

Narrator: Dick Dawson (DD)

Company Affiliations: Cargill Grain

Interview Date: 1 April 2009

Interviewer: Nancy Perozzo (NP)

Recorder: Bea Cherniack (BC)

Transcriber: Rebecca Kirkpatrick

Summary: In his second two-part interview, former vice-president of Cargill Grain Dick Dawson expands on his varied career in the global grain industry. In part one, Dawson discusses his grain career around the world. First, he describes his work with Cargill's Thunder Bay terminal during the Seaway's opening. He explains Cargill's appearance as the first multinational on the Prairies, the development of efficiencies in the country system, and research done to improve ship loading. He then discusses his work in Vancouver exporting grain to Asia. He describes his work in charge of Cargill Argentina, the similarities and differences between Argentina and Canada's systems, and his move back to Winnipeg as vice president of Cargill Canada. In part two, Dawson shares stories of the policy work and characters he interacted with as vice president. He discusses the removal of the Crow Rate and American criticism of Canada's grain system. He describes his interest in sustainable development during and after his career, the future uses for grain beyond human consumption, and the usefulness of grain genetic manipulation. Other topics discussed include his enjoyment of shipping logistics, working with ocean vessels in the West Coast, and the changes to shipping east and west.

Keywords: Cargill Grain; Grain trading; International trade; Grain export destinations; Grain transportation—Ships; Lakers; Salties; St. Lawrence Seaway; Cargill Elevator—Thunder Bay; Terminal grain elevators—Thunder Bay; Terminal grain elevators—Argentina; Canadian Wheat Board; Non-board grains; Grain varieties; Inland grain terminals; Country grain elevators; Unit trains; Grain transportation—rail; Amalgamation; Grain research; Grain blending; Canadian Grain Commission (CGC); Certificate final; Argentina; Vancouver; NAFTA; WTO; Agricultural policy; Government subsidies; Crows Nest Pass freight rate; GMOs; Sustainability; Ethanol; Grain shipping logistics; Grain export destinations

Audio Part One (DAWSON2.mp3)

Time, Speaker, Narrative
DD: I forget where we were when we finished. Did we have a finishing place?

NP: Yes, we did in a sense. This is second interview with Mr. Dick Dawson, and it is taking place on April 1, 2009. It is a follow-up to an earlier session where we were looking at Mr. Dawson's career. We skipped around a bit with that. There are a few things that I would like to cover today, and I had marked some of these items down. We touched upon your experience with Thunder Bay but not a whole lot. Maybe we should start with that, how you first became involved in Thunder Bay.

DD: I came here in 1958 and 1959 to work permanently. Of course, the Seaway opened that year. That was the opening year of the St. Lawrence Seaway, which of itself is a significant mark in any kind of a history that you would be playing because it spelled the arrival for the first time in Thunder Bay of salties from the beginning. We never had any salties prior to that. Although we never did get as many as we thought we might get, and there is a good reason. They are not built for it. They take a much deeper draught per tonne carry than the laker vessels that are designed for it, and so on.

We then saw the tremendous increase in the Canadian fleet of domestic ships—a big building splurge all through '60, '61, 2, 3—building the many fleets, the Papadakis's Fleet, the Misener Fleet, the CSL Fleet, the Upper Lakes. Everybody increased their fleets. We ended up with something like—and you would have to check the numbers—but at least 80 or 90 ships of various sizes. Many of those we would call Seaway max, 26-foot draft and roughly 1 million bushels, 30,000 tonnes, something like that, maybe a little less.

That business that emerged in the early '60s, which was an enormous increase over anything we had seen since before WWII. I think it was '63 that broke the 1928 record for exports out of, A, Thunder Bay and/or, B, out of the total of Canada as well. Everybody was going as hard as they could. And you saw all the satellite countries buying in distress with Russia unable to feed them. Then Russia itself came in heavily in 1963 and again in 1966. The writing was on the wall that the Russian system was failing and that the agriculture in Russia was not working.

You timed, by luck or whatever, some good judgement, that the opening of the St. Lawrence Seaway, a huge increase in the capacity to move with a very large increase in demand. Those were very boom years, right on through into the '70s.

It's not quite true. There was a lull after 1966-1967. I think we may have got a little bit spoiled by those previous nine years of good times. We got caught a little bit. The International Wheat Agreement was theoretically in place. It was an ineffective agreement, a poor concept. It didn't work very well, and the moment that there were tough times, everybody broke it. Canada was one of the few people who tried to hold on and not break it. And it cost us dearly because others were doing more of the business well below the internationally agreed prices. The CWB [Canadian Wheat Board] sort of tried to take the high ground and not break the agreement, but eventually they were forced to follow suit.

NP: Before you go on, there a couple of things that I wanted to ask in relation to two items that you mentioned. You were mentioning that Thunder Bay didn't get the number of salties anticipated and that was because of the elevators and the slips and their structure?

DD: I think it was because of the economics simply proving that you could put 30,000 tonnes of grain into a designed super-laker on the Great Lakes and get it down to Montreal or Baie-Comeau or Sept Isles or Quebec or wherever, and get it another elevation into another ship, into an ocean ship, which again would be bigger, much bigger. We were moving into the 35, 40, and 45,000-tonners and so on, and that was a more economic cost equation than bringing a saltie up to the lakes, limited in size, unable to load its full capacity because of the fresh water. It has to stop in Montreal on the way out anyway to top up the extra 3, 4 or 5,000 tonnes it needs. A 32,000-tonne ship coming up to Thunder Bay for 25 and picking up another 7 after it has got down there. The sheer economics of bringing a saltie up into Thunder Bay was not as good as the laker movement. The ones that did come up often come in on inbound cargo and were coming in anyway and we are happy to get the cargo out.

NP: What would they be bringing in?

DD: We saw big movements of specialized steel up into Toledo from Japan. This was particularly special kinds of steel. There were other things coming in, motor cars and stuff, but it is not a big movement in. That is for sure. But I think the primary reason was that the ships with the new Seaway could beat them on a net FOB [Free On Board] East Coast cost. It was a cheaper way to get onboard an ocean boat, and the ocean boats you got onboard were bigger, and the bigger ships carry a lower freight rate again. The ocean boat was getting a lower freight rate than the salty equivalent.

NP: The second part of my question had to do with did Duluth have an advantage over Thunder Bay in that regard or just because of what you are saying about the economics of the Seaway and having to load up closer to the ocean anyway, made them both pretty similar from a structural standpoint?

DD: Yes, there was no real competitive advantage at Duluth. They did have some slightly more modern elevators, which would have been a little bigger, a little quicker, and a little faster loading than some of our older equipment. But I think that it was marginal. I don't think it was significant. There is no reason to believe that Duluth had an advantage over Thunder Bay.

NP: What was your involvement with the Cargill Elevator in Thunder Bay?

DD: As you move the grain through Thunder Bay, as you know, you yourself as a company can't control how much grain you get through the elevator. The assignment of the cars to the elevators and so on is very much a Wheat Board decision. Just because you have got a supply chain of control of management from country elevators in the west into Thunder Bay, onto your own ships, into your own elevator at Baie-Comeau going into your own ocean ship and going to your own elevator in Amsterdam, which we were doing, doesn't give you much of an advantage in Canada. If there was an advantage in Duluth, it was that the elevators there were part of supply chains of their own managerial control, and that doesn't exist in Canada.

NP: Are you saying that a Cargill boxcar that came in--.

DD: Did not necessarily go to the Cargill elevator.

NP: But you would have one there just to receive whatever?

DD: Yes.

NP: When you talk about the Wheat Board involvement that would be for Wheat Board grains?

DD: Yes.

NP: But you would be shipping other things out of Thunder Bay as well?

DD: Yes, we did but nothing like the volumes that you had in wheat. There has always been a movement of flax, a movement of rye. During those early years there was an increasing movement of canola. You have to remember that the canola shipments in the early '60s were one half million tonnes, less. I mean the crop was half million tonnes. It was later on into the '70s when that became a significant movement. Today of course, there have been years when the dollar value of the canola crop has exceeded wheat. Not in volume but in dollar value. We noticed a shift there. Wheat remains the largest in physical volume.

In the canola game and so on, you could have a much greater control. We actually moved a unit train with sunflower seed to Thunder Bay as an experiment in 1974 or 1975, just after we built Elm Creek the first of the big inland terminals. It was actually the second of the big inland terminals.

The first inland terminal was built by a farmer group up in Weyburn, and then Cargill built two. One in Elm Creek and one at Rosetown. The concept there was to copy what the Americans were doing so successfully, loading much bigger units instead of

sending three cars to that elevator, and four cars to that elevator, or five cars to that elevator all over the Prairies loading a minimum of 50 car lots. We started with 18 car spots at one time and then moved up to 25 and then to 50 where they are today and of course that is so much more efficient for the railroad. Running around dropping off two or three cars here and there and then going back a week later to pick them up, it was pretty inefficient. That change was very slow in coming and it didn't really start to accelerate until after the change in the statutory freight rate and the end of the Crow.

NP: You said it was sent as an experiment. Was it a--.

DD: It was in sunflower seeds, and that was a little bit different. They even had their own freight rate. You can't count on per tonne basis. They are so light it is like loading feathers. [Laughs] That was a peculiar and unusual business. With normal grains, we didn't really see any modernization efficiencies coming in until the initial first break was 1983, when the first change was made, and it kept quite a few of the things under the Crow. The Crow Rate was phased out over time, and then by 1993, it was completely gone. But during that period and on into you started to see these efficiencies appearing and that has been a huge structural change, and it is probably the route of the change in corporate structures.

The ultimate disappearance of the Manitoba Pool, Alberta Pool, and Sask Pool, and UGG [United Grain Growers] and so on, they all lived and came up and grew up and were designed for a world of equity, not efficiency. One sort of regrets that one cannot have both of those. You don't have to throw away equity completely with the baby and the bath water story.

If the efficiency of being able to get to larger elevators--. I think at that time the average farm truck was travelling about six or seven miles on getting to an elevator. Even now they are only averaging 20 or something. It is amazing that they have dropped, and at one point we had 5,000 elevators in 2,000 towns. Now I am not sure where we are today. Five or six hundred elevators and so on. Of course, you had in those days we had 350,000 farmers on the prairie too 400,000 and today 80 percent of our crop is probably grown by 25,000 farmers, 30,000 maybe.

NP: Did your work include managing the elevator in Thunder Bay?

DD: No, I never did have a direct responsibility for managing that elevator. We don't have anybody here that did. Yes, we do. There is a fellow here Yvonne Chabot came, and he was the manager at Baie Comeau, and then he came here after we bought National Grain and Cargill didn't have an elevator at Thunder Bay prior to that. So we took over National's elevator, and Yvonne Chabot came from Baie Comeau and ran the terminal elevator division, which included Baie Comeau, Thunder Bay, the Cargill share of Prince Rupert, and the working agreement we had at Vancouver. We didn't have our own elevator. We had a throughput agreement with Pacific Elevators, and Yvonne Chabot who lives in Charleswood ran that business.

NP: I can't recall if we actually put this on tape the last time and it may have been before the tape discussion. Can you run through—and there were certain mergers you mentioned it just previously about Cargill not having an elevator in Thunder Bay until it bought out National—what were the amalgamations that took place there?

DD: The major change in structures in the little race of amalgamations started, I think, around the late '50s or very early '60s. McCabe was bought by National Grain Company. Then a little later Inter-Ocean Grain company was bought by Richardson. So two of the small companies came out. But the big boys remained and by the big boys I mean the three Pools. But the two big private companies were Searle and Federal. They combined into one, merged, and that would have been around 1968 or so. But by 1970 or 1971, they gave up and sold out to the Pools. Those two companies owned elevators in each province, whereas the Pools were of course provincial.

Sask Pool bought all Searle's elevators in Saskatchewan, and Alberta Pool bought them in Alberta, and Manitoba Pool and here. That then remained. The next thing that happened that lasted through the rest and by 1974 Cargill bought National. That was the first—to the extent that Federal and Searle were both pretty strongly Canadian private companies, historic Canadian families and whatever—there was, if you like, a continuity of Canadianism about those mergers and even when they went into the Pools and so on. Cargill's purchase was the first time a multinational had been on the Prairies. We actually built the North Battleford rapeseed plant in 1974, 1973, or earlier 1972. That was our first investment in western Canada. We had had the big investment in Baie Comeau since 1959-1960, but we had not had any investments in the west. We bought all our grain from other grain companies and from CWB.

NP: How would you describe your welcome into the Canadian system?

DD: It was very, very full of animosity. Those ugly headlines all over Saskatchewan. It was really quite nasty and got very personal and [inaudible] and big headlines saying "Farmers are going to have to decide for themselves whether they want to market their grain to an elevator they own or to a foreign invader." Some of the language was a lot worse than that.

NP: Were you in the country at the time?

DD: Yes, very much so. One of the reasons why it was contentious was because the Russians had just completed their big businesses in 1972, 1973, 1974, and you may be aware that there were some very questionable practices at the Gulf Coast of Mexico on weights and grades, and it became known as the Great Grain Robbery, and a fellow from the Des Moines Registrar, Dan Morgan, wrote a big book called *The Great Grain Robbery*. It turned out to be a good thing for Cargill because it broke

Cargill out of its silent mode, and the way it forced out to become more publicly proactive, and it turned out of course that he eventually endorsed Cargill and said that we were the only one of the grain companies that was not involved and didn't do any of those shenanigans. Several of those people in fact did go to jail.

NP: Can you say more about that I haven't--.

DD: There were some charges of falsifying grades and falsifying weights, and ships were getting and arriving from foreign ports with the wrong grain in them. Either there had been some shenanigans with the inspection system. It was mostly at the Gulf. Cargill went to great lengths to also prove some stuff about handling grain. I think surprised the courts.

You can take two yellow corn out of a bin with 3 percent foreign material or dockage in it and pour it into a ship, and when the ship is empty, that grain is coming out of a spout and falling 80 feet to the base of the hold. Then it climbs on a mound, and by the time it is nearly full, it is dropping 10 feet and the grain at the bottom will have a higher percentage of breakage than the grain at the top.

It is difficult to load a ship so that it is completely uniform with exactly the same grade all the way through. We did a number of tests and there were some years where corn was particularly brittle and dry and shattered. I think it made the prosecutors a little more careful about what they charged in terms of falsely plugging ships with the wrong grain, when in fact that is a very difficult thing to prove. However, they did do some.

But at least I think we got--. Cargill had a research laboratory on handling of grain and I think it served a great, valuable role in letting everybody know that you don't just take grain out of the country and slap it into a ship without problems. Depending on the moisture of the grain, how quickly and brittle it is there are problems, and you have to learn how to do it carefully. One of the results, and you will see it at Thunder Bay, was telescopic spouts, which you have seen since then that go up and down, so that the whole ship can be loaded with grain falling at the same amount. It starts at 10 feet and as you pull the telescopic spout up and so on. A lot of work went into some of that research, and it did help to clarify some of the things that had looked like being either illegal or questionable.

NP: The grain research was done out of their Minneapolis headquarters?

DD: Yes, we had a grain research laboratory there. We actually used it on later occasions to do some research on drops. When canola first arrived, there was a major move at the University of Manitoba to change canola by reducing the amount of erucic acid in it. That changed the oil content and that changed the amount of fibre and so on. The result was that you could have ended up

with a more valuable seed, but you have now weakened the hull and it splits too easily when you handle it. Split grain, especially canola, tends to heat afterwards, and the moisture migrates in the bin. Problem! They were trying to come up with, if you had your choice as a geneticist and as a researcher in wheat or in canola, what would be the optimum thickness to keep the strength in the hull?

We did some work on that with the University of Manitoba and the University of Saskatoon. They used that dropper, and they photographed one every thousand of a second, and you saw it hit, and you saw the little canola thing split, and then we were able to determine what would be a sensible hull thickness and hull strength to shoot for as a researcher, in combination with the desire to a different oil spectrum. That sort of thing.

A lot of research went on in that lab on handling grain. Of course, wheat is an easier subject to handle than corn, and I think the American grain system took a huge black eye over that issue at the Gulf of Mexico. That is what the Saskatchewan papers were talking about when they said, "A foreign, dishonest invader." They lumped us in with all the others, which was wrong [inaudible]. They did later retract that, a legal retraction. The fact is that corn is a heck of a lot tougher to handle than wheat. Some of those problems at the Gulf were result of handling dry corn that would not have occurred handling dry wheat. You have to be careful.

NP: Did relationships change over time in your experience?

DD: Yes, very much so. We worked with them a great deal, and we brought in an enormous amount of business to their elevators. We were playing such a huge part in export. We needed them. They needed us and eventually--. Businessmen for the most part are pretty pragmatic, and a great deal of common sense began to show over the years. We developed some fine and wonderful relationships with some very, very fine and great people. Guys like Milt Fair in Saskatoon, Sask Pool, and people like that, and many others. The same would be true of CWB.

Relationships always go up and down. There is a tendency in western Canada for CWB to be very popular and get a lot of support when times are very tough. When times are very good, the right wing tends to come to the front and says, "Why do we need this Wheat Board in the way?" As you swing the pendulum of good times and bad times through the decades, you will see this relationship issue within the trade fluctuate. For the most part, the more sensible practitioners keep it at a very low level and get on with the job at hand. Plus, the fact that whether you like the left-wing system of cooperative farm co-ops or not, or whether you like the Wheat Board system or not, is relevant. It happens to be the law of the land.

If you don't like it get out or obey the law! You know what the law is before you come in the first place. So if you make an investment into that business, don't come in afterwards and say that is not fair. You went in with your eyes wide open. Now you

can work to make changes while you are there. You can have some run ins and some tensions over certain things within the industry and that has been common. But at the end of the day, you get on with the flipping job. [Laughs]

The guy I worked for said “I am not interested in you and your silly opinions, Dawson. Move more grain. [Laughs] If that means getting off your high horse and working with some people whose opinions differ from yours, so be it young man. Get to it!”

NP: Who was that?

DD: The owners of Cargill, my boss.

NP: Who was your boss at the time?

DD: An American called Earl Green, who was a tremendous guy, a tremendous individual. He himself was one of the breakers of much of that tension. He got on very well with the Wheat Board guys simply because of his personality. He was the one who waved his finger at me on that one occasion and said, “Don’t you ever forget young man, deal with honour, sleep at night.” We had a big argument about some stuff that was going on. He walked out of the office, and you sort it out. That was his parting advice as he left. [Laughs] Pretty good advice and it made it a lot easier to make the decisions too.

NP: Did you work for certain changes over the time of your career?

DD: Yes, we were heavily involved in making the changes that got the first multiple carloads at an elevator at a discounted price for the number of cars. The very idea that putting 50 cars alongside an elevator and getting a 50-car load or even say 25 as it was in those days and even 18 when we started. If it is therefore more efficient, if you claim it is more efficient, shouldn’t there be a lower freight rate? When did the farmer get a piece of this great efficiency?

NP: This is loading at the country elevators?

DD: At the country elevators. If you are claiming that you want to get rid of all these small-town farm elevators and build fewer and focus the business into much larger ones and the farmer drives further, so there is some increased costs for the farmer, and yet you tell me that this is a more efficient system. Maybe for you, but is it for me the farmer? We were very involved with the early developments of those variable freight rates—volume discounts—that we loaded the first of those with the CN Rail [Canadian National Railway] not with CP [Canadian Pacific Railway] interestingly enough, but with the government railroad. That whole event over the years escalated from 18 cars to 25 to 50 and now a 100 and so on. Now you have got much fewer big elevators.

It is one of the problems that a historian, I am sure an economic historian, would say coming in belatedly Sask Pool suddenly changed. They had a younger management—what is the word—innovative management, and they realized that this was the way of the future. The old system was going to break down.

NP: The “old system” being--?

DD: Lots and lots and lots of little country elevators in every town. The farmer driving seven miles and the railways stopping to drop off three cars every week at one little elevator. It was going to go to much bigger elevators with 50 and 100 car spot drops and so on.

As they did that, they started to spend enormous sums of money themselves to maintain their market share and their percentage, which was very high, something like 60 percent of the grain in Sask was going to the Sask Pool elevators after they merged with Federal-Searle, after they bought Federal-Searle. Prior to that, it had been about 30-35 percent, but that merger with Federal Searle doubled their percentage. They tried to hold that and keep that afterwards and they suddenly joined in and started building.

I am not sure how much, but well over \$200 million was spent in that exercise, and that had a major bearing. You just can't make that kind of money in the grain business. That had a major bearing on the weakness of the financial balance sheet, which finally led to their collapse.

Prior to that, they had gone out and had--. United Grain Growers had done something similar. They solved their problem by selling stock to Archer Daniels Midland, the big multinational from the States, who owned 26 percent or so of UGG. Manitoba Pool merged with Albert Pool and formed Agricare. Sask Pool did not join UGG, which was not in one province but right across Canada and across the Prairies. They were on their own for a bit. Later on, they joined Alberta Pool and Manitoba Pool, and that became Agri United. Then that collapsed, and Viterra was formed out of the merger of Sask Pool and all of that group. So Viterra has really been the end result of all of those mergers.

Today, therefore, you have got a different boardroom and different management exercise running the business. There is a definitive move that says, “If you don't make a profit, you don't survive.” Prior to that--. And I grew up in an era when “Service at cost” was the motto of the Sask Wheat Pool, a farmer owned business, and its weakness was a refusal to understand that in a business that doesn't make a profit fails. You can't keep up with the times, replace property, plant and equipment and run your business if you don't make a profit.

Now there can be a new debate that talks what is a sensible and reasonable, acceptable profit and what is an abusive profit? That is the subject that is totally open for debate and a rather pregnant one in this particular stage in business history in North America. But the people, who take risks and don't get them paid for don't survive. It is not that much of a surprise that there are no co-ops left today out of that group. There are some very successful co-ops on the Prairies. One here, Red River Valley Co-op in Manitoba is a very strong financial co-op, well run, et cetera. Really the debate is what is a sensible, acceptable, fair profit?

NP: We have moved away from talking about Thunder Bay and the elevator there. Any changes occur in the operation in Thunder Bay in your time other than the cars?

DD: Yes, for the most part most of those grain companies made reasonably good profits at the terminals and very poor earnings in the country, and as a company, they would declare a rather poor performance year but in the black. Most of that came from terminals, not from the country elevators division. But the most part was the terminal elevators subsidized the earning power of the company and the country elevator operations weakened it.

NP: The profits made at the terminal elevators were from storage?

DD: No. Storage either at the country elevator or at the terminal has never been enough to make any money with. You would go broke on storage earnings. You make money by turning grain through the elevators, making elevations. There are some opportunities to make money. Terminal elevator is more of a working warehouse. It is a factory. You should if you are using it optimally treat it that way.

In Duluth and the US, they do, and they will take in No. 2, 3, and 4 and put them in separate bins, and a guy comes in from Germany and says, "Well I want to buy No. 3," and they will manufacture by blending those three together, exactly No. 3. They will know that in No. 3 you have to have a certain percentage of this that is going out, and you learn to blend with great skill to meet the buyer's requirements. That is prohibited in Canada. No. 2 is No. 2, and No. 3 is No. 3, et cetera. Only under very dire circumstances with CWB would get short of grain would they permit an elevator, and they would control it and say, "We will buy from you 10,000 tonnes of No. 2, and we will sell back to you 20,000 tonnes of No. 3," and the elevator would do the blending. It was not a normal practice in Canada to blend either at Vancouver or Thunder Bay.

By so doing, you walk away from one of the value-added opportunity that you have got. An elevator shouldn't be something that takes grain in, sticks it up a leg, holds it for a month, puts it in a car, and ships it out. The value-added common sense to do with that is to enhance it. If you have a small quantity of [No.] 5 grain and [No.] 4 grain, and you have got some very strong No. 1. You can marry those up and get a high demand for the No. 2 that you make. You have played the role of enhancing manufacturer rather

than just being a warehouseman. The Americans do a lot of the skilled warehouse stuff, and we don't do an awful lot of that. We are learning now. Some relaxations have occurred because they needed to.

You go to an elevator in Vancouver to pick up 22,000 tonnes of No. 2, and they have only got 19,000, so you take the enormous ship at huge expense across the harbour to another elevator to pick up 3,000 tonnes. It doesn't make any sense, when with some skill that elevator is perfectly capable of taking a limited amount of No. 3 and bleeding it carefully onto the belts over the whole movement of No. 2. You don't put No. 2 in and along top put No. 3. You bleed the No. 3 in all day long and it disappears. If the No. 2 is strong and well-clear of the limits, it will take the No. 3 and you will lose it.

We have now cut out another shift across the harbour, and you are still within the proper grade, and everybody is happy, and you have promoted some [No.] 3 Northern into No. 2. That is just money for the system. In the Wheat Board case, they paid the farmer for some No. 3 when he delivered at the elevator. He got paid for [No.] 3. When the Wheat Board sold it to Japan, it was No. 2. That is enhancing the earnings for the farmer. A grain elevator company, if we did that in canola, you have enhanced it and enabled you to pay the farmer more.

NP: We are going to shift gears a little bit here. In thinking back to our last interview, we stopped your career after you got back to Geneva, or into Geneva, and then we talked about the difference between seeing the grain industry from the outside of the country, rather than from inside. What happened to you after Geneva and where did you go then?

DD: I went to Vancouver for a couple of years.

NP: As?

DD: Manager of the Vancouver on the Western Import Operation, which in those days was primarily Japan. I was there from 1969 to 1972. There was big business going on to China. We didn't do business with Korea as much then. That was just coming in. It was very largely dominated by Japan.

NP: Did you notice any difference between working with the eastern countries versus working with the European countries, or was it pretty much the same?

DD: Yes. It gets difficult trading with the Occidental world of Europe, and the standards that they expect in documentation and in performance and in ethics are pretty high, and are pretty well established by many hundreds of years almost of business practice.

When you move from there, and you start to trade with some of the other countries that have not got that long history of ethics, you have got to be careful because you will run into problems of payment, for one thing.

NP: Getting paid?

DD: Yes. They just do more things, and they will argue about stuff. Trading Canadian grain was always very, very pleasant—not pleasant, that’s too weak a word—was enhanced by the rigidity of our Canadian Grain Commission [CGC]. By having a Grain Commission certificate of weight, and a national grain certificate of grade, and port warden’s certificate of cleanliness, et cetera, the whole system was very tight, well run. I have often claimed that the CGC is probably the best-run bureaucracy in the Canadian government. It enabled an international grain seller to run around the world, and you could sell, everybody knew what they were going to get. They knew they were not going to get cheated. Inspectors don’t work for the companies; the inspectors work for the government. And so, it is quite different from the United States. It made selling Canadian grain a lot easier because it had eliminated argument and that became very important when you shift and you start selling in the Orient or in parts of the Middle East where funny practices and baksheesh are common.

NP: Under the table payments?

DD: Paying an inspector, bribe him. We have been free of that in Canada. It has been fun because we don’t have to manage the ugly issue of corruption. It has been very rare over the years in Canada. I can’t even remember a case that was based on dishonesty and corruption. There have been some on negligence or incompetence, but not on that stuff. That would be true, particularly of the Grains Commission but also true of the CWB.

NP: After you left BC then, back to Winnipeg?

DD: No, I went to Argentina. I ran the export business for the Argentina Cargill, which was largely to Europe and some of it was in wheat, but nearly all in corn and soybeans.

NP: What differences and similarities did you see there in practices and operations?

DD: Argentina is somewhere between those two extremes that I talked about earlier. You had to be careful! To my great astonishment, when I loaded the first ship after I had arrived there, I deliberately asked in the department for them to bring me all the documents because I just wanted to learn. I didn’t know that. They arrived on the desk, and there was the certificate of weight in exactly the same logo [inaudible]. At the top was the CGC certificate of weight. It was exactly the same. It was a copy, and all

it said instead of saying Board of Grain Commissions, which is what it was called before it was the CGC. It was the Board of Grain Commissioners. It said [Dick says the name in Spanish].

I looked at it and everything, even the weight and the date and everything were all in the same place. And I said, “This is amazing!” So I asked about it. One of the guys said, “Well, in 1946 at the World Wheat Conference in England, Dr. Dusull, the Head of the Argentine Wheat Board, was talking to a Dr. Trelevan from the CWB and saying he was trying to set up a very tight system to help Argentina. Could Doug help him?” Doug did indeed help him. He sent him a copy of this, and he just changed the documents, changed it from English to Spanish on those certificates are the same as ours. I don’t think they run theirs quite as well as ours are run, but close. They will be miles ahead of many other countries running a business and exporting it from Argentina. It wasn’t that big a difference from here, particularly in wheat and so on.

The waterfront is a little tougher, stevedores and things. Canada was exporting CANDUs to Argentina. Reactors. It sat on the dock in Argentina for ages rotting. I couldn’t get it through there, and the Canadian Ambassador came to us and said, “Could you guys help at all?” So, I did some sniffing around, and I went with our stevedore down to the docks. He said, “They haven’t done the right things.” I went back to the Ambassador, and I said, “There are things you have to do.” He said, “Well what?” He said, “I can’t do those.” So we said, “Well, we will fix it up.” So we fixed it up and got the things moved inland. But we had to perform some stuff that Ambassadors can’t do. [Laughs]

It was very awkward. I think in some of those countries, you go in there--. And I wondered when I went to Argentina, I specifically asked, “Am I going to be asked to do things that are less than above board?” I remember very clearly the head of the department in Minneapolis saying to me, “Have you ever been asked to do that before?” “No.” “Well, why the hell do you think we should start asking you now? On the contrary, you are going down there to make sure that we don’t do that kind of thing.”

When I got there you couldn’t get a driving licence unless you said you had a Certificate of Immigration, landing visa. But you couldn’t get a landing visa unless you’ve got a driving license. So, I took a “fixer” guy with me. He put \$20 in between each page, and you are through the system and out of there with your driving license. Most of the employees on the other side of the counter had been paid less than \$30 or \$40 or \$50 a month. The local policemen would be less than that and streets would pay them. The system is built around a certain amount of that being in the system.

NP: Like an unofficial tip?

DD: Exactly. When you get down there, you got to just learn to go with the flow a little bit. The question is to keep it dignified and decent and not dirty—and I mean really dirty. None of this business of going down to the red-light district or the dirty stuff,

just a little bit of money or something sensible. Our kids walked around on the shoulders of the big, giant policeman that patrolled. He was huge. He would carry our little kids up on his shoulders. He was a great guy, and we all part of looking after to make sure his family got properly fed. He was mowed down by the terrorist and killed. The kids were asking where he was. See, it is amazing. You have to go through some mental shifts as you do move into some of those countries, and the question is can you keep it dignified and decent and not get into the nasty stuff?

NP: Did you find you could and still be profitable?

DD: Yes, absolutely, no question. So long as you stayed in what you might call “their local customs” then you were fine. But there is a fine, grey line between there, and some of the big operations which move onto into everything from booze to drugs to woman. I mean the whole dirty game. Those things do go on and the thing is to keep clear of all that garbage, which can be done, and which is actually quite easy to do if you really want it. You didn’t have to play that game.

NP: What was their physical plant like there?

DD: In Argentina?

NP: Yes. How many elevators did you have?

DD: It was built by C.D. Howe, who built the elevators in Thunder Bay. You walk into the elevator on the harbourfront in Buenos Aires, you would think you were walking into the Number 4 Sask Pool in Thunder Bay. Almost identical. The same plans built both elevators. Foundation Company, C.D. Howe Canada built those elevators. You will see those elevators in El Salvador and see them in Africa and you will see them everywhere.

NP: Where about in Africa?

DD: Nigeria.

NP: Okay. How long was your stint in Argentina?

DD: Two and a half years two years.

NP: And then back to--?

DD: To Winnipeg. Cargill bought National Grain in 1974, and they wanted someone back here who knew the Canadian system. That is when I came back.

NP: What position were you in at that point?

DD: I was number two. There was a president, and I was the senior vice-president. We bought a feed company, National Feeds, and we had a seed company. We had the western grain business plus our own Cargill export business. We even had a business down east at [inaudible].

We had made a number of changes that changed the whole picture of Cargill, that purchase. It is difficult to say how significant that purchase was in the march of the change in Canadian agriculture. I don't think it was anywhere near as big nor as important as the later moves by the Pools, which is more recent, but I mean certainly it is that the landscape of Canadian agriculture today is massively different than it was prior to the disappearance of the Pools. There are some negatives in that.

There is not a single farmer-owned voice representing and championing the farmer viewpoints, left. At one time, there were three Pools doing it and UGG and then that went down to two and then down to Sask Pool and it folded up into Viterra, now a public company owned by shareholders saying, "Where are the dividends?" There is a totally different managerial expectation there. In fact, the only really strong farmer advocate today would be CWB. And yet they are really an exporter. They get caught a little bit. You see in the paper their strategy being so farmer orientated. It shouldn't be. It should be customer orientated. If that was an export company that I was managing, you don't look backwards to your source, you look to your customers for your future.

The Wheat Board wears two hats at times, and that is a tough thing to do. But their need to take on the farmer responsibility is almost thrust upon them by the disappearance of the farmer companies. It has left the industry in a little---. If one was in Ottawa as a bureaucrat in the Department of Agriculture or in Foreign Trade, the only people coming to see you are representatives from multinational companies with investments in Canada. It is not quite true because there are still some very big Canadian players. James Richardson's is a very strong and well-run company. Paterson, they are small but well run and stable. And the same is true with Parrish & Heimbecker, doing well and every reason to believe that they are in good shape.

NP: It is always hard to predict, but I am interested in your thoughts about saying that the voice of the farmer, from a business operating to handle grain. Any predictions about what might play out there?

DD: The history of it has led to the farmer genuinely feeling that he has a right to all of the value of the grain that arrives in the Japanese flourmill. He has been not well or fairly or properly educated in the value of grain at his farm is one thing. The value of the grain at the elevator is now slightly higher. The value of grain at the port is again slightly higher, and he can't understand why his grain is worth \$200 a tonne and we make sales of \$300 a tonne to Japan and I want that \$100. There are a lot of services being provided in that line before it gets to the Japanese miller at \$300.

The lack of recognition by the farmer that this is what the business is about—is this transporting, warehousing, improving, cleaning and taking care of, putting in ships and getting it over there, financing it all—is a very sophisticated exercise. When they did it for themselves as Prairie co-ops, so much so that they even formed their own export company called XCAN, and they went bust. It ain't that easy. Our approach was, "Come on in, buddy, the water is fine, a little rough at times but welcome!" They came in and they went out. It is a sophisticated game. It is not easy getting grain from a farm bin to an overseas customer in good condition. It is not an easy exercise.

The farmer has been poorly informed about what has to take place and how do you get that job done. He was kept somewhat in the dark by the system that he owned. As you make the shift today, that education process is under way. The farmer to this day still has pretty high expectations that someone is ripping him off, which is an unfortunate and unpleasant way to do business. It is worth your while to spend some time, effort, and money to educate your main supplier that that is not the case. You see companies like Cargill going to considerable efforts to do that.

NP: I think this would be a good time to take a little break for you. Would you agree?

DD: I think it would be an excellent time to break because I have some coffee on.

End of audio part one.

Audio Part Two (DAWSON3.mp3)

Time, Speaker, Narrative

DD: Since I was 90 plus, we had him on a tape at a lunch we had called him for at the Manitoba Club. Yes, and he told us how when he was a small boy in short pants they had ridden on the train which was I think the "Great Northern Train" that went on the Northern line, and there were many elevator owners on the train, and they would take turns stopping at every seven, eight, or ten

miles and two or three would get off, and they would build the elevators in that town. Then they would go on, and a different three would get off at the next town. That is how the whole layout of those western elevators happened. But at the end of it all they formed a single company called the Northwest Land Elevator Company to handle the insurance so that they didn't have to pay insurance companies huge sums of money, and that company is still in existence, and Bill Parrish is its chairman now, I think.

But I mean there were a lot of real characters there. Alec Purvis had come over from England I think about 1919 and came out here and formed a grain company and got into the business buying little lots and grew and developed into a big company and became very successful. He then had the franchise for the Volkswagen motorcar from Thunder Bay to Vancouver, which was an interesting business venture, but he sold it over time. We knew Alec very well. He was a tough old Scotchman, but a wonderful character, and his boys Bob and David. That business is gone.

They were real stalwarts of characters, and they established the bar of trading integrity. You step off that bar, you are not going to do any more business, and you may as well quit the next morning and join another industry. Word of mouth alone that you had welched on a deal, you would be dead. You couldn't walk on the trading floor the next morning. These guys are the ones who established that kind of level of thinking. Ken Powell, another big company in those days. There was a big exporting company then called Smith Vincent. Clancy Smith and Arthur Vincent ran that company. Smith Vincent Grain was a very big exporter of wheat all through the '30s to England. They still have family around here. Guys like Clancy and Art--.

BC: What happened to their company? It was big in the '30s?

DD: The Wheat Board took over wheat, and they were the causalities of the CWB takeover. I can remember very well working with Clancy Smith on various things. I remember one night we were having the annual general meeting of our little investment club at the Carleton Club. We got a little bit too rambunctious—had a bit too much fun—a very senior member of the club came in late, and I was the registering member for the investment club, so the blame landed on me, and I got called up before the Disciplinary Committee of the Carleton Club for conduct unbecoming a member. Two very well-known senior doctors in town were in that investment club, and their wives were having a steam bath when this guy walked in the steam bath, but anyway.

I got a hold over the rest and the chairman is about to wrap me with a huge fine and wanted to suspend me from the club, et cetera. We expected a wrist slap, and he was getting all shirty about this. Suddenly Clancy Smith looked across at Art Vincent and said, "Arthur, my memory fails me, but don't you remember who was the chairman of the board? Was it VJ Day or VE Day? Do remember that lovely party that lovely lady jumped out naked from the cake on the table?" [Laughs] The chairman who was trying to pin this thing on me blushed like crazy, and he said, "What difference?" And so on. And I said, "I don't know, Tom." He said, "What is sauce for the goose is sauce for the gander." [Laughs] So the guy thumped the table and said, "Get out of here

Dawson. Don't be so stupid next time." And that was the end of the meeting. I don't know what the heck they had got on the chairman, but they sure pulled it at the right time! [Laughs]

Off I went to Argentina. We were fishing in the southern part of the Andes Mountains, and we stayed at a tiny little B & B, and they were having a Saturday night dinner and this guy turned around and said, "Oh, Winnipeg. What brings you from Winnipeg?" And he said, "Did you ever know a guy in Winnipeg called Clancy Smith?" I said, "How on earth do you know Clancy Smith? I was standing beside him when he died of a heart attack on the trading floor of Winnipeg pit." He said, "I am so sorry to hear that." I said, "How did you know him? He said, "On day 2 of WWII my father—they were Anglo-Argentines going back grandparents—sent me to England and told me to join up and fight."

There were hundreds of Argentines who went to England and formed their own squadron in the RAF like the free Polish squadron and so on. "No sooner had I been in England with the RAF than they shipped me to a place called Macgregor, Manitoba, to learn how to fly a spitfire. Every weekend this guy Clancy Smith and a fellow called Arthur Vincent would send cars out to Macgregor and bring us in for the weekend to their lovely homes in Winnipeg and throw the most wonderful parties with the most gorgeous girls you have ever seen!" He was laughing about how he knew Clancy Smith from WWII. That was the house on Nanton which was here. These guys were characters, very colorful.

NP: There was a Mr. Swartz?

DD: Yes. Charlie Swartz from Northern Sales, another real character. Came back in one of those early waves of Jewish migration I think as early as the 1880s and 1890s that those families came in, and they had been in farming in Southern Manitoba and so on. And their company had grown. Northern Sales was the name of the company. Charlie was a great character.

We had a character in our Geneva office who was a Czech immigrant, and he couldn't get back into Russia. He was a student leader during the student riots in 1956, but he became a very senior executive and ran a lot of our business in Europe—a wonderful guy called Michael Sladek. Michael has a wonderful art collection and in it were two of a set of five of a particular artist. He called me one day and said, "Dick, old chap, what are you doing? You have a fellow there in Winnipeg," he said, "by the name is Charlie Swartz?" I said, "Yes I know him." He said, "Do you [inaudible]?" He said, "Well how well do you know him?" Needless to say, this wonderful Czech trading thing, and he said, "Well he has three of a set of five of which I have two. One of us ought to have the five. They really ought to be together. See if you think he might either be interested in selling his or perhaps buying mine?"

I was on the trading floor, and Charlie was on the trading floor, and I went over and said, “Charlie, got a minute? I need to talk to you.” Charlie said, “You know I chatted [inaudible]. Oh that’s who Sladek is. Well, tell him I am not really interested in selling mine. What does he want for his?” I was the go-between on these things. These were \$100,000 each these paintings.

These were the kinds of characters you were dealing with. Wonderful guys, and Charlie Swartz was one of them. Very right-wing guy and didn’t have much time for anything for the other side, but really remarkable when you think the size and strength of somebody like Cargill, and these guys are your main competitors and very effective at it. Your size didn’t get you anywhere when it came to that kind of customer relations. We always thought it was interesting how on earth did Charlie Swartz keep on doing the business with Syria? They did it by performance and record and tradition. They were very, very good at their business and they had some very good staff too.

NP: Are any of his staff around?

DD: No, Charlie’s son Chris has just died. Chris ended up being much bigger in real estate and Arizona desert, et cetera. I think he was quite heavily involved in some American investments, and he never really took over the grain business after Charlie left. It gradually declined. There were two or three characters in that. Jimmy Dunn was one of his guys, and I traded a lot with Jimmy Dunn, and he was always fun, and his number two man was a fellow called Maxie Nasgaard [sp?]. There was a real character if ever there was one. When I first came here, and I had been here a week or two, Maxie invited me to join his family for dinner. I will never forget meeting his mother and his wife—unbelievable people. Unbelievable. Concentration camp survivors. Wow. It was a privilege to have known them.

NP: Off tape you had mentioned something about Mr. Rowan’s reputation preceding him around the world. Could you say something about that?

DD: Yes, I think there were certain markets where he was just very dominant. He had a big background in transportation down in Montreal. The whole orchestration of the right ships at the right place and the right grain in the right port at the right time was very much his ballgame, and he was good at it and had been all through the war. He was involved in organizing, and after the war, he was involved in getting things running back after the war and getting those transportation systems up and running. So, when the great big increase hit in the ‘60s, that was almost Frank’s playground, and he was so good at that. Smooth performance on contracts. It is tremendous importance because there are millers at the other end waiting for grain and so on, and I think Frank had a high level of understanding of all that and all its repercussions. He played an invaluable role.

In those days the Wheat Board itself actually sold all its grain to the grain companies, and we did the logistical sorting out. Later on, the Wheat Board took it on themselves, and I would have to say it didn't work as well after that. They still had total control of all the wheat sold, but they would sell it to Cargill at Thunder Bay, and we could take it down to Baie Comeau, and if the ships were late because the grain wasn't there, it was our fault not the Wheat Board's. We paid the demurrage on the ship waiting.

NP: Why do you think that change was made?

DD: I don't quite know. I think it was a sad thing. I think it was a feeling that here is another area of activity that we, the farmer, can take over, and we don't need someone else to do it for us. In the process of doing that they underestimated the risks that were being taken over when you hand over those kinds of jobs to another system to handle. With it goes the risk. When they did it for they suddenly found themselves paying the demurrage for the ships that were waiting and they didn't like that.

It is an old story, that one. It happens in many businesses. There comes a point when you are better off to pay the money to the professional who knows what they are doing and let them get on with it, rather than trying to do it yourself. If you try to do it all yourself, you are not going to be an expert at everything. You meet that at home. You meet it in painting. You meet it here, and you meet it everywhere. Sometimes pay the pro—it is his game! So long as you get good service, pay him his price.

NP: We left off your career as the vice-president of Cargill operations in Winnipeg.

DD: Right.

NP: That was where you stayed until your retirement?

DD: Yes.

NP: But near the end of that time, you were more involved with corporate policy?

DD: I wasn't trading anymore. I wasn't selling grain anymore. I was much more involved with issues of international grain policy, working with NAFTA and working with WTO—what became the WTO—trying to get tariffs changed and subsidies changed and getting international agreements on stuff. We have always had huge rows over shipments to the States. There is a large body in the States that doesn't like the Canadian system because, A, they don't understand it, and, B, they think the Wheat Board is a totally subsidized government sales agency, which is not quite true. There are some subsidies in there, and the initial price is itself a subsidy if it ever comes into play, but I think in 60 years the initial price has only failed—with the final price being below it—

about three times in history. It is really a false argument. You answer them with poetry: “Come on, Canada, they will say in the USA. Those big subsidies, you should not pay. Oh, we do it. It’s true, but don’t do what we do, just do as we say!” [Laughs]

NP: We are finding that there are several poets in the grain industry!

DD: We do it with the supply control group. There are a lot of industries in Canada that are managed by a tight supply, where production is limited, quotas are limited, like milk and eggs and so on. The Americans really hate that stuff, so half the time their animosity towards Canadian agriculture is towards the supply-managed area. We retaliate with them on those with “Merry dairy, quite contrary, how well does your barnyard grow? With those quotas so long, and tariffs so strong, and those subsidies all in a row. [Laughs]

NP: It would seem to me to be somewhat of a shift from the operational side into the more policy. What surprised you about that, or what did you find disappointing, fascinating?

DD: It was very fascinating. We would have never changed the Crow Rate if it had not been for the international developments at the World Trade Organization. There was an international agreement that everybody was having a race to see who could give away the most money in grain subsidies. And there was. Agriculture in the Common Market was 5 percent of the GNP and employed 10 percent of the people and spent 60 percent of the entire budget of the Common Market. You have got literally millions of very small farmers, very inefficient, but a social culture around those small farms in France and Italy and England of tremendous importance.

They could not let agriculture just sink. They had to subsidize them to keep them there. It paid them to maintain the tourist industry. Their grain subsidies were almost a tourist subsidy than they were agriculture. Well, you try and tell that to Washington, DC, about Iowa and Ohio, so they retaliated with huge farmer subsidies in the States. Then everybody agreed that this game of subsidy wars of the ‘80s was wild and crazy, and it got up to huge sums like \$100/tonne item was subsidized \$50/tonne.

There was a genuine agreement to try and cut down by 20 percent over a number of years. That time Canada in total agriculture was subsidizing about \$4 billion. We had to find about \$800 million to fulfill our part of the agreement, which was almost exactly the same as the cost of the Crows Nest Pass Trade freight rate. How you did it and which industry you did it to or a little bit to every industry, it didn’t really matter, but the law said you reduce your total agricultural subsidy by 20 percent.

Canada was left with the decision to do two things. You either cut back the subsidies and supply management in Ontario and Quebec, or the western grain farmers of Crow Nest Pass freight rate. Guess which one got cut? There was no way that the

politicians were going to cut the Quebec and Ontario subsidies, plus the fact that the Crows Nest Pass freight rate was such a bad and damaging thing anyways. It had led to monoculture wheat practices, monoculture cereal grains, to the detriment of the livestock industry, all the manufacturing industries. The milling, biscuit companies that use to be in Winnipeg—Peek Frean, Nabisco was here, and everybody was here making biscuits, Christie biscuits and so on. They all died and went away because of the Wheat Board controlling system.

The Crows Nest Pass freight rate, it was a good thing to get rid of. Don Rennie in Saskatoon reckoned that the monoculturing of cereal grain farming in western Canada had reduced the fertility of western soils by 50 percent since WWII, and if it continued, we would have a dust bowl again. We needed to get rid of that Crow thing. So it wasn't just the Quebec, Ontario thing. It was also sensible economics saying get rid of that Crows Nest Pass rate. Since it happened, we have had a revival of the livestock industry. Lots of acres that should never have been in wheat have gone back to alfalfa and clover, back to the pastureland that they should have been in. They were only in wheat because of the subsidy. It was a good thing to get rid of!! Those are the end results of policies. You got into the business of what was causing this thing and what do we do about it. When you go to an international conferences and try to get this checked.

NP: In that position then—and looking at Cargill's position that you were taking forward—could you identify a major success and a major disappointment in the negotiations, or are it just moving towards eventual change?

DD: I can recall very well changing hats and ending up in American conferences when the Wheat Board was being soundly attacked by speaker after speaker. I was there with Esmond Jarvis who was then the chief commissioner at one of them, and it was difficult for Es because you can't get up when you go on the defensive in a public platform. I was embarrassed for him about that, so I got up and gave a great big speech in favour of CWB. "Where the heck did that come from? But thank you." You did it because you were a Canadian in a hostile environment and some guy is taking a smack at one of your guys. The fact that I didn't agree with him on the Wheat Board was irrelevant because you knew him so well and stuff.

When you go down there, they were fighting for things in the negotiating table that they wanted, and so were we. And we wanted access for our milling wheat to go down to the States, and they wanted to block it because they have got farmers that didn't like to see Canadian wheat coming down there. The Milling Association got up and spoke on our behalf. They wanted the wheat because it was better than theirs. That is why they wanted it, and the system that graded it was better, and they knew that every time they bought something what it was that they were going to get. Whereas when they bought it from Aberdeen or Crookston, they didn't know what they were going to get. It was called [No.] 2 Northern Spring Wheat from the United States, but it wandered all over the place.

You got into the thick of these arguments, and I think that some of the success that you might not believe it, but it was explaining how our system works. They have a support system for wheat when it is grown, they have an initial price, they have a subsidy payment and a deficiency payment. It is not an initial price, but they have a whole structure of support programs in their system. They don't like ours, so they criticize it. That joke about don't do as we do, do as we say is so true. There they are subsidizing like crazy and criticizing us for subsidizing. The pot calls the kettle black.

We can't look back and say that we have had success there. Just keeping the business running and keeping the dialogues open and keeping the relationships open rather than going into a beggar their neighbour fight is a success. That takes a lot of nurturing, and occasionally it flares up into pretty ugly stuff, then it tends to subside a little and so on, and that happens between Canada and the United States, and that happens with Brussels and the Common Market. The sad thing now is that the Common Market has now taken in so many new members that are expensive it is draining the purse of the Common Market. And the Common Market—as they take Greece and Italy and whatever, not only Turkey and so on—it is almost compelled to find a way to reduce these expenses. The Common Market is making overtures about we agree we should be lowering subsidies. They have not said that in 50 years, and as they said that we were all good at last, we can get to the negotiating table, but the Americans left the table.

NP: Because there were not willing to look at subsidies?

DD: Wrong government, and Bush and whatever. They went off on a tangent on their own. Right at the moment when for 40 years since WWII they had been the greatest champion of multi-lateral trade. Bilateral trade—I would make a special with you, but I won't make that deal with you—the bilateral trade was negative for world growth, and multi-lateral trade—you treat everybody the same—was the way to go. They had been the great defender of that since WWII. When the day came to make it happen, they were not there, and that was such a tragedy. That is something we might hope might get fixed now with people like CWB must be watching that with a very close eye.

NP: In what respect?

DD: For one thing, we have done a lot of business with Cuba. There is now open talk that Obama is about to send a trade delegation to Cuba. What will happen is that they will invite the boxing team or one of the baseball teams to come over. Do you remember when university's table tennis team went to China? It was very well received and so on.

NP: Was that Mr. Reagan?

DD: No, it was Nixon.

NP: Nixon, yes. They will toe in the water--.

DD: Within six months of that table tennis team going over, he was in Peking himself. It is just a little token thing that happens, and it is about to happen in the United States and Cuba.

NP: Is that a big market for trading grain?

DD: It is a good market and not a big market. It is a good market though.

NP: You have talked a lot about things that have happened over your career. Have we missed any challenges that you faced that haven't already come out in your comments?

DD: There are some fairly big recent ones, which will occupy the next 10 years—the Green Movement, country of origin labelling in livestock. Doesn't affect the wheat and doesn't affect Thunder Bay and wheat too much. Genetically engineered foods does, and crops that have been genetically engineered in one way or another including wheat will be very suspect and we have got to handle that at an international level.

The ability of science to play a major role in feeding the world in the next 20 years is huge. Much of it would be through this kind of genetic scientific skill, and the question is how do you do it and what do you do with the customer who says, "I don't want my bread made out of genetically engineered wheat. So I won't buy it unless you guarantee me that you didn't use any genetically engineered wheat"? Those issues are going to be rising like crazy and are already. The companies that handle them I don't think have done a good job, and I would include my own old company Cargill, but the other engineers—the people like Monsanto that are in the business of engineering disease-resistance crops—they failed to properly educate their public that there is an enormous difference between genetic engineering and trans-genetic engineering.

The trans-genetic movement is when you take an enzyme from an arctic char—because it is the lowest living vertebrae in temperature in ice water and so on—and you put it into a cow or maybe put it into a wheat and make that wheat more frost resistant. You are moving some genetic material from one species to another in a manner that nature would not have ever done on her own. Therein lives Frankenstein. The whole horrible dream of where does that go?

If you simply take a piece of corn or a piece of wheat and genetically manipulate it so that it carries a higher level of iron or a high level of lysine or a higher level of protein or a change in the amino acid structure to contain more beneficial things. The Egyptians

genetically engineered wheat 3,000 years ago. This is not new. You constantly try to improve, but it is done within the species, and all we have done is find scientifically ways to do it very rapidly rather than let it take place over hundreds of years. That kind of genetic engineering can do a great deal for world hunger or world food, and world health. If you can find high iron rice, you would save a lot of eye trouble in India or China. It would be major contributions to the health of the world. All you would do is genetically move stuff within the species. That is one kind of genetic engineering. It should not cause any Frankenstein thinking.

The other one, I would want to see some very careful testing in my food of that game before it became loose. Yet it should take place that whole research is wonderful. If you could find a gene in a pig that can arrest MS or whatever, and there are games like this now being played. If I had a daughter with it or something, I would be saying to the scientist, “Go to it guys, and hurry up.” There is a place for the trans-genetic engineering game. I am not sure it is in the food stream. Have you heard of a sensible explanation from anybody in the industry like this? Not a word. When you get ignorance, what moves in? Rumour.

NP: And fear.

DD: And fear. Boy has it ever moved into the feed business on genetic engineering and organic foods! I remember when I was in the industry there was a story that Sainsbury, one of the big, big grocery retailers in the UK, was planning that five percent of their business would be organic. Do you know what it is today? Thirty-five. As we move on in agriculture there will be some gigantic issues like this on the deck.

NP: Going back to the genetic engineering—and I am certainly not well informed on this—but there is a separate issue I think of the patenting of grains. What kind of impact does that have on the industry if any?

DD: Yes, it does, and it usually applies to the production of genetically engineered crops that are resistant to certain wheat killers, for instance or fungicides or pesticides or herbicides. You develop a crop that is resistant. It is usually a hybrid, so it doesn't reproduce on its own. You have to go back to the seller to go back and get the seed next time, or if it does reproduce on its own, they are not going to give you permission to use it again. You have some scientific patent blockages there that have got to be resolved.

The actual contribution of some of those inventions can be wonderful. There is also a downside. There always is. Nature has a tremendous ability to build blockages, and you develop a resistance strain of wheat that is resistance to a particular chemical, and within five years you will find growing in that same field a weed that has become resistant to that chemical. The chemical was designed to kill the weeds, and now the weeds have developed an immunity, and you have to find a new chemical. Round and round you go! It is a very sophisticated and careful game. It is not a game. It is a sophisticated exercise in science.

BC: In ethics, really.

DD: Right. And it is no different than it is with us on antibiotics and human beings. If you have too many of them, the day you need them, they may not work for you because you have had too many.

BC: Who is in charge of pharmaceuticals too?

DD: We are in that business of careful management of nature, and we had better remember the words of Caesar, [quotes in Latin] “You can drive out nature with a rod, but she will recur and get you.”

NP: What was that other quote from Socrates, was it?

DD: No man can claim to know the strategies of the world, until he understands the business of wheat.

NP: Do you remember where that comes from?

DD: In Socrates?

NP: Yes.

DD: I don't know in what piece of his writing.

NP: I will track it down.

DD: Yes. One of the great scholars in great languages at the university might be able to help you with it. If you really just take the word wheat and look how in his own day did it determined where they went and where they invaded—down the Nile Valley, in Persia. You can look at the strategic significance of wheat from the days when the Pharaohs built seven years of supplies to hold in pyramids ready for their droughts. Then they developed their own drought-resistance wheat. Most of that drought-resistance wheat was done by selecting outliers and out runners.

My brother is a forester and genetic silviculturist, and he came over from England to the Queen Charlotte Islands in BC looking for salt-resistant varieties of white pine. They would go out into a burn that had been burned about 10 years before, and they

would look for the natural outrunners. There in the whole hillside you will see like this and one guy sticking up about 10 feet higher than the others. These were all 20 feet, and this guy was 30 feet. It was also usually early maturing because it had fruit on top. The others were not in fruit yet. This is like a young immature kid who runs into puberty much earlier than normal.

The trees do the same thing. They would shoot the cones off the top with a gun, with a shot gun, collect the cones, stick them in the TV set overnight, turn the thing on with the sound off, burst the cone open, take the seed out from inside, stick it in an envelope and ship it back to England. They wanted a salt-resistance tree for Ireland, Wales, and Scotland. They got it that way and they did it by selecting the out-runners. If you go back to the Nile Valley, that is exactly what the Egyptians did with their wheat.

They would look for an out-runner, an outlier, year after year after year. They would get a drought and the whole crop would fail but that guy didn't fail. "Wow, let's get that guy." They were playing genetics with wheat a long, long ago. All we have done is take it to a new level of scientific expertise, and you can reproduce without having to wait season to season. You can get the plant to germinate by taking a cellular cut from the plant and getting it to germinate and grow about every third week. The moment it sprouted you take another cut, and you can get 15 crops a year in a lab. That was before we went into some of the new developments in cellular research. That's where I say if they are accelerating what nature would do herself, I am pretty much okay and comfortable. When they step outside that and start doctoring stuff in the manner that nature would have never done on her own, I want some caution. I don't say don't do it. I just want, you know--.

I think those issues will be on the table for the future in agriculture. The whole of the green movement as well. I think the North American society and some of Europe will be in a full-scale war on obesity long before they are on a full-scale war on hunger. The rest of the world will be on a war. The general opinion of the majority of informed agriculturists will tell you that we really ought not to be too worried about the world starving. We probably have got the ability--. We are 6 billion or 7 billion to come, 8, 9 or 10, and the old graphs in 1950 of the Treaty of Rome and stuff in the '60s pointed to 10 or 12 billion. They have all flattened out and are already flattening out. The age layer is rising quicker than they thought. There are a lot of people saying an end is in sight to population growth. It is no longer anywhere near as fast as it used to be, and it is certainly well below the level, and it is unlikely that food will be the major problem of the future. Other things like clean air and clean water are likely to be much higher up the totem pole than a shortage of food.

The issue of meat protein and protein versus carbohydrates is an interesting one. On a global basis if you look at diets, we have about half a billion tonnes of meat, about 500 million tonnes of meat but the meat--. I have been at conferences where vegetarians came out and say, "It is ridiculous that you go on putting 10 pounds of precious grain into an animal to make a pound of meat." The whole room nods in agreement and says, "Yes, that sounds crazy." "That is what they are doing, and they shouldn't do it, and everybody should not eat meat."

That is when I got up and said, “That is interesting.” I said, “The beef world operates at about 6 or 7 to 1, not 10 to 1. The conversion rate in pigs is 4 to 1. The conversion rate in poultry is 2 to 1. The conversion rate in fish is maybe 1 to 1. Of all the meats, the average is about 3 or 4 to 1 not 10 to 1. When you make that meat, the wheat that you put in the grain that you put in had about 12 or 13 percent protein in it. When you get it back it has got 35 or 36 or 38 percent of protein in it plus a heck of a lot of iron and other things that the wheat didn’t have. So, on a nutritional basis, it is an excellent conversion because this guy is walking around the mountainside that you couldn’t even grow wheat on it if you wanted to. You are bringing into production land areas to provide precious human food, and if you were to take meat out of the global equation of nutrition, you would have mass starvation in two seasons.” Some people are going, “Wow, is that right?” They turned [inaudible] vegetarian.

Now, there are some things you can do as a vegetarian to strengthen their own argument. Instead of getting protein from cattle, get it from peas and lentils, which are quite high. They are 25 or 28 percent protein. They are not 12 percent. There are some things you can do to improve the human condition. But frankly, the consumption of some acreage, pastures, and clovers, and alfalfas for livestock production is a very sensible balanced economic thing to do that helps the soil long range, and there are lots and lots of good reasons why a vegetarian type farming system has got some real serious problems with it.

Those issues are going to arise more strongly as the critical point of feeding the world arrives over the next 10, 20, and 30 years. Most people in the grains end of the industry are optimistic that we will beat the problems that we will get thrown at us in feeding the world. That won’t be number one on the political agenda compared with rotten water.

NP: The last part of your career, then, was after you had, I put in quotation marks, “retired.” Can you tell us a little bit about when that started and what you got busy with to keep you from being bored in retirement?

DD: What, when I started the sustainability debate and stuff?

NP: No, when you moved from Cargill into retirement, I know nothing about your--.

DD: I had always been interested in the issues of the sustainable development. I had watched the movement and been a part of it. I was a member of the Partnership for Sustainable Development in the early ‘70s here. I sat with Alan Scarth in a little wooden hut out of Fort Whyte when there was nothing there. I had always been interested in that issue of sustainable development. It was interesting because while that was happening, the environmental movement was rising. The environmentalists hate the sustainable development guys because sustainability requires a balanced approach to three issues: economic, social, and environmental. If you want to put a bridge across the river, Assiniboine, you might kill a few fish, so you have an environmental issue to look at. You

have an economic interest because you saved 76,000 cars a day 10 miles each that means carbon emissions are “y” number. Then you have social issue of the time saved and the convenience of all the people who travel there.

There are three issues come together when you say, “Go ahead and build a bridge.” The three fish we are going to kill are not on the endangered list and so on. We don’t even need them. There are low level risks. “Go ahead and build the bridge.” The environmentalists don’t like that because sustainable development out-argues the purely environmental approach, and the environmentalists regard the sustainable development guys as a threat because they are no longer number one. The environmentalists want to be number one. If you want to look at the life change in that [inaudible]. Twenty-five years ago, he was a tree hugger. Today he is a very rational scientist screaming for compromise and balance.

NP: You are referring to?

DD: David Suzuki.

NP: Suzuki’s book.

DD: And his whole campaign today as a scientist is for rationality and coming together and creating some balance in thinking. I loved it even when I was with Cargill, and you could smell it coming and hitting the business. The sustainability of the western soils required a return to some livestock farming.

The soils of southern Saskatchewan should have never been ploughed for wheat. In terms of sustainable development, there were some practices going on that had been distorted by various government policies and the subsidy war and whatever. So the sustainability issue hit me inside the business world long before I retired, and you could see the need. One of the needs that was not taken care of was what we use to call it manure. Not anymore. It is now called nutrient management. [Laughs] That is really what it is. You have got this precious substance that ought not to be a problem. It should be regarded as valuable, if you learn to manage it properly. We have not done that. We used to burn our stubble and we use to do all kinds of crazy things. We used to chuck the pig manure all over the place and it would go off into the river.

BC: They are still doing that.

DD: Yes, and yet other countries have long ago figured it out and lined their lagoons. You get no seepage. We think that we are a big deal in pigs because we have gone from 3 million to 5 million. There are 100 million pigs on the island of Taiwan. Holland

has got 25 million, and we have three or four. Do we think we are really a big heavyweight in the pig business? If they have got that in their crowded little country, and it is all low-lying land, how do they manage the manure?

We have some things to learn. We are terribly blind and slow to adopt and think we have it right. I think those issues were fun, and I got into them more heavily after I got out of Cargill. It was fun and still is. There is so much going on of significance. Major structural changes in the world. I think that it will shift to Obama itself has got some potential to really bring a new period into place. Let's hope. Then we can get on with the business of trying to really fix some of the real sore points like starving Africa and starving Bangladesh. India is actually making, as you know, strong strides.

The double issue of energy versus food is a new feature of tremendous importance. Throughout the whole of my career the farmer had one place to go with his grain for the most part and that was world food. It was either going into food or beer. One or the other, but it was human consumption. Today there is another guy knocking on his door saying, "I want your grain. I want to make ethanol out of it. I don't care if it has got high protein. On the contrary, I want low protein, but I want a huge yield."

You research wheat for a totally different objective of the wheat that they will produce for ethanol will not make bread. So, you will take up acreages to make this ethanol or corn for ethanol. That issue on the table will be big. In general, I think it is a healthy thing because I think the farmer in the whole of my 40 odd years there was only about two or three short periods when the farmer was well paid. For the most part they were poorly paid for their work. I think now that there are two buyers wanting their crop, and two people are saying what they should put on the acreage, it will be a beneficial thing for farming. I think we will see stronger and better farming and more productivity coming out of the land. I don't regard the ethanol thing as a threat so much as an opportunity.

There will also be a huge increase in alternative substitutes. Biodiesel with canola oil and soybean oil is actually much more economically sensible than ethanol. Ethanol is not a very economic sensible thing to do. It may be strategically sound politically to grow your own energy than go and buy it from somewhere else. That is its main attraction, but it is not particularly sensible. Biodiesel is. We can really make a lot of biodiesel fuel out of canola oil and do it at an economic level. That is a different issue again.

Then that is before you get off into the other the wind powers and the solar, et cetera. I saw in the paper the other day that during the recent big windstorms in Europe, Spain was providing 40 percent of the national grid with electricity from wind. Where are we? We are nowhere near that. We are only 1 percent or something. So there are some things that we have to look at that are exciting.

Then I think there are some new things. We have never been in the textile business apart from a little bit of linen and flax. Canada has never played a role in it. The flax we grow is not the flax that the Belgians grow to make linen with. It is not the same kind of flax. Europe and others are growing large crops of hemp. Hemp is a magnificent crop. It is the value of an acre of wheat is a \$350 crop. Thirty to thirty-five bushels an acre are \$10 a bushel, maybe \$300 or \$400 an acre. Hemp is about \$800 or \$900, and it makes 40 different products! We don't make any cotton. We can't grow cotton. We are blocking it off because of marijuana. We are not developing the hemp like Romanians and Poles are and doing wonderful things. I have got gorgeous clothing in this house that come from hemp. We really ought to be doing a lot more about that.

What we need are the scientists to come and help us. "Do you know how? We would like you to put a purple enzyme into the leaf of the one that we grow and let the silly buggers who want to go to California grow their damn thing and get caught and go to jail." [Laughs] If we could color it and change the color. Right now, we plant 40 acres of trial stuff around. We get permission from the government, the police and the RCMP and whatever. We organized it all and walked out in the middle of the field and there in the middle there is a 10-acre piece of this other stuff. [Laughs] The stuff we are growing has about 1 percent of the happy acid that the marijuana has in the flower. We have about 1 percent. There would be more of that acid in a cabbage today than there is in that flipping plant. [Laughs] We can't get the approval because every time we do it somebody lets the ship down, and you get some silly bugger growing the other thing. [Laughs] It keeps happening and the police are tired of it. So we can't get any approvals and this sort of thing. The only way to do it is to scientifically change the plant. If we could do that, we could have a new crop in Western Canada with tremendous potential. Huge!

BC: We will own that company.

DD: You are darn right. I will buy shares in it.

NP: We are coming near the second hour mark and there are just a couple of things I would like to finish off with. One ties up your whole career. This is maybe a tough question for you because it asks you when you think back on your career, what has brought you the most satisfaction or what are you most proud of? And maybe actually those are two questions.

DD: I think if I was to look for a highlight of enjoyment and accomplishment, we used to think of a sale of 100,000 tonnes at a time being big, and then we went to 200, then 500, then one million, and then 2 million, then 3 million, then 5 million, and the shift in the dimension of the obligation you were undertaking required you to load a ship every day. You would have four ships a week coming in, and they were 40,000 tonners not 20. You are going to move one heck of a lot of grain. That period from 1963 through--. There was a collapse in 1967, '68, and '69. It improved again later in the '70s. Then it didn't improve again and there was another period of improvement in the '90s. But the real jump in expectation, global exports, was in the '60s. Getting the

railroads and everything else to move that kind of volume and getting it to hit at the right time, and then getting it to the ship and so on at the right time was exciting and it was fun. You have probably seen the Patersons, seen Andrew?

NP: I have talked to Robert Paterson. Andrew is on our list.

DD: Okay.

NP: He is a youngster, so.

DD: Grandpa use to talk to me in the Grain Exchange and “Dawson!” Senator Paterson was then 97. He wanted to know why we had had to take his ship out of line at Baie Comeau. We were going to delay him for 12 hours. He wanted to know, “What the hell are you doing?” “The ship behind you has got some barley on it. We need it to get the ship that is on the dock out. When the ship on the dock is out, and another time, we will get you in front of someone else.” Sure enough, two months later we are pulling him out of line and up front. Sometimes you have to do these things and break the rule. The normal rule was ship come and get unloaded in turn. You try to do that as much as you could, but sometimes it just doesn’t work out that way. He used to hit the roof, the old Senator. Oh boy!

NP: Now, I can imagine he was a character.

DD: Oh, yes. He was. He was a great, fantastic character. On their 75th anniversary, Don Paterson here, Don read out a letter from his dad to his dad in 1913 back in Scotland saying that “I have arrived in a town called Fort William, Port Arthur and I like it. And I think I could do well here, and I may stay!” He did okay. [Laughs] What a lovely letter. Those sorts of people. And Robert himself was quite a character. I knew Robert a bit.

NP: Robert was a character?

DD: Oh, yes. I was just a rookie, and I went down there to fix a problem of loading a ship, and I was very young. I had no money. I had lost my money. I lost my wallet. I asked him to lend me \$100, and he never let me forget it. He was always kidding my boss and saying, “You send me this damn rookie. The first thing I had to do is lend him \$100. Haven’t you got any money in Cargill?” [Laughs] We had some good times with Robert!

NP: Those heydays—and there must be another term than hey—were pretty exciting and gave you a lot to be proud of getting the thing to click together?

DD: Yes. And orchestrating the shipping itself. You would try and plan it out on about a 30- to 40-day forward cycle because a ship going down to the St. Lawrence would take six days. Where we were unloading at Baie Comeau, you would allow a maximum of two days to get it unloaded. So that is eight, and one day up to Sept Isles or Contrecoeur to pick up iron ore. Nine. Five days back to Toledo, Ashtabula, Cleveland, and Garry, Indiana, or wherever on the American iron belt with the iron ore would be another four days, and now you are onto 13. Three days deadhead up to the Lakehead is 17, and load in two days.

You could get a turn. You could run a season on a ship and get 10 trips. That is 200 days from April right now opening up and closing in December. You are going to be talking about 220 working days. Maybe you could get an 11th trip in, and that was the ambition with the ship, to try and get 11 trips. I used to get a lot of phone calls from Senator Paterson and Upper Lakes Shipping and CSL, and all these guys saying, "What are you doing?" Because if you dropped them by five days, you were the guys that stopped them from getting that 11th trip. That is 10 percent of a year's earning when you are doing 10 trips. So you got into the milieu of a totally different industry.

We used to do a lot with Paul Martin, and you get into the middle of that stuff. It is very interesting and exciting, and it is fun when you do it, and it works, and they are happy, and you are happy, and you have a little party to celebrate something good. They got down there, and they came out in 12 hours. They went in, hit the dock just as a guy was leaving, and the guys says, "Keep your engine running. You are coming in." And the guy says, "What? I haven't got her here yet." And he would check into the hotel and say, "Don't bother to check in. You will be leaving at midnight." "What?" And we would put him on the dock at 9:00 and have him out of here by midnight. He fully expected to stay for two days. You do that two or three times out of those 10 trips, he is going to get 11. That was fun.

The ocean side was just as much fun, especially when you get on the West Coast. You would come in Vancouver where ships often waited three weeks, that sort of thing. You would be bound for Japan, and we would charter the ships. I remember the Wheat Board guy Dave Yates would come to me and he would say, "We are putting barley in, et cetera." And I would say, "What for?" He would say "For the *SS Maru Maru* coming in from Japan." I would say, "She yesterday took on a load of coal from Brisbane to Korea. She isn't going straight back to Tokyo. You think she is going to be here on the 10th of June? She is not going to be here before the 30th." And he said, "We have a chartered for the month of June." I said, "Okay I bet you she is here on the last day. Don't put the grain in the elevator for her until then." So he would go and do some checking and come back and say, "How did you know?"

Our Tokyo office would watch the ship unloads, and they would send a notice to our ship captains that we had chartered saying, "Please open up the engines. We will buy the captain a new hat." That is language for a little---. Get a new hat. You wanted him to

spend fuel and time and money to hurry up because there was a big storm in the Pacific, and a whole bunch of ships got jammed up. There are 200 hundred ships going to hit Tokyo harbour in four days. You better be in front of them! [Laughs] Open up the accelerator and get there. We will pay it.

But you've got to know what is going on at sea. You have to know where these storms are, and you have to know where your guy is because if you get behind on that--. Now when you make a charter, you make a charter with the guy, *the SS Maru Maru*. "Yes, I will come to Vancouver, and I will take a load of wheat to Japan for you, and I will proceed to Vancouver after unloading in Brisbane, whatever." They missed a word out. The word is direct. I will proceed directly to Vancouver. I used to tell him, "There was way more guys. You get into this game, buddy, you had better watch your words." He didn't put a direct in, so the captain has the right to go off to Korea and do a side trip. If somebody said, "I need a quick run, can you do it for me?" And he said, "Sure." He went off there and instead of turning up in Vancouver on June 1st, he turns up on June 30th, and he is squeezing in another little trip because of the absence of the word direct. There is stuff in there that you got to--. But all that stuff was fun.

You asked me what were the joys? The fun was staying on top of stuff like that. Getting it done well was rewarding, personally. You got a little kick out of it, and you got to know all the overseas buyers like the Poles and the Russians on a personal basis. That was a joy. They were great guys, very ethical and fun to deal with it. I can remember sitting in Earle Green's basement [inaudible] Ladislav? [Inaudible] the head of the Polish Grains Commission buying delegation played Chopin all night. Magnificent! There was a stupid little guy there with him who was a communist spy guy. He was out there to watch these old guys to see that they were serving the government. And Ladislav dropped into the old Polish national anthem, the old Krakow national anthem, and started--. It was bad enough to be playing Chopin, which was a bad word anyway, but to drop into the old national anthem. They told him to stop playing and [inaudible] just turned around. [Inaudible] guy came from a family of bankers. The name Ghislaine was the [inaudible] in Poland and it is about like [inaudible] in North American. To see [inaudible] playing away and he would look at the guy that told him to stop, "Go away you silly little man." [Laughs]

He was telling me about what a lovely holiday he had had—a lovely holiday that summer. He said we went down to Work Camp No. 26. It was wonderful—a very nice holiday and a gorgeous place he said. "It was such fun for me to renew my childhood. I was born there," and it was his mansion. It was his castle. And they had turned it into a camp and the little guy was furious, you know. But you saw these things going on between them and [inaudible] was funny. He had a velvet tie and velvet lapels and spats, silver top cane, Homberg hat. He looked like something straight out of a 1920s picture. But he had to be on the delegation because he was the only guy who could tour the world and get financing credit on his name.

NP: Fascinating.

DD: Some people.

NP: We have a couple of general questions at the end. I don't know if we mentioned to you, but it did mention in the letter you got that at some point we are hoping to open a center to feature the history of the international grain trade. That may never happen, but if it does, what do you think would be important to commemorate and preserve for the public related to the international grain trade? What are the essentials?

DD: The cleanliness and the reliability of the product that Canada has sent out to the world for years. It doesn't really matter whether it came from a Co-op elevator or a Wheat Board or a Cargill—those are internal Canadian issues of interest. But in the job being done of feeding the world, that is what it is all about.

“Today it makes me feel good and happy to look out at the youth in this room full of young bright brains, energy, and enthusiasm. These are young patriots that love this country of Canada enough to continue to fight to make it strong.

“I see myself 41 years ago now, and it seems like just yesterday. My boss's wife, Mrs. McGregor, found me a one-room apartment underneath the boiler room in Vaughan Street. I was paying \$27 a month for the room. She took me shopping to the Army & Navy store to buy a kettle, two plates, a knife, fork and spoon, some sheets, and a pillowcase. She gave me all the rest herself out of a cottage. She was one among so many people who had been kind to me in this country. This industry has also been good to me, and it can be good for these youngsters here today. I have every reason to love this country, with all the patriotic fervour that is sometimes never stronger than in the naturalized convert or immigrant. You may take it more for granted than I may do.

“Let me leave you with the words of an articulate Englishman who perhaps more than any other had but a marvellous ability to marshal the language and send it off to do battle for him, either in the cause of peace or war. I refer of course to the half-way point of the century on the first of January 1950 when Mr. Winston Churchill addressed the people of Canada on the CBC from the Chateau Laurier Hotel in Ottawa.

“He said these words: ‘I believe in the unconquerable association of the spirit of our combined identities and survival. Together we have surmounted all of the perils and endured all the agonies of the past. We shall provide again some prevail over all of the dangers and the problems of the future. We shall withhold no sacrifices, grudge no toil, seek no sordid gains and fear no foes and all will be well with us. For I believe that you have within us the life strength from the guiding light by which the tormented world around us may one day find here the harbour of safety after its own storm-beaten voyages.

“A marvellous future awaits you in Canada, for when I first came here after the Boer War, these mighty lands had only five million people and now there are nearly 14. When my grandchildren come here there may be even as many as 30 million. Upon the whole surface of this globe, there is no more spacious and splendid domain in which to perform the activity and the genius of a free people who with one hand clasped in an enduring friendship with the United States extends the other across the ocean, both to Britain and to France. You Canadians have a sacred mission to discharge in this world and that you will be worthy of it, I have no doubt.”

Isn't that lovely?

NP: Yes.

DD: That is where you get to when you get to--. Feeding the world is a fun thing to do with your day! Doing it well are worth doing. When you look back on it and say, “What did you do with your life?” If you fed the world and did a good job and didn't ship shitty grain around the place full of mouse turds, you have done something worthwhile. I think that sort of tone is what it is about at the end of it. It is why you get up in the morning and go to work at 6:00 instead of 8:00. If you don't have that stimulus, you are a 9:00 to 5:00. Go and do something else.

NP: The last two. Others to interview? You have mentioned some along the way and I have noted them here. Are there others to interview that we should put on our list?

BC: Who have you noted?

NP: I am not sure that all of them are alive, and we will be talking about that after we turn off the tape. You mentioned Dave Yates. Is he still around as far as you know?

DD: I don't know.

NP: Was he in Vancouver?

DD: Yes, he was with CWB.

NP: Okay.

DD: I was on my way back from Warsaw or Poland or somewhere. I dropped into London to see whatever family and things and I was in the hotel and the phone rang. It was Sheila Yates, his wife, and she said, "I have called the office to speak to David, and they said that you had been on the phone and you were in London." And I said, "Yes." "Well, you bugger, why didn't you let us know?" I knew them very well when I was manager in Vancouver, and he was the manager out there. I knew them here, too. She said, "We had been in London now for two years and we have been waiting to get on the royal list for the garden party at Buckingham Palace. Guess what? We got invited for the garden party at Buckingham Palace today, and David had to go to Brussels this morning. I need an escort."

So I said, "What is the dress?" And she said, "Full dress." [Inaudible] so I thought, "I will get up to Savile Row. I will rent an outfit." I said, "I am at the hotel. Can you be here?" So we arranged the time. She has got the official invitation, which includes a gold thing that you put in the window of your car to get through the gates and various things. So off we go to the palace! We get up there, and you are supposed to go around the back of Palace Road and then the back of the bottom of the garden. The guy charges up the mall, straight at the main gates. Sheila yells at me, "We go in gate three." He says, "When I go to the palace, I go through the main gates, me. I don't use the back gates. We use the front gates."

The whole of the guard comes up [inaudible]. He says, "That's what comes at having a son Chief of the Guards." We go in the main gates in this little red cab and up to the front. Well, the joy is that when you go in that way, you get to go through the whole of the palace, and we took an hour to wander around and look at everything in the palace. Then out onto the verandas at the back and then out to the garden party, which is huge. It is a huge garden. There are the other 1,500 invites to the garden party don't get ever to go into the palace. We wandered out there and here I am with Dave Yates CWB. [Laughs]

Honestly, we ran into the whole of the grain trade. It's the Grain Trades Day, that is why they were all invited, and there are the Spillers and the Millers guys and all the guys from [inaudible] Brown and all the miller buyers that all know me and say, "Ah, I see. Poor old David. He gets called away and look what his wife does the moment he is away." And she says, "[inaudible] Cargill guy." [Laughs] I gate crashed. It was my best gate crash ever! I gate crashed the Queen's birthday party in the palace!

NP: The advantage of connections.

DD: I don't know what David is doing anymore. Let me think about some people here. Billy Parrish would be one of the big ones.

NP: Yes, I have had a very entertaining interview with him. Why don't you think about it, and I will ask the last question.

DD: You just miss two or three. Earl Baxter from CGC. It is amazing when you ask a question like that. I am thinking about four names, and they have all gone in the last four months.

NP: I know, it is very sad. The last item is memorabilia. We have talked about your collection downstairs. Is there anything that you think would be useful that you have in your collection that might be useful for our project?

DD: What are you forming? You are forming a center at the university?

NP: Actually, what we are hoping to do—and this is our big dream—was we would actually like to set up on the site of an elevator.

DD: Okay.

NP: So that you have the magnificence of the elevators there but not in an elevator. Currently we were looking at the UGG M site beside Viterra now, beside Sask Pool 7.

DD: At some point, you may want to talk about from a Thunder Bay practical viewpoint the shift to the big ships eliminated so many elevators that they couldn't either take a big ship that big, and you could not turn above the basin at Paterson's.

NP: In the turning basin.

DD: Yes, and even there were three feet in the front and three feet at the back, and by the time they swivelled that ship, it was pretty dicey stuff.

NP: Right. I think I brought a map last time of that stretch.

DD: Yes, I think I may have that.

NP: Yes. It was rolled up.

DD: Yes. I had forgotten to mention what that big ship did. It relegated a number of elevators out of the main shipment movement, and they became specialists in rye, malting barley, and other small things that freed up the big guys to get on with the big

business. They made a perfectly good living, thanks very much. They didn't all go belly up, but they became specialists at little things.

NP: Yes. Bird feed and specialty seeds.

DD: Yes. We used to ship rye down to Chicago and Walkerville and [inaudible]. The big guys didn't want to handle it. It just got in the way of their main job. Paterson had a lot of ships that loaded about the docs. The *Ontadoc*, the *Mantadoc*, and all the docs-- . *Dominion of Canada*. They were not big, about 20,000 tonnes, and they could easily get in there. They had a good time. We used to ship all kinds of stuff down to the States. Oats to Buffalo and all kinds of things.

NP: Resiliency, I think of the grain industry in spite of a lot of changes--.

DD: Yes.

NP: In the absence of--.

DD: I will think of some more people if I can.

NP: In the absence of having a centre—which was what I was mentioning—we definitely have our oral-history collection, and we will likely develop a web site so that photographs. Some people have donated little artifacts. Anything that you think might be useful, helpful?

DD: Okay. I won't just throw all of my things away. You saw that bank, and I don't know how many there are. There would be about 20 speeches a year for 20 years, so there are at least 400 speeches. I have to give you one next week to the Canadian Grains Counsel. It just so happens it is their 40th anniversary. It just so happens that I gave one to them on their 30th, and it was the New Age of Agriculture Strategic Position for Tomorrow, and that was the kind of speech. Those ones downstairs and these guys--. That is 1999, 2000, 2001 and 2002 just to give you the flavour of what they are about. The Integration of Sustainability Between Industry and Agriculture; Worldwide Sustainability in the Upper Great Plains: A Threat or an Opportunity; Global Protein Markets: the Bison, Where Does He Fit In?; Worldwide Trends in Sustainable Development; Opportunities for Value Added Industry in Western Agriculture; The Global Village: A Planetary Reconstruction Project, An Idea Whose Time Has Come. That was to the University of Minnesota. These are the tones of the--.

NP: It is really a reflection of your career because they would have followed all along from--.

DD: I finished up being more concerned with where we are going in the long range rather than in the next quarter. I shifted into a more long-term investment approach.

BC: This is very important because, as Nancy is saying, that our dream is the centre. But you know a building is one thing but having all the information in this new world is just as important and that is what we have control over is doing the oral history and connecting with people and seeing what people have in terms of artifacts or thoughts or their thinking. We can build that, and it is terrible to say, if we never got the building, we still have the history. That is why we are moving forward.

DD: Have you become aware that there was a big wrong, that we guessed wrong? I remember going down to a meeting of the Thunder Bay Harbour Commission and giving a speech. There was a well-know guy head of that commission. He was the harbour master from Thunder Bay. They were planning a fight to raise an argument to get money from the Government of Ontario to do major renovations to the port to get ready for the future. The idea was that the good times were going to continue and that we were going to growing and get more grain. As you know, shipments have dropped off, and farmers have switched to cattle and pigs and things. Wheat is nowhere near what it was and even it is much less. We were shipping 30 million tonnes out of both Vancouver and Thunder Bay at one stage and then it went down to 18, 12?

NP: I think someone had mentioned to me that Canada was shipping two thirds of what it was at its height and Thunder Bay was shipping one third of that.

DD: Right. That is correct. The big demand is off the Asian rim. The Asian rim has got 3 billion out of the 6 around it, and nowhere near enough. Whereas the Europeans given much 500 million people in the Common Market can pretty much raise enough food for them. There are big differences.

NP: So when they guessed wrong, did they get the money and do the improvements, but then they just were not needed?

DD: Yes, I think we all expected to see a continued growth in global consumption, and it has changed, and it hasn't happened. Some of that would be the increased ability of those countries to raise their own crops and so on. That would especially true of people like Turkey, Morocco, Algeria and those places that use to be big, big markets for us and a few of the African countries. Africa for the most part is still a disaster. They haven't got any money anyways, so they couldn't pay for it. They either get aid or nothing. Thunder Bay doesn't particularly care whether the grain going through is aid or what, as long as it is grain going through.

I can remember when the president of Cargill went back to Europe the one that I mentioned to you. One of his last speeches was that we are going to need 20 more lakers, and we just sent them to the [inaudible] and to the scrap yards. There has been that change, and one has to look at that and say what the heck happened? **[Audio pauses]** I do think that and is this on?

NP: Yes, but you do have the ability to restrict access to it.

DD: Let's talk about it. There was a question here about how much grain has being shipped out of the west. You get a system up and flowing and we end up shipping grain from Manitoba to Vancouver to go to Algeria.

NP: It may not be.

DD: But we have.

NP: Oh.

DD: Even shipping from the central Prairies to Vancouver to go to Brazil. Chile is east of New York. If you look at the map, it goes like that.

NP: And you would like to comment on how this happens?

DD: How much grain has been going out of Vancouver? Why would you take grain out of Vancouver right around through the Panama Canal and right around the horn to Brazil? You have gone backwards 2,000 miles to come back to 2,000 miles and yet as you come out of here--.

My rule of thumb is getting the grain onto the water as fast as possible for one reason. It takes approximately nine cents a tonne-mile to move grain in a truck. It takes about three cents a tonne-mile to move in a train and one cent a tonne-mile to move in a ship. The sooner you can get it onto the water the better off you should be. The idea of taking grain from a central point to Montreal, Quebec, Baie Comeau and how you get it there is the cheapest possible. If that is all rail, let it be so. Let it be all rail. But if the ships can beat it, that is up to the shipping industry to put it in place competitive rates to get it there. From there it goes down to Brazil, which is almost a straight south movement from there. Well, really ship it from central points in the Prairies out to Vancouver and then bring it right around the outside. Why?

NP: Why?

DD: I have no answer. But I think you get a momentum going of shipping with a system that gets use to that. One of the reasons is that when they changed the Crow Rate, they re-established the rates on a mileage basis, and you might think that makes sense. It doesn't at all. You do it on a cost basis. I can show you that it takes—and the railroads would be quick to support this argument—that when you go from Lloyd Minister is halfway is 925 miles to Thunder Bay and 925 to Vancouver. Lloyd Minister is the even point, by miles. But the cost of pulling a train up the mountains and the cost of holding that train back to take it down the mountains is at least 15 percent of the variable cost of running it. If you were to move the grain on the basis of the equally distant point from Montreal to the center and from the center to Vancouver, on a cost basis, you would go over into Alberta and you would pull all the grain from Alberta down the St. Lawrence Seaway. They don't do that. They do it on a mileage basis with no regard for cost. So, you go down to Montreal and it comes to about Verdin or Brandon and they come all the way over here to get the grain and ship it out to Vancouver because they are not being charged on a cost basis. There is a why. How about that?

NP: Fascinating. I have a proposal for you as we turn off the tape. Thank you so much this has been fascinating information, and you have been a wonderful person to interview, and I enjoyed meeting you.

DD: You are welcome. Great fun!

End of interview.