie wheat marketing until the CWB's monopoly in feed grains was abolished in the 1970s. During the late 1920s and early 1930s, the period during which the CWB was created, the main pressures opposing the establishment of a wheat board emanated from the "grain trade" and other business interests associated with the Winnipeg Grain Exchange.³⁰ The Winnipeg grain traders were, however, not transnational players and not very influential with the federal or prairie governments. Instead, the primary political influence lay with the wheat farmers themselves, who not only distrusted the grain traders of the Winnipeg Grain Exchange, but also projected their influence through co-operatively organised wheat pools. The regulatory framework that was initially established in the 1930s and 1940s essentially remained in place until the 1970s.

Moreover, forces associated with globalisation, such as free trade arrangements, which support TNCs by globalising the marketplace beyond the jurisdiction of national governments, were only in their infancy during this period. The institutions that would

eventually usher in a new level of globalisation in the area of wheat marketing began to take shape only in the 1950s in the form of GATT rules on agricultural trading.³¹ However, the consequences of the movement towards free trade, including the harmonisation of transportation standards that would later reinforce the erosion of the CWB's monopoly status, were not yet evident. The impact of free trade arrangements therefore continued to be marginal until the late 1980s and 1990s, when the Canada-US Free Trade Agreement (FTA), NAFTA and a reinvigorated General Agreement on Tariffs and Trade (GATT) (WTO) rose to prominence. Accordingly, the era of TNC absence saw broad support for a number of mutually reinforcing layers of governmental regulation in line with the implications of the theories of the firm and globalisation.

The Core Wheat Monopoly

Although a consensus favouring the monopoly marketing of wheat had by 1935 evolved amongst farmers, this consensus was not yet shared by the federal government. Provincial premiers, who were in favour of the creation of a wheat board, were nevertheless ultimately successful in influencing the federal government's compromise decision to create a *voluntary* CWB.³² Ongoing federal-provincial disagreement on the matter culminated in 1939 when the federal government's attempts to disband the CWB, in line with the recommendation of the Turgeon Commission, were met with widespread and determined opposition.³³ The federal government responded by showing its willingness to listen to the desires of farmers, farmer organisations, and provincial governments: not only was the CWB not abolished, but its jurisdiction was actually extended to include the eastern provinces.³⁴ MPs in the House of Commons increasingly

recognised the “long-continued desire” of the prairie farmer for “some adequate plan of co-operative marketing of his wheat.”³⁵ Moreover, upon its creation in 1935, the Canadian Federation of Agriculture (CFA) joined the virtually unanimous chorus of support for wheat board marketing emanating from the wheat pools, which were the major allies of the CWB.³⁶

The CWB’s wheat marketing monopoly was established in 1943 and remained virtually unquestioned thereafter until the 1990s within a context that corresponded with monopoly support.³⁷ Although the monopoly wheat marketing policy was initially part of the war effort of the federal government, which included general price controls, the federal government’s increased commitment to orderly marketing even after the war was reflected in C.D. Howe’s view that the CWB would “continue indefinitely.”³⁸ The monopoly was greeted by widespread producer and provincial government support, in spite of being created in order to keep prices *down*.³⁹ The solidification of the consensus favouring monopoly marketing is also apparent in the expansion of the scope of the CWB into other commodities. Single-desk selling of coarse grains, such as oats and barley, was first suggested in 1943.⁴⁰ By 1949, a consensus was emerging on the issue and provincial governments were actively involved in formulating the new policy.

Moreover, concerns over CWB accountability remained relatively muted during this period. Although calls for “producer representation” on the CWB beyond that of the appointed Advisory Committee were periodically made, the issue did not assume sustained political prominence.⁴¹ Furthermore, to the extent that debates over accountability occurred, they were certainly not linked with calls for an end to single-desk selling.

Both orders of government continued to support the principle of single-desk selling for core wheat until the 1990s. At the federal order, the Diefenbaker government, for example, strongly favoured an interventionist governmental policy in agriculture.⁴² Alvin Hamilton, a Minister of Agriculture during this period, was influenced by John Braken's "Lethbridge Charter," which promoted the use of governments in expanding marketing opportunities. During a House of Commons debate in the 1960s, MPs came to the conclusion that the abolition of the CWB by any future government was inconceivable.⁴³ Moreover, the CWB was lauded by members of all parties for its record of accomplishments and admired for its ability to handle international marketing.⁴⁴ Similarly, enthusiastic federal government support was evident even into the 1980s. Jake Epp, for example, captured the pervasiveness of the support by claiming that "it appears to be almost as if one [MP] tries to outdo the other in terms of their loyalty to the Canadian Wheat Board."⁴⁵ Likewise, Don Mazankowski, who was at one point the minister responsible for the CWB, recognised that "in the final analysis, farmers line up in support of the Canadian Wheat Board."⁴⁶

The support for government regulation at the federal order of government was reinforced by provincial governments. The Manitoba Government's support of single-desk selling was, for example, reaffirmed by a producer plebiscite that resulted in an overwhelming endorsement of the CWB's monopoly.⁴⁷ Similarly, the Saskatchewan legislature unanimously approved motions, which were supported by the Saskatchewan Wheat Pool and the Farmers Union, requesting that all grains be subject to the CWB monopoly and that the monopoly be made permanent.⁴⁸ In fact, even the Government of Alberta, which assumed a leadership role in establishing and embracing various forces

which would eventually challenge the wheat monopoly in the 1990s, continued to strongly support single-desk selling: although conflict raged during the 1970s in other areas of federal-provincial relations, Alberta Premier Peter Lougheed endorsed the CWB's wheat monopoly in a letter to the Prime Minister, in which he stated that the Government of Alberta "tend[ed] to support the concept of the Canadian Wheat Board as the sole grain exporting agency for Canada."⁴⁹ Such widespread provincial government support continued into the 1980s. Alberta's Minister of Agriculture, for instance, continued to endorse the CWB's "excellent job" in exporting wheat.⁵⁰ Moreover, the minister also stated that he "would reiterate [his] support for the CWB in those areas where it has performed well." Similarly, Grant Devine publicly commended the CWB's "excellent job of marketing wheat and barley" in the Saskatchewan legislature.⁵¹ Likewise, Manitoba's Minister of Agriculture claimed that he was confident in the CWB's ability to handle wheat sales to the Soviet Union.⁵²

Railway Regulation

The consensus surrounding the monopoly marketing of wheat was, until the 1990s, reinforced by the presence of the Crow rate (and later the Crow benefit), which facilitated the transportation of wheat for the CWB. The Crow rate was originally established in 1897 when the CPR agreed to reduce eastbound freight rates in perpetuity in return for construction subsidies. The special rate was made statutory in 1925 and, beginning in 1931, was applied to all prairie wheat exports, regardless of the railway used or the direction of travel.⁵³ By the 1950s, transportation problems were causing increased concern and prompting calls for *further regulation*.

Because of the impact of inflation, the Crow rate was no longer profitable for the railways.⁵⁴ As a result, grain-dependent branch lines were being increasingly neglected by the railway companies. The political effects of this neglect were immediately evident. The Saskatchewan legislature, for example, unanimously adopted a resolution calling for an adequate supply of boxcars.⁵⁵ By the 1960s, although the issue of railway regulation had yet to be translated into a sustained political concern, problems were continuing. Because the railway companies were obligated to transport grain irrespective of the losses they were now incurring, they continued to delay any investment in new boxcars and withhold maintenance on their grain-dependent branch lines.⁵⁶

Although pressure from the railways on the federal government to abolish the Crow rate mounted in the 1970s, regulation remained in place.⁵⁷ The Canadian Pacific Railway (CPR) and the Canadian National Railway (CNR) were now threatening to close grain-dependent branch lines that were deemed unprofitable. However, producer support for the Crow rate was readily evident in the strong and widespread opposition to the federal Minister of Agriculture's suggestion that the Crow rate might be abolished. This initial round of the Crow debate culminated in 1983 when the federal government replaced the Crow rate with a Crow benefit, which was an annual subsidy paid directly to the railways. Regulation, though modified, was thus kept in place.

The support for regulation was also evident in a related matter. During the debate over the Crow, the railways were also having problems handling the increasing volume of railway traffic. The problems of railway capacity led to a series of uncoordinated short-term regulatory measures by the federal government that were unsuccessful.⁵⁸ The continued emphasis on railway regulation was also reflected in the concerns of the prairie

governments. For example, Premier Allan Blakeney of Saskatchewan expressed concern over grain handling problems while continuing to emphasise his firm support for the CWB's wheat monopoly.⁵⁹ In 1979, the premiers of the prairie provinces, the federal minister responsible for the CWB, the presidents of the CPR and the CNR, representatives from the CWB, major grain companies, and the Canadian Labour Congress all participated in a special Conference on Grain Handling and Transportation. The conclusions that emanated from the conference reflected the emphasis on governmental regulation in wheat marketing during this era: participants generally agreed on "certain requirements for the improvement of Canada's ability to deliver grain for export" and unanimously agreed that "the physical limitations of the system had to be overcome."⁶⁰ The federal government's commitment to regulation was also evident in its refusal to abandon the Crow benefit for the remainder of the 1980s in the face of attacks by US officials, who claimed that it was a trade-distorting subsidy.

The Feed Grain Monopoly

The sustained governmental support for the feed grain monopoly may be seen to be part of the general support enjoyed by the core wheat monopoly during the pre-TNC era, given that feed grains received no special designation during this period. However, unlike the consensus surrounding the CWB's core wheat monopoly, which lasted until the 1990s, governmental support for the feed grain monopoly lasted only until the 1970s. The core wheat monopoly analysis as it pertains to the period before the 1970s is thus also applicable to the feed grain monopoly.

The Transnational Era

The Deregulation of Feed Grain

The timing of the first substantial movement of TNCs into the area of prairie wheat marketing appear to be consistent with theoretical expectations, namely that TNCs are not only in favour of deregulation, but are also attracted to deregulated environments: the end of the CWB's monopoly over domestic feed grains in 1974 marked the beginning of the increased presence of TNCs in the wheat industry. Cargill, for example, was, as a result of the policy change, able to significantly expand its Canadian operations. The impact was overwhelming: in 1974 alone, Cargill bought 308 grain elevators.⁶¹ Cargill thus immediately moved to internalise a key part of the process of marketing feed grains in line with theoretical expectations of vertical integration in an imperfect market. As a result, the wheat pools were already becoming increasingly unsuccessful in competing with the private sector in the 1970s within the context of TNC involvement.⁶²

The federal government's policy change also foreshadowed an era of increased federal-provincial conflict in the field of wheat marketing.⁶³ The new federal minister of responsible for the CWB, Otto Lang, who was more market-oriented than his predecessor, promoted conflict by moving unilaterally in the matter.⁶⁴ Lang announced, to the outrage of CWB supporters, which included the CFA, that the domestic feed grain market would now be open to private competition amongst grain companies.⁶⁵ The Saskatchewan Government had unequivocally voiced its opposition to the new feed grains policy in the previous years' Western Economic Opportunities Conference. During the conference, Premier Allan Blakeney of Saskatchewan stated that the "Wheat

Board's authority needs to be supported and extended.”⁶⁶ Although he held that the intra-provincial movement of feed grains is a provincial responsibility, he endorsed a “national pricing structure” and the role of the CWB as the “sole marketing agency for feed grains on an interprovincial [sic] basis.”⁶⁷ Likewise, Premier Edward Schreyer of Manitoba voiced his opposition to any changes by making it clear that he viewed any reduction in the “function and role” of the Board to be “a most reactionary and most undesirable step.”⁶⁸ The Alberta Premier, Peter Lougheed, by contrast, refrained from endorsing CWB operations in the feed grain market, instead speaking only about other matters with an emphasis on governmental co-operation with private business.⁶⁹ While Alberta's Minister of Agriculture, Hugh Horner, denied that the “three western provinces” were divided in their “approach to the Canadian Wheat Board” and held that “the Canadian Wheat Board can deal with the feed grains question,” he pointed to the need for provincial input into such Board activities and warned that Alberta's approach may be “slightly different” in its willingness to call the Board to account.⁷⁰ In this regard, he emphasised that if the Board was not operating as it should, then the governments of the provinces have the right and responsibility to give their input.⁷¹ Both the federal and the provincial governments involved in the feed grains marketing debate, however, remained united in their support of the continuation of the CWB's core wheat monopoly. To the extent that any conflict was present, therefore, it was directly associated with the end of government regulation and the beginning of TNC involvement in a specific policy “sub-field.”

In addition, Cargill also assumed a leadership role in lobbying Canadian governments for open market policies.⁷² The evolution of TNC influence was rapid:

Cargill soon had the “ear” of the federal PCs. In fact, the federal Department of Agriculture even hired a Cargill executive, who, by 1988, was in charge of co-ordinating the ministry’s commodity strategies.⁷³ Not surprisingly, a 1989 letter from the Deputy Minister of Agriculture stating that Cargill’s views were “consistent with the government’s policy direction” readily reflects the internationalisation of agricultural policy. Although it did not further increase TNC involvement in the area of grain marketing (given that the oats sector is small), the federal government’s 1989 decision to end the CWB’s monopoly in the area of oat marketing may nevertheless have been influenced by the presence of Cargill.⁷⁴

The Deregulation of Transportation

Theoretical expectations also appear to be upheld on a number of fronts in the area of railway deregulation. The Crow benefit was eliminated as of 1 August 1995 with a \$1.6 billion one-time compensatory payment to farmers.⁷⁵ Not only would future freight rates be higher, but the payment was only adequate to cover two years of non-subsidised freight costs.⁷⁶ Although the federal government’s decision, which responded to international pressures by eliminating subsidies, was enthusiastically supported by the Alberta Government, the reaction was less enthusiastic in Saskatchewan.⁷⁷ The immediate effects were striking: grain-dependent branch lines, long neglected, were finally abandoned. As a result, small country elevators began to close and be replaced by large central elevators located on the main lines.⁷⁸ In fact, the number of country elevators was expected to decline from 1200 at the time the Crow benefit was abolished to 700 by 2000. Because these larger elevators, known as “high-through-put (HTP)

facilities”, are, at a minimum cost of approximately \$10 million, ten times as expensive as the country elevators, the position of TNCs is again reinforced: even Sask Pool, the largest of the wheat pools, is inadequately capitalised to be able to build and maintain an array of HTP terminals without stretching its resources to the limit. Nevertheless, Sask Pool and other grain handlers with relatively little capital are being forced to build HTP facilities in order to compete: Sask Pool plans to close 235 elevators between 1998 and 2001 while building 22 HTP facilities; United Grain Growers Limited (UGG) has built a 36 000 – tonne inland terminal near Calgary.⁷⁹ By contrast, for the “big three” agricultural TNCs, the expenditure is relatively minimal (Table 7.1). Table 7.1 shows that even the largest of the pools is dwarfed by the Cargill, Conagra, and Archer Daniels Midland (ADM) in profits and especially revenues.

The end of the Crow framework has also increased the need to provide the railway companies with incentives to improve their performance, given the lack of competition in the grain transportation sector. This again strengthens the position of TNCs by pointing the way towards competitive contracting for grain transportation and handling between farmers and grain companies as a solution.⁸⁰ Under the contracts, which would include the logistical details of transportation, grain companies would competitively bid for CWB contracts as well as for producers’ grain to fill the contracts. Such a solution has been powerfully endorsed by former Justice Willard Estey, who essentially recommended the complete deregulation of the grain transportation industry in his comprehensive review of Canadian grain handling and transportation.⁸¹ The Estey Report also reinforces the competitive environment of the contract approach by recommending Canadian railroads

should be made to face increased competition from “all competent railway operators, including short-line railways.”⁸²

The incentives resulting from the deregulation of the railway industry reinforce the aggressive interpool competition and conflict that began in the 1990s as the pools were placed into a context of increasingly globalised competition at the hands of the agri-food TNCs. In line with expectations, the FTA, which itself represents a commitment to decreased governmental regulation, provides the context within which the abolition of the Crow benefit must be placed. Since the implementation of the FTA, the “big-three” agribusiness giants have become increasingly aggressive in the Canadian agricultural sector. The expansion of TNC influence has been remarkable: beginning in 1989, Cargill began to diversify its operations by building a cattle processing plant in High River and by jointly producing fertiliser with the Saskatchewan Government in the Saskferco venture; in 1991, Cargill bought Alberta Terminals Limited and ADM bought Soo-Line Mills in Winnipeg and a canola crusher from United Oilseed in Lloydminster; in 1992, ConAgra merged its flour milling operation with Maple Leaf Foods; in 1993, Cargill bought a 50 per cent interest in the Saskatchewan Fertilizer Company; in 1995, Cargill built an oilseed crusher in Claret, Saskatchewan, ADM built a canola-handling facility in Watson, Saskatchewan, and ConAgra bought Canada Malting; in 1997, ConAgra began building six HTP elevators in Saskatchewan; as of 1998, Cargill owned a minority interest partnership in a grain terminal and a 50 per cent stake in Cargill Durafibre Inc. (which makes fibre from flax straw), both with farmer co-operatives.⁸³ The expanding presence of such firms has, therefore, caused the wheat pools, which have traditionally been the CWB’s main allies, to reassess their position.

Accordingly, the pools became increasingly inclined to take a competitive market-oriented view of their operations. The previous small-scale of pool operations was adequate where the market was not yet globalised and subsidies were relatively abundant. However, because the pools are engaged in a low-margin, mass commodity business, open markets provide a ready incentive to consolidate if the economies of scale central to successful global competition are to be reached. Thus, in order to compete with global enterprises, volume must be increased and the geographical scope of operations must be expanded.⁸⁴ The Saskatchewan Wheat Pool, for example, has recently been forced to construct new terminals in order to compete with ConAgra.⁸⁵

Likewise, the 1990s also marked the beginning of aggressive inter-pool competition and conflict as the pools were placed into this context of increasingly globalised competition by the TNCs. During the pre-TNC era, the pools observed a convention that restricted their "core operations" to their own provinces.⁸⁶ In fact, they even established a parent corporation (Prairie Pools Inc.) and a common marketing corporation (Xcan Grain Ltd.). Any marketing operations that were left over or were inter-provincial in nature were generally handled by prairie-wide entities, such as UGG. The three prairie pools also jointly run Western Co-operative Fertilizer Limited and co-operate in areas such as the marketing, researching, testing, and registering of new varieties of crops.⁸⁷ Nevertheless, examples of inter-pool rivalry began to abound and were closely associated with the end of the transportation subsidies and the need to consolidate in order to compete with the growth of TNCs: with its purchase of Elder's Grain in 1990, Sask Pool began directly competing with Manitoba Pool Elevators by operating grain handling facilities that are located in Manitoba; after Sask Pool turned down Prairie West Terminal

Limited's 1996 proposal to build an inland grain terminal in Saskatchewan, Alberta Pool Limited instead became the firm's partner. The rivalry was further intensified in 1997: Sask Pool announced its intention to further expand into Manitoba and Alberta, Sask Pool and Cargill agreed to jointly build a new grain exporting facility (at an estimated cost of \$175 million) close to Vancouver in direct competition with Alberta Pool's Vancouver terminal, and Alberta Pool Limited and Manitoba Pool Elevators unsuccessfully attempted an unfriendly take-over of UGG in order to "pre-empt" a similar move by ConAgra. The Sask Pool expansion plan was massive. The plan called for the construction of fourteen terminals, six of which would be in Alberta and two of which would be in Manitoba, with a goal of attaining a 25 per cent market share in each province. Moreover, the expansion was only part of a \$200 million strategy to strengthen Sask Pool's market position. In response to Sask Pool's expansion into Alberta, the Alberta Wheat Pool moved to build an inland terminal in Dodsland/Plenty in a 50/50 joint venture with Prairie West Terminal Limited (a Saskatchewan farmers group).⁸⁸ In 1998, the Alberta Wheat Pool and Manitoba Pool Elevators merged to form Agricore Cooperative Limited.⁸⁹ The planned merger of Agricore and UGG to form Agricore United was announced in 2001.⁹⁰

Other internationalising responses to globalisation pressures consistent with the increased prominence of TNCs are also evident. Sask Pool has begun to internalise the market and globalise its operations: for example, the pool has purchased a 35 per cent stake in Fletcher's Fine Foods in addition to becoming involved in a joint venture to build a \$70 million terminal (EuroPort) in Poland, building a \$27 million terminal in Mexico with a Mexican entrepreneur, and negotiating with General Mills to jointly build a "grain-

marketing facility” in North Dakota.⁹¹ The Alberta Wheat Pool spent more than \$20 million to upgrade its existing facilities in 1997, with plans to construct eight HTP facilities.⁹² Plans were also underway at the Alberta Wheat Pool to enter into alliances with entities in the other major wheat growing areas, namely Europe, Argentina, and Australia. The Alberta Wheat Pool formed deals with a number of US co-operatives, including Farmlands, Harvestates, Land o’ Lakes, and Cenex, as well as other companies, such as Anheuser Busch, with which the pool jointly developed a new six-row variety of barley tailor-made to the brewery’s requirements.⁹³ Partnerships with other co-operatives allow for risk management by enabling contracts to be met by partners in the event of a regional crop failure without having to rely on potentially high spot market prices. The prairie pools have also worked with the American Farm Bureau Federation in educating producers on trade issues and calling for “freer and more open access to international markets for agriculture and agri-food products” in a joint statement.⁹⁴ Moreover, in addition to the globalisation of the pools, the impact of TNC competition is readily evident in the case of UGG: prior to the Agricore deal, instead of co-operating with Canadian interests that support the CWB’s wheat monopoly, UGG chose to enter into an alliance with ADM, which included a planned 45 per cent ADM interest in the company.⁹⁵ Increasing size through alliances may be critical to avoiding bankruptcy: the president of Pallister Grain Company Limited, for example, pointed to “difficult times brought on by the changing tides in the grain industry” as his eighteen-year-old company, which had revenues of \$100 million, went into receivership.⁹⁶ Provincial and international borders are becoming ever less relevant in the wheat marketing area.

Furthermore, Canadian grain handlers have also been re-organising internally.⁹⁷ During the pre-TNC era, the major Canadian grain handlers were organised co-operatively with a goal of increasing and stabilising individual farmer incomes. Since 1990, by contrast, UGG has converted itself into a publicly traded company and Sask Pool has issued non-voting shares in order to better compete with TNCs attempting to maximise their global return on investment. The co-operative form of organisation is, in other words, not amenable to raising the large amounts of capital required to successfully compete in a global arena.

The Core Wheat Monopoly – Looming Deregulation

The context within which globalised competition over wheat marketing is occurring is also one in which support for dual marketing of wheat has significantly increased since 1990. In fact, since the beginning of the decade, farmers have begun to illegally truck grain across the Canada-US border and the Alberta Government has, as seen, launched two court actions and participated in a third, each challenging the CWB's onshore monopoly.⁹⁸ Meanwhile, the federal minister in charge of the CWB has consistently been a firm advocate of the *status quo* for the agency.⁹⁹ Federal-provincial rancour has thus replaced the tradition of harmony that has been a long-standing characteristic of relations dealing with the very core of the CWB's operations. In addition, increasingly educated and information-rich farmers have combined calls for dual marketing with calls for increased accountability.¹⁰⁰ Moreover, some highly profitable non-CWB crops, such as linola (an edible oil used in margarine), which farmers who favour dual marketing can

grow in order to avoid the CWB's wheat and barley monopolies, may also reinforce the impact of major grain companies through exclusive licensing arrangements.¹⁰¹

The movement of TNCs into the area of core wheat, in addition to those incentives stemming from the general competitive pressures already examined, is also related to the increased likelihood that single-desk selling of core wheat will soon be replaced by a regime of dual marketing. ConAgra and ADM, for example, found UGG attractive because it represented a way to secure wheat supplies.¹⁰² Moreover, a similar incentive holds for the control of grain elevators more generally. However, neither such security nor the related competitive benefits of market internalisation may be realised while the core wheat monopoly remains in place. In fact, as Daryl Kraft has pointed out, the ADM-UGG alliance only made economic sense without "monopoly control over the trading of wheat and barley."¹⁰³ Thus, not only does the TNC presence in the core wheat area appear to have increased as the political circumstances that favoured monopoly marketing eroded, but, once present, TNCs may also be seen to reinforce the movement towards dual marketing because of both their substantial investment in the area and their goal of market internalisation. A number of other reinforcing factors are also at play: TNCs tend to be risk averse; TNCs often operate on relatively short-term time horizons in the area of return on investment; and, given that wheat crops constitute the bulk of the CWB's sales and are economically more significant to the prairies than other crops (Table 7.2 and Table 6.1), the economic incentives provided by the core wheat area are greater than those of the oats and barley areas.

Conclusion

The theoretical implications of globalised firm behaviour thus appear to hold at a number of mutually reinforcing levels in the area of prairie wheat marketing. The presence of TNCs was found to be correlated with the absence of regulation in the areas of feed grain marketing, transportation, and core wheat marketing. Deregulation in line with theoretical expectations has already occurred in the feed grain and transportation areas. The implications of the theory suggest a future leading towards similar deregulation in the core wheat area.

TNCs appear likely to continue to aid in undermining single-desk selling. The rationality of globalised competition calls for the consolidation of an internal market across national and provincial borders. The internalisation of the core wheat market requires corporate control over the allocation of wheat supplies. Moreover, the incentive for privatised control that is consistent with the economic rationality of a globalised firm is reinforced by the ability of TNCs to weaken domestic opposition to dual marketing in two major ways. First, the wheat pools, as the long-standing central allies of the CWB, are forced to compete with one another. The solidarity of Board support is thus eroded. Second, the wheat pools are also forced to forge alliances with the TNCs in the form of joint ventures and dual-ownership. The theory suggests that such joint ventures hold the danger of potentially eliminating a major avenue of CWB support: over the long-term, the stronger partner in the venture is likely to buy out the weaker partner. The wheat pools will be the likely losers under such a scenario: even the largest wheat pool is dwarfed by the smallest of the agri-business giants.¹⁰⁴ Moreover, the agri-business TNCs have also found a powerful governmental ally in Alberta. In addition, the evidence also

indicates that a different federal government or a new federal minister responsible for the CWB might be more sympathetic to the interests of TNCs.

Although, by themselves, the agri-business giants are not likely to be able to break the CWB's core monopoly, they nevertheless provide a powerful force for movement in that direction. The incentives facing players in the area of wheat handling are increasingly made in a context of globalised capitalism. *Ceteris paribus*, the dominance of the wheat pools is likely to be replaced by the dominance of the agri-business TNCs as regulation gives way to deregulation.

CHAPTER VIII

THE IMPACT OF GLOBALISATION:

THE ROLE OF EDUCATION, TRADE AGREEMENTS, AND TRANSPORTATION

By the late 1980s, a variety of forces associated with globalisation had developed to a point where they significantly began to undermine the Canadian Wheat Board (CWB) monopoly over the marketing of prairie wheat. A number of key forces can be identified: the increased education and knowledge of farmers as well as the information that is available to them, increasingly pervasive international trade regimes, heightened regional-international interaction, advances in transportation technology, the globalisation of the transportation industry, and the increased presence of transnational corporations. The increased presence and mutual interaction of these forces has served to provide increased means and incentives for dual and open marketing. The institutional setting through which these factors have had an impact on the tone and nature of policy-making in the area of wheat marketing is dealt with in other chapters. This chapter will serve to demonstrate the changes that have occurred in education, knowledge, and information, international trade regimes, direct provincial-state interactions, and transportation technology and market structure since the CWB's monopoly marketing powers over wheat were granted in 1943. The changes that have occurred in these variables and how these changes are distributed throughout the prairies will be presently examined. Within the context of the increased challenges to monopoly marketing of wheat that began to occur in the late 1980s and early 1990s, the previous absence of these factors is consistent with support for single-desk selling while the increased presence and

mutual interaction of these forces is consistent with ever louder and more pervasive calls for dual or open marketing.

Education, Knowledge, and Information

The marketing and business expertise of farmers as well as the levels and quality of information available to them have significantly changed since the CWB wheat monopoly was implemented. The prairies have moved from having virtually no wheat farmers with a university-level education to having significant numbers of producers with university degrees not only in agriculture, but also in commerce. Reinforcing changes occurring in education levels, relatively smaller-sized family farms have been increasingly replaced by large scale agri-businesses requiring higher levels of business management skills. The levels of information available to farmers necessary for informed decision-making has also ballooned over this period. Marketing and logistical information has become readily available with personal computer and internet technology. Moreover, the concurrent changes that have occurred in the education/knowledge and information areas reinforce one another: not only do farmers have an increasing quantity of information easily available to them, they also increasingly have the ability to know what to do with it.

During the 1940s, the time at which the CWB assumed its role as the single-desk seller of prairie wheat, commercial knowledge and information amongst farmers was uniformly low. The education levels of farmers was low not only in the business arena, but also in the agricultural arena itself. In fact, in the process leading up to the establishment of the monopoly, the needs of farmers, given their lack of education and

information, was at the forefront of discussions amongst federal and provincial politicians. This was, for example, the case at the Dominion-Provincial Conference of 1935. The participants agreed on the “necessity for federal assistance in finding and maintaining markets” as well as the need for the “immediate” creation of mechanisms to support this goal by the federal government.¹

The lack of education and knowledge was also readily apparent after the creation of the wheat monopoly as one of the factors reinforcing support for the CWB across the prairies and thus supporting the ongoing federal-provincial harmony and co-operation in the field of wheat marketing. Although some farmers supported the Winnipeg Grain Exchange’s notion of “freedom of choice,” the vast majority of grain producers, through the wheat pools and the Canadian Federation of Agriculture (CFA), continued to emphasise that they were farmers, not marketers.² This attitude was consistent with the failure of farmers to understand the workings of the market as well as a distrust of the Winnipeg Grain Exchange.

The 1960s provide some evidence of increased marketing information and knowledge. Although the marketing of wheat was still beyond the capabilities of most producers during this period, the decade nevertheless provides the first example of the successful marketing of another commodity by individual producers. The marketing of rapeseed, through the Winnipeg Grain Exchange, began in 1963.³ To be sure, the information and knowledge levels demonstrated by this early example of individualised producer marketing was limited: the marketing of rapeseed was aided by the information mechanisms of the Winnipeg Grain Exchange and rapeseed was a relatively easy crop to market when compared with wheat. Farmers were not yet information self-sufficient in

line with the requirements of dual marketing of wheat. Nevertheless, the beginning of a series of demonstrations of successful marketing outside of monopoly constraints was apparent. The use of the Winnipeg Grain Exchange also marked a movement away from the distrust of the exchange previously evident and consistent with a lack of marketing knowledge. The successful marketing of easy crops may also inspire farmers to increase their level of education and seek or ask for greater amounts of market information concerning other crops that are more difficult to market. In other words, producers might be inspired to market other crops, including wheat, without the aid of a selling agent. The role of such "demonstrations" as mechanisms that may increase the confidence of producers and change their perceptions of the range of marketing options that are available is evident in the statements of prominent groups, such as the Manitoba Farmers' Union, which opposed the initiative.⁴

The off-Board marketing of crops other than wheat continued into the 1970s. Farmers thus gained further commercial knowledge through their own marketing experience as well as the marketing experiences of their neighbours. The successful private marketing of other speciality crops, such as rye and flax, as well as feed grains, began to occur during this period.⁵ The changes that had occurred in the attitudes of farmers concerning the marketing of their own crops is brought into sharper focus by the actions of Otto Lang, the minister responsible for the CWB in the early 1970s. The minister proposed extending the Board's monopoly to cover rapeseed, rye, and flax in 1971. After pressure came from producer groups and the Winnipeg Grain Exchange, a vote was subsequently held in 1973 on the matter of a rapeseed monopoly. As seen, the results, which revealed that only a minority of farmers favoured single-desk selling, indicated further movement

towards the popularity of open marketing for crops other than wheat. The changes that had occurred in producer perceptions of the Winnipeg Grain Exchange since the 1940s, when it was viewed with significant distrust were also evident; the Exchange favoured the vote and opposed monopoly marketing, yet farmers still voted in favour of open marketing. The demonstration effect provided by the successful marketing of rapeseed in the 1960s was seen to have provided a "psychological" advantage to the open market alternative in the vote. In line with expectations, Lang concluded that in the short-term producers who supported an open market for a speciality crop such as rapeseed would likely have not supported an open market for wheat. The trajectory towards an open market was reinforced in 1974 when the federal government ended the CWB's monopoly over the domestic marketing of feed grains. The wheat monopoly, however, remained unchallenged during this period. Farmers as well as governments were still forced to rely on the CWB's expertise in obtaining market information.

Further significant increases in levels of information and knowledge were evident in the 1980s. Nevertheless, the information, education, and knowledge revolution, which would eventually decrease the reliance of producers on the marketing expertise of the CWB in the area of wheat marketing and feed the federal-provincial conflict of the 1990s by providing them with the information which is necessary to independently market their own, as well as the ability to use that information effectively, was in its early stages.⁶ A new generation of better educated farmers with links to brokers in futures markets and professionals at universities was beginning to emerge. Moreover, many of these farmers also began meeting in groups in order to further refine their knowledge. The movement towards industrialised agriculture and large farms, which required heightened levels of

commercial knowledge and information, was therefore strengthened because farmers were establishing ties with other commercial sectors and using expensive equipment to bankrupt smaller competitors. As seen in the chapter analysing farmer opinion, the number of farms across the prairies had been steadily decreasing while the size of farms across the prairies had been steadily increasing since the 1950s.⁷ In order to achieve the economics of scale increasingly required to remain profitable, farmers were consolidating their operations.⁸ Accordingly, farmers were presented with an ongoing long-term incentive to increase their knowledge of commerce and commercial information. These types of farmers thus reinforced the presence of the new commodity groups examined in the chapter on interest groups. Direct personal links of producers with buyers were, however, not yet evident. Thus, the CWB's expertise was not totally undermined on a wide and easily accessible scale to the extent that the internet and adequate personal computer technology were not yet available.

The need for higher levels of information may also have been in evidence at the 1987 Federal-Provincial Agriculture Minister and Deputy Agriculture Minister Conference, where the federal minister highlighted the need to share information and ideas and consequently announced his idea for the establishment of a new system to share information about market opportunities.⁹ Also, the Alberta Government endorsed the establishment of a grain exchange in Calgary.¹⁰ The lack of information and knowledge at this time was further demonstrated by the Alberta Government's perceived need to establish its own wheat board if the CWB's governance problems were not overcome.¹¹

Across the period under consideration, beginning in the 1930s and extending into the late 1980s, the geographical sources and nature of information to farmers also underwent

significant change in a manner potentially consistent with the more general changes occurring in the availability of information. In line with the regionalism stemming from the increasing impact of the various forces of globalisation, media attention to agricultural information and issues became increasingly regionalised as agriculture became increasingly perceived as less important to Canada as a whole with decreased numbers of people living on farms and in rural communities relative to those living elsewhere. In other words, as mentioned earlier, regional media outlets began to cover farm-related issues to a far greater extent than national media outlets.¹² Although the overall amount of general agricultural information may have remained approximately the same, farmers potentially have increasing amounts of more specific information available to them pertaining to the particular economic and marketing environment they face.

The knowledge and information revolution, which became increasingly evident in the field of wheat marketing in the 1990s and effectively ended the CWB's predominance in the area of marketing information and logistical expertise in the North American market, reinforces a reorientation towards north-south trade and serves to undermine the statutory authority of the CWB's single-desk for wheat. The threshold of information, knowledge and education in the area of wheat marketing amongst a significant number of farmers had clearly been reached by the 1990s. The divergent views of younger and older farmers on the wheat marketing issue provides ready evidence of the impact of the knowledge and information revolution pointed to by Thomas Courchene:¹³ farmers who favoured dual-marketing tended to be under the age of 50, while those over 50 tended to support the CWB monopoly.¹⁴

A number of interconnected factors relating to the knowledge and information revolution underlie this divide; although the movement towards more highly educated, “information hungry” farmers was evident prior to the 1990s, the importance of these factors increased as farming became a capital-intensive business. With the heightened rationalisation of the farm sector in the 1980s, wheat farming increasingly tended to emphasise the importance of business management skills. In this regard, Allana Koch of the Western Canadian Wheat Growers Association (WCWGA) points out that many people who are in the agricultural sector went through university and see “agriculture as a positive place to do business.”¹⁵ Koch also points out that “farmers have taken it upon themselves to educate themselves on marketing” which means they are more likely to tend to “put their efforts into crops where they can use their management skills to the ultimate limit.”¹⁶ Les Lyster and Len Bauer likewise point to “increased levels of education and skills” in the agricultural sector.¹⁷ Lyster and Bauer have found that farmers are also increasingly using “computer aided learning material.”¹⁸ Accordingly, many of the farmers who survived the 1980s began to grow non-CWB crops they could market themselves. They used their newly acquired expertise to trade their crops on commodity markets or sell them directly to buyers outside of the commodity market. Such success was translated into farmer confidence in other areas, such as the marketing of CWB crops, whether or not their confidence was justified. In fact, Colin Carter and William Wilson have concluded that increases in the “sophistication” of farmers has been one of the driving forces behind increases in the number of segregations for pooling purposes.¹⁹

These changes were also theoretically dependent upon the advances in information technology which occurred in the 1990s. By 1993, a large and growing number of farms had home computers linked to satellite information services, such as Globa-Link, which provided the latest information that could impact commodity prices, including news from the Winnipeg and Chicago markets and weather information from around the world.²⁰ Farmers have also been found to be “rapidly adopting” computerised systems for administration, decision-making, and production control.²¹ By 1997, an estimated 15 to 25 per cent of prairie farmers used the internet.²² The pro-dual marketing farmers were then able to access the same information as brokers in order to use their business management skills to market their own crops. In fact, AgraLink’s “Producer Link” system has the ability to track actual deliveries between producers and buyers.²³ Moreover, the system has security features that prevent the manipulation of market information. In addition, the market is changing; an increasing number of buyers are asking for smaller quantities of grain with specific characteristics.²⁴ Not only do such buyers provide a readily and increasingly significant market for individual farmers, but individual farmers also increasingly have the marketing knowledge and information technology to sell to such markets. In sum, it appears that a new generation of farmers increasingly feel comfortable and confident in marketing their own products given both their skills and the availability of information. In fact, increasing numbers of farmers claimed that the CWB was not “smart enough” to market their product.²⁵ Moreover, the age divide also suggests that the trend towards market-oriented approaches is likely to continue to increase as older farmers leave the business.

Another indication of the knowledge and information revolution is the increased use of computer systems on farms.²⁶ By the 1990s, the use of personal computer systems for farm management purposes reached significant levels throughout the prairies, within individual provinces, and within specific regions within individual provinces. In addition, large increases in the reliance on computers for commercial use occurred over the same period. Although a general increase is clearly evident, regional variations both in the level of use and growth of use exist. By mid-decade 22.9 per cent of Alberta farmers, 19.9 per cent of Saskatchewan farmers, and 18.9 per cent of Manitoba farmers reported using computers to help run their farms. These levels represent increases in use of 10.7 per cent, 8.8 per cent, and 10.3 per cent in Alberta, Saskatchewan, and Manitoba respectively since the beginning of the decade.²⁷ While both increases in and levels of use have been significant throughout the prairies, Alberta farmers have assumed the lead on both counts. Provincial summary figures, however, do not convey the full degree of differences between farmers in the different provinces by masking relatively stark regional differences of consequence to provincial action. Such contrasts are key to the current examination because they serve to reinforce particular provincial approaches to the future of wheat marketing.

Regional variations in computer use are present in each of the prairie provinces.²⁸ The geographical situation of these variations reinforces other factors undermining monopoly marketing, such as income, proximity to the Canada-US border, and support for interest groups and political parties, dealt with elsewhere. In Alberta, the southern region of the province has the highest use of computer technology on farms. Nearly 30 per cent of farmers in the south report computer use. By contrast, in the more northern

regions, computer use generally remains closer to the 20 per cent level. Larger nominal increases to already higher percentages of use occurred in the south when compared with the north. In Saskatchewan, higher levels of computer use are evident in the southern part of the mid-central region to mid-western regions than in the other areas. Moreover, of the remaining areas, the south displayed higher levels of use than the northern part of the mid-central region, the mid-eastern region and the northern part of the province. The mid-central and mid-west sections had approximately one-quarter of farms reporting personal computers for farm management use by the mid-1990s. By contrast, use elsewhere averaged below 20 per cent. As with Alberta, increases during the 1990s in the percentages of farmers with computers were generally higher in the higher use regions, which also already had higher use levels in the early part of the decade, than in lower use regions. Three general groupings are present in Manitoba: use is highest in the south central part of the province west of Winnipeg approaching 25 per cent; use is moderate in the south-west corner of the province and the south central region immediately east of Winnipeg at approximately 20 per cent; use is low in the remaining regions, namely the eastern, middle, and northern parts of Manitoba, at levels averaging around the mid-teens. As elsewhere, increases in the percentage of farmers using computers for farm management followed in degree the level of use by region: the areas with the highest levels of use had the highest increases, followed by the areas with moderate levels of use and low levels of use respectively.

A number of other general observations may be made by viewing the regions from a prairie-wide perspective on computer use. Overall, regions with higher levels of use are more likely to be close to the Canada-US border than those with lower levels of use. The

degree of changes in the level of use and the level of use itself were correlated in regions throughout the prairies in the 1990s; areas of highest use also generally saw the highest increases in the percentage of farmers reporting use between 1991 and 1996. The regions with the highest levels of use in all of the prairies are in Alberta. Levels of computer use were also generally positively correlated with areas of wheat production, suggesting that the percentage of computer use amongst wheat farmers may be at levels above the averages analysed for farmers as a whole. To be sure, this effect should not be overestimated, given the large number of farmers involved in wheat production. Data for wheat farmers specifically are thus likely to at least reflect those of the general results.

The regional computer use data indicates incentives for regional variations for support for single-desk selling, both by themselves and when combined with other data from other variables. The use data are clearly consistent with the particular strength of support for dual and open marketing for wheat in Alberta compared with Saskatchewan and Manitoba, each taken in their provincial entirety. In many areas throughout the prairies, and especially in Alberta, the use data reinforce the incentives to eliminate the CWB's monopoly provided by border-proximity. As indicated, the geographical breakdown of use patterns also reinforce the incentives provided by geographical patterns of farmer income, interest group membership and strength, and election results analysed elsewhere.²⁹ In fact, regional variations in computer use are positively correlated with variations in farmer income, interest group data, and partisan voting patterns (i.e. the stance of the party for/against/uncommitted concerning the CWB's wheat monopoly) throughout the prairies.

Nevertheless, the information revolution has its limits: a distinction may be made between onshore and offshore markets. While the skills and the information to market wheat may be adequate for transactions in Canada and the US, offshore markets add problems that are not likely to be overcome in the short-term. For example, offshore transactions are impeded by language problems and transportation difficulties, which were not of concern in the North American market, particularly for border area farmers.³⁰ Even staunch opponents of the CWB acknowledge the continued pre-eminence of the CWB in offshore marketing. Dual marketers thus readily concede that the “connections” and the “expertise” of the CWB allow it to sell wheat in places that individuals as well as transnational grain companies cannot even “dream of.”³¹ The impact of the revolution is thus greatest in the North American market. Farmers increasingly and in significant numbers throughout various regions in the prairies have threshold levels of information and knowledge in the areas of business management, commerce, and marketing and know how to use it effectively to sell wheat in the North American market. In effect, not only has the quantity of information increased, but through the filter of the heightened levels of knowledge of individual farmers and information systems increasingly catering to these increased levels of knowledge, the quality of information taken for use from that which is available has also increased.

Trade Regimes

The impact of trade regimes has grown considerably since the implementation of monopoly marketing for wheat in the 1940s. The development of the wheat trade has moved from an emphasis on government-directed trading towards increasingly pervasive

institutions supporting market-oriented wheat exchange. This change has occurred within a context supporting a movement toward *laissez-faire* regimes in a broad number of sectors. As a result, incentives for off-Board trade in wheat have gradually developed. By the 1990s, an environment supportive of market-oriented trade in the form of dual marketing was in place in North America. Many structural barriers to independent trade had been removed, allowing other forces undermining the CWB's single-desk for wheat to thrive.

Although the international trade environment would remain relatively hostile for Canadian wheat farmers for another 30 to 40 years, the first preliminary steps in providing the groundwork for eventual calls for dual and open marketing were beginning to emerge in the late 1940s. GATT (General Agreement on Tariffs and Trade) rules on agriculture were introduced in the 1947 GATT. In addition to marking the beginning of a movement to create a rules-based trading system, GATT also marked the start of the march toward trade liberalisation. These rules were relatively weak; the US, for example, was allowed to waive GATT rules on agriculture in the 1950s.³² Moreover, subsidies became increasingly prevalent subsequent to the Kennedy Round of the GATT in the mid-1960s, which failed to secure a new international grain trading regime.³³ The US government, for example, continued to rely on export subsidies to compete for international market share; in 1963 the US supported US\$4 billion of exports with US\$1.5 billion of export subsidies.³⁴ While the aggressive use of such export subsidies would eventually open the US market to Canadian producers by decreasing the supply of wheat within the US, this would not occur until the 1990s.

By the 1990s, the movement from the government directed trade of the 1930s and 1940s towards *laissez-faire* approaches was clear and present throughout the federation. The need to expand international regimes in the area of wheat marketing was generally acknowledged by all governments involved. Although Alberta continued to assume the lead in pressing for a competitive and market-oriented policy, during a first ministers' meeting on the economy in 1992 all first ministers agreed to pledge their commitment to GATT principles as they related to agriculture, including decreasing all trade distorting subsidies, increasing access to international markets, and implementing enforceable trade rules.³⁵

Previous GATT incentives were significantly augmented by the Canada-United States Free Trade Agreement (FTA) in 1989 and the North American Free Trade Agreement (NAFTA) in 1993. The FTA offered a clear change in incentives away from monopoly marketing that are generally consistent with the GATT regulations. In line with the removal of tariffs within a free trade area, Article 705 of the FTA provided for the "elimination of Canadian import licenses for wheat, barley and oats and their products when U.S. grain support levels become equal to Canadian grain support levels".³⁶ To be sure, the Article also allows both Canada and the US to introduce or re-introduce trade restrictions in the event that, as a result of changes in grain support programs, imports increase significantly. Nevertheless, in the short-term, the FTA meant that the \$0.21 per bushel US tariff on wheat would be eliminated.³⁷ Moreover, in line with the subsequent GATT provision to reduce the volume and expenditure level of trade distorting subsidies, Article 701 provided for the "elimination of Canadian Western Grain Transportation rail subsidies on exports to the United States shipped through Canadian west coast ports."³⁸

The FTA may also serve to enhance the legitimacy of Canadian wheat sales to the United States.³⁹ In doing so, the FTA, at this time, decreased the likelihood that the US Secretary of Agriculture or the President of the US would impose quotas under section 22 of the *Agricultural Adjustment Act*. However, all import quotas are eliminated and replaced with tariffs in the Uruguay Round GATT Agreement, which came into effect on 1 January 1995.⁴⁰ The relative cost of direct north-south trade was thus lowered on two fronts. Given that the US had no quotas in place when the World Trade Organization (WTO) was implemented, no tariffs can subsequently be imposed under the agreement.⁴¹ With the implementation of the WTO, the ability of the US to impose a section 22 quota has thus been eliminated.⁴²

The FTA also began to undermine long-standing Canadian agricultural policies. Canadian farm programs became increasingly besieged by the US, in line with the market-oriented tone encapsulated in the FTA. For example, the Crow benefit, the annual subsidy paid directly to the railways, came under attack by US officials as a trade-distorting subsidy by mid-decade.⁴³ Moreover, the CWB itself came under increased US pressure.⁴⁴

The incentives for north-south trade were further reinforced by NAFTA. NAFTA not only retained the provisions of the FTA, but also expanded the regime to include Mexico.⁴⁵ Under NAFTA, Mexico's import licenses on wheat were removed upon implementation.⁴⁶ In its place, a 15 per cent tariff was instituted, which, in turn, was to be phased out over 10 years (to 2003). In return, Canada agreed to lift its import licenses for wheat and phase out its tariff over 5 years (to 1998). Population and income growth in Mexico may also provide an incentive for increased sales. Under the FTA and NAFTA,

in addition to the dispute settlement mechanisms, which also serve to sustain Canadian access, the US can only impose tariffs on Canadian wheat if Canada has made a “significant change” in its farm “support” programs. Moreover, under the WTO arrangements, even this limited option is entirely eliminated. Canada can also retaliate under the WTO by imposing restrictions similar in nature to those of the US.⁴⁷

NATFA, as mentioned, was followed by the implementation of the Uruguay Round GATT Agreement. As seen, the WTO removed all import quotas, which were replaced with tariffs. Previously, GATT Article XI:2(c) provided an allowance for the use of quotas to the extent they were necessary to enforce domestic production limits.⁴⁸ Article XI:2(c), with the WTO, has been rendered “inoperative.”⁴⁹ Murray Fulton and Richard Gray have, moreover, argued that the conclusion of the Uruguay Agreement, with its commitments to reduce the volume and expenditure of export subsidies, was one of the likely reasons for the removal of the *Western Grain Transportation Act*, which was passed on 1 August 1984 and provided for subsidised freight rates.⁵⁰

The incentives for expanded north-south trade resulting from these regimes appear to be readily evident in trade data. Since the implementation of the FTA, an increase in the exports of Canadian wheat and durum wheat to the United States has occurred.⁵¹ Gardiner has calculated that the combined impact of the FTA and NAFTA agreements have increased US agricultural imports from Canada by US\$1.3 billion over what they would have been without the agreements.⁵² In the area of wheat, US imports increased from virtually zero in the early 1980s to 1.3 million tonnes (wheat and durum wheat) in 1992-93.⁵³ Likewise, the prospect of increased Mexican imports of Canadian wheat is

also apparent in trade data. In the 1991-92 crop year a new record of 500 000 tonnes of Canadian wheat was exported to Mexico.⁵⁴

Increased levels of international co-operation within the NAFTA and GATT context served to encourage further calls for change in Canadian agricultural policy from outside the federation as well as from within Canada. Direct pressure was put on Canadian governments to re-evaluate the CWB's onshore monopoly.⁵⁵ Although the CWB has been found to comply with NAFTA and GATT standards on each occasion, at least eight investigations of CWB trading practices have been launched by US groups in the 1990s.⁵⁶ The Canada-United States Joint Commission on Grains has also recommended that the CWB be "restructured" either on a commercial or voluntary basis.⁵⁷ Among the Canadian governments, the latter suggestion was readily endorsed by the Government of Alberta. The Klein government, for example, emphasised the need to make the CWB more "transparent" in the context of NAFTA and GATT.⁵⁸ Accountability and economic issues were thus also seen to be interrelated and mutually reinforcing.

Ironically, another incentive for expanded north-south trade was the product of a trade war. The outbreak of the US-EC wheat war and the consequent enactment of the 1985 US Farm Bill and Export Enhancement Program (EEP), which radically increased US export subsidies, appear to have created a vacuum in the US market, causing Canadian wheat sales to the US to increase significantly; wheat exports to the US increased by approximately 900 per cent between 1989-90 and 1993-94.⁵⁹ This was reinforced by Canada's inability to compete with the US and EC subsidies in other foreign markets.⁶⁰ The EEP enabled Canadian producers to establish a market foothold in the United States.⁶¹ The foundations were thus laid for creating a viable and tempting

export market for individual Canadian producers, especially to the extent that they increasingly have the information and education to trade on their own⁶² and US prices are higher than the pooled CWB price after accounting for transportation costs.

The Regional-International Interface

In a manner similar to that of international trade regimes, the regional-international interface has developed extensively since the single-desk for wheat was established. International intergovernmental relations in agricultural trade have moved from being largely the domain of the federal government towards ever increasing provincial government direct involvement. Not only are provincial governments now involved in international relations, but the federal government is often entirely excluded. Moreover, this interaction takes place with US state governments often without the involvement of the US federal government. Again, as with the knowledge and information revolution and the heightened presence of international trade regimes, regional-international interaction serves to undermine the CWB's wheat monopoly by reducing regulatory barriers to effective, efficient, and relatively easy international trade.

From the time the CWB was founded and its monopoly was granted to the 1970s, the federal government conducted virtually all international intergovernmental interactions in the area of wheat marketing. The federal government, for example, negotiated the wheat arrangements with the United Kingdom of Great Britain and Northern Ireland without the involvement of provincial governmental authorities.⁶³ Likewise, the federal government initiated policies to sell wheat to China on credit as well as to increase the marketing of

wheat as "food aid" in the 1950s within the context of an interventionist approach to agricultural policy.⁶⁴

The first major exception to federal government prominence in external wheat marketing affairs occurred in the late 1960s. In 1969, Ross Thatcher, as the Premier of Saskatchewan, began to interfere directly with the operations of the CWB by bartering Saskatchewan wheat for other products in international markets.⁶⁵ One deal, for example, involved bartering 200 000 bushels of wheat for two transformers to be used by the Saskatchewan Power Corporation. Nevertheless, the Saskatchewan Government did not act entirely without reference to the federal government. In fact, Thatcher wanted to enlist the help of Ottawa in his marketing efforts; he was, for example, hopeful that 25 million bushels of wheat could be successfully marketed with the aid of the federal government. The federal government also asserted its presence in opposition to provincial government actions. Thatcher negotiated a series of deals involving 4 million bushels which were undermined by the refusal of Otto Lang, the federal government minister responsible for the CWB, to provide the wheat that was required to conclude the deals.

The 1970s marked a significant increase in the level of international involvement by provincial governments in agricultural policy, which was previously left largely in the hands of the federal government and the CWB. The Alberta Government in particular was at the forefront of the change. The Government of Alberta assumed the lead in establishing international offices during this period. By the end of the decade, it had trade offices in London, Tokyo, and Los Angeles.⁶⁶ Alberta was also the only province to engage in international agricultural trade missions at the time. The Alberta

Government, for example, even headed a trade mission to the USSR in 1976 on behalf of the CWB.⁶⁷ The Government of Alberta was also at the forefront of demands for increased provincial government input in GATT negotiations.⁶⁸

The Alberta Government also began to conduct trade meetings with US counterparts. In line with the increased importance to Alberta of international, as opposed to inter-provincial, ties, these meetings and delegations were often not co-ordinated with other provinces or the federal government. In 1982, for example, Alberta Premier Peter Lougheed led a trade delegation to New York.⁶⁹ Later that year a group of eight US state-level trade directors representing the Western Governors' Conference visited Alberta to prepare for a number of individual trade delegations from the western states.⁷⁰ In 1983, Alberta's Minister of Federal and Intergovernmental Affairs arranged meetings with the Governor of Montana, the Governor of Colorado, and the Western Governors' Policy Organization to discuss Alberta-Western US relations and co-operation.⁷¹ The minister also later spoke at the Montana Chamber of Commerce where he emphasised the need for further trade liberalisation.

Regional-international agreements without reference to the federal government also began to appear, again with Alberta at the forefront. Although all provinces were involved, Alberta assumed a key role in the making of the Provinces-States Accord, which was signed in 1986 between the US National Association of State Departments of Agriculture and the ten provincial agriculture departments to facilitate cross-border "dialogue and information exchange" in order to decrease agricultural "trade irritants."⁷² Not surprisingly, Alberta also figures prominently in reinforcing economic incentives through provincial-state agreements. As early as 1985, for example, Alberta was laying

the groundwork for subsequent agreements by establishing the Alberta-Montana Boundary Advisory Committee for the routine exchange of information on agriculture and other matters.⁷³ Moreover, ever broadening free trade regimes reinforced and accelerated Alberta's longer-term redirection of trade towards the US.⁷⁴ In this regard, the Government of Alberta was, as mentioned, also at the forefront of attaining provincial participation in GATT negotiations, which entailed full briefings.⁷⁵ Simultaneously, Alberta emphasised the need to make agriculture a priority in the talks.⁷⁶

Subsequently, the Alberta Government continued to be at the forefront of Canada-US provincial-state relations by strengthening its ties with Montana within the context of the FTA. Two agreements concluded in the early 1990s involving the trucking industry are of particular importance to increasing the competitiveness of Alberta wheat farmers by decreasing their transportation costs to the US.⁷⁷ The Shelby Increased Vehicle Weights agreement allowed Alberta's truckers to obtain special permits to increase their loads on the highway to railway connections in Shelby, Montana. The second agreement involved a Joint Alberta/Montana Vehicle Inspection Station at the Coutts/Sweetgrass border, which further decreased transportation costs by implementing joint inspections. Under the agreement, staff from both Alberta and Montana are housed in one location on the Canadian side of the border and conduct inspections for both jurisdictions simultaneously. Prior to the implementation of joint inspections, truckers were subject to two separate inspections.

By the mid-1990s Alberta had, within the context of the more general international trade agreements, strengthened its ties to two relatively self-sufficient trading regions: the Rocky Mountain Corridor, which includes Alberta, BC, Montana, Wyoming, Utah,

Idaho, and Colorado, and Cascadia, which includes Alberta, BC, Montana, Alaska, Washington, and Oregon.⁷⁸ The Alberta Government also reached an agreement with the governments of Mexico, California, Nevada, Arizona, Utah, Idaho, and Montana to “eliminate all variations in trucking regulations between their jurisdictions.”⁷⁹ With this agreement, which was inspired by NAFTA, the transportation costs of Alberta’s producers were, for example, decreased by an additional 20 per cent on each trip to Mexico along the so-called Canamex North American Transportation Corridor. This further reinforced north-south trade ties for Alberta’s producers, particularly to the extent that trade barriers remained in effect between Canadian provinces. To be sure, Alberta’s integration into a regional economy was limited by the economic and social ties of Canadian federalism.⁸⁰ Nevertheless, the movement towards regional integration, though also present elsewhere, is particularly strong in Alberta.

More recently, the Alberta Government also endorsed the “North West Cattle Project,” which attempts to increase the international movement of cattle.⁸¹ In doing so, the Alberta Government, which sees the beef industry as regional not provincial, may thus also be encouraging the internationalisation of the feed grain market. The growth of the internal market may also be encouraged by this program. Alberta’s involvement in the international agreements has thus become extensive. In addition, the Government of Alberta has been a firm supporter of the FTA from the outset.⁸²

The extent to which ties between Alberta and Montana have continued to grow in strength is also seen in the amount of attention paid to their mutual interaction. For example, a conference addressing issues involving the relationship between Alberta and Montana, entitled the “Montana-Alberta Agriculture Opportunities Conference,”

occurred in June of 1999.⁸³ The conference called for a number of measures that would both strengthen north-south ties and further undermine the CWB's monopoly by increasing incentives for independent international trade between Alberta and Montana as well as by decreasing the costs and logistical problems associated with this trade. Proposed solutions included the following: the harmonisation of various regulations, including grading, inspection, and health regulations, within the cattle industry; the harmonisation of various regulations, including transportation and grading, within the grain industry; the streamlining of the North West Cattle Project through harmonisation; lobbying by producers for harmonised grading standards; increasing the knowledge of and information available to cattle farmers on industry details, including developing a joint Alberta Government-Montana Government web-site and establishing a joint Alberta Government-Montana Government office; increasing the knowledge of and information available to grain farmers, including asking for a joint statement on the need for an "improved understanding of grain handling and marketing" by the Premier of Alberta and the Governor of Montana, establishing a "cross border [sic] education program," and sharing the various resources that are currently available in Alberta and Montana in the educational arena; increasing interaction between Canadian-based and US-based interest groups.

The Government of Alberta has also continued to undertake trade delegations in the 1990s.⁸⁴ Likewise, the Alberta Government has been a focal point for translating international pressures into the Canadian political arena. As mentioned in the trade regime section, the recommendation of the Canada-United States Joint Commission on Grains that the CWB be "restructured" either on a commercial or voluntary basis⁸⁵ was

readily endorsed by the Government of Alberta, which has emphasised the need to make the CWB more “transparent” in light of GATT and NAFTA.⁸⁶ The Government of Alberta has thus also been in a prominent position to encourage the fusion of economic and governance issues. This was also made apparent in a series of radio ads run by the Alberta Government that emphasised the “freedom to choose.”⁸⁷

Transportation

Changes in the transportation industry, transportation technology, and governmental regulations involving the transportation sector have increasingly presented a challenge to the CWB’s wheat monopoly. The transportation sector, and most particularly the railways, initially served to reinforce CWB marketing. However, as the condition of railway transportation endured a long deterioration and the railway industry was increasingly challenged by competition from foreign railways and the domestic and international trucking industry, the support given to the single-desk has gradually declined to the point where the incentives emanating from the transportation sector as a whole have in fact worked to undermine the monopoly. Moreover, these changes in the transportation sector have been reinforced in their impact by the increasing pervasiveness of trade regimes and ties established through the regional-international interface set within a context of heightened farmer informational and managerial self-sufficiency.

In the 1940s, when the Board’s monopoly was introduced with widespread support amongst farmers, the structure of the Canadian railway industry in its agency relationship with the CWB readily reinforced the CWB’s centralised marketing authority. East-west trade, in line with the National Policy, was reinforced while north-south trade was

discouraged. Key to the supporting relationship provided by the railways to the single-desk at this time was the presence of the Crow rate. As mentioned in Chapter 7, the Crow rate was established in 1897 and eventually applied to all prairie wheat exports, regardless of railway used or direction of travel.

The first signs of the weakening of the transportation support structure of the CWB began in the 1950s when railway transportation problems were causing increased concern. As seen in Chapter 7, the Crow rate became unprofitable for the railways because of the impact of inflation, which led to the increasing neglect of branch line maintenance, and, by the 1960s, failure to invest in new equipment.⁸⁸ As seen, by the end of the 1970s, the railways were threatening to close grain-dependent branch lines that were ruled unprofitable.⁸⁹ Pressure was thus increasing to abolish the Crow rate. To be sure, farmer support for the Crow rate was still readily evident in the strong and widespread opposition to Otto Lang's suggestion that it might be abolished. Nevertheless, as pointed out in Chapter 5, the debate surrounding the future of the Crow rate helped to create and reinforce many commodity groups, which tend to oppose monopoly marketing, and weaken the general farm organisations, which tend to support the CWB's wheat monopoly, by exacerbating their internal divisions.

As indicated by Chapter 7, this first round of the Crow debate culminated in 1983 when the federal government decided to replace the Crow rate with the Crow benefit, presumably preventing further system deterioration in the short-term. Simultaneously, the railways were also having larger problems handling the increasing volume of railway traffic. As the eventual problems of the 1990s were to demonstrate, these developing volume-related problems were likely not adequately addressed and resolved.

By the 1990s, the changing structure of the transportation sector was providing a powerful impetus for independent north-south trade in wheat. Rail transportation costs had increased while trucking costs, for a specific group of farmers at least, had decreased. As the previous analysis of international trade regimes would suggest, the new Crow benefit was undermined by GATT⁹⁰ and the FTA provisions. This is consistent with the assessment of Colin Carter and William Wilson that pressure for reforming the CWB increased after the FTA was implemented.⁹¹ Accordingly, the Crow benefit was eliminated as of 1 August 1995 with the \$1.6 billion one-time compensatory payment to producers. Not only would the elimination of the Crow benefit provide a basis for higher future freight rates given the lack of competition, at least in the short-term,⁹² but the payment was only adequate to cover two years of non-subsidised freight costs.⁹³ The amount of the subsidy in 1994-95 for the transportation of wheat from a midpoint location to either Vancouver or Thunder Bay was \$17.10 per tonne.⁹⁴

Although rates are still regulated by the Canadian Transportation Agency (CTA), a significant rate increase was allowed on 1 August 1996.⁹⁵ Incentives for north-south trade are thus reinforced; increases in rail transportation costs are more significant for offshore wheat marketing than for continental marketing because of the greater distances involved in moving the grains to port.⁹⁶ In addition, trucking is less economically viable as a potential alternative mode of transportation for long distance hauls than for shorter runs. The elimination of the Crow has been estimated to have been responsible for a 15 per cent decline in Canadian offshore exports.⁹⁷

To be sure, a number of other related changes likely cushioned overall freight rate increases.⁹⁸ Savings of \$25 million to \$30 million per year were estimated to be available

with the abandonment of 2240kms of branch lines. Canadian National (CN) soon announced that it intended to abandon 2361kms. Savings were also likely to flow from the privatisation of CN (announced in November 1996) and new procedures for the allocation of hopper cars. As railway lines are abandoned, efficiency gains may also result from a consolidation of elevator capacity. Between mid-1980s and the mid-1990s, the number of country elevators decreased by approximately 30 per cent while capacity decreased by only approximately 20 per cent. In 2000, a further incentive for the railways to abandon railway lines was provided by the federal government's 18 per cent decrease in the cap on revenues railways could receive from grain.⁹⁹ Although the percentage of total grain movement involved remains low, the introduction of commercial tendering in 2000 potentially increases the amount of competition in grain transportation to reduce costs.¹⁰⁰ The rail system may also be made more competitive with a strengthened presence of short-line rail operators. OmniTRAX, a large operator of short line railroads which operates the Hudson Bay Railway to the port at Churchill as well as the port itself, has contracted with the CWB to improve the port's profitability through, for example, dredging the harbour to allow larger vessels to dock.¹⁰¹ In doing so, terminal competition may be improved. OmniTRAX is also attempting to acquire abandoned branch lines, in particular those of CN in Manitoba and Saskatchewan, and operate them profitably without subsidies.¹⁰² The privatisation and construction of new terminal elevators will also likely decrease costs.

Nevertheless, these efficiency gains are not likely to overcome the increase in east-west transportation costs resulting from the end of subsidies and have certainly not done so in the short-term. In this regard, a study by Ken Perlich and Ron Eley has suggested

that in the absence of competition, efficiency gains are not likely to result in lower freight rates.¹⁰³ To be sure, the CTA found that in 1998 \$4.61 per tonne of productivity gain (from sources such as the abandonment of branch lines) was shared with grain shippers by the railways.¹⁰⁴ Grain shippers can share in productivity gains through being charged lower transportation costs. Of the \$4.61 of productivity gain, \$2.56 was found to be associated with regulations (i.e. the railways were obligated by law to share this portion with shippers) while \$2.05 was found to be associated with “voluntary activities.” However, the productivity gains that have been shared since the *Western Grain Transportation Act* was repealed on 1 August 1995 represent only approximately 14 per cent to 21 per cent of the total productivity gains that have accrued to the railways.¹⁰⁵ Within a competitive environment, a greater portion of productivity gains would have accrued to shippers.

In addition, high freight charges are buoyed by two types of hold-up: barriers to entry are great and the railways that do exist have considerable market power.¹⁰⁶ In both cases competitive pressures to decrease charges are mitigated. US railways in similar situations have thus priced freight rates at levels competitive with the trucking industry.¹⁰⁷ In addition, on smaller lines that have not been abandoned, freight costs are likely to increase.¹⁰⁸ An incentive is also present for grain companies to move grain that is more accessible and more concentrated first. Farmers in more isolated areas may thus be faced with shipping delays and higher transportation costs as grain companies continue to increase in prominence. Incentives for farmers to move grain with the use of alternative means such as trucking are thus reinforced. In addition, the abandonment of railway lines also increases the incentives to use trucks for grain shipment, not only to

deliver grain to the main lines,¹⁰⁹ but also to use trucks more generally *instead* of railways, given that the capital investment of trucking hardware is already in place. Increased requests of road improvements are also likely to occur with the increased need for truck use, which, in turn, is likely to further reinforce truck use.

The movement away from country elevators towards high-through-put (HTP) elevators is itself also likely to produce a new incentive for north-south trade. Higher transportation costs mean that producers will increasingly prefer to have their grain cleaned before it is shipped to save costs associated with the space and weight by removing debris. The HTP elevators provide this service. In addition to potentially providing savings for Canadian railway shipments, the ability of HTP elevators to provide cleaning also holds the potential for further decreasing distance cost barriers associated with the use of truck transportation through the US and with the use of US export facilities for offshore sales. Likewise, clean grain may also presumably be more readily marketed in the US itself.

Moreover, the prospect of circumventing the freight rate problem altogether by switching to other crops and uses is limited. To the extent that farmers are either unable to shift to other types of farming because of logistical requirements, such as crop rotation, soil conditions, and moisture conditions¹¹⁰ or are persuaded by the potential profit of cross-border grain shipments, such a switch may be pre-empted. Other crops may also entail lower profit margins.

Finally, increased commercial tendering for transportation, although it has the potential to decrease costs within a competitive environment, significantly undermines CWB control over wheat movement while simultaneously bolstering the position of the

grain companies. This is readily demonstrated by the CWB's ongoing opposition to high levels of commercial tendering. In fact, low levels of commercial tendering combined with open access to rail lines, to the extent that open access decreases freight charges through competition, could potentially work together to aid CWB control over wheat marketing. Not surprisingly, both low levels of commercial tendering and open access are currently supported by the CWB against growing opposition.

Restructuring in the North American rail sector also has the potential to significantly enhance the incentives for north-south trade and thus a movement away from monopoly marketing. Any future consolidation of rail systems would likely increase north-south pressures. To be sure, an intensive round of mergers has already occurred. During the 1980s, North America had 60 "class 1" railroads; currently, the number stands at 7, with two Canadian companies. Nevertheless, a new round can easily be triggered by the potential size advantages of further merged operations within a globalised environment.

The desire for such size advantages was evident in the failed merger attempt between CN and Burlington Northern Santa Fe (BNSF).¹¹¹ A merger between CN and BNSF would have created the continent's largest railway with over 65 000 employees, over 80 000 kilometres of track, and almost \$20 billion in combined 1999 revenue.¹¹² North-south and US service would have been even more crucial and central to the merged operations of the railways than east-west operations within Canada. In fact, by mid-2001, even without the merger, CN was nevertheless earning approximately 52 per cent of its total revenue from cross-border or domestic traffic within the US.¹¹³ Although the initial headquarters of the company would have been in Montréal, the company would have been 80 per cent US owned, reinforcing an increasingly southern direction. Moreover, to

the extent that such a merger was to be successful in the future, further mergers could potentially follow as competitive responses.

Alliances also have the potential to decrease the relative importance of east-west operations. In this regard, Canadian Pacific (CP), Canada's other major railway, has contributed to the increasing level of north-south ties by forming an alliance with Union Pacific Corporation, which is currently the largest US and North American railway.¹¹⁴ Following the failed merger, moreover, CN and BNSF implemented service and marketing agreements linking Canadian and US markets¹¹⁵ and CN concluded a marketing agreement with CSX Intermodal, opening new intermodal services between major Canadian and US centres.¹¹⁶ As of June 2001, CN was also attempting to acquire the Wisconsin Central Transportation Corporation in order to increase its network efficiency between points in Western Canada and the US.¹¹⁷ Moreover, CN has called for changes in customs procedures to increase the efficiency to cross-border traffic as well as merger rules that are compliant with NAFTA provisions banning discrimination against foreign railroads.¹¹⁸ Whether by mergers, alliance, or take-overs, as the scale of operations becomes increasingly continental, north-south operations between Canada and the US are likely to become increasingly central relative to east-west operations within Canada, especially to the extent that the US railways are larger than their Canadian counterparts, similar to the transnational influence in agri-business. Infrastructure investments and operational emphasis will thus likely follow an increasingly north-south pattern.

These changes were closely connected with and reinforced by the changes that have occurred in the effectiveness of railway transport. Although rail transportation had been

deteriorating since the 1950s, it was not until the mid-1990s, following the passage of the *Western Grain Transportation Act* in 1984,¹¹⁹ that it reached an abysmal state. The 1990s thus marked the culmination of a steady state of deterioration.

By the mid-1990s, the deterioration of railway service had reached a new low.¹²⁰ The federal government contribution to the total freight charge had fallen from 72.3 per cent in 1988-89 to 51.5 per cent by 1995-96. Moreover, in the 1996-97 crop year, after the Crow benefit had been abolished, farmers lost more than \$60 million in shipping delay charges, sales, and other penalties. As a result of these delays, more than 1.5 million tonnes of grain had to be carried over to sales in the next crop year. This unprecedented level of poor service may be partly attributed to the deregulation of the railway industry that occurred since the early 1990s. Accordingly, the CWB even filed a "level of services complaint" with the CTA under the *Canada Transportation Act* which accused CN of failing to provide "adequate transportation services ... to eastern and western ports and to U.S. destinations" thereby "seriously affect[ing] the CWB sales program, pool return revenue, farmer delivery opportunities and demurrage costs."¹²¹ Although the complaint was eventually dropped after a "commercial settlement of the dispute" was reached with CN,¹²² the impact of these problems has been significant. The same complaint was also filed against CP. The CTA eventually ruled that CP had failed to meet its obligations for grain delivery to main channels. The Board subsequently pursued litigation against CP before the matter was settled out of court for about \$15 million. While the long-term effectiveness of Canadian railways is likely to move beyond the 1996-97 levels as the various cost saving measures are implemented, short-term incentives to move towards alternative modes of transportation appear to be present.

Nonetheless, a “two-way hold-up problem” seems to be evident: railways may not want to maintain branch lines where grain companies may close elevators while grain companies may not invest in elevators where railways may close branch lines.¹²³ Thus, regulatory uncertainty in the transportation sector may be seen to undermine optimal investment in the grain industry and lead to higher relative costs.

Although railway performance has improved since 1996-97, other factors are also providing incentives to farmers to move away from traditional CWB (or federal government) controlled rail transportation. Grain export terminals have served to undermine the efficiency of grain shipments through labour unrest, inadequate capacity, and possible refusals to handle incoming grain.¹²⁴ Not only is lack of capacity a severe problem in Vancouver, the use of the port at Prince Rupert for emergency overflow is not feasible because of problems in its operation.¹²⁵ Such delays and refusals again increase the likelihood of demurrage charges and can interfere with CWB contractual reliability, thus decreasing returns to farmers on grain marketed through the Board. Moreover, it also increases pressure for the north-south movement of grain marked for west coast export into US ports without similar capacity problems.¹²⁶

The ongoing diminution of CWB control over grain transportation was acknowledged as well as reinforced by the Grain Handling and Transportation Review conducted on behalf of the federal government by the former Supreme Court Justice Willard Estey.¹²⁷ The commission clearly identified the accelerating rate of change occurring in grain transportation in Canada by pointing to a number of major changes already occurring: control over hopper car allocation has been placed into the hands of the grain companies and railways with the CWB’s new car allocation plan; in a number of areas at least some

of the negotiation of sales and transportation contracts have been transferred by the CWB to grain companies; once the grain has arrived at the elevator, all transportation, storage, and handling, has been transferred to grain companies chosen by producers; and negotiated freight rates have been implemented.

The extent to which the support for the CWB wheat monopoly derived from the transportation sector has already been eroded is readily evident; the recommendations of the commission strengthen this erosion. As a preamble to its recommendations, the commission stated that although it was “introducing no startling new rules or principles for the operations of the Board in Western Canada’s grain industry,” it would “set forth a plan for the acceleration” of the changes already happening. Although the report calls for increased rail competition, including the operation of short-line railways, a number of recommendations serve to further undermine Board control including the following: the repair of roads in grain growing areas that are not built to Trans-Canada Highway standards in order to facilitate transportation from farms to markets; the exclusion of the CWB from any “operational or commercial role in the handling and transportation of grain”; the performance of CWB sales contracts by grain companies through an auction process. The later two recommendations reinforce the presence of grain companies, which, as examined in the previous chapter, serve to undermine the CWB’s single-desk over wheat. The impact of the recommendations of the report are particularly important because they are likely to form the reference point for future changes as well as further fuel the various forces opposing the CWB wheat monopoly.

The ongoing impact of the Estey commission as a reference point for legislative revision is readily seen in the Kroeger review process initiated by the federal

government.¹²⁸ Arthur Kroeger was appointed to chair a committee that included farmers and representatives from railways, grain companies, and the provincial governments from the west. The committee was mandated by the federal government to advise how the Estey recommendations could be implemented. The Kroeger examination specifically excluded issues involving ports, roads, and hopper cars and it was not allowed to consider solutions involving further freight rate regulation.

The ongoing difficulties and lack of competition in the railway industry are also demonstrated in the year-long review of the *Canada Transportation Act* begun on 1 July 2000.¹²⁹ The review is intended to provide direction for future increases in transportation competition, including the “open access” to railway lines by any competent operator as recommended by the Estey Commission. The framework for the review includes the deregulation of the railway industry. However, open access that would increase competition to the extent that the incentives favouring north-south transport would be significantly decreased is unlikely to occur either in the short-term or in the long-term. The current lack of access readily reinforces the incentives for private north-south trade.

Without the alternative of trucking wheat directly to US markets, the incentive for increased north-south trade otherwise provided by the costs and problems of the railways would be largely negated. The importance of the trucking industry and improvements in trucking technology are, of course, particularly significant to the wheat marketing policy debate because they operate on a continental basis, while, as seen, the offshore markets remain largely beyond the marketing capacities of individual farmers. Although long haul trucking (960kms to 2560kms) to Western ports for offshore marketing is currently very costly,¹³⁰ the relatively low cost of shorter haul shipments appears to provide an

incentive for increased continental marketing. In fact, a combination of increased domestic deregulation in 1987 and the implementation of NAFTA in 1993 appears to have significantly increased cross-border shipments. Manitoba, for example, saw a 52 per cent increase in the number of southbound trucks between 1992 and 1994, the years preceding and following the beginning of the NAFTA era.¹³¹ Although the US requirement that Canadian wheat be segregated has the potential to increase costs,¹³² the trucking industry may not be significantly affected.

Moreover, it appears that long haul operations may be close to becoming profitable. A 1996 report on the trucking industry in Manitoba, for example, suggested hauls of over 200 kms would likely increase in the following five years (at least a 5 per cent increase in north-south hauls is anticipated by commercial operators focusing on long-haul operations).¹³³ Larger trucks are being purchased by some farmers who wish to become custom truckers as well as by commercial truckers in anticipation of increases in long haul operations. Manitoba may already have 2600 to 3200 custom haulers.¹³⁴ Furthermore, the costs of trucking decrease significantly as back-haul opportunities increase. Based on a trip of 1680kms, a non-back-haul trip would cost \$63 per tonne of wheat, while a trip with a back-haul would cost \$30 per tonne after August 1995 (Canadian rail rate would be \$34 per tonne).¹³⁵ Larger trucking operations in Manitoba have managed to average back-hauls 50 per cent to 60 per cent of the time.¹³⁶ Trips as far south as North Carolina and South Carolina can potentially become profitable.¹³⁷ As seen in the area of durum exports to the US, producers living within 240kms of the US-Canada border, though they used mainly railway transportation in 1993, found it "easy and inexpensive" to transport grain to the US by either rail or truck.¹³⁸ In the context of

railway problems, trucks may have a relative advantage in the area of reliability and be seen as a reliable alternative to the extent that trucks and railways charge equal rates.

The use of trucks for north-south grain transportation is also reinforced by infrastructure improvements. The federal government, for example, is committed to spending \$175 million for improving roads for 5 years beginning in 2000.¹³⁹ The overall incentive for north-south trade provided to border area farmers by their ability to obtain lower transportation costs than their more northerly counterparts was readily demonstrated by support for a continental barley marketing proposal developed by the Alberta Government;¹⁴⁰ support for the proposal was seen to be directly related to the distance of farmers from the Canada-US border.¹⁴¹

Conclusion

The impact of forces stemming from the knowledge and information revolution, increasingly pervasive trade regimes, the development of the regional-international interface, and changes in the transportation sector have been significant and mutually reinforcing. The context in which the monopoly over wheat was originally granted in the 1940s served to reinforce its continuation in each of the areas examined in this chapter. The knowledge and information revolution had not yet begun, international trade regimes were in their infancy, the federal government executed international agricultural transactions and relations, and the rail transport system was able to efficiently move grain to export points. In each area, changes gradually occurred and reached a point in the early 1990s where together they served to readily undermine rather than reinforce the ongoing presence of a CWB single-desk in wheat. The forces examined in this chapter

also reflect and positively interact with the changes that have occurred in the agribusiness sector examined in the previous chapter. Together, these various forces associated with globalisation have challenged the CWB's wheat monopoly through changes in farmer opinion and the commensurate development of commodity-based interest groups favouring the dual or open marketing of wheat.

CHAPTER IX

CONCLUSION

The forces of globalisation have the capacity to quickly and clinically cut apart established processes, institutions, and structures of prior political arrangements. The seemingly relentless impact of the latest round of these multifaceted forces reshaped the political interaction of much of the world in the latter part of the twentieth century. Whether pushing toward greater political and economic integration, as seen in the increasing north-south ties of the North American Free Trade Agreement (NAFTA) arrangements, or toward greater political and economic disintegration, as seen with the diminution of east-west ties within Confederation, the forces were often very similar. The impact has often been, at first glance, paradoxical: unifying and dispersing, building up and tearing down. Although the world-wide and regional forces associated with globalisation are pervasive and broad, their specific localised manifestations and impact cannot be understood through generalisation. Moreover, each round or period of globalisation is likely to have different combinations of forces and international circumstances associated with it. In Canada's case, for example, the major globalisation event of the 1800s occurred within a significantly different setting than that of the 1990s. The Reciprocity Treaty was signed within a context of Imperial trade and without the presence of the knowledge and information revolution, regional-international interaction, and transnational corporations.

The overarching world-wide similarity of the trends and flows of the globalisation events associated with the 1990s stands in partnership with the local uniqueness of their

implication, position, meaning, and balance. The regional or local specificity is the point at which these potentially abstract forces become concrete in the lives of people interacting in various systems of political organisation. How these otherwise broad and global forces interact with specific processes, institutions, and structures of any one of a number of polities and any one of a number of policy arenas within those polities is a crucial aspect of coming to an understanding of the globalisation phenomenon.

Accordingly, this study has attempted to deal with these potentially analytically cumbersome forces by centring the investigation at a specific focal point in order that the particulars of the changes that occurred at that point as well as in the broader system of which that point is a part can be understood with sufficient clarity. The investigation of a specific facet of agricultural policy, namely monopoly wheat marketing, has served to produce data to not only illuminate the specific implications of globalisation for the lives of prairie farmers and policy-making in the wheat marketing arena, but also to build a greater understanding of the broader implications of globalisation for Canadian federalism, as well as other aspects of Canada's political system, such as the interest group environment and the nature of policy-making networks.

In the Canadian prairies, as elsewhere, globalisation has been filtered through a number of specific institutions, processes, and structures as well as cultures, interests, and economies to produce a particular set of outcomes. Given the continued centrality of the export of staples to the Canadian economy, the significance of wheat in Canada's overall export equation and to life in the Canadian prairies, and the pre-eminence of the Canadian Wheat Board (CWB) as an earner of foreign currency, the importance of understanding the nature and implications of the impact of globalisation on the prairie

wheat economy should not be underestimated. Likewise, given the extent to which the Canadian political economy more generally has also become increasingly unshielded from the forces of globalisation, the implications stemming from a study focusing on wheat marketing for understanding the impact or potential impact of globalisation on the overall Canadian political environment should also not be underestimated.

The Future of Monopoly Marketing in the Canadian Prairies

The particular array of forces that radically impacted the prairie wheat marketing policy arena in the 1990s as well as the nature of their manifestation suggest that the trajectory of their implications is likely to persist well into the coming decades. The degree and depth to which these forces and their mutual interaction are able to alter even relatively entrenched policies is brought into still sharper focus when, in addition to the events of the 1990s, likely future policy outcomes are also considered with a view to assessing the strength and nature of these forces. The vigour of these forces is seen not only in the strength of their manifestation and mutual interaction, but also in their ability to penetrate processes, institutions, and structures in ways that are difficult to counteract or reverse short of an overall ebb tide. As long as the tide continues to remain in and flood barriers remain down, these forces are likely to present, by the inherent power of their nature, an ongoing and intensifying challenge to many established norms in the wheat marketing arena, including the wheat monopoly itself.

To begin, the forces associated with globalisation that have been identified as significant in the field of prairie wheat marketing, are, barring a sudden overall ebb, likely to continue to persist and, where possible, continue to expand in the previously

established directions. These forces were seen to be vigorous and able to sharply, pervasively, and comprehensively penetrate deep into the prairie wheat marketing policy environment. The impact of the knowledge and information revolution cannot be easily reversed; farmers cannot be “de-educated.” Moreover, information flows, given their breadth of sources and access points, are not likely to be easily stopped. Also, the heightened producer confidence stemming from this revolutionary access to information combined with knowledge pertaining to its use, which opened the way to allowing producers not only to help operate a marketing board, but also to sell grain on their own, will be difficult to undermine or abolish. Likewise, the comprehensive nature of international trade regimes has created a fertile context for enlarging agricultural trade as well as encouraging a deepening of regional-international interaction. Although the railways may increase their performance effectiveness, trucking technology is likely to continue to produce a challenge and branch lines are unlikely to be re-established.

The CWB’s wheat monopoly is also likely to continue to be undermined by transnational corporations (TNCs). TNCs engaged in global competition, such as those involved in the prairie wheat arena, will probably continue to attempt to create internalised markets for themselves. A prerequisite to such internalisation is, of course, gaining corporate control over the allocation of the supplies of prairie wheat. The competitive thrust of the TNCs is likely to continue to undermine the unity of wheat pool support for the CWB as relatively minuscule domestic pools are forced to engage in intense competition with one another and forge competitive alliances with giant TNCs.

The farmer opinion trends that flow into and out of the confluence of these forces associated with globalisation are also unlikely to reverse themselves. As long as the

globalisation tide underlying these trends remains in, the farmer opinion trends indicate that short- to medium-term pan-prairie convergence towards dual marketing is possible, to the extent that dual-marketing is an economically feasible option. Should dual marketing, as a relatively middle-range position, prove unsustainable, farmers are likely to instead polarise to the open and monopoly marketing options. Any pan-prairie convergence on open marketing is unlikely to be established in the short-term, since the analysis clearly indicates support levels decrease as the degree of proposed change to the *status quo* marketing regime increases. Nonetheless, the overall thrust of the data indicates a widespread and significant movement away from support for monopoly marketing *toward* support for open marketing. Any convergence of producer opinion is likely to support ending the CWB's wheat monopoly.

The channels through which these farmer opinion trends, as well as the implications of the forces of globalisation associated with them, were translated into the public policy arena are also likely to remain in place to the extent that the tide does not recede. Interest group configurations in each of the prairie provinces have moved *toward* having a greater market orientation, including increased opposition to the continuation of the CWB wheat monopoly. In Alberta, the prairie province with the greatest amount of anti-CWB opinion, dual marketing has made significant inroads amongst relevant interest groups. The overall tenor of Alberta's interest group configuration readily supports dual marketing. However, even in Saskatchewan, where the CWB finds its greatest level of support in all of the prairies and the tenor of the province's overall interest group configuration still supports the Board's single-desk, pro-dual marketing interest groups nevertheless hold considerable sway. In Manitoba, meanwhile, the strength of interest

groups favouring an end to monopoly marketing had already reached levels of approximate parity with those favouring a continuation of the CWB single-desk by the 1990s.

The institutions of partisan politics and the structure of the party setting are also likely to continue to aid in ushering the forces of globalisation into the realm of prairie wheat marketing policy. The analysis has revealed that the stances taken by most of the relevant parties on the matter of monopoly marketing of wheat are solidly supported by their respective political bases. Thus, the most likely sources for change in governmental policy are either changes in the party forming the government or opposition party influence in the event of a minority government. The potential for partisan change and opposition influence in minority parliaments varies considerably in the jurisdictions under consideration. With or without the prospect of partisan change and opposition influence, however, the avenues for governmental influence in favour of dual marketing are extensive in each jurisdiction examined with the exception of Manitoba. The probability of partisan change and opposition influence is lowest in Alberta. Nevertheless, to the extent that partisan change does occur, the party assuming office will likely be opposed to the continuation of the CWB monopoly given the range of underlying anti-monopoly factors present throughout most of rural Alberta. Outside Alberta, the higher likelihood of partisan change is what generally provides the potential road for the increased influence of anti-monopoly forces. The one exception occurs in Manitoba. While Manitoba has high potential for partisan change as well as opposition influence, any consequences of change are largely negated not only by the prevalence of political ambiguity in the province, but also because the one party that does have a clear

stance in Manitoba supports the monopoly. The potential impact of a change in the partisan complexion of Saskatchewan, however, can hardly be understated. The major opposition party, which stands in favour of dual marketing, also has an excellent probability of attaining power. Moreover, were the opposition party to in fact become the governing party, it would do so in the province traditionally at the centre of CWB monopoly support. The federal government also appears to be susceptible to dual marketing forces. Partisan change and opposition influence both readily point in the direction of dual marketing. Moreover, even a ministerial change has the potential to tip the scales in favour of dual marketing.

The position of the forces supporting policy change in the form of dual marketing is solid. With the exception of Manitoba, partisan change in the jurisdictions examined is likely to point in the direction of ending the CWB's wheat monopoly. Thus, the federal-provincial conflict over wheat marketing policy that was centred on an Edmonton-Ottawa axis, has the potential to spread from this solid base to include Regina, to the extent that the federal minister responsible for the CWB remains in favour of retaining the monopoly. Alternatively, should Ottawa change its stance, then the monopoly will likely be ended either without governmental opposition, in the case where ambiguity prevails in Manitoba and a party opposed to the single-desk assumes office in Saskatchewan, or with governmental opposition in one or both of Manitoba and Saskatchewan. Given the high percentage of Canadian wheat grown in Alberta and Saskatchewan, simultaneous calls for dual marketing from both of those provinces will likely exert tremendous pressure for change on the federal minister responsible for the CWB.

The continuation of the CWB wheat monopoly in the face of the institutional and structural impact of the forces associated with globalisation appears increasingly tenuous. Moreover, once a change in policy is implemented, it may be difficult to reverse by future governments amidst the context of Canada's international trade commitments. Pressure for policy change in favour of ending the CWB's monopoly is solid and intense. The strength of the forces associated with globalisation and their mutual interaction is strikingly evident in the extent to which they are in a position to shape the future of wheat marketing policy in the Canadian prairies.

Canadian Federal-Provincial Relations and Public Policy in an Era of Globalisation

The impact of the latest round of globalisation on federal-provincial relations and public policy involving the marketing of wheat from the Canadian prairies has been wide-ranging. Globalisation has not only served to tear apart the previously established processes, structures, and institutions of federal-provincial decision-making and agreement, but it is also central to shaping the future of these mechanisms. The power of the forces of globalisation to set the agenda for the very organisation of governmental procedure and policy has been readily seen in their pervasiveness. The presence or absence of globalisation has been seen to provide the background constraints as well as the perceived overarching immediate environment in which to conduct policy appraisals and federal-provincial interaction. The forces associated with globalisation in effect frame federal-provincial interaction.

The study revealed that globalisation has the potential to reshape the very boundaries of federal-provincial interaction. The lines of federal-provincial interaction that had been

in place for more than half a century were torn apart in less than half a decade. The old boundaries of federal-provincial interaction in the realm of monopoly grain marketing, established in the 1940s during the ebb of globalisation, were characterised by provincial acquiescence and federal leadership. The conventions and protocol of intergovernmental interaction established during this period, though tested over a relatively lengthy period of time and across a large number of governmental administrations, could not withstand the onslaught of the return tide. Provincial governments quickly and powerfully began to assert their authority in the wheat marketing arena, whether in favour of the continuation of the CWB wheat monopoly or not. To the extent that any convention of interaction and governmental authority had been established in prairie wheat marketing outside of the ambiguity of the written constitution and case precedents, the actions of the Government of Alberta in particular quickly pointed to the ability of the forces of globalisation to smash any previously established modes of interaction. The Alberta Government not only asserted its authority in the matter, it has done so consistently since the early 1990s. By the 1990s, the boundaries of decision-making in the wheat policy arena, on the strength and penetrating power of the forces of globalisation, were re-established to include, in addition to new ideas, new governmental actors as well. The end of provincial acquiescence posed a frontal challenge to federal government control.

The forces of globalisation of the 1990s were such that the challenge to central control ran deep. The decentralisation of policy-making at its institutional summit involved the reassertion of dormant provincial government power. The challenge of globalisation, however, went beyond the broad, foundational moorings of legislative governance into the day-to-day realm to administrative governance. Calls of accountability were rapidly

heeded in the administrative realm; even Goodale, a steadfast supporter of the CWB and its wheat monopoly, moved without much hesitation to severely curtail the centralisation of administrative control by abolishing appointed commissioner direction of CWB operations in favour of increased producer control over administrative governance through a partly elected Board of Directors. As in the previous era of globalisation, forces supporting a decentralisation of trade in the wheat staple were again forcibly asserting themselves. The prairie wheat economy suddenly found itself on the road to an extensive re-examination of the relationship between location of production and location of political control. Decreased federal control, however, need not imply increased local control. To be sure, policy-making in the wheat marketing arena shows signs of decentralisation. However, it also shows signs of internationalisation as powerful international actors exert an increasingly powerful influence over the wheat economy.

The resurgence of provincial intervention and the increasing aggressiveness of TNCs in the prairie wheat economy powerfully indicate how the increasing tide of globalisation has also begun to dramatically reshape the policy network of the wheat marketing arena. New actors have been included in this network. Moreover, the inclusion of new actors as well as reconstituted old actors, has also contributed to changing the network itself. The actors involved in prairie wheat marketing had become, by the 1990s, increasingly internationalised. New actors from the international arena, such as TNCs and US state governments, along with newly and increasingly globalised domestic actors, such as the wheat pools, interest groups, and farmers themselves, combined to globalise the wheat marketing policy network. These actors powerfully introduced new ideas in line with the new globalised setting in which the Canadian prairie farmers found themselves. The

basis of reference of the policy network was thus changed to bring to bear the reality of the new global setting. With this change in reference, the language of interaction became increasingly that of globalised business. Although this reference point for policy debate, namely the impact of the forces of globalisation, was likely introduced by these new or newly constituted actors largely sympathetic to a restructuring of the prairie grain trade environment, it was also reinforced by opponents in their reactions to these new ideas, which centred on resisting the tide.

Where globalisation has impacted the policy network by adding ideas and adding and changing actors, it has enabled the network to operate within a changed structural framework as well. The area of operations of the prairie wheat marketing network is no longer congruent with the boundaries of Canadian governmental jurisdiction and, as a result, regulation. Although provincial governments were previously content to leave the matter of grain marketing in federal government hands, they nevertheless had the potential to regulate many of the key elements of wheat marketing within their jurisdiction. Farmers, for example, were generally less mobile and more dependent on governmentally-generated information. The wheat pools, moreover, as key allies of the CWB and its grain monopolies, were solidly provincially based. Where spillovers occurred in other facets of grain marketing, such as rail transportation, the geographical scope of federal government jurisdiction was clearly adequate to exercise regulatory authority. In the context of the current tide of globalisation, however, the jurisdictional scope of the regulatory powers of neither provincial governments nor the federal government are sufficient to cover the boundaries within which policy network actors are operating. Even wheat pool operation, formerly occurring clearly within provincial

geographical boundaries, is now outstripping the bounds of federal government jurisdiction as operations are not only inter-provincialising, but also internationalising in order to compete with the scale of operation of the agribusiness TNCs. As advances are made in trucking technology, education levels increase, and computer-based trading becomes more efficient and secure, realistic options for farmer-based marketing now easily extend across provincial and, increasingly, international borders for larger numbers of farmers. The actors involved in the grain marketing policy network are thus becoming increasingly independent of the Canadian governmental regulatory environment previously central to prairie grain marketing. Regulatory and bargaining power has and continues to shift from governments to other actors within the policy community. The dynamics and strategic environment of the policy network thus stands severely altered from the previous era of globalisation ebb.

The changes that have occurred in the wheat marketing policy network also point to the importance of societal factors in the public policy arena. The prairie wheat marketing arena cannot be adequately understood by focusing on institutional factors alone. Likewise, an approach emphasising societal factors to the exclusion of institutions is similarly inadequate to provide an assessment of prairie wheat marketing policy and the federal-provincial interaction that surrounds it. This study of the prairie grain trade has demonstrated that an appreciation of the interaction of institutional and societal factors is key to providing a meaningful examination of the public policy environment in the wheat marketing area. The significant societal changes associated with globalisation, such as increases in the levels of farmer education, knowledge, and information and concomitant changes in the structure of farmer opinion, exerted pressure on governmental policy after

they, aided by particular configurations of interest groups, penetrated and were filtered through a pre-existing institutional framework. In turn, the institutional framework was itself modified; witness, for example, the immediate and significant changes in farmer control over CWB administrative governance. Pressure for further change in wheat marketing policy is, in turn, flowing through already modified institutions to exact further institutional change, change lying at the heart of the prairie grain trading environment, namely the CWB wheat marketing monopoly.

Although institutions are often correctly associated with providing resistance to change, this examination of wheat marketing provides evidence that they may also serve as conduits facilitating change.¹ The globalisation of the economy and the ideas associated with these changing circumstances have been appropriated by key actors and channelled through the institutional framework of prairie wheat marketing. Many of these institutions have aided in projecting the changes associated with globalisation into the heart of the public policy arena. By the 1990s, *laissez-faire*, free market policy approaches had begun to compete viably with previously unchallenged socialised and governmentally-oriented approaches on the issue of monopoly marketing of prairie wheat.

The substantial force and salience with which this shift in approach to wheat marketing was projected into the public policy arena is, in part, attributable to the particular institutional structure through which it was conducted. The institutional structure of Canadian government readily aided in facilitating the actual and potential policy impact of the challenges posed by globalisation. The presence, for example, of a strong, constitutionally powerful provincial government in Alberta, which was generally

sympathetic to *laissez-faire* policy approaches and subject to a configuration of interest groups generally favouring dual marketing, provided a ready means for ushering the forces of change to the highest levels of policy debate and authority throughout the prairies as well as in Ottawa. The analysis suggests that federal systems, given the presence of a number of powerful governments that can have an impact on the country as a whole, may, *ceteris paribus*, be more easily penetrated by the forces of globalisation than non-federal systems. It may also be difficult to prevent spillovers associated with the increased globalisation of one province from affecting other provinces to the extent that there are relatively few barriers to internal trade and labour mobility. Moreover, the analysis of the partisan environment indicates that the prospect of partisan change outside Alberta provides other potential avenues for change in the prairie wheat marketing arena; within an institutional setting that includes the concentration of power within cabinets and strict party discipline, partisan change was seen to provide an effective means for introducing change into the policy arena. Administrative level institutions also served as a conduit for change. In this regard, the secrecy surrounding the CWB's everyday operation, including the compensation packages of its commissioners, contributed to the attack on CWB wheat marketing. Furthermore, beyond the relatively foundational institutions of the political system itself on one hand and the operational institutions on the other, difficulties or changes in the operations of other institutions in the wheat marketing arena, such as the poor performance of railways and the growth of international commercial agreements, also provided incentives to end the monopoly.

Although various regional and world-wide forces associated with globalisation may diminish the extent of public control over the economy as it is shifted into private hands

or begins to overflow national regulatory boundaries, mechanisms of liberal democratic input may nevertheless remain open. As the new tide of globalisation flowed across the prairies, prairie farmers were able to effectively project their concerns into the political arena. The impact of the forces of globalisation informed farmers' views and interests concerning the future of the CWB's single-desk for wheat. Differences in the stances of farmers in each of the prairie provinces, as well as regions within those provinces, in the monopoly debate were reflected in the stances taken by parties and the policy positions of governments.

As conduits for change, as well as preservers of the past, institutions also helped to shape the struggle for policy influence amongst the various actors involved in the prairie wheat marketing policy community.² The bilateral nature of the federal-provincial conflict that erupted in the 1990s, for example, reflected the Alberta Government's institutional position and composition described earlier. Moreover, in Alberta, as opposed to Saskatchewan and Canada-wide, the institutional setting appeared to favour the influence of pro-dual marketing groups over groups supporting a continuation of the CWB single-desk. As such, the institutional environment of prairie wheat marketing has also contributed to the detailed and differentiated impact that the various forces associated with globalisation have had on the jurisdictions under consideration.

The pervasiveness and interconnectedness of the forces associated with globalisation in the wheat marketing arena have fostered an environment in which it is difficult to regulate or control these forces through selective management techniques. Given that the forces of globalisation as well as globalised actors have begun to outstrip governmental regulatory scope, viable regulation appears to move toward the option of having to

exclude these forces at the outset. Such regulation was, in effect, in place during the interlude of centralisation between the Reciprocity Treaty and the current round of globalisation; trade barriers, in line with the National Policy were put into place, to exclude the vast majority of the forces associated with globalisation. Since the concerted protectionist policies of the previous era have been excluded as a current policy option, is the attempted exclusion of some, though not all, of the forces associated with globalisation a viable option? The analysis of the changes that occurred in the wheat marketing sector in the Canadian prairies in the late twentieth century would indicate that such an approach is unlikely to meet its objective. The mutually reinforcing nature of the forces seen throughout the examination casts serious doubt on the ability of governments to stand against pressure stemming from “unregulated” areas to significantly alter “regulated” areas. The proposition of globalising the Canadian federation appears to be closer to an all or nothing proposition than not; once the tide comes in, the flood will enter and eventually fill the basin whether the gates are open entirely or only half way. It is merely the rate at which the flow covers the terrain that then stands to be modified. In the short-term, the degree of receptiveness to potential changes in the CWB’s wheat monopoly has varied from province to province and within provinces. Although resistance to change is present, this resistance will persist only with great difficulty. Since the gates of globalisation were opened in Canada in the latter part of the last century, the prairie wheat marketing environment has undergone gradual modification, whether or not this was an intended outcome of the policy process associated with the implementation of free trade. Continued regulation in the wheat marketing arena would appear to be incompatible with the broader governmental pursuit of globalisation.

Notwithstanding the loss of regulatory control, this study suggests that other forms of governmental control, truncated to be sure, may still be possible within the bounds of the current framework of globalisation. Since institutions have directed and continue to direct the forces of globalisation into the public policy arena, deliberate institutional engineering or modification in a manner consistent with a globalised environment may be one of the limited means of exercising a moderate degree of control. Within the globalised setting, various forms of otherwise possibly ineffective institutional engineering may increase in relative effectiveness as a means of exerting viable control over public policy issues. The CWB, for instance, could have its operational norms changed from assuming a *de facto* regulatory role as a statutory monopolist towards becoming a government-sanctioned competitor in a deregulated, globalised marketplace. Much of the potential for an institutional impact, however, lies outside of direct governmental channels. The formation of new interest groups and farmer co-operatives, for example, appears to be largely in the hands of farmers themselves. A limited amount of room may thus be present for regional variations in how the forces of globalisation are specifically directed and make their impact.

In addition to the institutional variables, the dissertation also points out that societal factors are associated with support for or opposition to certain governmental policies. Economic factors, such as proximity to the Canada-US border, amount of farmer income and wealth, the proximity of wheat production to feed grain markets, as well as other factors, such as the amount of information available to farmers and their level of education and knowledge, are all correlated with whether or not farmers will be more or less likely to support a continuation of a specific governmental policy, namely monopoly

wheat marketing. The ability of governments to use societal variables to exert political control in a globalised marketplace, however, appear to be virtually non-existent.

Governments are, for example, not likely to be able to limit market information or reduce education levels within a globalised environment. The tenuousness of potential policy direction reflects the deep-reaching impact of globalisation. Moreover, understanding the potential interaction of the institutionally-based governmental initiatives outlined previously with societal variables appears key to their success, given the demonstrated interplay between the two areas in the wheat marketing arena.

To the extent that the changes occurring in the wheat marketing sector are indicative of the impact of the various forces associated with globalisation on the Dominion of Canada more generally, the opening of the flood-gates of globalisation may be a virtual surrender of the governmental sovereignty of the Crown and the continued real, as opposed to ceremonial, existence of the unity of Confederation. The forces described and investigated in this dissertation are fundamentally opposed to the foundations for Canadian unity laid out in the political and economic thrust and vision of Sir John A. Macdonald's National Policy. During the ebb tide of globalisation a number of policies consistent with the approach of the National Policy were central, alongside the ancient moral law given to us through Britain, in establishing and preserving Canadian unity within the British Empire. The moral unity provided for Canadians by the culture of a global Christian Empire were over time rent asunder as the Empire receded, British moral standards were eroded,³ and ties with the mother country were severed. With the decline of moral unity⁴ and the severing of British ties, the immediate future of the Dominion

became increasingly vulnerable as another leg of unity, namely the east-west policy thrust of the National Policy, began to be washed over by the latest tide of globalisation.

If the multifaceted and unrelenting forces making their presence felt in the wheat marketing policy arena are able to similarly impact other policy-making arenas, as is likely the case, then the continued existence of the Dominion of Canada appears to be in grave peril as the Canadian north possibly fades into a North American super-state or, more likely, is subjected to a piecemeal US take-over amidst regional pulverisation. The old east-west economic incentives provided by the national policies of the ebb tide era are being overwhelmed by new north-south economic incentives as the old economic system is crushed. To the extent that other, non-economic, considerations for supporting the establishment and continued existence of some sort of national policy, including loyalty to the God-given authority of the monarch, a willingness to be content with lower yet still adequate standards of living across Canada, and a willingness to deflect the increasingly debased, a-historical, and idolatrous anti-culture of continentalised popular culture and consumerism, are also jettisoned,⁵ any resistance provided by previous east-west oriented policies will have been effectively neutralised within an environment which already includes the prior rejection of Empire and moral standards. Under such conditions, where global economic competition increasingly becomes the *de facto* primary governing principle in the lives of farmers and other members of society, east-west Canadian unity is likely to soon become increasingly relegated to the position of a cultural relic, virtually devoid, in the minds of the people, of any moral or rationalistic basis for existing.

By the end of the twentieth century, the social and economic setting of governmental policy-making and intergovernmental interaction in Canada had changed extensively

since the CWB's wheat monopoly was first established. As a tool of 1930s and 1940s policy-making, conceived in the wake of the National Policy, with its trade barriers and centralisation, as well as war and depression, the CWB, with its eventual wheat monopoly, remained relatively undisturbed as long as key elements of this environment remained in place. By the 1990s, however, the forces associated with globalisation had reached a point where the CWB's single desk for wheat as well as its lack of accountability began to stand in stark contrast to its economic, social, and policy-making environment. Federal-provincial harmony gave way to conflict as this federal government-operated wheat marketing institution, and its internal structures, many of which had managed to survive essentially unaltered since the 1940s, came under intense scrutiny from a new and transformed set of globalised policy actors. The tide of globalisation had once again begun to flow into the Canadian wheat marketing arena, washing away, transforming, and challenging a broad array of structures, processes, and institutions, including the CWB's centralised and monopolised control over the prairie wheat economy.

Figure 1.1 Major Variables

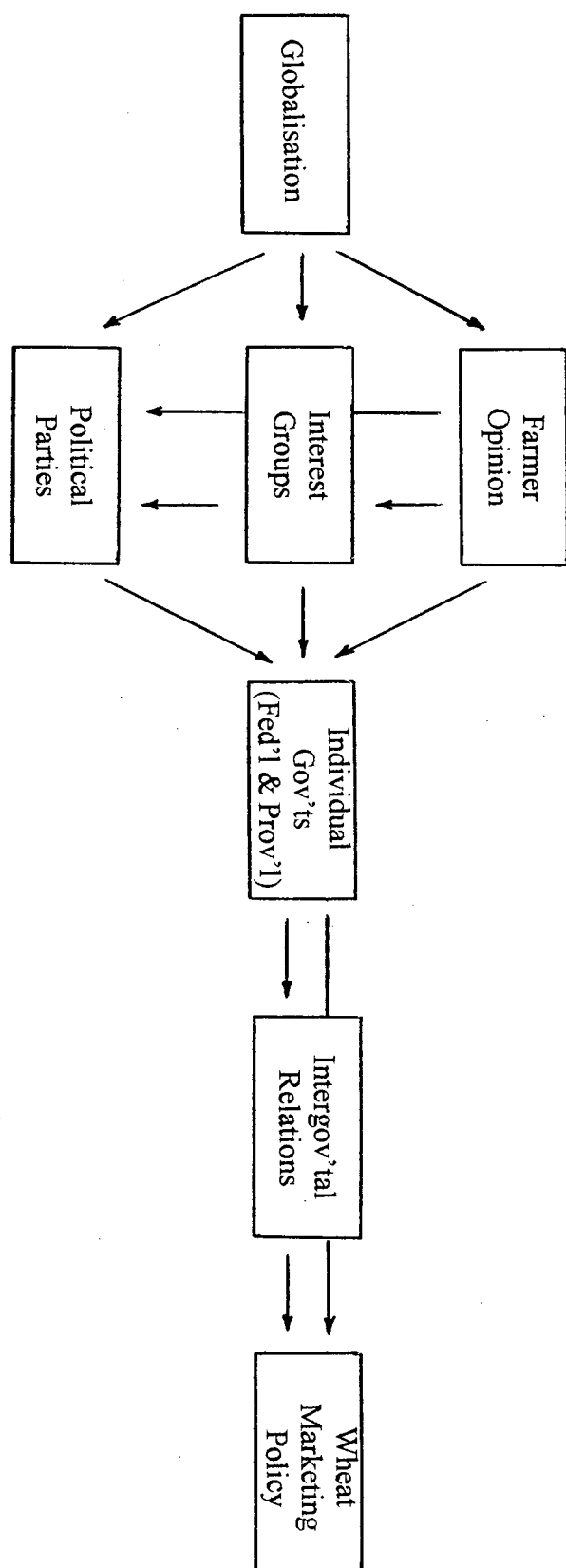


Table 3.1 Wheat Exports – Average 1990-1991 to 1999-2000 inclusive

Jurisdiction	Exports (wheat and wheat flour) (thousands of tonnes)	Percentage of total wheat production exported*	Percentage of world trade (wheat and wheat flour)
US	31,356	57.8	29.9
EU	17,994	23.4	17.1
Canada	19,652	71.4	18.7
Australia	12,888	74.8	12.3
Argentina	7,418	53.6	7.1
Total of above	89,308	46.0	85.1
World	105,003	17.3	100.0

* Percentage of total production exported figures for 1988-89 to 1992-93 inclusive.

Sources: David Barrett and Ali Abdalla, "World Grain Production and Trade," Crops and Livestock Economics Branch, ABARE; The Western Grain Marketing Panel, Grain Marketing: The Western Grain Marketing Panel Report (Winnipeg: The Western Grain Marketing Panel), July 1, 1996; CWB Annual Report 1994-95; The Canadian Wheat Board: 1999-2000 Statistical Tables, pp.23-24.

Table 4.1 Aggregate Agricultural Statistics – Prairie Provinces (1996)

Prov.	Average wheat acres	Percentage wheat acres (%)	Average net income (\$)	Net income as a percentage of capital (%)	Average market value of farm trucks (\$)	Average value of other farm trucks (ex. pick-ups and cargo vans) (\$)	Percentage of farms with other farm trucks (%)	Average number cattle and calves	Percentage farms with cattle and calves (%)
Man.	336	22.0	20360	3.9	20010	13870	61.7	106	52.5
Sask.	422	27.7	22233	4.2	22240	13123	73.1	108	44.1
Alta.	368	14.1	21042	3.1	24180	15517	60.8	163	62.0

Sources: Agricultural Profile of Manitoba, 1996 Census, Statistics Canada, Catalogue No. 95-178-XPB, Tables 1.1, 2.1, 4.1, 20.1, 24.1, 24.5, 25.1, 27.1, and 28.1 (Ottawa: Minister of Industry, July 1997), pp. 2-3, 4-5, 12-13, 124-125, 138-139, 146-147, 156-157, 162-163, 184-185; Agricultural Profile of Saskatchewan, 1996 Census, Statistics Canada, Catalogue No. 95-179-XPB, Tables 1.1, 2.1, 4.1, 20.1, 24.1, 24.5, 25.1, 27.1, and 28.1 (Ottawa: Minister of Industry, July 1997), pp. 2-3, 4-5, 12-13, 124-125, 138-139, 146-147, 156-157, 162-163, 184-185; Agricultural Profile of Alberta, 1996 Census, Statistics Canada, Catalogue No. 95-180-XPB, Tables 1.1, 2.1, 4.1, 20.1, 24.1, 24.5, 25.1, 27.1, and 28.1 (Ottawa: Minister of Industry, July 1997), pp. 1, 2, 6, 62, 69, 73, 81, 92 (calculations by author).

Table 4.2 Agricultural Statistics (1996) and Election Results (1995) – Manitoba

Agri. region	Average wheat acres	Wheat acres (%)	Average net income (\$)	Net income as a percentage of capital (%)	Average market value of farm trucks (\$)	Average value of other farm trucks (ex. pick-ups and cargo vans) (\$)	Percentage of farms with other farm trucks (%)	Average number cattle and calves	Percentage farms with cattle and calves (%)	PC percentage of pop. vote (rural ridings) (%)	Lib. percentage of pop. vote (rural ridings) (%)	NDP percentage of pop. vote (rural ridings) (%)
1	540	35.0	27812	4.5	24463	15502	69.2	111	60.0	65.3	19.1	15.4
2	378	24.9	25568	4.8	21945	14404	63.5	108	58.6	51.9	14.3	21.4
3	342	25.0	20069	4.3	19915	11672	69.5	96	55.9	55.1	16.7	23.4
4	317	22.6	14679	3.4	17517	11046	63.6	104	65.2	50.0	16.3	28.8
5	365	26.2	13769	3.3	18002	10550	64.2	88	48.8	49.8	6.4	42.1
6	289	13.7	12254	3.1	16547	9888	60.4	129	62.4	40.7	10.8	47.6
7	351	23.4	30628	4.5	27011	19222	68.6	109	50.7	55.6	23.3	20.2
8	302	29.3	28058	4.3	23865	17112	68.8	83	41.9	62.4	28.3	7.6
9	253	21.6	18678	3.7	16991	13843	51.3	89	40.3	57.3	18.3	23.9
10	190	7.7	8127	2.5	13470	8976	47.1	85	51.6	60.0	13.8	26.0
11	271	21.3	12247	2.4	16725	12966	58.3	92	43.6	45.8	16.9	36.2
12	232	5.3	9598	2.7	13038	8323	46.3	143	65.4	32.4	13.4	51.3
Total	336	22.0	20360	3.9	20010	13870	61.7	106	52.5	49.8	17.3	30.5

Note: Figures for popular vote calculated on a polling subdivision basis to approximately fit agricultural regions.

Sources: Agricultural Profile of Manitoba, 1996 Census, Statistics Canada, Catalogue No. 95-178-XPB, Tables 1.1, 2.1, 4.1, 20.1, 24.1, 24.5, 25.1, 27.1, and 28.1 (Ottawa: Minister of Industry, July 1997), pp. 2-3, 4-5, 12-13, 124-125, 138-139, 146-147, 156-157, 162-163, 184-185 (calculations by author); Chief Electoral Officer of Manitoba, Statement of Votes: Report of the Chief Electoral Officer Pursuant to Section 142(2) of The Elections Act on the Thirty-Sixth Provincial General Election, April 25, 1995 (Winnipeg: Elections Manitoba, 1995).

Table 4.3 Agricultural Statistics (1996) and Election Results (1995) – Saskatchewan

Ag-ri-re-gion	Ave. whe-at acres	Per-cen-tage wheat acres (%)	Ave. net in-come (\$)	Net in-come as a per-cen-tage of cap-ital (%)	Ave. market value of farm trucks (\$)	Ave. value other farm trucks (ex. pick-ups and cargo vans) (\$)	Per-cen-tage of farms with other farm trucks (%)	Ave. num-ber cattle and cal-ves	Per-cen-tage farms with cattle and cal-ves (%)	PC per-cen-tage of pop. vote (rural rid-ings) (%)	Lib. per-cen-tage of pop. vote (rural rid-ings) (%)	NDP per-cen-tage of pop. vote (rural rid-ings) (%)
1A	523	34.9	25290	4.4	25949	14679	75.8	110	45.5	39.0	31.1	29.7
1B	364	25.2	21022	4.4	19995	10884	74.2	113	58.2	40.7	26.8	30.9
2A	566	40.5	26296	4.6	24470	14513	77.9	96	36.5	30.1	28.7	39.4
2B	451	39.0	23008	4.0	22956	14789	74.5	84	31.5	12.9	39.7	47.5
3AN	571	34.9	25899	4.7	23120	12621	76.5	121	46.3	22.9	42.5	39.9
3AS	596	36.6	26374	5.0	23881	13092	76.7	130	50.3	24.9	41.2	33.5
3BN	502	31.6	28207	4.7	25006	14462	74.5	108	44.4	31.9	28.2	40.5
3BS	619	28.9	31993	4.9	27856	16403	74.7	145	52.1	23.8	55.3	25.8
4A	593	14.6	31797	4.3	28560	16117	69.4	237	67.1	35.3	37.9	25.1
4B	584	29.8	33942	5.0	29460	15704	78.9	143	42.4	42.2	37.2	27.6
5A	288	24.3	13907	3.3	17333	10071	71.6	76	48.0	15.9	42.6	41.8
5B	279	22.8	12283	3.1	18518	11322	70.9	73	42.3	17.8	39.6	41.7
6A	455	32.5	24758	4.6	22817	13354	76.2	103	38.1	14.1	41.6	45.3
6B	429	30.6	25721	4.8	20086	12869	66.8	93	43.3	23.6	34.1	42.4
7A	510	32.3	36990	5.3	30021	17539	77.6	127	23.5	48.7	22.4	28.9
7B	432	27.9	29792	4.8	25788	15167	75.8	108	49.4	32.9	30.8	35.1
8A	246	18.4	15904	3.7	20518	12081	71.2	86	32.4	16.8	41.6	41.6
8B	286	28.0	18911	3.8	20277	12174	76.2	69	31.6	15.9	42.5	41.6
9A	285	17.3	13833	3.2	18953	11267	69.4	105	49.0	17.6	36.0	45.7
9B	372	15.9	20927	3.7	22166	13045	67.9	146	62.3	25.3	27.3	47.0
Ttl.	422	27.7	22233	4.2	22240	13123	73.1	108	44.1	23.4	36.1	40.5

Note: Figures for popular vote calculated on a polling subdivision basis to approximately fit agricultural regions.

Sources: Agricultural Profile of Saskatchewan, 1996 Census, Statistics Canada, Catalogue No. 95-179-XPB, Tables 1.1, 2.1, 4.1, 20.1, 24.1, 24.5, 25.1, 27.1, and 28.1 (Ottawa: Minister of Industry, July 1997), pp. 2-3, 4-5, 12-13, 124-125, 138-139, 146-147, 156-157, 162-163, 184-185 (calculations by author); Chief Electoral Officer of Saskatchewan, Twenty-Third General Election June 21, 1995 Report of the Chief Electoral Officer (Regina: The Chief Electoral Officer of Saskatchewan, July, 1996).

Table 4.4 Agricultural Statistics (1996) and Election Results (1997) – Alberta

Ag-ri-region	Ave. whe-at acres	Per-centage whe-at acres (%)	Ave. net in-come (\$)	Net in-come as a per-centage of cap-ital (%)	Ave. market value of farm trucks (\$)	Ave. value other farm trucks (ex. pick-ups and cargo vans) (\$)	Per-centage of far-ms with other farm trucks (%)	Ave. num-ber cattle and cal-ves	Per-centage farms with cattle and cal-ves (%)	PC per-centage of pop. vote (rural rid-ings) (%)	Lib. per-centage of pop. vote (rural rid-ings) (%)	NDP per-centage of pop. vote (rural rid-ings) (%)
1	577	13.9	43312	4.4	33530	19759	70.5	235	66.1	62.8	20.6	2.4
2	490	24.9	49639	4.9	34043	23478	68.7	279	57.8	66.8	15.5	6.0
3	441	9.5	19561	2.1	24922	17678	49.9	191	68.2	62.4	22.0	4.5
4A	400	18.7	30646	3.9	27959	17227	68.9	188	69.7	56.1	12.9	6.4
4B	266	19.5	18732	3.3	23241	14003	69.0	123	61.6	54.4	23.2	11.9
5	179	5.9	12888	2.2	19704	12834	53.1	129	64.4	53.7	31.3	5.8
6	195	3.8	8233	1.8	18345	10740	57.1	127	67.5	54.3	29.0	6.9
7	330	15.1	14352	2.9	24101	13816	67.5	113	43.5	59.9	28.0	10.3
Ttl.	368	14.1	21042	3.1	24180	15517	60.8	163	62.0	58.4	24.8	6.9

Note: Figures for popular vote calculated on a polling subdivision basis to approximately fit agricultural regions.

Sources: Agricultural Profile of Alberta, 1996 Census, Statistics Canada, Catalogue No. 95-180-XPB, Tables 1.1, 2.1, 4.1, 20.1, 24.1, 24.5, 25.1, 27.1, and 28.1 (Ottawa: Minister of Industry, July 1997), pp. 1, 2, 6, 62, 69, 73, 81, 92 (calculations by author); Chief Electoral Officer of Alberta, Report of the Chief Electoral Officer November, 1996 General Enumeration and Tuesday, March 11, 1997 General Election Twenty-fourth Legislative Assembly (Edmonton: Office of the Chief Electoral Officer, 1997).

Table 4.5 Interest Group Stances

Group	Stance
NFU (National Farmers Union)	Pro-monopoly marketing
WCWGA (Western Canadian Wheat Growers Association)	Pro-dual marketing
WRAP (Wild Rose Agricultural Producers)	Pro-dual marketing
KAP (Keystone Agricultural Producers)	Pro-monopoly marketing
FFJ (Farmers For Justice)	Pro-dual marketing

Source: Compiled by author

Table 4.6 Provincial Political Cultures

Province	Origin of prominent immigrant groups	Characteristics
Alberta	American mid-west	American liberal-populism; free enterprise; <i>laissez-faire</i> economics
Saskatchewan	Great Britain and Ontario	Great Britain – Fabian; socialism (dominant); Ontario – liberalism
Manitoba	Ontario	Tory-touched liberalism; labour socialist; reformed liberalism

Sources: Compiled by author from Nelson Wiseman, "The Pattern of Prairie Politics." In Party Politics in Canada, 7th ed., Hugh G. Thorburn, ed. (Scarborough: Prentice Hall Canada Inc., 1996); Nelson Wiseman, "Provincial Political Cultures." In Provinces: Canadian Provincial Politics, Christopher Dunn, ed. (Peterborough: Broadview Press, 1996); Carolyn J. Tuohy, Policy and Politics in Canada: Institutionalized Ambivalence (Philadelphia: Temple University Press, 1992).

Table 4.7 Electoral Statistics

Jurisdiction	N	MP	MM	EM	Mean ENPP	Mean PFRG	Mean 1PSC	Mean 2PSC	Median SR 1:2	Median SR 2:3	Gov't turn-overs
Alta.	10	0	4	6	1.480	0.291	80.8	96.5	6.49	4.00	1
Sask.	10	0	7	3	1.758	0.418	69.3	97.5	2.59		4
Man.	10	2	8	0	2.282	0.557	54.2	90.2	1.48	4.30	4
Cda.	12	5	7	0	2.49	0.590	53.1	84.2	1.46	3.30	5

Source: Modified by author from Alan Siaroff, Two-and-a-Half Party Systems and the Comparative Role of the 'Half'. Presented at the annual meeting of the Canadian Political Science Association Memorial University, St. John's, Newfoundland, post-meeting revised draft, June 1997. (N = total elections 1960-1997; MP = minority parliaments; MM = manufactured majorities; EM = earned majorities; ENPP = effective number of parliamentary parties; PFRG = parliamentary fragmentation; 1PSC = one-party seat concentration; 2PSC = two-party seat concentration; SR 1:2 = seat ratio first and second party; SR 2:3 = seat ratio second and third party).

Table 4.8 Voter Turnout (%)

Alberta		Saskatchewan		Manitoba	
Election	Turnout	Election	Turnout	Election	Turnout
1979	59%	1971	83	1977	76
1982	66	1975	80	1981	72
1986	47	1978	79	1986	68
1989	54	1982	84	1988	74
1993	60	1986	82	1990	69
1997	54	1991	83	1995	69
Average	57	Average	82	Average	71

Sources: Modified by author from Rand Dyck, Provincial Politics in Canada: Towards the Turn of the Century, 3rd ed. (Scarborough: Prentice Hall Canada Inc., 1996), pp.510, 442, 382, 311, 227; Office of the Chief Electoral Officer of Alberta, Report of the Chief Electoral Officer November, 1996 General Enumeration and Tuesday, March 11, 1997 General Election Twenty-fourth Legislative Assembly (Edmonton: Office of the Chief Electoral Officer of Alberta, June 30, 1997), p.66.

Table 4.9 Seat Bias

Alberta		Saskatchewan		Manitoba	
Election	Pro-government party bias	Election	Pro-government party bias	Election	Pro-government party bias
1963	40	1960	26	1962	18
1967	40	1964	14	1966	14
1971	19	1967	13	1969	11
1975	29	1971	20	1973	12
1979	37	1975	24	1977	9
1982	32	1978	24	1981	13

1986	23	1982	32	1986	12
1989	27	1986	14	1988	6
1993	17	1991	32	1990	11
1997	25	1995	25	1995	11
Average	29	Average	22	Average	11

Source: Compiled by author. (Seat bias = % of seats - % of popular vote)

Table 4.10 Electoral Volatility

Alberta		Saskatchewan		Manitoba		Dominion	
Year	Volatility index	Year	Volatility index	Year	Volatility index	Year	Volatility index
1959		1956		1959		1958	
1963	3.1	1960	5.4	1962	5.3	1962	34.7
1967	10.7	<i>1964</i>	25.0	1966	8.8	<i>1963</i>	11.0
<i>1971</i>	57.4	1967	4.3	<i>1969</i>	31.6	1965	7.2
1975	28.0	<i>1971</i>	34.3	1973	5.3	1968	11.7
1979	1.6	1975	11.5	<i>1977</i>	21.1	1972	22.9
1982	5.0	1978	24.6	<i>1981</i>	19.3	1974	11.9
1986	24.0	<i>1982</i>	58.0	1986	7.0	<i>1979</i>	15.4
1989	4.8	1986	26.6	<i>1988</i>	33.3	<i>1980</i>	13.7
1993	29	<i>1991</i>	44.3	1990	22.8	<i>1984</i>	38.5
1997	16.9	1995	17.5	1995	7.1	1988	17.9
						<i>1993</i>	68.1
						1997	12.2
Average	18.1	Average	25.2	Average	16.2	Average	22.1

Source: Calculations by author; Index of electoral volatility from Donald E. Blake, "Party Competition and Electoral Volatility: Canada in Comparative Perspective." In *Representation, Integration and Political Parties in Canada*. Herman Bakvis, ed. Royal Commission on Electoral Reform and Party Financing, vol. 14 (Toronto: Dundrun Press, 1991). The volatility index equals the sum of the changes in the percentages of seats attained by each party and independents from the previous election divided by 2.

Italics = turnover election

Table 6.1 Commodity Share of Total Farm Cash Receipts (%) (1993)

Commodity	Manitoba	Saskatchewan	Alberta
Wheat (excluding durum)	20.3	28.7	10.8
Durum Wheat	0.6	6.5	1.1
Barley	2.6	3.8	3.8
Oats	1.2	1.0	0.9
Rye	0.1	0.2	0.1
Flaxseed	2.2	1.1	0.2
Canola	10.6	11.7	8.6
Other crops	7.4	5.5	5.9
Total crops	45.0	58.5	31.4
Cattle	12.2	14.1	42.6
Other livestock and products	26.6	9.2	15.8
Total livestock and products	38.8	23.3	58.4
Total payments	16.1	18.2	10.2
Total	100.0	100.0	100.0

Note: The sum of total crops, total livestock and products, and total payments figures add to the overall total. Figures may not add to 100 per cent because of rounding. The payment sections includes receipts such as crop insurance, stabilisation, and subsidy payments.

Source: Agricultural Statistics for Ontario 1993. Publication 20 (Toronto: Ministry of Agriculture, Food and Rural Affairs, 1994), p.7.

Table 6.2 Summary of Farmer Opinion Information									
Poll Number/Date	Polling method	Province(s)	Grain(s)	Options/Question	% favouring CWB monopoly	% favouring continental	% favouring dual	% favouring open	% fav. less gov't/ more choice/ voluntary Board
(1) 1951	plebiscite	MN	Oats, barley	Monopoly: yes/no	89	NA	NA	NA	NA
(2) 1973	plebiscite	AB, SK, MN	Canola	CWB/open	46.2	NA	NA	52.7	NA
(3) 1992	survey	AB	Barley	CWB/open /dual	24	20	43 (63 (continental + dual))	11	NA
(4) 1992	survey	AB	Barley	Monopoly: yes/no	24	NA	NA	NA	NA
(5) 1994	survey	AB	Wheat, Barley	CWB/open /Continental/ Dual	29	51(continental + dual)		20	NA
		AB, SK, MN			42	45(continental + dual)		13	NA
		AB		Less gov't?	NA	NA		70	NA
		MN			NA	NA		47	NA
(6) 1995	survey	AB	Wheat, Barley	More choice?	NA	NA	NA	NA	67
(7) 1995	survey	AB	Wheat, Barley	More choice?	NA	NA	NA	NA	70
		SK			NA	NA	NA	NA	60
		MN			NA	NA	NA	NA	57
(8) 1995	survey	SK	Wheat, barley	Voluntary Board?	NA	NA	NA	NA	58
(9) 1995	plebiscite	AB	Wheat	Freedom to sell to any buyer: yes/no	38	NA	NA	NA	62
			Barley		34	NA	NA	NA	66
(10) 1996	Survey	AB, SK, MN	Wheat	Sell portion at spot price?	NA	50(continental + dual + open)		NA	NA
			Feed	Monopoly: Yes/no	NA	56(continental + dual + open)		NA	NA
			Wheat, Barley	Eliminate Board?	NA	NA		3(open only)	NA
(11) 1997	plebiscite	AB, SK, MN	Barley	CWB/open	63	NA	NA	37	NA

Source: Compiled by author (see endnotes for more detailed poll information); NA = not available (i.e. the poll did not cover the question).

Table 6.3 Average Farm Size (Acres) - Prairie Provinces

Province	1941	1951	1961	1971	1981	1991	1996
Man.	291	338	420	543	639	743	784
Sask.	432	550	686	845	952	1091	1152
Alta.	434	527	645	790	813	898	881
Can.	237	279	359	463	513	598	608

Sources: Adapted from by author from Statistics Canada, 1991 Census of Canada, Agriculture Canada, Catalogues 95-363, 95-364, 95-370, 95-371, 95-382, 95-383, 93-350, 93-351; Statistics Canada, 1996 Census of Canada, Agriculture Division, Catalogue 93-356; David A. Hay and G.S. Basran, "The Western Canadian Farm Sector: Transitions and Trends." In The Political Economy of Agriculture in Western Canada. G.S. Basran and D.A. Hay, eds. (Toronto: Garamond Press, 1988), p.22.

Table 6.4 Number of Farms - Prairie Provinces

Province	1941	1951	1961	1971	1981	1991	1996
Man.	58 024	52 383	43 306	34 981	29 442	25 706	24 383
Sask.	138 713	112 018	93 924	76 924	67 318	60 840	56 995
Alta.	99 732	84 315	73 212	62 702	58 056	57 245	59 007
Can.	732 832	623 091	480 903	366 128	318 361	280 043	276 548

Sources: Adapted from by author from Statistics Canada, 1991 Census of Canada, Agriculture Canada, Catalogues 95-364, 95-371, 95-383, 93-351; David A. Hay and G.S. Basran, "The Western Canadian Farm Sector: Transitions and Trends." In The Political Economy of Agriculture in Western Canada. G.S. Basran and D.A. Hay, eds. (Toronto: Garamond Press, 1988), p.4; Joshua Avram, "Offbeat and off-board - agriculture is booming," Alberta Report, 2 June 1997.

Table 7.1 The Corporations/Co-operatives (1996)

Corporation/Co-operatives	Revenue (\$ billion)	Profit (\$ million)
Saskatchewan Wheat Pool	\$ 4.0	\$ 48.4
Alberta Wheat Pool	2.1	28.2
United Grain Growers	0.2	5.9
Pioneer Grain	1.5	NA
Manitoba Pool Elevators	1.2	5.7
Cargill	84.0	1,353.0
Conagra	37.2	283.4
Archer-Daniels-Midland	19.8	1,043.9

Note: Where applicable, US currency amounts have been converted to Canadian dollars using an exchange rate of \$1US = \$1.50Cdn..

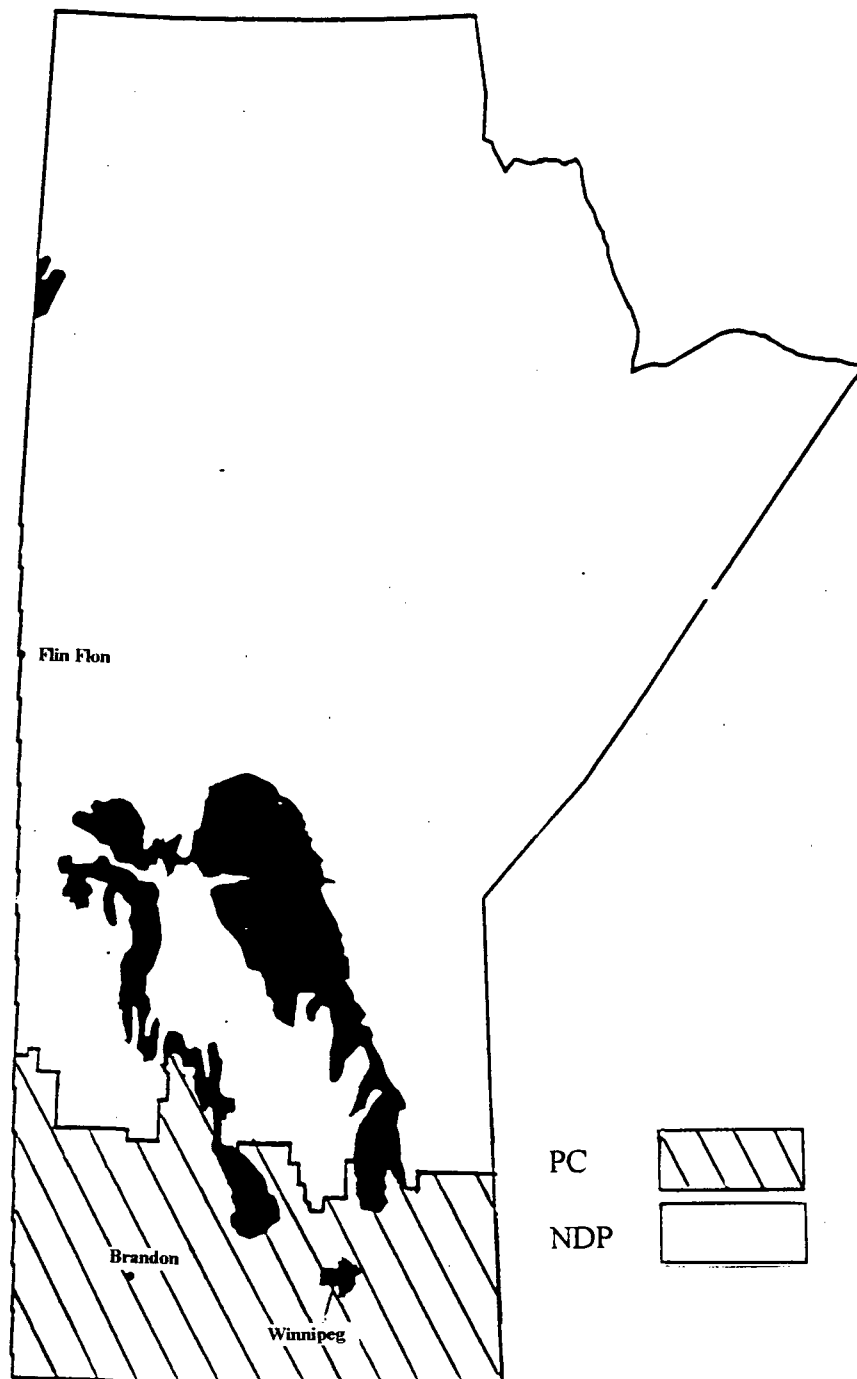
Sources: Adapted from information from the reports of the companies listed and Kenneth Kidd, "Grain Storm," Report on Business Magazine (June 1997), p.38.

Table 7.2 Provincial Share of Canadian Total Farm Cash Receipts (%) - Wheat (1993)

Type	Manitoba	Saskatchewan	Alberta	Other Provinces	Canada
Wheat (excluding durum)	19.8	53.4	22.4	4.4	100.0
Durum Wheat	4.0	80.2	15.8	-	100.0
Barley	13.2	36.9	41.0	8.9	100.0
Oats	20.9	32.0	33.6	13.5	100.0
Total Crops	11.7	28.9	17.2	42.2	100.0

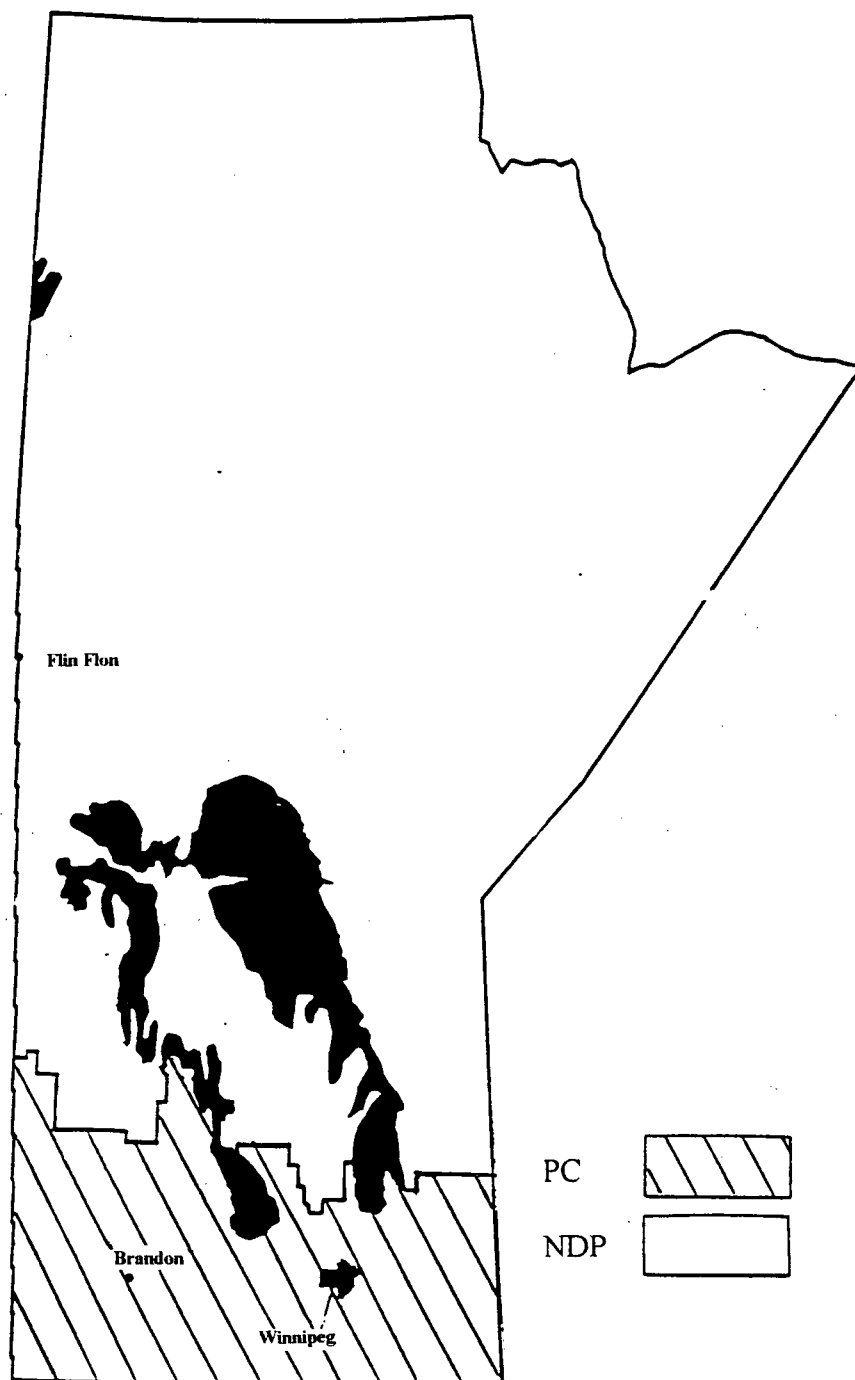
Source: Agricultural Statistics for Ontario 1993. Publication 20 (Toronto: Ministry of Agriculture, Food and Rural Affairs, 1994), p.6.

Map 4.1 1990 Manitoba General Election Results (Riding Basis)



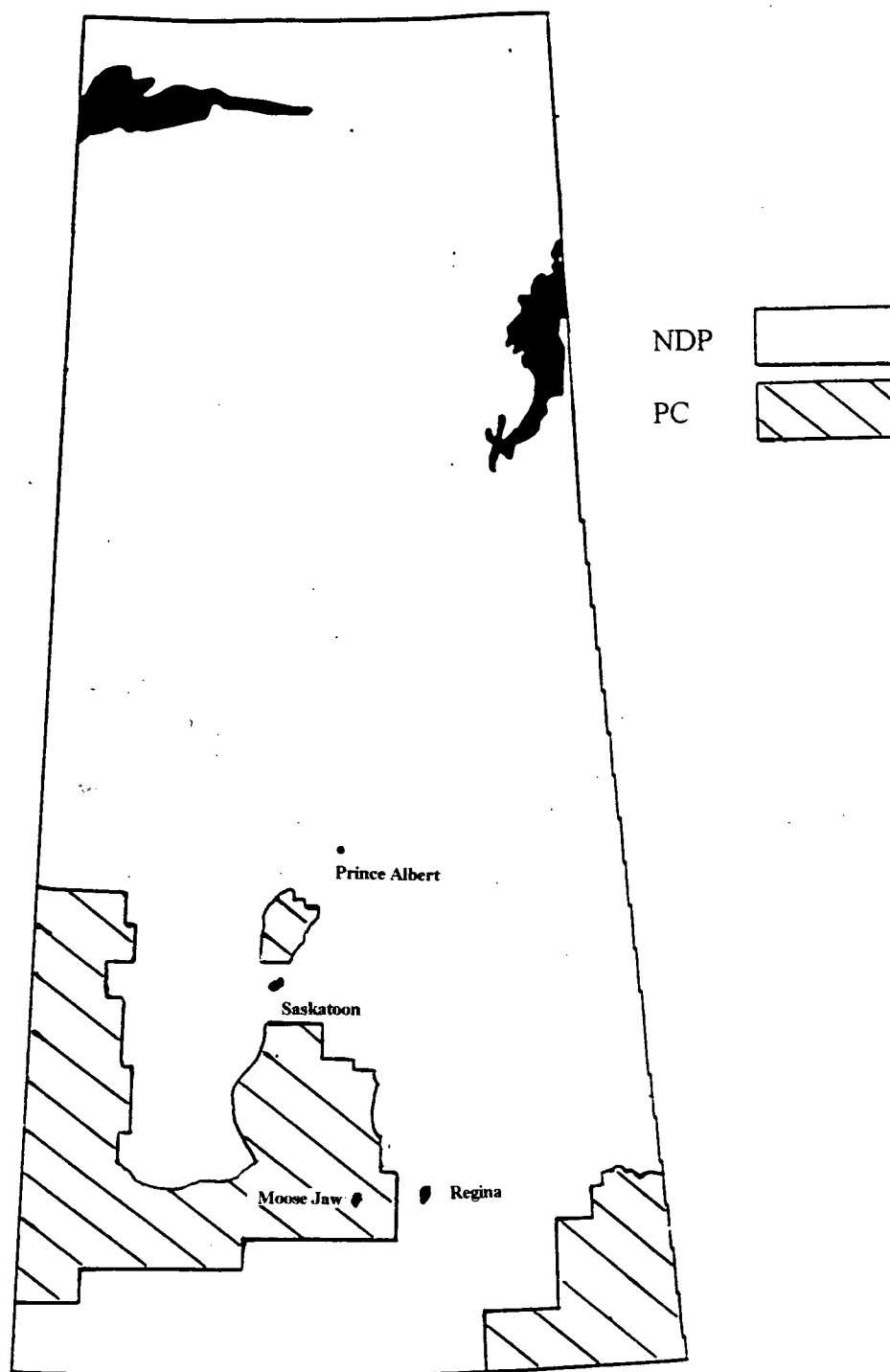
Source: Adapted by author from Chief Electoral Officer of Manitoba, Statement of Votes: Report of the Chief Electoral Officer Pursuant to Section 142(2) of The Elections Act on the Thirty-Sixth Provincial General Election, April 25, 1995 (Winnipeg: Elections Manitoba, 1995).

Map 4.2 1995 Manitoba General Election Results (Riding Basis)



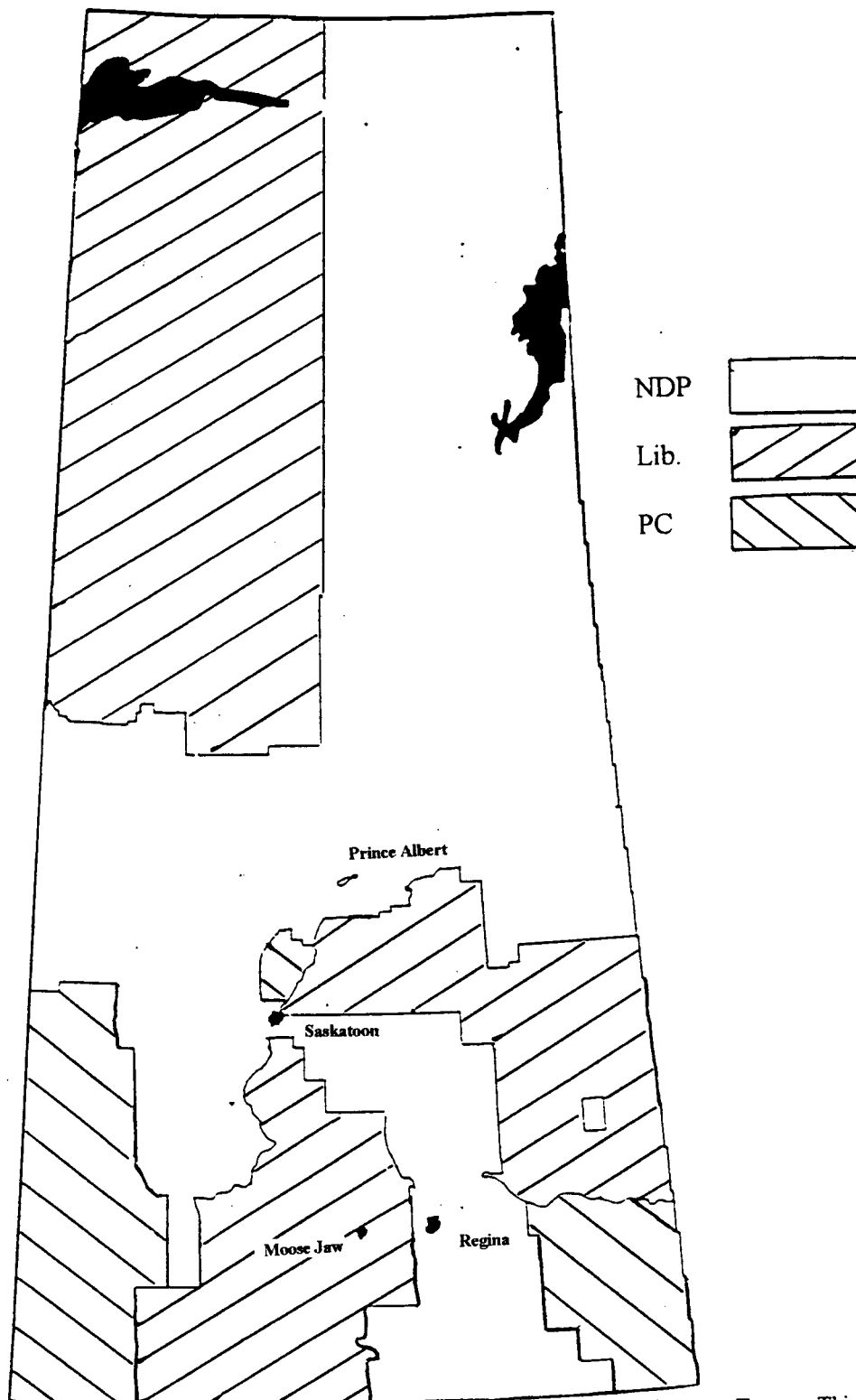
Source: Adapted by author from Chief Electoral Officer of Manitoba, Statement of Votes: Report of the Chief Electoral Officer Pursuant to Section 142(2) of The Elections Act on the Thirty-Sixth Provincial General Election, April 25, 1995 (Winnipeg: Elections Manitoba, 1995).

Map 4.3 1991 Saskatchewan General Election Results (Riding Basis)

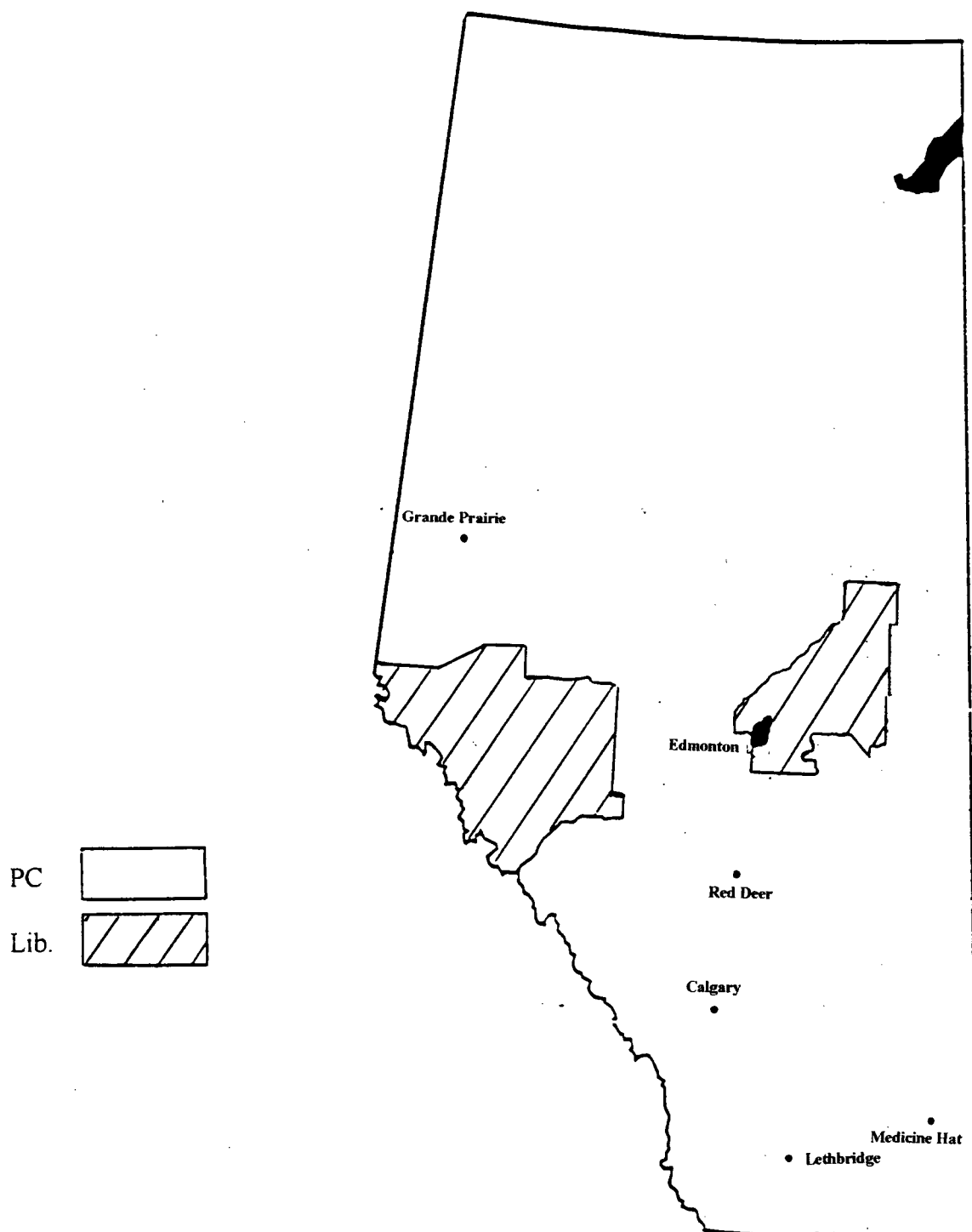


Source: Adapted by author from Chief Electoral Officer of Saskatchewan, Twenty-Second General Election October 21, 1991 Report of the Chief Electoral Officer (Regina: The Chief Electoral Officer of Saskatchewan, 1992).

Map 4.4 1995 Saskatchewan General Election Results (Riding Basis)

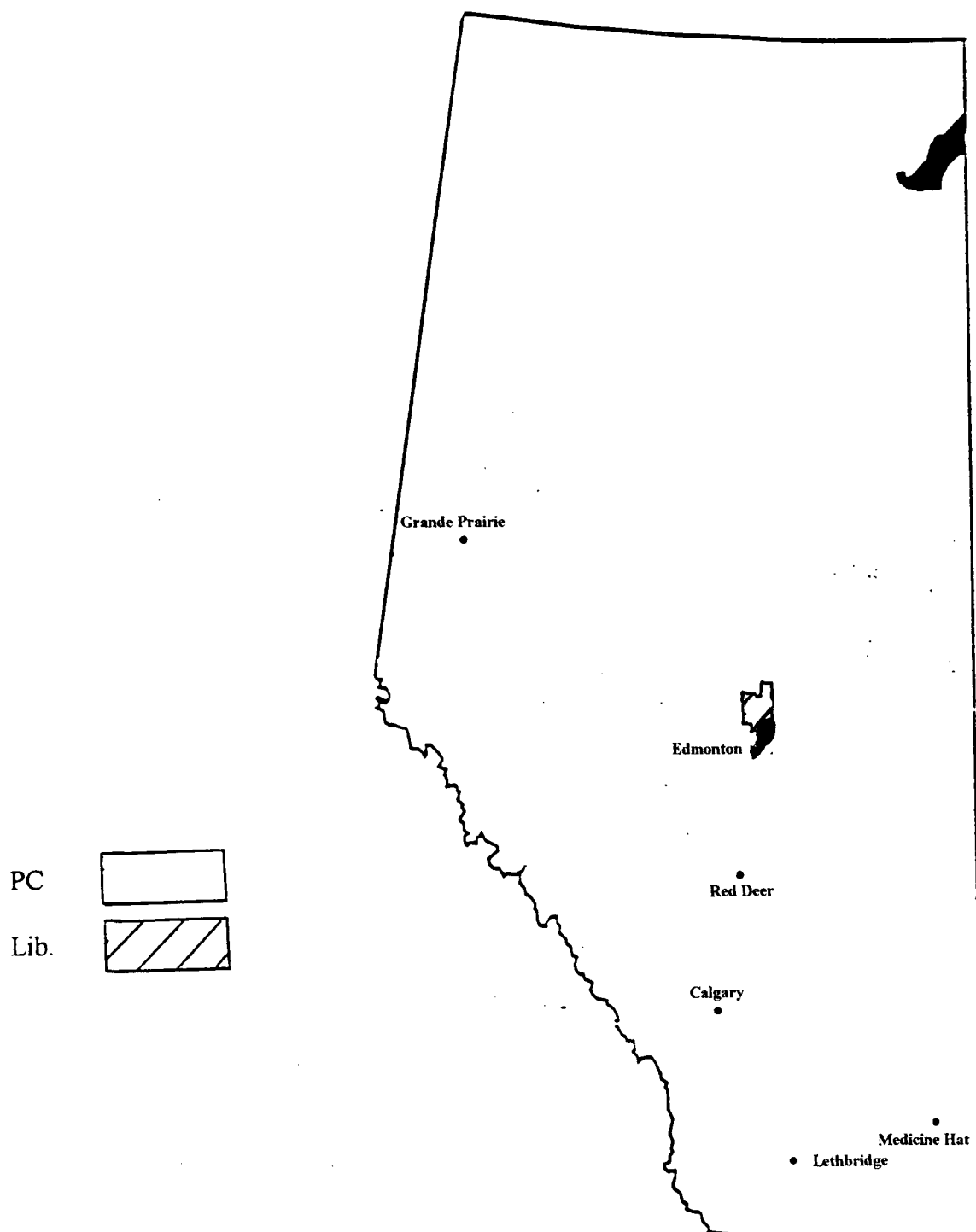


Source: Adapted by author from Chief Electoral Officer of Saskatchewan. Twenty-Third General Election June 21, 1995 Report of the Chief Electoral Officer (Regina: The Chief Electoral Officer of Saskatchewan, July, 1996).

Map 4.5 1993 Alberta General Election Results (Riding Basis)

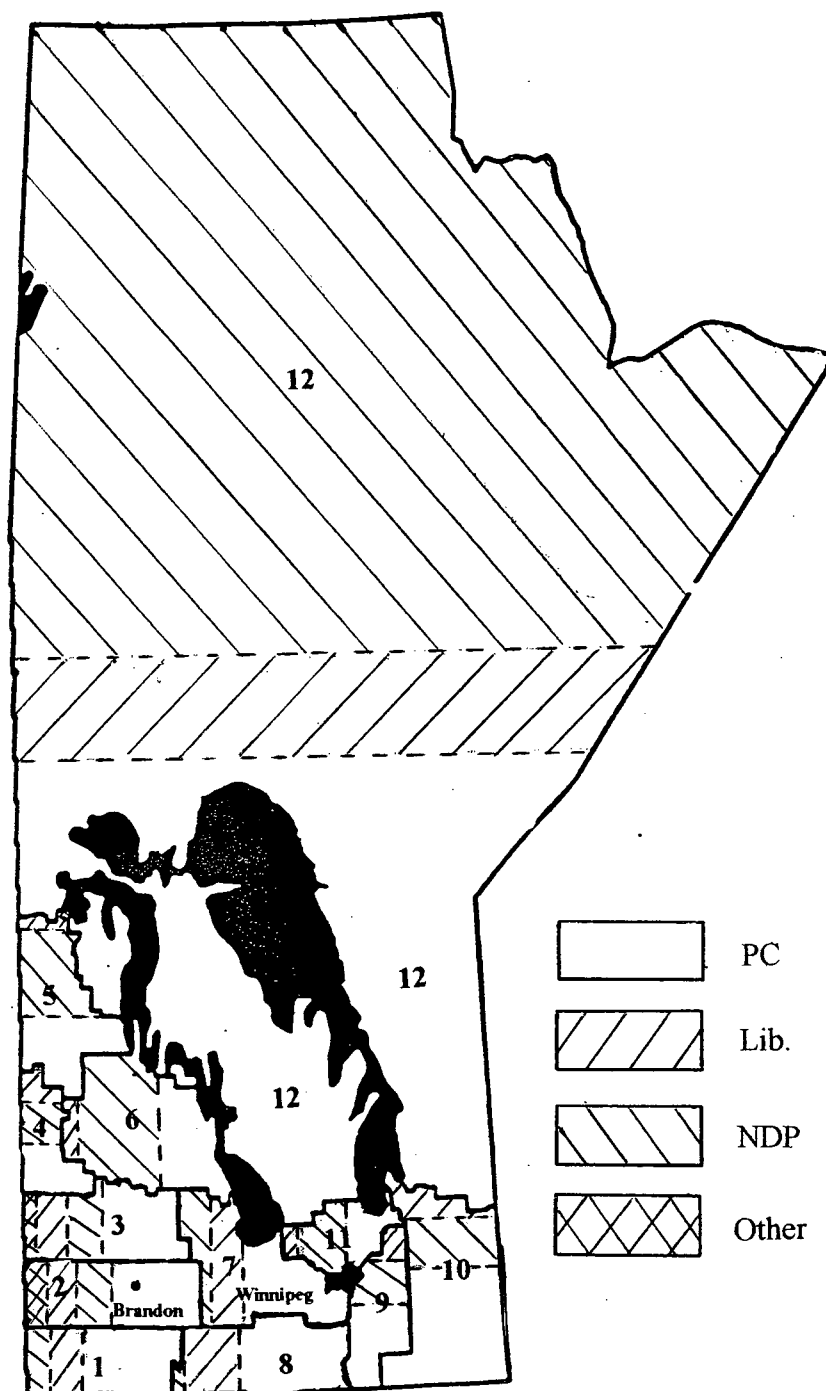
Source: Adapted by author from Chief Electoral Officer of Alberta, Report of the Chief Electoral Officer on the General Election of the Twenty-Third Legislative Assembly, Tuesday, June 15th, 1993 (Edmonton: Province of Alberta, Alberta Legislative Assembly, Aug. 16, 1993).

Map 4.6 1997 Alberta General Election Results (Riding Basis)



Source: Adapted by author from Office of the Chief Electoral Officer, Province of Alberta, Report of the Chief Electoral Officer November, 1996 General Enumeration and Tuesday, March 11, 1997 General Election Twenty-fourth Legislative Assembly. Edmonton: Alberta Legislative Assembly, June 30, 1997.

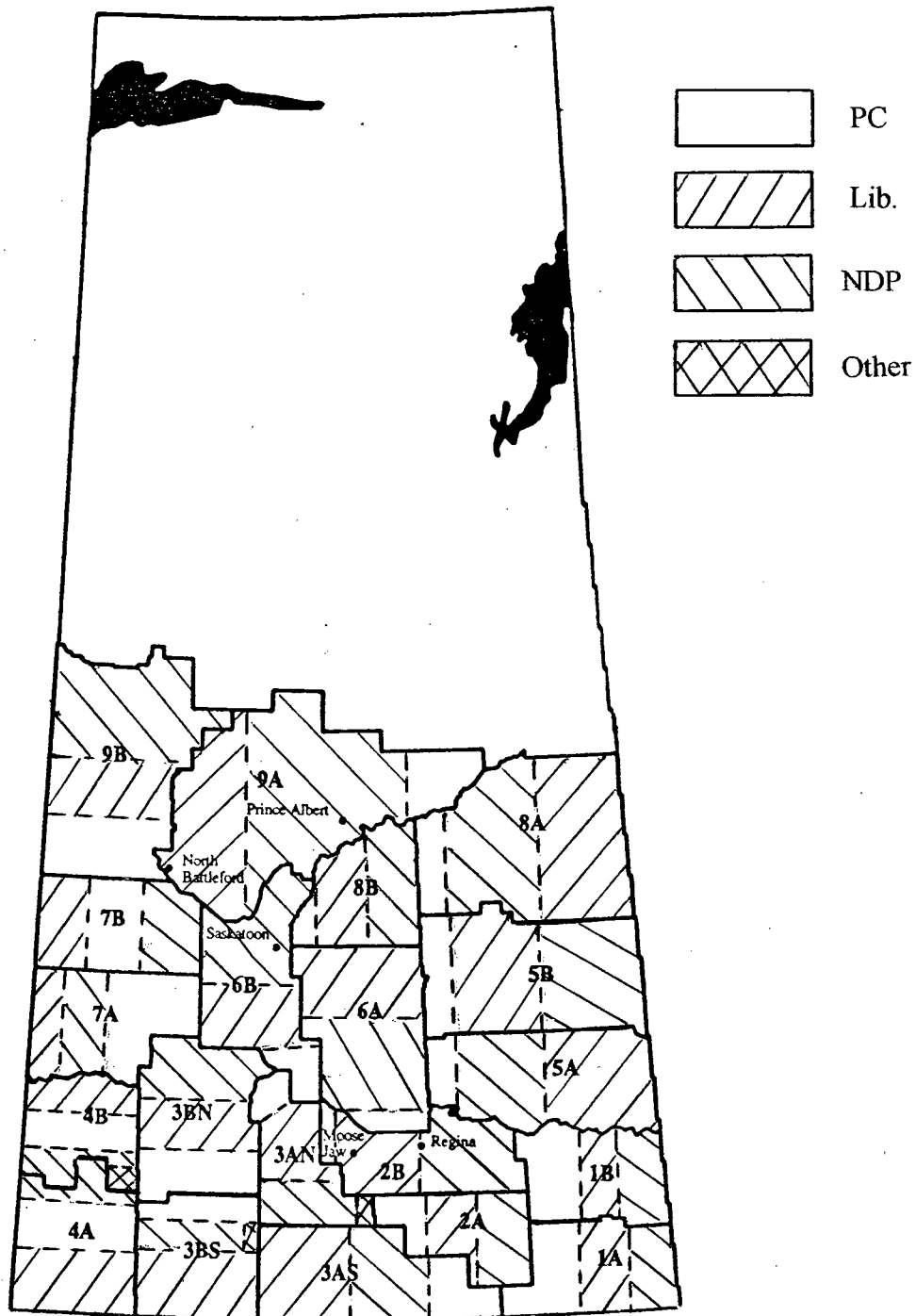
Map 4.7 1995 Manitoba General Election Results (Popular Vote Basis
By Census Agricultural Region)



Note: Markings represent proportionate popular vote support for parties within a given Agricultural Region. Markings *within* an Agricultural Region are **not** geographically specific. Rather, they reflect the overall distribution of votes for that region. Thus, the areas marked *within* any region for any particular party are strictly arbitrary geographically.

Sources: Census Agricultural Regions from 1996 Census of Agriculture, Agriculture Division, Statistics Canada. Voting information from Table 4.2.

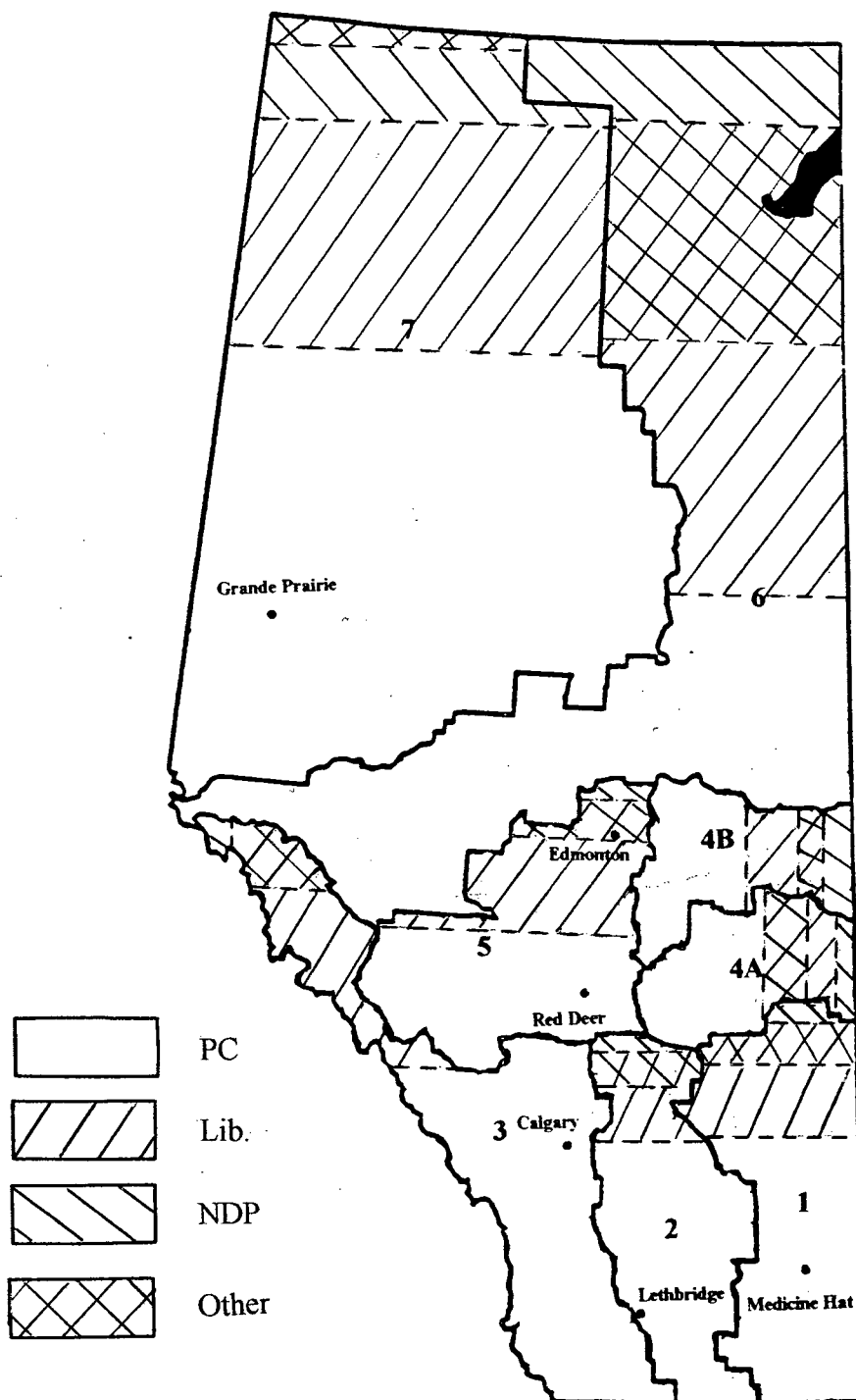
Map 4.8 1995 Saskatchewan General Election Results (Popular Vote Basis
By Census Agricultural Region)



Note: Markings represent proportionate popular vote support for parties within a given Agricultural Region. Markings *within* an Agricultural Region are **not** geographically specific. Rather, they reflect the overall distribution of votes for that region. Thus, the areas marked *within* any region for any particular party are strictly arbitrary geographically.

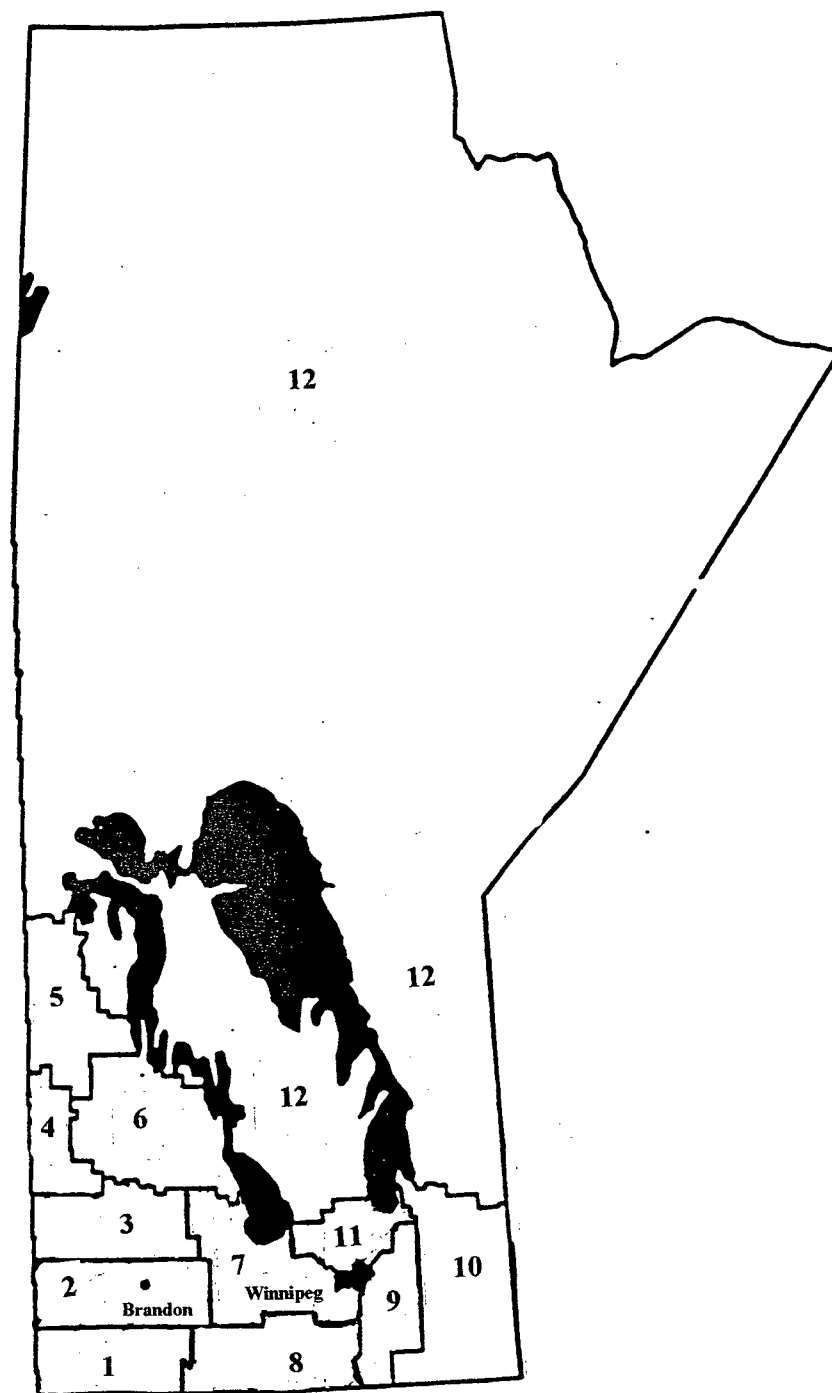
Sources: Census Agricultural Regions from 1996 Census of Agriculture, Agriculture Division, Statistics Canada. Voting information from Table 4.3.

Map 4.9 1997 Alberta General Election Results (Popular Vote Basis
By Census Agricultural Region)

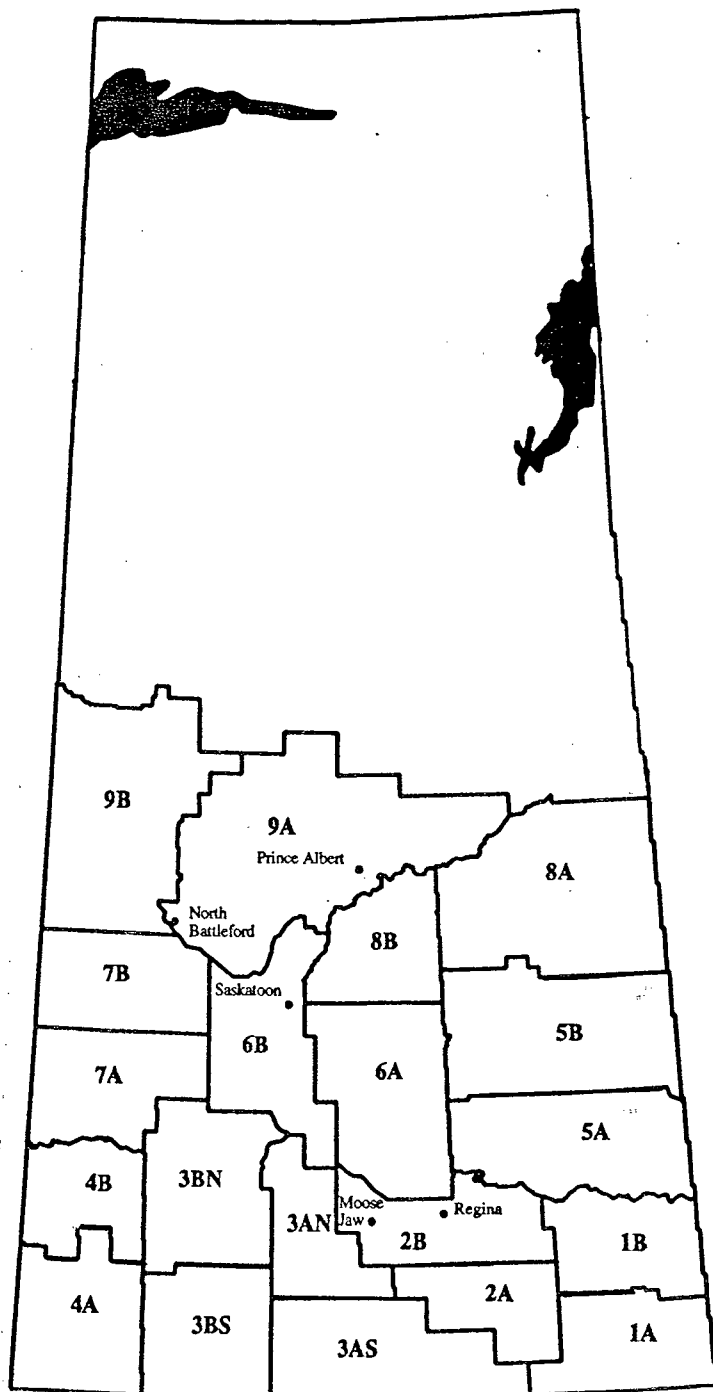


Note: Markings represent proportionate popular vote support for parties within a given Agricultural Region. Markings *within* an Agricultural Region are **not** geographically specific. Rather, they reflect the overall distribution of votes for that region. Thus, the areas marked *within* any region for any particular party are strictly arbitrary geographically.

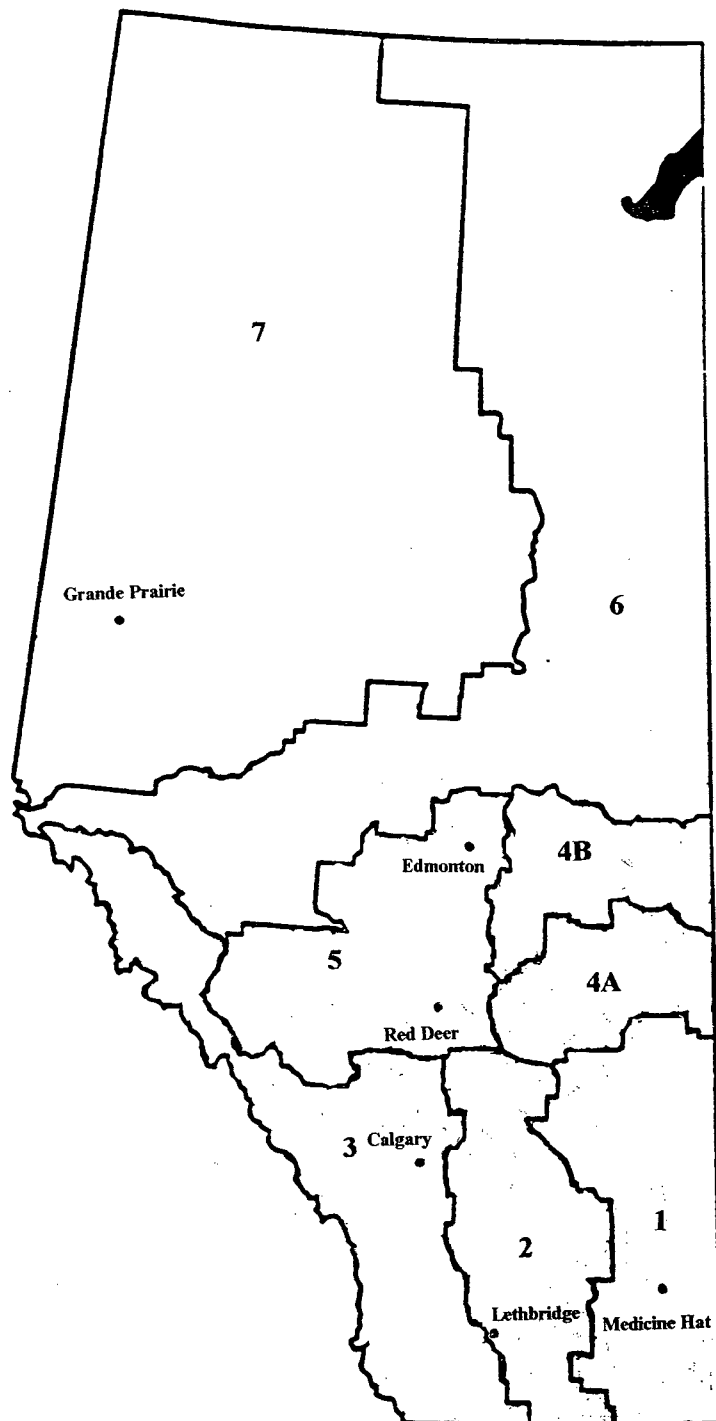
Sources: Census Agricultural Regions from 1996 Census of Agriculture, Agriculture Division, Statistics Canada. Voting information from Table 4.4.



Source: 1996 Census of Agriculture, Agriculture Division, Statistics Canada



Source: 1996 Census of Agriculture, Agriculture Division, Statistics Canada



Source: 1996 Census of Agriculture, Agriculture Division, Statistics Canada

ENDNOTES

CHAPTER I

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³⁰ Alberta Hansard, 8 May 1978, p.1077.

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⁵⁷ David Roberts, "Canadian Wheat Board must be changed, farmers say in poll," Globe and Mail, 21 September 1996.

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⁶⁶ Robert Owen, "Why not an Alberta Wheat Board?," Alberta Report, 17 February 1997, p.22.

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⁷⁰ As will be seen in the chapter on the role of political parties, these differences were also potentially politically salient to the extent that they followed along the lines of differences in the regional support for politically relevant parties.

CHAPTER II

¹ For example, Alan Cairns, "The Other Crisis of Canadian Federalism." In Constitution, Government, and Society in Canada: Selected Essays by Alan C. Cairns. Douglas E. Williams, ed. (Toronto: McClelland and Stewart, 1988); Alan Cairns, "The Governments and Societies of Canadian Federalism." In Constitution, Government, and Society in Canada: Selected Essays by Alan C. Cairns. Douglas E. Williams, ed. (Toronto: McClelland and Stewart, 1988); J. Stefan Dupré, "Reflections on the Workability of Executive Federalism." In Perspectives on Canadian Federalism. R.D. Olling and M.W. Westmacott, eds. (Scarborough: Prentice Hall Canada Inc., 1988); D.V. Smiley, The Federal Condition in Canada (Toronto: McGraw-Hill Ryerson Ltd., 1987), pp.158-161.

² David J. Elkins, Manipulation and Consent: How Voters and Leaders Manage Complexity (Vancouver: UBC Press, 1993), P.8.

³ Richard Schultz, "Interest Groups and Intergovernmental Negotiations: Caught in the Vice of Federalism." In Canadian Federalism: Myth or Reality. 3rd ed. J. Peter Meekison, ed. (Toronto: Methuen, 1977).

⁴ Thomas J. Courchene, Celebrating Flexibility: An Interpretive Essay on the Evolution of Canadian Federalism, C.D. Howe Benefactors Lecture 1995, Montréal, 16 October 1995. pp.15, 25; Vincent Cable, "The Diminished Nation-State: A Study in the Loss of Economic Power," Daedalus, 124:2 (Spring 1995), pp.23-53; Mathew Horsman and Andrew Marshall, After the Nation-State: Citizen, Tribalism and the New World Disorder (London: HarperCollins Publishers, 1995).

⁵ John Helliwell, How Much Do National Borders Matter? (Washington: Brookings Institution Press, 1998), p.118; Courchene, Celebrating Flexibility, pp.43-53.

⁶ Courchene, Celebrating Flexibility, pp.43-53.

⁷ *ibid.*, p.54

⁸ Geoffrey Garrett, "Capital Mobility, Trade, and the Domestic Politics of Economic Policy." In Internationalization and Domestic Politics, Robert O. Keohane and Helen V. Milner, eds. (Cambridge: Cambridge University Press, 1996), p.80.

⁹ Skogstad also points out that both the FTA and the Uruguay Round of GATT are rightly regarded as "offshoots of globalization." Grace Skogstad, "Agricultural Policy." In Border Crossings: The Internationalization of Canadian Public Policy. G. Bruce Doern, Leslie A. Pal, and Brian W Tomlin, eds. (Toronto: Oxford University Press, 1996), pp.147-155.

¹⁰ The following examples are among those discussed by Courchene, Celebrating Flexibility, pp.16-17.

¹¹ Russell J. Dalton, Citizen Politics in Western Democracies: Public Opinion and Political Parties in the United States, Great Britain, West Germany, and France (Chatham, NJ: Chatham House Publishers, Inc., 1988), pp.18-24; Elkins, Manipulation and Consent; Neil Nevitte, Department of Political Science, The University of Toronto, Lecture, 1996; Russell Dalton et al., "Electoral Change in Advanced Industrial Democracies." In Electoral Change in Advanced Industrial Democracies: Realignment or Dealignment?, Russell J. Dalton et al., eds. (Princeton: Princeton University Press, 1984), pp.18-19; Donna Dasko, Vice-President, Environics, The University of Toronto, Lecture, 20 November 1995.

¹² Moreover, the potential impact of the first four forces of globalisation are even acknowledged by state-centred analysts such as Theda Skocpol. See Peter Evans et al., eds. Bringing the State Back In (New York: Cambridge University Press, 1985).

¹³ Ian Robinson, "Trade Policy, Globalization, and the Future of Canadian Federalism." In New Trends in Canadian Federalism. François Rocher and Miriam Smith, eds. (Peterborough: Broadview Press, 1995).

¹⁴ *ibid.*, p.235

¹⁵ *ibid.*

¹⁶ *ibid.*, p.242

¹⁷ *ibid.*

¹⁸ *ibid.*, p.235

¹⁹ Helen V. Milner and Robert O. Keohane, "Internationalization and Domestic Politics: An Introduction." In Internationalization and Domestic Politics, Robert O. Keohane and Helen V. Milner, eds. (Cambridge: Cambridge University Press, 1996), pp. 3, 15; Other authors have also identified the impact of international forces on the domestic arena, including in different developmental contexts. See, for example, Stephan Haggard, Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries (Ithaca: Cornell University Press, 1990). Haggard argues that the most powerful pressures of change are shocks from the international arena and the domestic impacts they produce. These impacts include changes in the relative power of domestic sectors and institutional change.

²⁰ Steven Bernstein and Benjamin Cashore in "Globalization, Four Paths of Internationalization and Domestic Policy Change: The Case of EcoForestry in British Columbia, Canada," Canadian Journal of Political Science, 33:1 (March 2000) hold that there are four pathways through which such institutions and actors impact domestic policy: "market dependence", "international rules", "international normative discourse," and the "infiltration of domestic policy-making processes." Some of these paths, namely international regimes and domestic policy influence, will also be seen in the wheat marketing arena.

²¹ Such differential impacts are also predicted by the Stolper-Samuelson Theorem, which posits that all landowners (not only those growing wheat) would benefit relative to workers if wheat prices increased relative to the price of steel, the Ricardo-Viner approach, which predicts that particular sectors will benefit relative to other sectors as relative prices change, and the "scale economy" and "total factor productivity" approach, which holds that for sectors where economies of scale are important, the advantage of large producers would increase relative to small producers as borders are opened. Jeffrey A. Frieden and Ronald Rogowski, "The Impact of the International Economy on National Policies: An Analytical Overview." In Internationalization and Domestic Politics, Robert O. Keohane and Helen V. Milner, eds. (Cambridge: Cambridge University Press, 1996), pp. 37-39.

²² Milner and Keohane, "Internationalization and Domestic Politics: An Introduction," p.5.

²³ ibid., pp.65-69

²⁴ François Rocher and Richard Nimjean, "Global Economic Restructuring and the Evolution of Canadian Federalism and Constitutionalism." In New Trends in Canadian Federalism. François Rocher and Miriam Smith, eds. (Peterborough: Broadview Press, 1995), p.227.

²⁵ Benjamin Barber, "Jihad Vs. McWorld." In Braving the New World: Reading in Contemporary Politics. Thomas M.J. Bateman et al., eds. (Toronto: Nelson Canada, 1995), pp.23-24.

²⁶ Kathryn Harrison, Passing the Buck: Federalism and Canadian Environmental Policy (Vancouver: UBC Press, 1996).

²⁷ V.O. Key Jr., Public Opinion and American Democracy (New York: Knopf, 1961), p.14.

²⁸ Elkins, Manipulation and Consent, pp.8-9.

²⁹ P. E. Converse, "The nature of belief systems in mass publics." In Ideology and Discontent, D.E. Apter, ed. (New York: Free Press, 1964), pp.206-261; To be sure, younger and more highly educated individuals may exhibit higher levels of ideological constraint. Neil Nevitte and Roger Gibbins, New Elites in Old States: Ideologies in the Anglo-American Democracies (Toronto: Oxford University Press, 1990).

³⁰ Vincent Price, Public Opinion, Communication Concepts 4 (Newbury Park: Sage Publications, 1992), pp. 78-83.

³¹ Robert J. Jackson and Doreen Jackson, Politics in Canada: Culture, Institutions, Behaviour, and Public Policy, 2nd ed. (Scarborough: Prentice-Hall Canada Inc., 1990), p.509.

³² Alan Frizzell, "The Perils of Polling." In The Canadian General Election of 1988, Alan Frizzell et al., eds. (Ottawa: Carleton University Press, 1989), p.91.

³³ John Meisel, "Decline of Party in Canada." In Party Politics in Canada, 5th ed.. H.G. Thorburn, ed. (Scarborough: Prentice-Hall Canada, Inc., 1985), pp.98-108; John Meisel, "The Dysfunctions of Canadian Parties: An Exploratory Mapping." In Party Politics in Canada, 6th ed. H. G. Thorburn, ed. (Scarborough: Prentice-Hall Canada, 1991).

³⁴ Claire Hoy, Margin of Error (Toronto: Key Porter Books, 1989), pp.1-5.

³⁵ Price, Public Opinion, p. 80.

³⁶ Harrison, Passing the Buck.

³⁷ David Taras, The Newsmakers (Scarborough: Nelson Canada, 1990), pp.182-186. "Micro-polling" refers to block-by-block surveys in individual ridings to assist candidates in their canvassing. Jackson and Jackson, Politics in Canada, p.509.

³⁸ Dasko, Vice-President, Environics, Lecture.

³⁹ Price, Public Opinion, pp. 46-48.

⁴⁰ Richard Simeon, Federal-Provincial Diplomacy: The making of recent policy in Canada (Toronto: University of Toronto Press, 1972), p.144.

⁴¹ ibid., p.282

⁴² ibid.

⁴³ Grace Skogstad, "The Farm Policy Community and Public Policy in Ontario and Quebec." In Policy Communities and Public Policy in Canada: A Structural Approach. William D. Coleman and Grace Skogstad, eds. (Mississauga: Copp Clark Pitman, 1990); Schultz, "Interest Groups and Intergovernmental Negotiations."

⁴⁴ Schultz, "Interest Groups and Intergovernmental Relations," p.375; Morton Grodzins, "The Federal System." In American Federalism in Perspective. Aaron Wildavsky, ed. (Boston: Little, Brown and Company, 1967), pp. 256-277.

⁴⁵ Schultz, "Interest Groups and Intergovernmental Relations," p.375.

⁴⁶ ibid., p.377

⁴⁷ ibid., pp.391,393.

⁴⁸ William D. Coleman and Grace Skogstad, "Policy Communities and Policy Networks: A Structural Approach." In Policy Communities and Public Policy in Canada: A Structural Approach. William D. Coleman and Grace Skogstad, eds. (Mississauga: Copp Clark Pitman Ltd., 1990), p.27.

⁴⁹ ibid.

⁵⁰ ibid.

⁵¹ ibid.

⁵² ibid.; In fact, Meisel points out that interest groups have taken over functions formerly performed by political parties. Meisel, "Decline of Party in Canada," pp.101-102; Paul Pierson also points close ties between governments and interest groups in his examination of policy feedback in "Policy Feedback and Political Change," World Politics, 45 (July 1993), pp.595-638.

⁵³ Skogstad, The Politics of Agricultural Policy-Making in Canada (Toronto: University of Toronto Press, 1987), p.32.

⁵⁴ Patrick C. Fafard, "Groups, Governments and the Environment: Some Evidence from the Harmonization Initiative." In Managing the Environmental Union: Intergovernmental Relations and Environmental Policy in Canada. Patrick C. Fafard and Kathryn Harrison, eds. (Kingston: School of Policy Studies, Queen's University, 2000), p.94.

⁵⁵ Skogstad, The Politics of Agricultural Policy-Making in Canada.

⁵⁶ William D. Coleman, "Federalism and Interest Group Organization."

⁵⁷ A. Paul Pross, "Pressure Groups." In The Provincial Political Systems. D.J. Bellamy et al., eds. (Toronto: Methuen, 1976), pp.132-134.

⁵⁸ Hugh G. Thorburn, "Interest Groups and Policy Making in Canada." In Party Politics in Canada. 7th ed. Hugh G. Thorburn, ed. (Scarborough: Prentice Hall Canada Inc., 1996), p.27.

⁵⁹ ibid., pp.32-33

⁶⁰ Skogstad, The Politics of Agricultural Policy-Making in Canada, pp.29-30.

⁶¹ Mancur Olson, The Logic of Collective Action (Cambridge: Harvard University Press, 1965), pp.132-141; Iain McLean, Public Choice: An Introduction (Oxford: Blackwell, 1987), pp.11-20.

⁶² Emily Hauptmann, Putting Choice Before Democracy: A Critique of Rational Choice Theory (Albany: State University of New York Press, 1996), p.33.

⁶³ This is also consistent with the notion that a true social dilemma does not come from "a distaste for the interest group or its methods." Donald P. Green and Ian Shapiro, Pathologies of Rational Choice Theory: A Critique of Applications in Political Science (New Haven: Yale University Press, 1994), p.77.

⁶⁴ Ronald Rogowski, "Political Cleavages and Changing Exposure to Trade," American Political Science Review, 81:4 (December 1987).

⁶⁵ ibid., p.1123

⁶⁶ This is the case to the extent that the US market is able to provide a higher price than the CWB price accounting for transportation costs. Given a substantial positive price differential between the US market price and the CWB contract price, those farmers who would benefit from dual-marketing and wish to maximise their income would appear to have an incentive to disobey the *Canadian Wheat Board Act's* prohibition against exporting wheat without a license to the extent that the law is weakly enforced or offers weak penalties. (For a discussion of obedience to weakly enforced laws see Green and Shapiro, Pathologies of Rational Choice Theory, p.74). In addition, these farmers would also be most likely to diversify into other crops that they can legally market themselves. Since the mid-1990s renegade border area farmers have illegally trucked grain across the Canada-US border: these actions would appear to be consistent with such an implication. (For example, see Terry Johnson, "Grain-legging runs rampant," Alberta Report, 4 July 1994, p.20.) Moreover, most farmers have been charged under the Customs Act. This suggests that there may be problems with the enforceability or perhaps even "legality" of the *Canadian Wheat Board Act*. The impact of cultural forces are also important: jail terms or any fines exceeding nominal amounts are seen as illegitimate.

In this regard, the Canadian wheat marketing situation, from the point of view of the renegade farmers, appears to be a case of the "chicken" game. As long as the vast majority of prairie wheat producers continue to co-operate with the CWB monopoly, it is in the interest of rich, educated, border-area farmers to defect because they can attain a higher onshore price for their grain by selling it illegally in the US while simultaneously continuing to retain the option of taking advantage of the CWB's expertise in the offshore market should the need arise. (The onshore market refers to the North America market (essentially US) while the offshore market refers to overseas selling. The capacity of wheat farmers to sell their wheat in the offshore market without the aid of the CWB currently remains limited.) By contrast, if everyone defects, these farmers will wish to co-operate to the extent that the competitive market price of any

particular type of wheat would fall below the Canadian monopoly contract price. As Iain McLean suggests, such a game often requires government intervention. (McLean, Public Choice, p.20.) In this case, the government intervention would, as suggested by the earlier discussion, likely be in the form of stricter enforcement of the CWB's wheat monopoly. Thus, rich, educated, border area farmers are those who are most likely to attempt to circumvent the monopoly as long as other farmers continue to co-operate with the CWB.

⁶⁷ Olson, The Logic of Collective Action, pp.132-135.

⁶⁸ Richard Johnston et al., Letting the People Decide: The Dynamics of a Canadian Election (Kingston and Montréal: McGill-Queen's University Press, 1992).

⁶⁹ Nelson Wiseman, "The Pattern of Prairie Politics." In Party Politics in Canada. 7th ed., Hugh G. Thorburn, ed. (Scarborough: Prentice Hall Canada Inc., 1996).

⁷⁰ Although the two are related, institutionalisation of political culture, which is reflected in both parties and their leaders, may be differentiated from the institutionalisation of party systems. The persistence of a specific party system may be seen to reflect political culture.

⁷¹ Nelson Wiseman, "Pattern of Prairie Leadership." In Prime Ministers and Premiers: Political Leadership and Public Policy in Canada. Leslie Pal and David Taras, eds. (Scarborough: Prentice-Hall Canada Inc., 1987).

⁷² Elkins, Manipulation and Consent, p.7.

⁷³ E.E. Schattschneider, The Semisovereign People: A Realist's View of Democracy in America (New York: Holt, Rinehart and Winston, 1960).

⁷⁴ Alan Ware, Political Parties and Party Systems (New York: Oxford University Press, 1996), pp.200-201.

⁷⁵ (at least since the 1970s) Harold D. Clarke et al., Absent Mandate: Canadian Electoral Politics In an Era of Restructuring, 3rd ed. (Vancouver: Gage Educational Publishing Company, 1996).

⁷⁶ Neil Nevitte, Department of Political Science, The University of Toronto, Lecture, 1996; George Rabinowitz and Stuart Elaine Macdonald, "A Directional Theory of Voting," American Political Science Review. Vol.33 (1989).

⁷⁷ David J. Elkins, "The Structure of Provincial Party Systems." In Small Worlds: Provinces and Parties in Canadian Political Life, David J. Elkins and Richard Simeon, eds. (Toronto: Methuen, 1980), pp.232-239.

⁷⁸ Smiley, The Federal Condition in Canada, p.117. For definitions of integrated and con-federal see pp.103-104.

⁷⁹ J. Stefan Dupré, Department of Political Science, The University of Toronto, Lecture, 1993.

⁸⁰ Meisel, "Decline of Party in Canada," pp.98-108; Meisel, "The Dysfunctions of Canadian Parties: An Exploratory Mapping."

⁸¹ Patrick Monahan, Politics and the Constitution: The Charter, Federalism and the Supreme Court of Canada (Toronto: Carswell, 1987), p.15; David Beatty, "Order in the Supreme Court: Ad-hockery is running wild," Globe and Mail, 9 October 1995, p.A11; Peter Russell, "The Supreme Court and Federal-Provincial Relations: The Political Use of Legal Resources." In Perspectives on Canadian Federalism. R.D. Olling and M.W. Westmacott, eds. (Scarborough: Prentice-Hall Canada Inc., 1988), pp. 93-94, 98.

Other authors have pointed to additional effects of the constitution. One prominent example is Cairns, who has discussed the JCPC's tendency to favour the provincial order of government in its decisions. Alan C. Cairns, "The Living Canadian Constitution." In Canadian Federalism: Myth or Reality. 3rd ed. J. Peter Meekison, ed. (Toronto: Methuen, 1977).

⁸² Peter Hogg, Constitutional Law in Canada 3rd ed. student ed. (Scarborough: Carswell Company Limited, 1992), pp.522-523, 636.

⁸³ ibid.

⁸⁴ ibid., pp. 553-556

⁸⁵ ibid., pp.556-559.

⁸⁶ ibid., pp.531-532

⁸⁷ ibid., p.526.

⁸⁸ An appeal was not granted in *Klassen*.

⁸⁹ Hogg, Constitutional Law in Canada, p.526; The potential jurisdictional problems of a Canadian Wheat Board were pointed out to King prior to its creation by a House of Commons committee. The committee held that a Canadian Wheat Board would likely interfere constitutionally with property and civil rights. Skogstad, The Politics of Agricultural Policy-Making in Canada, p.194.

⁹⁰ Monahan, Politics and the Constitution.

⁹¹ The preamble reads as follows: "Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law:" Department of Justice, Canada, A Consolidation of The Constitution Acts 1867 to 1982 (Ottawa: Minister of Supply and Services Canada, 1989), p.58.

⁹² Beatty, "Order in the Supreme Court: Ad-hockery is running wild,"p.A11.

⁹³ ibid.

⁹⁴ Gad Horowitz, "Conservatism, Liberalism and Socialism in Canada: An Interpretation." In Party Politics in Canada. 7th ed. Hugh G. Thorburn, ed. (Scarborough: Prentice Hall Canada Inc., 1996), pp.146-147, 150-151.

⁹⁵ Nelson Wiseman, Department of Political Science, The University of Toronto, Lecture, 1993-94; H. D. Forbes in his critique of the Horowitz approach makes a similar observation and compliments Wiseman for his attention to detail. He also points out other potential problems with the Horowitz approach in his article including the following: Horowitz fails to account for why a feudal fragment would not produce liberalism and socialism as it did in Europe; the presence of the type of Toryism outlined by Horowitz may not accord with the historical evidence; the approach fails to explain why socialism was once stronger in the United States than in Canada. H.D. Forbes, "Hartz-Horowitz at Twenty: Nationalism, Toryism and Socialism in Canada and the United States," Canadian Journal of Political Science, XX:2 (June 1987), pp. 295, 300, 314-315.

⁹⁶ Wiseman, "The Pattern of Prairie Politics," p.431.

⁹⁷ ibid., pp.429-430; Nelson Wiseman, "Provincial Political Cultures." In Provinces: Canadian Provincial Politics, Chistopher Dunn, ed. (Peterborough: Broadview Press, 1996); Marsha A Chandler and William

M. Chandler, Public Policy and Provincial Politics (Toronto: McGraw-Hill Ryerson Limited, 1979), p.61. Meanwhile, British working-class immigrants and their "labour-socialist" ideas settled in urban centres, lacking political influence because of rural overrepresentation. This distribution of immigrants contributed to the success of the UFA, the Social Credit Party, and the Progressive Conservative Party, which attained majority governments based on rural strength, while the CCF/NDP was less successful at the hands of its urban-based support. Wiseman, "The Pattern of Prairie Politics," p.443.

⁹⁸This increased CCF support amongst rurally-based continental immigrants. In addition, fewer American immigrants lived in Saskatchewan than in Alberta. Moreover, the Americans that did immigrate to Saskatchewan had less political influence because they were not Anglo-Saxons. *ibid.*, pp.437-438

⁹⁹ Rural overrepresentation allowed the "tory-touched [sic] liberalism" of the immigrants from Ontario, who settled in rural areas, to become influential. This allowed Liberal, Conservative, and Farmer governments to initially dominate the political landscape of Manitoba. In fact, Manitoba has been seen to be without a "distinctive political culture." The influence of the culture of Ontario and the United Kingdom has become less prominent since the 1960's when the United Farmer's Union, with its membership of largely poorer farmers and northerly farmers from the continent, began to explicitly support the NDP. Rand Dyck, Provincial Politics in Canada: Towards the Turn of the Century. 3rd ed. (Scarborough: PrenticeHall Canada Inc., 1996), p.381; Carolyn J. Tuohy. Policy and Politics in Canada: Institutionalized Ambivalence. (Philadelphia: Temple University Press, 1992), p.4; Wiseman, "The Pattern of Prairie Politics," pp.435-436.

¹⁰⁰ Wiseman, "The Pattern of Prairie Politics," p. 429.; Nelson Wiseman, "Pattern of Prairie Leadership." In Prime Ministers and Premiers: Political Leadership and Public Policy in Canada. Leslie Pal and David Taras, eds. (Scarborough: Prentice-Hall Canada Inc., 1987).

¹⁰¹ Robert Keohane and Helen V. Milner, eds. Internationalization and Domestic Politics (Cambridge: Cambridge University Press, 1996); Horsman and Marshall, After the Nation-State; Kenichi Ohmae, The End of the Nation State: The Rise of Regional Economies: How new engines of prosperity are reshaping global markets (New York: The Free Press, 1995); Courchene, Celebrating Flexibility.

CHAPTER III

¹ The Ontario Wheat Producers' Marketing Board, Declared Off Board Marketing, (Ontario Wheat Producers' Marketing Board, 1998); The Ontario Wheat Producers' Marketing Board, Ontario Wheat Producers' Declared Off Board Marketing Review Committee Report, For presentation and discussion at the Delegates' Conference March 5 and 6, 1998.

² Ken Nixon, Chairman, OWPMB, "Letter from the OWPMB requesting suspension be lifted – October 6, 1998," The Conveyor Wheat News, OWPMB, January 1999, p.7.

³ The Western Grain Marketing Panel, Grain Marketing: The Western Grain Marketing Panel Report (Winnipeg: The Western Grain Marketing Panel, July 1, 1996), p.9; The Ontario Wheat Producers' Marketing Board, Ontario Wheat Producers' Declared Off Board Marketing Review Committee Report, p.4; Global market data also from Peter Watts, "An overview of global grain markets," Grain Matters, CWB, January/February 2000, pp.2-4.

⁴ Basic information on the CWB is from The Western Grain Marketing Panel, Grain Marketing: CWB News Releases; CWB Annual Reports; "New CWB payment options built by farmers, for farmers," Grain Matters, CWB, March/April 2000, p.2; "Overview of the 2000-2001 program," Grain Matters, CWB,

March/April 2000, p.2; Transportation Reform: Report to Producers, CWB, August 2000; <http://www.cwb.ca>.

⁵ The Western Grain Marketing Panel, Grain Marketing, p.9; Kenneth Kidd, "Grain Storm," Report on Business Magazine, June 1997, p.42.

⁶ ibid.

⁷ "CWB enhances payment options to better serve farmers," CWB News Release, 9 July 2001; "CWB changes will continue in 2001-02," CWB News Release, 7 August 2001.

⁸ "Registering Canadian wheat and barley," Grain Matters, CWB, May/June 2000, p.6.

⁹ Western Grains Research Foundation, "About WGRF," WGRF, 2000; Western Grains Research Foundation, "The Wheat and Barley Check-off," WGRF, 2000; Western Grains Research Foundation, "Western Grains Research Foundation 2000 Board of Directors," WGRF, 2000.

¹⁰ The name of the Grain Transportation Agency was changed to the Western Grain Transportation Agency in 1995.

¹¹ Basic information on the OWPMB is from The Ontario Wheat Producers' Marketing Board, "The Ontario Wheat Producers' Marketing Board – summary of operations -," Factsheet #22 (Chatham: OWPMB); The Ontario Wheat Producers' Marketing Board, Business Plan: Marketing the 1999 Ontario Wheat Crop and Strategy for Beyond 2000 (Chatham: OWPMB, May 1999); The Ontario Wheat Producers' Marketing Board, "Wheat Marketing Opportunities," pamphlet (Chatham: OWPMB); The Ontario Wheat Producers' Marketing Board, "An Overview of Producer Direct Marketing: A New Marketing Option for Ontario Wheat Producers" (Chatham: OWPMB); The Ontario Wheat Producers' Marketing Board, The Ontario Wheat Producers' Marketing Board 1998/99 Annual Report; Various issues of The Conveyor: Wheat News (OWPMB).

¹² Basic information on the AWB is from AWB Limited, Marketing Australian Wheat (June 1999); Agriculture and Agri-Food Canada, "The Australian Wheat Board," Bi-weekly Bulletin, 11:2 (30 January 1998); AWB Annual Reports; Bureau of Transport Economics, Transportation of the Australian Wheat Harvest (Canberra: Australian Government Publishing Service, 1978); Bob Coombs, ed., Australian Grains: A Complete Reference Book on the Grain Industry (Camberwell, Victoria: Morescope Publishing Pty Ltd., 1994); <http://www.awb.com.au>.

¹³ "Amendments to the Canadian Wheat Board Act," Minister responsible for the Canadian Wheat Board News Release, 25 September 1997; Minister Responsible for the Canadian Wheat Board, Precis: Amendments to the Canadian Wheat Board Act; Minister Responsible for the Canadian Wheat Board, Coming into Force of Various Sections of the Bill; "Ritter elected as chair of CWB Board of Directors," CWB News Release, 1 June 1999.

¹⁴ "CWB exploring payment options with farmers," CWB News Release, 14 June 1999; "CWB seeks farmer's input on payment options," Grain Marketing Report, CWB, Fall 1999, p.6.

¹⁵ This early era is covered in What Part Should Farmers Take in Making Canadian Wheat Policy? (Winnipeg: Manitoba Department of Agriculture, 1941); Grace Skogstad, The Politics of Agricultural Policy-Making in Canada (Toronto: University of Toronto Press, 1987); G.E. Britnell and V.C. Fowke, Canadian Agriculture in War and Peace 1935-50 (Stanford: Stanford University Press, 1962).

¹⁶ Allan Levine, The Exchange: 100 Years of Trading Grain in Winnipeg (Winnipeg: Peguis Publishers Limited, 1987), pp.172-173.

 CHAPTER IV

¹ Such farmers are thus more able to market their own grain because they do not have to sell it immediately. They can afford to wait for a favourable market price. To be sure, some richer farmers, those, for example, who are older, less educated, and who conservatively accumulated their wealth over a long period of time under a monopoly marketing regime (or those who are very wealthy apart from income), may favour single-desk selling. James Vercammen, Personal communication, Department of Agricultural Economics, The University of British Columbia, 1998. The hypothesis included in the current analysis, however, attempts to address the overall trend.

² In the 1996-97 crop year, for example, farmers lost more than \$50 million in shipping delay charges and sales. More than 1.5 million tonnes of grain had to be rolled over to sales in the next crop year. To be sure, transportation improved in subsequent years. Nevertheless, rail transportation has generally been declining in efficiency since the CWB was founded. "Advisory Committee Applauds CWB Initiative," Advisory Committee to The Canadian Wheat Board News Release, 15 April 1997; "CWB Files Complaint With Canadian Transportation Agency," CWB News Release, 14 April 1997; "Railways Require Regulations, Says Advisory Committee," Advisory Committee to The Canadian Wheat Board News Release, 25 April 1997; "Wheat Growers Betray Farmers, Says Advisory Committee," Advisory Committee to The Canadian Wheat Board News Release, 26 May 1997; Christopher Serres, "Truckers, start your engines," Alberta Report, 27 June 1994, p.9.

³ Harold Hotelling, "Stability in Competition," The Economic Journal, XXXIX (1929), pp.41-57; Anthony Downs, An Economic Theory of Democracy (New York: HarperCollins Publishers Incorporated, 1957); George Rabinowitz and Stuart Elaine Macdonald, "A Directional Theory of Voting," American Political Science Review, 33 (1989).

⁴ Terry Johnson, "The car czars catch heck," Alberta Report, 23 May 1994, p.16.

⁵ Terry Johnson, "Giving away the grain farm," Alberta Report, 15 August 1994, p.7.

⁶ Terry Johnson, "The Alberta Wheat Board?," Alberta Report, 27 May 1996, pp.20-21.

⁷ "Alberta launches court actions," Government of Alberta News Release, 22 July 1996.

⁸ Shafer Parker Jr., "After the harvest, the storm," Alberta Report, 11 September 1993; "Ruling a victory for framers, says Advisory Committee," Advisory Committee to the Canadian Wheat Board News Release, 15 April 1997; Joshua Avram, "New moves in the barley battle," Alberta Report, 7 April 1997; David Roberts, "Wheat Board's monopoly upheld," Globe and Mail, 15 April 1997; Robert Owen, "Why not an Alberta Wheat Board?," Alberta Report, 17 February 1997, p.22.

⁹ Information supplied by Larry Lalonde, Liberal Party of Alberta, 9 April 1998.

¹⁰ "Alberta Plebiscite Results on Barley and Wheat Marketing," Alberta Government News Release, 6 December 1995.

¹¹ Information supplied by Charan Khehra, Alberta NDP, 6 April 1998.

¹² ibid., "Political parties make their agricultural policies public," Advisory Committee to the Canadian Wheat Board News Release, May 23, 1997, p.2.

¹³ Saskatchewan Debates and Proceedings, 25 April 1995, p.1766.

¹⁴ David Roberts, "Canadian Wheat Board must be changed, farmers say in poll," Globe and Mail, 21 September 1996.

¹⁵ The Saskatchewan Party, Policy Resolution Summary from the Saskatchewan Party Founding Meeting November 14, 15 and 16, 1997 (Regina: The Saskatchewan Party, 1997), p.5; The Saskatchewan Party, The Saskatchewan Party: A New Vision for Saskatchewan's Future (Regina: The Saskatchewan Party, 1997).

¹⁶ Roberts, "Canadian Wheat Board must be changed farmers say in poll."

¹⁷ The Western Grain Marketing Panel, Grain Marketing: The Western Grain Marketing Panel Report (Winnipeg: The Western Grain Marketing Panel, 1 July 1997), p.37.

¹⁸ Information provided by Shawn Lowney, Manitoba NDP, 3 April 1998.

¹⁹ ibid.

²⁰ "Political parties make their agricultural policies public," p.2; also see for example, Shafer Parker Jr., "The minister of suspense," 23 September 1996, p.20.

²¹ "Political parties make their agricultural policies public," p.2.

²² Rick Borotsik, "Tory MP will join Senate colleagues today for C-4," Press Release Rick Borotsik, M.P. Brandon-Souris, 24 March 1998.

²³ Information concerning the nature of interest groups in this paper come from the following sources: information supplied by Ron Leonhardt, President of Wild Rose Agricultural Producers, 7 November 1996; Darrin Qualman, Executive Director of the NFU, 5 November 1996; Jeremy Parnes, Membership Secretary of the WCWGA, 5 November 1996; Rand Dyck, Provincial Politics in Canada: Towards the Turn of the Century 3rd ed. (Scarborough: Prentice Hall Canada Inc., 1996); Keystone Agricultural Producers General Council, Membership report, Meeting of the KAP General Council, 23 October 1996; The Western Grain Marketing Panel, Grain Marketing; Shafer Parker Jr., "No let-up by the free-market farmers," Alberta Report, 7 October 1996, p.19; Shafer Parker Jr., "A socialist quest in the wheat market," Alberta Report, 9 September 1996, pp.18-19; Shafer Parker Jr., "Backs to the wall, but fighting on," Alberta Report, 23 December 1996.

²⁴ This may also be the case in Manitoba. In Manitoba, however, it would simply reinforce the noncommittal stance of the PCs, given their southern dominance.

²⁵ William D. Coleman and Grace Skogstad, "Policy Communities and Policy Networks: A Structural Approach." In Policy Communities and Public Policy in Canada: A Structural Approach. William D. Coleman and Grace Skogstad, eds. (Mississauga: Copp Clark Pitman Ltd., 1990), p.27; Patrick C. Fafard, "Groups, Governments and the Environment: Some Evidence from the Harmonization Initiative." In Managing the Environmental Union: Intergovernmental Relations and Environmental Policy in Canada. Patrick C. Fafard and Kathryn Harrison, eds. (Kingston: School of Policy Studies, Queen's University, 2000), p.94.

²⁶ "Prairies," Globe and Mail, 4 June 1997.

²⁷ Nelson Wiseman, "The Pattern of Prairie Politics." In Party Politics in Canada 7th ed. Hugh G. Thorburn, ed. (Scarborough: Prentice Hall Canada Inc., 1996), p.429.

²⁸ Dyck, Provincial Politics in Canada, p.513.

²⁹ The Liberal party, the UFA, and the Social Credit party each had an era of dominance. Macpherson saw the "quasi-party system" as combining the "permanently organized and publicly identified electoral machines" of an "ordinary" party system, the focus on administration of a "non-party" system, and a view that parties are not beneficial combined with the notion that the community expresses a "general will" consistent with a "one-party system." Alberta's quasi-colonial status, which Macpherson also credits with buttressing one-party dominance, has received support from other analysts of Western Canadian politics. Smiley, for example, points to ongoing resentment in the prairies stemming from the "mercantilist" politics of central Canada that effectively reduced the prairies to an "economic colony." David Smith notes a persistent theme of "federal party insensitivity" towards the west. Timing is also crucial for Macpherson's theory. Alberta may be unique in its one-party dominance because of how the maturing of the party system coincided with colonial status. Rand Dyck, Provincial Politics in Canada, p.513; C.B. Macpherson, Democracy in Alberta: Social Credit and the Party System, 2nd ed. (Toronto: University of Toronto Press, 1962), pp.238-239,249; D.V. Smiley, The Federal Condition in Canada (Toronto: McGraw-Hill Ryerson Ltd., 1987), pp.158-161; David E. Smith, "Party Struggles to Win the Prairies." In Party Politics in Canada, 7th ed. Hugh G. Thorburn, ed. (Scarborough: Prentice Hall Canada Inc., 1996), pp.446-461; John Richards and Larry Pratt, Prairie Capitalism: Power and Influence in the New West (Toronto: McClelland and Stewart Limited, 1979).

³⁰ Keith Archer and Margaret Hunziker, "Leadership Selection in Alberta: The 1985 Progressive Conservative Leadership Convention." In Leaders and Parties in Canadian Politics: Experiences of the Provinces. R. Kenneth Carty et al., eds. (Toronto: Harcourt Brace Jovanovich Canada Inc., 1992)

³¹ An emphasis on leadership has also been historically evident in the dynamics of the party system. Much of the rise of Social Credit has been attributed to the magnetism of William Aberhart, Alberta's first Social Credit Prime Minister, to whom desperate voters turned during the Depression in a reflection of the province's political culture. An urban-rural cleavage has also been prominent. The UFA, in line with its "group government theory," normally did not even run candidates in urban seats. Dyck, Provincial Politics in Canada, p.514; David E. Smith, "The Prairie Provinces." In The Provincial Political Systems: Comparative Essays. David J. Bellamy et al., eds. (Toronto: Methuen, 1976), p.57.

³² Although some partisan differentiation along ethnic lines has been apparent, its political salience has remained low and even declined since the mid-1970s. Any north-south differences in voting patterns generally relate to a combination of ethnic and religious differences and are again relatively minor in assessing voting behaviour. Thomas E. Flanagan, "Ethnic Voting In Alberta Provincial Elections, 1921-1975." In Society and Politics in Alberta. Carlo Caldarola, ed. (Toronto: Methuen, 1979), pp.320-321.

³³ J. Anthony Long and F.Q. Quo, "Alberta: Politics of Consensus." In Canadian Provincial Politics: The Party Systems of the Ten Provinces. 2nd ed., Martin Robin, ed. (Scarborough: Prentice-Hall of Canada, Ltd., 1978), p.19; Dyck, Provincial Politics in Canada, p.521.

³⁴ Wiseman, "The Pattern of Prairie Politics," p.429.

³⁵ ibid.

³⁶ Dyck, Provincial Politics in Canada, p.443.

³⁷ Nelson Wiseman, "Provincial Political Cultures." In Provinces: Canadian Provincial Politics. Christopher Dunn, ed. (Peterborough: Broadview Press, 1996); Marsha A Chandler and William M. Chandler, Public Policy and Provincial Politics (Toronto: McGraw-Hill Ryerson Limited, 1979), p.61.

³⁸ Dyck, Provincial Politics in Canada, p.450.

³⁹ Wiseman, "The Pattern of Prairie Politics," p.429.

⁴⁰ ibid., pp.429, 433; Carolyn J. Tuohy, Policy and Politics in Canada: Institutionalized Ambivalence (Philadelphia: Temple University Press, 1992).

⁴¹ From the initial Liberal-Progressive coalition, an eventual all-encompassing non-partisan coalition took shape. The coalition serves to also express the dominance of Tory-touched liberalism in the province. Smith, "The Prairie Provinces," p.58; Chandler and Chandler, Public Policy and Provincial Politics, p.62; Dyck, Provincial Politics in Canada, p.383.

⁴² Chandler and Chandler, Public Policy and Provincial Politics, p.62.

⁴³ It was the Progressive Conservatives, however, who reintroduced partisanship into Manitoba's electoral arena. Smith, "The Prairie Provinces," p.58.

⁴⁴ Dyck, Provincial Politics in Canada, pp.389.

⁴⁵ Tuohy, Policy and Politics in Canada; Gad Horowitz, "Conservatism, Liberalism and Socialism in Canada: An Interpretation." In Party Politics in Canada. 7th ed. Hugh G. Thorburn, ed. (Scarborough: Prentice Hall Canada Inc., 1996), pp.149-152.

⁴⁶ Allan Tupper, "Debt, Populism and Cutbacks: Alberta Politics in the 1990s." In Party Politics in Canada. 7th ed. Hugh G. Thorburn, ed. (Scarborough: Prentice Hall Canada Inc., 1996), pp.470,474.

⁴⁷ Saskatchewan Debates and Proceedings, 16 August 1989, p.4014.

⁴⁸ Lowney, Manitoba NDP

⁴⁹ Shafer Parker Jr., "Goodale cements the CWB's powers," Alberta Report, 23 December 1996, p.15.

⁵⁰ Barry K. Wilson, Farming the System: How Politicians and Producers Shape Canadian Agricultural Policy (Saskatoon: Western Producer Prairie Books, 1990), pp.54,146.

⁵¹ Dyck, Provincial Politics in Canada.

⁵² John J. Barr, The Dynasty: The Rise and Fall of Social Credit in Alberta (Toronto: McClelland and Stewart Ltd., 1974), p.153; Dyck, Provincial Politics in Canada, p.539.

⁵³ Tupper, "Debt, Populism and Cutbacks," p.464.

⁵⁴ R. K. Carty and David Stewart, "Parties and Party Systems." In Provinces: Canadian Provincial Politics. Christopher Dunn, ed. (Peterborough: Broadview Press, 1996), pp.69,71.

⁵⁵ Dyck, Provincial Politics in Canada, p.516.

⁵⁶ ibid., p.446.

⁵⁷ The riding organisations of the Liberals and the PCs are often mere electoral vehicles. The failure of the Liberals in rural prairie ridings in particular has been attributed to lack of effective organisation. The case of the NDP is particularly instructive. Although the party had a more elaborate constitution than either of the Liberals or the PCs, which required leaders to stand for re-election at each regular convention, they

have been generally safe from "unseemly challenge." To be sure, research has indicated that the NDP in Saskatchewan has traditionally exhibited the main characteristics of a mass party even when in office. (Also, some battles have occurred.) Nevertheless, this was dulled by the NDP government of the 1990s, which emphasised electoral success more than previous versions. Carty and Stewart, "Parties and Party Systems," p.65; Dyck, Provincial Politics in Canada, p.445; Terry Morley, "Leadership Change in the CCF/NDP." In Leaders and Parties in Canadian Politics: Experiences of the Provinces. R. Kenneth Carty et al., eds. (Toronto: Harcourt Brace Jonanovich Canada Inc., 1992), p.122; Carty and Stewart, "Parties and Party Systems," p.65; Smith, "The Prairie Provinces," p.56.

⁵⁸ He was the first Catholic leader of the NDP in Manitoba and managed to personify Manitoba's ambiguous political culture by appearing as a "progressive-conservative" and as both rural and urban. As such, Schreyer was able to defy and override his party's wishes. His authority within the party outstripped its formal institutionalisation because Schreyer was seen to be holding the key to power. Convention resolutions, for example, began to use phrases such as "urged" or "recommended" rather than "demanded." In a sense, the NDP appears to be almost incidental to Schreyer's term in office. In fact, rumours repeatedly arose of his possible departure into the Trudeau cabinet. Schreyer even advocated a national Liberal-NDP alliance. Gary Filmon provides another example of the importance of leadership. By contrast to his 1988 campaign, Filmon was personally responsible for his party's re-election on the strength of his post-Meech Lake popularity. This was reflected in the party's election platform, which was entitled *Gary Filmon's Plan Manitoba* and heavily emphasised the "Filmon vision" throughout. Sharon Carstairs has also been credited for reviving the provincial Liberal party. Dyck, Provincial Politics in Canada, pp.385-387, 417-418; The Manitoba Progressive Conservatives, Gary Filmon's Plan Manitoba: A Vision for the Future (Winnipeg: The Manitoba Progressive Conservatives, 1995).; Morley, "Leadership Change in the CCF/NDP," pp.146,148; Nelson Wiseman, "From Jail Cell to the Crown: Social Democratic Leadership in Manitoba." In Leaders and Parties in Canadian Politics: Experiences of the Provinces. R. Kenneth Carty et al., eds. (Toronto: Harcourt Brace Jonanovich Canada Inc., 1992), p.163.

⁵⁹ Carty and Stewart, "Parties and Party Systems," p.64.

⁶⁰ ibid.

⁶¹ Dyck, Provincial Politics in Canada, p.517; Long and Quo, "Alberta: Politics of Consensus," p.2.

⁶² Manning's idea of "social conservatism" in the late 1960s was not a change of ideology. Rather, it represented an attempt to merge with the party that would become Social Credit's successor under the leadership of Lougheed. Long and Quo, "Alberta: Politics of Consensus," pp.7-8; Dyck, Provincial Politics in Canada, p.518; Carlo Caldarola, "The Social Credit in Alberta, 1935-1971." In Society and Politics in Alberta: Research Papers, Carlo Caldarola, ed. (Toronto: Methuen, 1979), p.45.

⁶³ Dyck, Provincial Politics in Canada, p.518.

⁶⁴ ibid.; Marsha A. Chandler, "State Enterprise and Partisanship in Provincial Politics," Canadian Journal of Political Science, XV:4 (December 1982), p.737. Klein has, for example, continued to defend Alberta in the area of health care. Brian Laghi and Alanna Mitchell, "Klein raps Dingwall on hospital threat," Globe and Mail, 17 May 1997.

⁶⁵ Jim Dinning, "Alberta's Jim Dinning: Why we had to cut spending," Globe and Mail, 24 March 1997.; Tupper, "Debt, Populism and Cutbacks," p.462.

⁶⁶ The Alberta Progressive Conservative Party, Our Plan for a better Alberta (Edmonton: The Alberta Progressive Conservative Party, 1993); "The post-deficit Alberta advantage," Alberta Report. 25 November 1996; Tupper, "Debt, Populism and Cutbacks," p.467.

⁶⁷ Brian Laghi, "Alberta cuts taxes to country's lowest," Globe and Mail, 13 February 1998.

⁶⁸ Brian Mulawka, "A light step on the gas," Western Report, 26 January 1998, pp.14-15; Brian Laghi, "Sacred shadow falls on Klein's fiscal agenda," Globe and Mail, 14 April 1997.

⁶⁹ Dyck, Provincial Politics in Canada, p.518.

⁷⁰ A split, for example, occurred during the debate surrounding the nationalisation of electrical power in the 1960s. Liberal-PC similarities have sometimes been striking. In 1974, the Liberal's offered their "Option Alberta" "industrial strategy" as a counterpart to the PC's province-building approach. More recently, the Liberals also emphasised the need for tax and deficit cuts in line with the Conservatives. In fact, the major difference was that the Liberals replaced the Conservative's populist approach with a "technocratic" approach that was labelled "deficit-busting managerialism." *ibid*; Tupper, "Debt, Populism and Cutbacks," p.467.

⁷¹ Dyck, Provincial Politics in Canada, p.518.

⁷² Tupper, "Debt, Populism and Cutbacks," p.467.

⁷³ Howard Palmer and Tamara Palmer, "The 1971 Election and the Fall of Social Credit in Alberta," Prairie Forum, 1:2 (November 1976), p.126; Jane Jenson, "Party Systems." In The Provincial Political Systems: Comparative Essays. David J. Bellamy et al., eds. (Toronto: Methuen, 1976), p.124.

⁷⁴ Flanagan, "Ethnic Voting In Alberta Provincial Elections, 1921-1975."; Palmer and Palmer, "The 1971 Election and the Fall of Social Credit in Alberta," p.126.

⁷⁵ Dyck, Provincial Politics in Canada, p.520.

⁷⁶ David K. Elton and Arthur M. Goddard, "The Conservative Takeover, 1971-." In Society and Politics in Alberta. Carlo Caldarola, ed. (Toronto: Methuen, 1979), p.67; Dyck, Provincial Politics in Canada, p.521. The party has also continued to attract the support of the private sector in the face of a growing public sector. As with the Social Credit era, the PC support has generally been so overwhelming that any differentiation in sources of support becomes difficult. Carty and Stewart, "Parties and Party Systems," p.78; Dyck, Provincial Politics in Canada, p.521.

⁷⁷ Tupper, "Debt, Populism and Cutbacks," p.468.

⁷⁸ Carty and Stewart, "Parties and Party Systems," p.78.

⁷⁹ In 1993, for example, the Liberals completed a 17 seat sweep of Edmonton with 51.7 per cent of the vote. Tupper, "Debt, Populism and Cutbacks," pp.468-469; Dyck, Provincial Politics in Canada, p.521.

⁸⁰ Flanagan, "Ethnic Voting In Alberta Provincial Elections, 1921-1975."; Dyck, Provincial Politics in Canada, p.521.

⁸¹ It has, for example, been at the forefront of hospital and medical insurance, opposition to big business, public ownership, and public automobile insurance. Dyck, Provincial Politics in Canada, p.447; S.M. Lipset, Agrarian Socialism: The Cooperative Commonwealth Federation in Saskatchewan: A Study in Political Sociology (Garden City: Anchor Books, 1968), p.338; Chandler, "State Enterprise and Partisanship in Provincial Politics," p.737.

⁸² David Roberts, "Saskatchewan cuts PST to 7 per cent," Globe and Mail, 21 March 1997; Sandra Gordon, "Romanow urges caution, optimism," Globe and Mail, 7 March 1997; Dyck, Provincial Politics in Canada, p.446.

⁸³ David Roberts, "Premier reveals Saskatchewan flirted with bankruptcy," Globe and Mail, 22 March 1997; Brian Laghi, "Discretion helped avoid fiscal crisis," Globe and Mail, 25 March 1997.

⁸⁴ Smith, "The Prairie Provinces," p.59.

⁸⁵ Dyck, Provincial Politics in Canada, p.448.

⁸⁶ The Saskatchewan Party, Policy Resolution Summary; The Saskatchewan Party, The Saskatchewan Party; David Roberts, "Saskatchewan PCs, Grits consider ganging up on NDP," Globe and Mail, 5 July 1997.

⁸⁷ Jenson, "Party Systems," p.121.

⁸⁸ John C. Courtney and David E. Smith, "Voting in a provincial general election and a federal by-election: A constituency study of Saskatoon City," Canadian Journal of Economics and Political Science, XXXII:3 (August 1966), p.346; Dyck, Provincial Politics in Canada, p.450.

⁸⁹ Jenson, "Party Systems," p.122; Sanford Silverstein, "Occupational Class and Voting Behaviour: Electoral Support of a Left-Wing Protest Movement in a Period of Prosperity." In Agrarian Socialism: The Cooperative Commonwealth Federation in Saskatchewan: A Study in Political Sociology, S. M. Lipset (Garden City: Anchor Books, 1968), p.451.

⁹⁰ Dyck, Provincial Politics in Canada, p.450.

⁹¹ On the religious cleavage, non-Roman Catholic voters have tended to more readily support the NDP. In a manner similar to that of the Alberta PCs, the NDP support amongst the age cohort of new voters when it first came to power also continued to remain strong. Jenson, "Party Systems," p.122.

⁹² David E. Smith, Prairie Liberalism: The Liberal Party in Saskatchewan 1905-71 (Toronto: University of Toronto Press, 1975), p.301; Dyck, Provincial Politics in Canada, p.450.

⁹³ Jenson, "Party Systems," p.122.

⁹⁴ Courtney and Smith, "Voting in a provincial general election and a federal by-election," p.346; Dyck, Provincial Politics in Canada, p.450. The Liberals have also relied on Roman Catholic voters. Jenson, "Party Systems," p.122.

⁹⁵ Dyck, Provincial Politics in Canada, pp.386-387,411; Wiseman, "From Jail Cell to the Crown," p.167.

⁹⁶ In a rare moment in Manitoba, Lyon also fired a number of deputy ministers on ideological grounds.

⁹⁷ Dyck, Provincial Politics in Canada, p.387; Wiseman, "From Jail Cell to the Crown," p.167.

⁹⁸ Dyck, Provincial Politics in Canada, pp.386-387; Wiseman, "From Jail Cell to the Crown," p.167; James McAllister, The Government of Edward Schreyer (Montréal: McGill-Queen's University Press, 1984).

⁹⁹ Dyck, Provincial Politics in Canada, p.389.

¹⁰⁰ Carty and Stewart, "Parties and Party Systems," p.81; Jenson, "Party Systems," p.125.

¹⁰¹ Dyck, Provincial Politics in Canada, p.389.

¹⁰² Jenson, "Party Systems," p.126; Smith, "The Prairie Provinces," p.58.

¹⁰³ Carty and Stewart, "Parties and Party Systems," p.81.

¹⁰⁴ Wiseman, "From Jail Cell to the Crown," p.169.

¹⁰⁵ Wiseman, "From Jail Cell to the Crown," p.167; Dyck, Provincial Politics in Canada, p.389; McAllister, The Government of Edward Schreyer, p.121.

¹⁰⁶ Wiseman, "From Jail Cell to the Crown," p.154; Jenson, "Party Systems," p.125.

¹⁰⁷ Coleman and Skogstad, "Policy Communities and Policy Networks," p.27.

¹⁰⁸ Alan Siaroff, Two-And-A-Half Party Systems and the Comparative Role of the 'Half', Post-meeting revised draft, Paper first presented at the annual meeting of the Canadian Political Science Association, Memorial University, St. John's, Newfoundland, June 1997, p.22; also Carty and Stewart, "Parties and Party Systems," pp.78,81-82,84-85 (they classify Manitoba as three-party).

¹⁰⁹ For the purposes of this paper the effective number of parliamentary parties (ENPP) will refer to the Markku Laakso and Rein Taagepera formula. Mainwaring and Scully's classification is as follows: a system with an ENPP of 1.7 or less is termed "one party predominant"; a system with an ENPP between 1.8 and 2.4 is seen to "approximate the logic of two-party systems"; a system with an ENPP between 2.5 and 2.9 is one in which Jean Blondel's "two-and-one half-party pattern usually prevails" (Blondel defines this as a situation where 75 to 80 per cent of the vote is captured by the two major parties); a system with an ENPP between 3.0 and 3.9 is seen to "usually correspond to [Giovanni] Sartori's category of limited pluralism" (i.e. Sartori's "moderate pluralism" which includes three to five relevant parties); and a system with an ENPP of 4.0 or more is seen to "usually correspond to the category of extreme pluralism." The latter two systems may be seen as multi-party according to Alan Siaroff. Siaroff, Two-and-a-Half Party Systems and the Comparative Role of the 'Half', pp.2,3, and 22. Markku Laakso and Rein Taagepera, "The Effective Number of Parties: A Measure with Application to Western Europe," Comparative Political Studies, 12:1 (April 1979), pp.3-27; Scott Mainwaring and Timothy R. Scully, "Introduction: Party Systems in Latin America." In Building Democratic Institutions: Party Systems in Latin America. Scott Mainwaring and Timothy R. Scully, eds. (Stanford: Stanford University Press, 1995), pp.28-32; Giovanni Sartori, "A Typology of Party Systems." In The West European Party System. Peter Mair, ed. (Oxford: Oxford University Press, 1990); Jean Blondel, "Party Systems and Patterns of Government in Western Democracies," Canadian Journal of Political Science, 1:2 (June 1968), pp.180-203.

¹¹⁰ For the purposes of the present examination, Sartori's concept of "blackmail" will be read to include not only the role of a particular party after an election, but also the extent to which it may be seen to plausibly play a role in shaping the electoral agenda and the electoral strategies of the other parties in the system. Sartori, "A Typology of Party Systems," p.321.

¹¹¹ To the one decimal place used by Mainwaring and Scully, the Saskatchewan ENPP is 1.8.

¹¹² Siaroff's party system classification is as follows: "imbalanced two-party" (2PSC > 95, SR1:2 > 1.8 "typically", and one party is the "permanent" number one party); "balanced two-party" (2PSC > 95 and neither party is the "permanent" number one or number two party); "one-party predominant" (one party with "typically" 51 per cent or more of seats and a SR1:2 of 1.8 or more and 2PSC < 95); "multi-party" (2PSC < 80 and other "one-party predominant" conditions are not present); and "two-and-a-half party

[sic]" (2PSC is a minimum of 80 but not greater than 95 and the other "one-party predominant" conditions are not present). Siaroff, Two-And-A-Half Party Systems and the Comparative Role of the 'Half', pp. 7-9.

¹¹³ In fact, Dyck goes so far as to classify Manitoba within a three-party category. Dyck, Provincial Politics in Canada, p.384.

¹¹⁴ Siaroff, Two-And-A-Half Party Systems and the Comparative Role of the 'Half', pp.14-15, 24-25.

¹¹⁵ Dyck, Provincial Politics in Canada, p.519. Tupper and McCormick have both emphasised the role of the electoral system in reinforcing an illusory political homogeneity and masking the nuances of the voting behaviour. Most importantly, the urban-rural cleavage has been reinforced by exaggerating the extent to which Conservative support is concentrated in rural areas and Liberal support is concentrated in urban areas. Tupper, "Debt, Populism and Cutbacks," p.469; Peter McCormick, "Voting Behaviour in Alberta: The Quasi Party System Revisited," Journal of Canadian Studies, 15:3.

¹¹⁶ Archer and Hunziker, "Leadership Selection in Alberta," p.82.

¹¹⁷ Julia Necheff, "Albertans resistant to election fever," Globe and Mail, 21 May 1997; Dyck, Provincial Politics in Canada, p.646; Tupper, "Debt, Populism and Cutbacks," p.475; Brian Laghi and Alanna Mitchell, "Klein collects huge majority," Globe and Mail, 12 March 1997; Brian Laghi, "Klein may set pattern for PM," Globe and Mail, 11 March 1997.

¹¹⁸ New legislation dealing with redistribution, passed in 1990, became known as a "Gettymander." The legislation was eventually upheld by the Alberta Court of Appeal. John C. Courtney, "Drawing Electoral Boundaries." In Canadian Parties in Transition, 2nd ed., A. Brian Tanguay and Alain-G. Gagnon, eds. (Toronto: Nelson Canada, 1996), p.335.

¹¹⁹ Eoin Kenny, "Rural counties meeting to lure Alberta cabinet," Globe and Mail, 11 November 1996, p. A2.

¹²⁰ The governing party seat bias accorded well with rural overrepresentation in Alberta. Elsewhere, the governing parties were not as dependent on rural support.

¹²¹ Mainwaring and Scully classify a system as institutionalised on the basis of four conditions as follows: the nature of partisan competition, including its rules, must be stable; the major parties must, with some stability, be grounded in society; the electoral process and parties are accorded legitimacy by the major political actors involved; and party organisations "matter." Mainwaring and Scully, "Introduction," pp.4-5.

¹²² The distinction between cleavage volatility and electoral volatility is key here: cleavage volatility was remarkably low. Stefano Bartolini and Peter Mair, Identity, competition, and electoral availability: The stabilization of European electorates 1885-1985 (Cambridge: Cambridge University Press, 1990).

¹²³ Until 1964, three cities had two to five member constituencies. Regina retained two two-member constituencies and two single-member constituencies until 1967. Dyck, Provincial Politics in Canada, pp.448-449.

¹²⁴ ibid., p.449

¹²⁵ Courtney, "Drawing Electoral Boundaries," p.335.

¹²⁶ Dyck, Provincial Politics in Canada, pp.387-388.

¹²⁷ Distinctions between rural and urban seats were abolished in 1968. Andrew Anstett and Terence Qualter, "Election Systems." In The Provincial Political Systems: Comparative Essays. David J. Bellamy et al., eds. (Toronto: Methuen, 1976), p.156.

¹²⁸ Courtney, "Drawing Electoral Boundaries," p.338.

¹²⁹ Although institutionalised partisanship was essentially negated prior to the 1960s, bitter partisan competition has been evident during at least part of the post-1960 period. Dyck, Provincial Politics in Canada, p.382.

CHAPTER V

¹ Grace Skogstad, The Politics of Agricultural Policy-Making in Canada (Toronto: University of Toronto Press, 1987), p.32.

² The pre-1935 era is documented in the following: What Part Should Farmers Take in Making Canadian Wheat Policy? (Winnipeg: Manitoba Department of Agriculture, 1941); Skogstad, The Politics of Agricultural Policy-Making in Canada; G.E. Britnell and V.C. Fowke, Canadian Agriculture in War and Peace 1935-50 (Stanford: Stanford University Press, 1962).

³ Barry K. Wilson, Farming the System: How Politics and Farmers Shape Agricultural Policy (Saskatoon: Western Producer Prairie Books, 1990), p.142.

⁴ Allan Levine, The Exchange: 100 Years of Trading Grain in Winnipeg (Winnipeg: Peguis Publishers Limited, 1987), p.209.

⁵ ibid.; Debates House of Commons Canada, December 1942, January 1943.

⁶ Levine, The Exchange, p.212.

⁷ Wilson, Farming the System, pp.32-33, 54-57.

⁸ For example, Debates House of Commons Canada, 21 March 1951, p.1498.

⁹ For example, Debates House of Commons Canada, 5 June 1950, pp.3178-3179.

¹⁰ ibid.

¹¹ Debates House of Commons Canada, 16 March 1951, pp.1195-1196.

¹² Saskatchewan Debates and Proceedings, 15 March 1955, pp.52-61; Saskatchewan Debates and Proceedings, 14 March 1957, pp.65-68.

¹³ Levine, The Exchange, p.223.

¹⁴ ibid., pp.143-144.

¹⁵ Alberta Hansard, 15 April 1977, p.760.

¹⁶ Terry Johnson, "Young, skilled and anti-government," Alberta Report, 13 September 1993, p.24; Skogstad, The Politics of Agricultural Policy-Making in Canada, p.30.

¹⁷ Skogstad, The Politics of Agricultural Policy-Making in Canada, p.30.

¹⁸ ibid.

¹⁹ Richard J. Schultz, Federalism, Bureaucracy, and Public Policy: The Politics of Highway Transport Regulation (Montréal: McGill-Queen's University Press, 1980); Alan C. Cairns, "The Governments and Societies of Canadian Federalism." In Constitution, Government, and Society in Canada: Selected Essays by Alan C. Cairns. Douglas E. Williams, ed. (Toronto: McClelland and Stewart, 1988); Alan C. Cairns, "The Other Crisis of Canadian Federalism." In Constitution, Government, and Society in Canada: Selected Essays by Alan C. Cairns. Douglas E. Williams, ed. (Toronto: McClelland and Stewart, 1988).

²⁰ Alberta Hansard, 11 March 1974, p.55.

²¹ Wilson, Farming the System, p.143.

²² ibid., p.143, 146.

²³ The internal divisions of the CFA were readily evident in the process of changing federal government's policy on feed grain marketing in the 1970s. The federal government moved to end the CWB's monopoly over feed grains in 1974. Otto Lang, the federal minister responsible for the CWB at the time, realising that internal CFA divisions would prevent it from establishing the framework and details of a vote on feed grains, asked the organisation to organise a potential plebiscite. The minister was thus able to respond to protests and avoid a farmer vote in the matter. The government also used the CFA to assess its new feed grains policy. ibid., p.143; Alberta Hansard, 15 April 1977, p.761.

²⁴ Wilson, Farming the System, p.190.

²⁵ ibid., p.69

²⁶ Toni Owen Carter, "Breakdown on the Crow," Alberta Report, 12 April 1993, pp.22-23.

²⁷ ibid.; Johnson, "Young, skilled and anti-government," p.24; Shafer Parker Jr., "Sask Pool braces for a Crow-less future," Alberta Report, 14 August 1995, p.15; Bob Striling and John Conway, "Fractions Among Prairie Farmers." In The Political Economy of Agriculture in Western Canada. G.S.Basaran and D.A. Hay, eds. (Toronto: Garamond Press, 1988), p.80.

²⁸ Information supplied by Ron Leonhardt, President, WRAP, 7 November 1996.

²⁹ Skogstad, The Politics of Agricultural Policy-Making in Canada, pp.29-30.

³⁰ Wilson, Farming the System, p.47.

³¹ ibid., p.54

³² For an explanation of institutionalised cabinets see Stefan J. Dupré, "Reflections on the Workability of Executive Federalism." In Perspectives on Canadian Federalism. R.O. Olling and M.W. Westmacott, eds. (Scarborough: Prentice Hall Canada Inc., 1988).

³³ Wilson, Farming the System, p.146.

³⁴ ibid., p.73

³⁵ Wilson, Farming the System, p.148; Alberta Hansard, 14 August 1989, p.1388; Saskatchewan Debates and Proceedings, 20 July 1989, p.2809.

³⁶ Skogstad, The Politics of Agricultural Policy-Making in Canada, p.163; Wilson, Farming the System, pp.137-138.

³⁷ Wilson, Farming the System, pp.208-209.

³⁸ William D. Coleman and Grace Skogstad, "Policy Communities and Policy Networks: A Structural Approach." In Policy Communities and Public Policy in Canada: A Structural Approach. William D. Coleman and Grace Skogstad, eds. (Mississauga: Copp Clark Pitman Ltd., 1990), p.27.

³⁹ Patrick C. Fafard, "Groups, Governments and the Environment: Some Evidence from the Harmonization Initiative." In Managing the Environmental Union: Intergovernmental Relations and Environmental Policy in Canada. Patrick C. Fafard and Kathryn Harrison, eds. (Kingston: School of Policy Studies, Queen's University, 2000), p.94.

⁴⁰ Saskatchewan Debates and Proceedings, 25 April 1995, p.1766.

⁴¹ Alberta Hansard, 4 October 1993, p.637.

⁴² Shafer Parker Jr., "After the harvest, the storm," Alberta Report, 11 September 1993.

⁴³ "Ruling a victory for farmers, says Advisory Committee," Advisory Committee to The Canadian Wheat Board. 15 April 1997; Joshua Avram, "New moves in the barley battle," Alberta Report, 7 April 1997; David Roberts, "Wheat Board's monopoly upheld," Globe and Mail, 15 April 1997; Robert Owen, "Why not an Alberta Wheat Board?," Alberta Report, 17 February 1997, p.22.

⁴⁴ Information supplied by Leonhardt, President, WRAP; Darrin Qualman, Executive Secretary of the NFU, 5 November 1996; Allana Koch, Executive Director of the WCWGA, 4 December 1996.

⁴⁵ Factual information concerning interest groups are from the following sources: Qualman, Executive Secretary of the NFU; Koch, Executive Director of the WCWGA; Jeremy Parnes, Membership Secretary of the WCWGA, 5 November 1996; Leonhardt, President, WRAP; Rand Dyck, Provincial Politics in Canada: Towards the Turn of the Century. 3rd ed. (Scarborough: Prentice Hall Canada Inc., 1996), p.390; Keystone Agricultural Producers General Council, Membership Report, Meeting of the KAP General Council, 23 October 1996; The Western Grain Marketing Panel, Grain Marketing: The Western Grain Marketing Panel Report (Winnipeg: The Western Grain Marketing Panel Report, 1 July 1996); Shafer Parker Jr., "No let-up by the free-market farmers," Alberta Report, 7 October 1996, p.19 (for FFJ); Shafer Parker Jr., "A socialist quest in the wheat market," Alberta Report, 9 September 1996, pp.18-19 (for FFJ); Shafer Parker Jr., "Backs to the wall, but fighting on," Alberta Report, 23 December 1996 (for FFJ).

⁴⁶ The Western Grain Marketing Panel, Grain Marketing, letter to Goodale.

⁴⁷ Assessments of *relative* governmental influence are based on the self-assessments of interest group leaders and evidence of ties, such as a particular interest group being used by a particular government for information gathering.

⁴⁸ Walter Paszkowski, Alberta Minister of Agriculture, Food, and Rural Development, Personal correspondence, 15 November 1996.

⁴⁹ Shafer Parker Jr., "The gloves come off in the grain war," Alberta Report, 29 April 1996, p.18.

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- ⁵⁰ Terry Johnson, "The wheat board finds its scapegoats," Alberta Report, 3 October 1994, p.24.
- ⁵¹ Terry Johnson, "The wheat board feels the heat," Alberta Report, 7 November 1994, p.20.
- ⁵² Terry Johnson, "A short memory on barley," Alberta Report, 28 February 1994, p.16.
- ⁵³ Shafer Parker Jr., "Goodale cements the CWB's powers," Alberta Report, 23 December 1996, p.15.
- ⁵⁴ Information supplied by Leonhardt, President, WRAP; Qualman, Executive Secretary of the NFU; Koch, Executive Director of the WCWGA.
- ⁵⁵ Goodale's victory in the 1997 federal election serves to reflect the popularity of his pro-monopoly stance within his riding. Goodale was the only Liberal to win a seat in Saskatchewan. Moreover, he did so convincingly, winning by a plurality of more than 4000 votes. "Prairies," Globe and Mail, 4 June 1997.
- ⁵⁶ The Western Grain Marketing Panel, Grain Marketing, p.32.
- ⁵⁷ The Market Choices Alliance was established in response to the injunction ending the continental market for barley. Consistent with the blurring of lines between the barley debate and the wheat debate, the Market Choices Alliance eventually also called for an end to the wheat monopoly. Johnson, "A short memory on barley," p.16.
- ⁵⁸ Johnson, "The wheat board finds its scapegoats," p.24.
- ⁵⁹ Terry Johnson, "The car czars catch heck," Alberta Report, 23 May 1994, p.16; Koch, Executive Director of the WCWGA.
- ⁶⁰ ibid.
- ⁶¹ Terry Johnson, "Grain-legging runs rampant," Alberta Report, 4 July 1994, p.20.
- ⁶² Terry Johnson, "The Alberta Wheat Board?," Alberta Report, 27 May 1996.
- ⁶³ Shafer Parker Jr., "The report is in and everyone's furious," Alberta Report, 29 July 1997, p.17.
- ⁶⁴ ibid.
- ⁶⁵ Avram, "New moves in the barley battle," p.15.
- ⁶⁶ Owen, "Why not an Alberta Wheat Board?," p.22.
- ⁶⁷ Parker Jr., "Goodale cements the CWB's powers," p.15.
- ⁶⁸ Owen, "Why not an Alberta Wheat Board," p.22.
- ⁶⁹ Joshua Avram, "Now or never for an 'Alberta Wheat Board'," Alberta Report, 5 May 1997, p.19.
- ⁷⁰ Roberts, "Wheat Board's monopoly upheld."; "Farm panel appeals wheat-act ruling," Globe and Mail, 10 May 1997. The Supreme Court has subsequently refused to hear the case.
- ⁷¹ David Roberts, "Canadian Wheat Board must be changed, farmers say in poll," Globe and Mail, 21 September 1996.

⁷² Parker, "The report is in and everyone's furious," p.16.

⁷³ Parker Jr., "The monopolists strike back," Alberta Report, 26 August 1996, p.16.

CHAPTER VI

¹ Nelson Wiseman, "The Pattern of Prairie Politics." In Party Politics in Canada, 7th ed., Hugh G. Thorburn, ed. (Scarborough: Prentice Hall Canada Inc., 1996).

² To be sure, some richer farmers, those, for example, who are older, less educated, and who conservatively accumulated their wealth over a long period of time under a monopoly marketing regime (or those who are very wealthy apart from income), may favour single-desk selling. James Vercammen, Personal communication, Department of Agricultural Economics, The University of British Columbia, 1998. The hypothesis included in the current analysis, however, attempts to address the overall trend.

³ Agricultural Profile of Alberta, 1991 Census, Statistics Canada, Agricultural Division (Ottawa: Minister of Industry, Science and Technology, 1992); Agricultural Profile of Saskatchewan, 1991 Census, Statistics Canada, Agricultural Division (Ottawa: Minister of Industry, Science and Technology, 1992); Agricultural Profile of Manitoba, 1991 Census, Statistics Canada, Agricultural Division (Ottawa: Minister of Industry, Science and Technology, 1992).

⁴ Thomas J. Courchene also discusses these factors more generally in Thomas J. Courchene, Celebrating Flexibility: An Interpretive Essay on the Evolution of Canadian Federalism. C.D. Howe Benefactors Lecture 1995, Montréal, 16 October 1995.

⁵ Canola may be a special case, given that it is a larger crop than, for example, oats and barley, (and approaches wheat in Alberta) yet it was not subject to a marketing monopoly while oats and barley were or are under CWB control. Differences between wheat and non-wheat crops, however, remain clear.

⁶ Only wheat and barley are specifically mentioned here because offshore markets are not necessary for smaller crops and the CWB's monopoly covers only wheat and barley (thus the debate concerns only wheat and barley). Other crops would also be difficult to market offshore.

⁷ Leonard D. Nesbitt, The Case Against the Speculative Marketing of Grain. Alberta Wheat Pool, 1952, p.8.

⁸ Bob Stirling and John Conway, "Fractions among farmers." In The Political Economy of Agriculture in Western Canada. G.S. Basran and D.A. Hay, eds. (Toronto: Garamond Press, 1988), pp.73-83.

⁹ Saskatchewan Debate and Proceedings, 15 March 1955, pp.52-61; Saskatchewan Debate and Proceedings, 14 March 1957, pp.65-68.

¹⁰ Inflation had made the Crow rate unprofitable for the railways. Terry Johnson, "After the Crow, new hope in the country," Alberta Report, 21 August 1995, p.15.

¹¹ Debates House of Commons Canada, 5 June 1950, pp.3178-3179.

¹² Patrick Boyer, Direct Democracy in Canada: The History and Future of Referendums (Toronto: Dundrun Press, 1992), p.159.

¹³ Adrian Ewins, "Precedent for plebiscite set with rapeseed vote," Western Producer, vol.74, no.11, 10 October 1996, p.1.

¹⁴ Allan Levine, The Exchange: 100 Years of Trading Grain in Winnipeg (Winnipeg: Peguis Publishers Limited, 1987), pp.225-226; Terry Johnson, "Young, skilled and anti-government," Alberta Report, 13 September 1993; Barry K. Wilson, Farming the System: How Politicians and Producers Shape Canadian Agricultural Policy (Saskatoon: Western Producer Prairie Books, 1990), p.143.

¹⁵ Harmony in Diversity: A New Federalism for Canada. Alberta Government Position Paper on Constitutional Change, October 1978, p.12; Alberta Hansard, 8 May 1978.

¹⁶ Ewins, "Precedent for plebiscite set with rapeseed vote," p.1.

¹⁷ Terry Johnson, "Goodbye to the average farm," Alberta Report, 5 December 1994, p.21.

¹⁸ Johnson, "Young, skilled and anti-government," p.20.

¹⁹ Joshua Avram, "Offbeat and off-board – agriculture is booming," Alberta Report, 2 June 1997, pp.22-23.

²⁰ Johnson, "Young, skilled and anti-government," p.22

²¹ Joshua Avram, "Surfing for grain," Western Report, 17 November 1997, p.15.

²² "Advisory Committee applauds CWB initiative," Advisory Committee to The Canadian Wheat Board News Release, 15 April 1997; "CWB files complaint with Canadian Transportation Agency," CWB News Release, 14 April 1997; "Railways require regulations, says Advisory Committee," Advisory Committee to The Canadian Wheat Board News Release, 25 April 1997; "Wheat growers betray farmers, says Advisory Committee," Advisory Committee to The Canadian Wheat Board News Release, 26 May 1997; Terry Johnson, "The Alberta Wheat Board?," Alberta Report, 27 May 1996, p.20. Transportation has improved since this period. In the 1997-1998 crop year, for example, the CWB earned \$4.5 million in net dispatch (earned when ships are loaded with grain in less than the agreed upon time in the contract; the opposite of demurrage). "CWB exports on track; record despatch earned for farmers," CWB News Release, 21 June 1999.

²³ Department of Federal and Intergovernmental Affairs for Alberta, Nineteenth Annual Report to March 31 1992, p.28.

²⁴ Department of Federal and Intergovernmental Affairs for Alberta, Twenty-Third Annual Report to March 31 1996, p.14; Christopher Serres, "Truckers, start your engines," Alberta Report, 27 June 1994, p.9.

²⁵ The survey was commissioned by Alberta Agriculture and conducted by Angus Reid. Further technical information is not available. Kim Hazelwood, "The border war over barley," Alberta Report, 30 November 1992, p.22.

²⁶ Terry Johnson, "Here come the deregulators," Alberta Report, 16 May 1994, p.25.

²⁷ Terry Johnson, "Whittling away at the wheat board," Alberta Report, 17 May 1993, p.21.

²⁸ The 32 question survey was commissioned by the Financial Post and conducted by the Dunvegan Group. 744 producers in Alberta, Saskatchewan, and Manitoba were contacted (502 responses; 68% response rate). The poll is accurate to +/- 5%. Johnson, "Here come the deregulators," pp.24-25.

²⁹ The survey was conducted by the Dunvegan Group in the spring of 1995. Davis Sheremata, "Free markets or the CWB?," Alberta Report, 2 October 1995, p.23.

³⁰ "Saskatchewan Poll Confirms Alberta Plebiscite Results," Alberta Government News Release, 26 January 1996; The Western Grain Marketing Panel, Grain Marketing: The Western Grain Marketing Panel Report (Winnipeg: The Western Grain Marketing Panel Report, July 1, 1996), p.32.

³¹ 16151 farmers were registered to vote. Voting took place between November 14, 1995 and November 24, 1995. The plebiscite originated from a unanimously passed Alberta Legislature motion in January 1995 to ask the federal government of continental marketing for barley and wheat following a plebiscite. The questions on the ballot were as follows:

Are you in favour of having the freedom to sell your barley to any buyer, including the Canadian Wheat Board, into domestic and export markets? Yes ___ No ___

Are you in favour of having the freedom to sell your wheat to any buyer, including the Canadian Wheat Board, into domestic and export markets? Yes ___ No ___

"Plebiscite Questions – Barley and Wheat Marketing," Alberta Government News Release, 26 September 1995; "Alberta Barley and Wheat Producer Plebiscite!," Alberta Government News Release, 10 November 1995; "Alberta Plebiscite Results on Barley and Wheat Marketing," Alberta Government News Release, 6 December 1995; "Alberta files court challenge to wheat-board monopoly," Globe and Mail, 23 July 1996.

³² "Marketing Plebiscite Returning Officer Appointed," Alberta Government News Release, 3 October 1995.

³³ "Plebiscite Questions – Barley and Wheat Marketing," "Alberta Barley and Wheat Producer Plebiscite!"; "Alberta Plebiscite Results on Barley and Wheat Marketing," "Paszkowski Issues Warning to CWB and Grain Companies," Alberta Government News Release, 25 October 1995.

³⁴ "Ralph Goodale, Minister of Agriculture and Agri-Food December 6, 1995 Alberta Plebiscite," Minister's Statement, 6 December 1995.

³⁵ The Western Grain Marketing Panel, Grain Marketing, p.32.

³⁶ ibid., pp.i-iii, 1-3

³⁷ The survey was commissioned by the federal Department of Agriculture and was conducted by Angus Reid. Telephone interviews lasting 10 minutes each were conducted with 760 prairie wheat and barley farmers (202 farmers in Manitoba, 308 farmers in Saskatchewan, and 250 farmers in Alberta). The results are accurate to within +/- 3.5% 19 times out of 20. Provincial margins of error are as follows: +/-6.8% for Manitoba, +/- 5.6% for Saskatchewan, and +/- 6.2% for Alberta. David Roberts, "Canadian Wheat Board must be changed, farmers say in poll," Globe and Mail, 21 September 1996.

³⁸ Most producers indicated that they wanted to be allowed this option for 40 per cent of their crops. The Western Grain Marketing Panel's report recommended a level of 25 per cent.

³⁹ 77 437 farmers were eligible to cast ballots. 58 042 farmers voted. 36170 farmers voted for the single-seller option. 21 347 farmers voted for the open market option. The ballot contained the following options:

OPEN MARKET OPTION

Remove all barley (both feed and malting/food) from the Canadian Wheat Board and place it entirely on the open market for all domestic and export sales.

SINGLE-SELLER OPTION

Maintain the Canadian Wheat Board as the single-desk seller for all barley (both feed and malting barley), with the continuing exception of feed barley sold domestically.

"Details of barley vote announced," Agriculture and Agri-Food Canada News Release, 8 November 1996; "Advisory Committee urges farmers to vote," Advisory Committee to The Canadian Wheat Board News Release, 29 January 1997; "The silent majority has spoken, says Advisory Committee," Advisory Committee to The Canadian Wheat Board News Release, 25 March 1997; Brian Laghi, "Farmers back wheat board monopoly," Globe and Mail, 26 March 1997.

⁴⁰ Adrian Ewins, "Report irks dual market supporters," The Western Producer, vol. 74, no. 12, 17 October 1996.

⁴¹ Adrian Ewins, "Wheat board accused of voted meddling," The Western Producer, vol. 74, no. 28, 13 February 1997.

⁴² "CWB releases barley study," CWB News Release, 30 January 1997.

⁴³ Adrian Ewins, "CWB side counts pennies and votes," The Western Producer, vol. 74, no. 28, 13 February 1997.

⁴⁴ ibid.

⁴⁵ ibid.

⁴⁶ "Advisory Committee appalled by Cargill brochure," Advisory Committee to The Canadian Wheat Board News Release, 27 February 1997.

⁴⁷ Ewins, "CWB side counts pennies and votes."

⁴⁸ ibid.

⁴⁹ Ed White, "Agriculture Ministers interpret vote differently," The Western Producer, vol. 74, no. 35, 3 April 1997; Barry Wilson, "Plebiscite question 'dishonest': Reform," The Western Producer, vol. 74, no. 12, 17 October 1996.

⁵⁰ Roberts, "Canadian Wheat Board must be changed, farmers say in poll."

⁵¹ "Independent firm to carry out 1997 barley vote," Agriculture and Agri-Food Canada News Release, 18 December 1996.

⁵² The lack of the expected differentiation between Manitoba and Saskatchewan option suggests that an offsetting inter-provincial variation in another variable, such as education, may be at work. Thus, for example, old rich farmers, who accumulated their wealth conservatively within a closed market, may be acting differently than young rich farmers.

⁵³ As noted, *within* the non-wheat commodities, canola appears to be an exception. However, differences between wheat and non-wheat commodities are evident.

⁵⁴ William D. Coleman and Grace Skogstad, "Policy Communities and Policy Networks: A Structural Approach." In Policy Communities and Public Policy in Canada: A Structural Approach. William D. Coleman and Grace Skogstad, eds. (Mississauga: Copp Clark Pitman Ltd., 1990), p.27; Patrick C. Fafard, "Groups, Governments and the Environment: Some Evidence from the Harmonization Initiative." In Managing the Environmental Union: Intergovernmental Relations and Environmental Policy in Canada. Patrick C. Fafard and Kathryn Harrison, eds. (Kingston: School of Policy Studies, Queen's University, 2000), p.94.

⁵⁵ See for example Murray Fultan and James Vercammen in The Western Grain Marketing Panel, Grain Marketing, p.32.

⁵⁶ "Alberta Launches Court Actions," Government of Alberta News Release, 22 July 1996; "Alberta files court challenge to wheat-board monopoly."

⁵⁷ Interest group influence is cross-cutting in Manitoba. In Saskatchewan it is reinforcing in favour of the CWB monopoly. Although farmer opinion may be at similar levels in the two provinces, Manitoba Government is therefore less likely than the Saskatchewan Government to take a clear stand. Nevertheless, since the election of the Manitoba NDP to office in 1999, the Manitoba Government has supported the CWB monopoly marketing. "Single Desk Selling," NDP Media Release, 28 August 1999.

CHAPTER VII

¹ Core wheat marketing will be used to refer to the CWB's wheat monopoly for exports and domestic human consumption.

² For this trend see, for example, Evan Luard, The Globalization of Politics: The Changed Focus of Political Action in the Modern World (Basingstoke: Macmillan, 1990), p.151 and Kenichi Ohmae, The End of the Nation-State: The Rise of Regional Economies (New York: The Free Press, 1995), pp.4,68.

³ Mark Casson, "General Theories of the Multinational Enterprise: Their Relevance to Business History." In Multinationals: Theory and History, Peter Hertner and Geoffrey Jones, eds. (Aldershot: Gower Publishing Company Limited, 1986), p.57.

⁴ ibid.

⁵ Alan M. Rugman, New Theories of the Multinational Enterprise (London: Croom Helm, 1982), p.11.

⁶ See, for example, Thomas J. Courchene, Celebrating Flexibility: An Interpretative Essay on the Evolution of Canadian Federalism. C. D. Howe Benefactors Lecture 1995, Montréal, 16 October 1995, p.16; Mathew Horsman and Andrew Marshall, After the Nation-State: Citizens, Tribalism and the New World Disorder (London: HarperCollinsPublishers, 1994), p.204.

⁷ DeAnne Julius, Global Companies and Public Policy: The Growing Challenge of Foreign Direct Investment (New York: Royal Institute of International Affairs, 1990), p.93.

⁸ Luard, The Globalization of Politics, pp.4, 151; Malcolm N. Shaw, International Law, 2nd ed. (Cambridge: Grotius Publications, 1986), p.157.

⁹ Courchene, Celebrating Flexibility, p.17.

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- ¹⁰ Julius, Global Companies and Public Policy, p.94.
- ¹¹ Luard, The Globalization of Politics, p.151.
- ¹² ibid.
- ¹³ Horsman and Marshall, After the Nation-State, pp.204-205.
- ¹⁴ Susan Strange, States and Markets (London: Pinter, 1988), p.177.
- ¹⁵ Horsman and Marshall, After the Nation-State, p.204.
- ¹⁶ Strange, States and Markets, pp.177-178. The incentive for joint ventures is also laid out in Horsman and Marshall, After the Nation-State, p.204 and J.M. Livingstone, The Internationalization of Business (New York: St. Marin's Press, 1989), p.95.
- ¹⁷ Livingstone, The Internationalization of Business, p.95.
- ¹⁸ ibid., p.96.
- ¹⁹ Julius, Global Companies and Public Policy, p.100.
- ²⁰ Horsman and Marshall, After the Nation-State, p.210.
- ²¹ Charles Pentland, "North American Integration and the Canadian Political System." In The Politics of Canada's Economic Relationship with the United States, Denis Stairs and Gilbert R. Winham, eds. (Toronto: University of Toronto Press, 1985), p.105.
- ²² The idea of provincial susceptibility to TNCs is in line with the regionalisation of the ruling class posited by Garth Stevenson, "Federalism and the political economy of the Canadian state." In The Canadian state: political economy and political power, Leo Panitch, ed. (Toronto: University of Toronto Press, 1997); For the differing influence of interest groups at the provincial and federal orders of government in the area of agricultural policy see William D. Coleman and Grace Skogstad, "Policy Communities and Policy Networks: A Structural Approach." In Policy Communities and Public Policy in Canada: A Structural Approach. William D. Coleman and Grace Skogstad, eds. (Mississauga: Copp Clark Pitman Ltd., 1990), p.27; Patrick C. Fafard, "Groups, Governments and the Environment: Some Evidence from the Harmonization Initiative." In Managing the Environmental Union: Intergovernmental Relations and Environmental Policy in Canada. Patrick C. Fafard and Kathryn Harrison, eds. (Kingston: School of Policy Studies, Queen's University, 2000), p.94; Grace Skogstad, The Politics of Agricultural Policy-Making in Canada (Toronto: University of Toronto Press, 1987).
- ²³ Morton Grodzins, "The Federal System." In American Federalism in Perspective, Aaron Wildavsky, ed. (Boston: Little, Brown and Company, 1967).
- ²⁴ Livingstone, The Internationalization of Business, pp.25-27.
- ²⁵ Horsman and Marshall, After the Nation-State, p.210.
- ²⁶ ibid., p.205.
- ²⁷ ibid.

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- ²⁸ Horsman and Marshall, After the Nation-State, p.215.
- ²⁹ Peter Drucker, The New Realities in Government and Politics, in Economics and Business, in Society and World View (New York: Harper & Row, 1989), p.219.
- ³⁰ Allan Levine, The Exchange: 100 Years of Trading Grain in Winnipeg (Winnipeg: Peguis Publishers Limited, 1987), pp.172-173, 209.
- ³¹ Barry K. Wilson, Farming the System: How Politicians and Producers Shape Canadian Agricultural Policy (Saskatoon: Western Producer Prairie Books, 1990), p.240.
- ³² Skogstad, The Politics of Agricultural Policy-Making in Canada, p.40.
- ³³ G. E. Britnell and Vernon Fowke, Canadian Agriculture in War and Peace 1935-1950 (Stanford: Stanford University Press, 1962), p.199.
- ³⁴ ibid., p.227
- ³⁵ For example, E. G. Hansell, Debates House of Commons Canada, 5 March 1937, p.1516.
- ³⁶ Wilson, Farming the System, p.142.
- ³⁷ The monopoly was created by order in council PC 7942 on 28 September 1943.
- ³⁸ Britnell and Fowke, Canadian Agriculture in War and Peace 1935-1950, p.222. Until 1967, the CWB was subject to five year intervals of "Parliamentary review and renewal". The Western Grain Marketing Panel, Grain Marketing: The Western Grain Marketing Panel Report (Winnipeg: The Western Grain Marketing Panel, 1 July 1996), p.5.
- ³⁹ ibid., p.215.
- ⁴⁰ Debates House of Commons Canada, 30 March 1943, p.1698.
- ⁴¹ Debates House of Commons Canada, 30 May 1950, pp.3018-3019.
- ⁴² Wilson, Farming the System, pp.32-33,54-57.
- ⁴³ Debates House of Commons Canada, 27 March 1962, p.2242.
- ⁴⁴ Debates House of Commons Canada, 26 March 1962, pp.2192-2199.
- ⁴⁵ Jake Epp, Debates House of Commons Canada, 18 October 1983, p.28105.
- ⁴⁶ Don Mazankowski, Debates House of Commons Canada, 17 October 1983, p.28089.
- ⁴⁷ Leonard D. Nesbitt, The Case Against the Speculative Marketing of Grain, Alberta Wheat Pool, 1952, p.8.
- ⁴⁸ Saskatchewan Debates and Proceedings, 15 March 1955, pp.52-61; Saskatchewan Debates and Proceedings, 14 March 1957, pp.65-68.
- ⁴⁹ Alberta Hansard, 9 November 1972, pp.72-25 – 72-32.

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- ⁵⁰ Ernest Douglas Isley, Alberta Hansard, 14 August 1989, p.1388.
- ⁵¹ Saskatchewan Debates and Proceedings, 29 March 1989, p.392.
- ⁵² Manitoba Debates and Proceedings, 11 June 1980, pp.4658-59.
- ⁵³ In other words, it was extended to the CNR and westbound rates.
- ⁵⁴ Terry Johnson, "After the Crow, new hope in the country," Alberta Report, 21 August 1995, p.15.
- ⁵⁵ Saskatchewan Debates and Proceedings, 9 March 1959, pp.68-73.
- ⁵⁶ Johnson, "After the Crow, new hope in the country," p.15.
- ⁵⁷ For information on the 1970s and 1980s see Toni Owen Carter, "Breakthrough on the Crow," Alberta Report, 12 April 1993; Terry Johnson, "Young, skilled and anti-government," Alberta Report, 13 September 1993; Shafer Parker Jr., "Sask Pool braces for a Crow-less future," Alberta Report, 14 August 1995, p.15.
- ⁵⁸ Johnson, "After the Crow, new hope in the country," p.15.
- ⁵⁹ A.E. Blakeney, Saskatchewan Debates and Proceedings, 18 May 1978, p.2990.
- ⁶⁰ Department of Federal and Intergovernmental Affairs for Alberta, Sixth Annual Report to March 31 1979.
- ⁶¹ Levine, The Exchange, p.227.
- ⁶² Bob Stirling and John Conway, "Fractions Among Prairie Farmers." In The Political Economy of Agriculture in Western Canada, G.S. Basran and D.A. Hay, eds. (Toronto: Garamond Press, 1988), p.79.
- ⁶³ Levine, The Exchange, pp.227-228; Johnson, "Young, skilled and anti-government."; Wilson, Farming the System, pp.69,143.
- ⁶⁴ Eugene Whelan, the precious minister responsible for the CWB, had, for example, intended to introduce supply management marketing boards for any sector that desired one. Wilson, Farming the System, p.69.
- ⁶⁵ ibid., p.143.
- ⁶⁶ Western Economic Opportunities Conference, Verbatim Record, Calgary, 1973, p.122.
- ⁶⁷ ibid., p.123
- ⁶⁸ ibid., p.125
- ⁶⁹ ibid., p.124
- ⁷⁰ ibid., p.132
- ⁷¹ ibid.
- ⁷² Wilson, Farming the System, p.273.

⁷³ ibid.

⁷⁴ In this case, a general consensus emerged amongst the relevant governments that the monopoly should be ended. A consensus is more easily reached in this area than in the wheat area because oats are significantly less important to the governments concerned. Wilson, Farming the System, p.148; Alberta Hansard, 14 August 1989, p.1388; Saskatchewan Debates and Proceedings, 20 July 1989, p.2809.

⁷⁵ International trade rules were a central contributing factor to the abolition of the Crow benefit. Parker Jr., "Sask Pool braces for a Crow-less future," p.15.

⁷⁶ Alberta Hansard, 26 April 1994; Davis Sheremata, "The Crow dies with a flutter," Alberta Report, 13 March 1995, pp.18-19; Kenneth Kidd, "Grain Storm," Report on Business Magazine, June 1997.

⁷⁷ More of the background to the federal government's decision will be presented in Chapter 8.

⁷⁸ Kidd, "Grain Storm."

⁷⁹ Philip Hope, "Elevators going down," Western Report, 26 October 1998, p.18.

⁸⁰ Philip Hope, "The wheat board get sidetracked," Western Report, 18 January 1999, p.17.

⁸¹ Willard Z. Estey, Grain Handling and Transportation Review: Final Report, Submitted to The Honourable David Collenette, PC, MP, Minister of Transport (Canada), 21 December 1998.

⁸² ibid., p.61

⁸³ Terry Johnson, "Make way for the giants," Alberta Report, 20 November 1995, p.16; John Collison, "Volume, volume, volume," Alberta Report, 14 April 1997, p.21; Philip Hope, "Cargill gets more co-operative," Western Report, 26 January 1998, pp.20-21; The increased prominence of TNCs in grain handling has also been paralleled in the farm equipment sector as the grain industry globalises. Since the mid-1980s, the number of farm equipment manufacturers has decreased from approximately 25 to 5 in North America under a massive wave of mergers. The latest is the acquisition of Case Corporation by New Holland N.V. for US\$4.3 billion. This has been linked to the consolidation that is occurring in the farming sector and may potentially reinforce the increasing dominance of the grain TNCs, in particular to the extent that vertical integration and market internalisation are profitable. Philip Hope, "And then there were two," Western Report, 7 June 1999, p.17.

⁸⁴ Kidd, "Grain Storm."

⁸⁵ Shafer Parker Jr., "ConAgra ushers in the future," Alberta Report, 18 November 1996, p.22; Robert Owen, "The religious roots of the CWB," Western Report, 12 January 1998, p.24.

⁸⁶ Terry Johnson, "Dog-eat-dog cooperation," Alberta Report, 19 August 1996, p.17.

⁸⁷ Philip Hope, "The quest for world-scale muscle," Western Report, 26 January 1998, p.20.

⁸⁸ "Agribulk facility proposed," Vancouver Port News, Vol. 20, No.1, Winter 1996, p.9; Johnson, "Dog-eat-dog cooperation," p.17; Collison, "Volume, volume, volume."; Mathew Ingram, "Wheat Pool looks worldwide," Globe and Mail, 22 May 1997; Hope, "The quest for world-scale muscle," p.18.

⁸⁹ Agricore Cooperative Limited, Annual Report 2000.

⁹⁰ "Agricore and UGG announce plan to form Agricore United," Agricore Cooperative Limited News Release, 30 July 2001.

⁹¹ Ingram, "Wheat Pool looks worldwide."

⁹² Hope, "The quest for world-scale muscle," p.19.

⁹³ ibid., p.20

⁹⁴ Philip Hope, "Hands across the 49th," Western Report, 26 October 1998, p.18.

⁹⁵ Casey Mahood, "UGG teams up with U.S. giant," Globe and Mail, 30 May 1997.

⁹⁶ Philip Hope, "Pallister Grain into receivership," Western Report, 6 April 1998, p.19.

⁹⁷ Kidd, "Grain Storm."

⁹⁸ "Alberta Launches Court Actions," Government of Alberta News Release, 22 July 1996; Terry Johnson, "Grain-legging runs rampant," Alberta Report, 4 July 1994, p.20; Shafer Parker Jr., "Mayhem at the border," Alberta Report, 25 March 1996, pp.20-21; Shafer Parker Jr., "Voting with their trucks," Alberta Report, 16 October 1995.

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¹⁰⁰ The Western Grain Marketing Panel, Grain Marketing; Johnson, "Young, skilled and anti-government."; Joshua Avram, "Offbeat and off-board – agriculture is booming," Alberta Report, 2 June 1997, p.23.

¹⁰¹ UGG holds the exclusive license for linola. Philip Hope, "Linola's prospects blossom," Western Report, 1 March 1999, p.18.

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¹⁰³ Mahood, "UGG teams up with U.S. giant."

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CHAPTER VIII

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⁶ Bob Stirling and John Conway, "Fraction Among Prairie Farmers." In The Political Economy of Agriculture in Western Canada. G.S. Basran and D.A. Hay, eds. (Toronto: Garamond Press, 1988), pp.77-79.

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¹³ Thomas J. Courchene, Celebrating Flexibility: An Interpretive Essay on the Evolution of Canadian Federalism, C.D.Howe Benefactors Lecture 1995, Montréal, 16 October 1995.

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²¹ Lyster and Bauer, "The Impact of Technology on Agricultural Extension in the Information Age," p.639.

²² Joshua Avram, "Surfing for grain," Western Report, 17 November 1997, p.15; Avram, "Offbeat and off-board – agriculture is booming," p.23.

²³ Avram, "Surfing for grain," pp.15-16.

²⁴ Linking Farmers to Customers: Action Plan to Strengthen the Grain Supply Chain: An Industry Working Paper, CWB, 8 March 1999, p.1.

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³⁵ Final Communiqué, First Ministers' Meeting on the Economy, 24-25 March 1992.

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⁵⁵ Johnson, "Giving away the grain farm," p.7.

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⁵⁷ Terry Johnson, "Putting the bureaucracy on the table," Alberta Report, 31 July 1995, p.18.

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¹³⁸ Duncan and Koo, "The United States/Canada Durum Wheat War," p.32.

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CHAPTER IX

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