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Company Affiliations: United Grain Growers (UGG), Western Canadian Wheat Growers Association, University of Manitoba

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Summary: In this third and final interview, director of corporate affairs/policy Paul Earl continues to track his career to the present day through United Grain Growers, and Western Canadian Wheat Growers Association, and the University of Manitoba. Earl describes the massive changes to the grain industry through the 1990s, including the total removal of government rail subsidies, rail rationalization, the construction of large inland terminal elevators, and the growing recommendations to reduce the Canadian Wheat Board's monopoly. He details how these changes affected the cooperative-modelled companies, who needed to raise extra capital for revitalization projects, and how these shifts lead to the creation of Agricore and Agricore United, and the ultimate takeover of Agricore by Saskatchewan Wheat Pool. Earl discusses his move away from UGG due to the internal conflicts in the management and board of directors, his move to the Wheat Growers as a government lobbyist, and his eventual move to U of M as a researcher and professor in the new Supply Chain Management department. Throughout the interview, Earl reflects on the winners and losers of the various industry changes and shares the ideological differences between the two sides of each issue. Other topics discussed include the history of the Wheat Growers and their various executives, multinational corporations taking up a large part of the modern grain system, his upset at the degradation of UGG's unique hybrid vision, the Canadian Wheat Board's lack of effectiveness, and how Thunder Bay may be able to survive in the free enterprise system.

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Time, Speaker, Narrative

NP: It is the afternoon of May 1st, 2013, and this interview is taking place at the Transportation Institute.

PE: Transport Institute.

NP: Transport Institute, and it's the third interview with Paul Earl. When we last met, we ended off the interview with a statement that we had hit the 1980s, and it was a time of great change. So let's use that as our jumping off point. I think you were saying, I think, that was about the time you finished your doctoral work.

PE: That's right. I actually finished the doctoral--. I was working for Agricore United. No, I'm sorry. It was United Grain Growers [UGG], still United Grain Growers at that point. Yes, I had taken a position with them probably two or three years before as the--. I forget the title. I think I've said it.

NP: Operations manager?

PE: It was, yeah, country operations. It wasn't country operations manager. I was reporting to the manager of country operations, and it had to do with properties and so on. It was not a period that my career, shall we say, peaked because I was very busy doing a lot of research for the PhD, which I had to be doing whilst I was working. And so, I was busy. I remember spending so much time in the UGG library pulling stuff out and photocopying it, and I really wasn't performing at my best in that job.

NP: Now, just before you go on—and you did mention some of that in the previous interview—where did the UGG library go when UGG disappeared? Where did their archives go?

PE: Actually, that's rather complicated. When I was there at that time in '89, '90, '91, when I was just finishing up my PhD, the library was there. Had a lot of very, very valuable stuff in, and the librarian, Carol Rogers, also had some very old files that were from the early history, not a lot, unfortunately. People didn't archive, but she had some things. Then the company decided to deposit a lot of material in the University of Manitoba archives, which it did, and there is a fairly comprehensive archive now at the University of Manitoba about UGG, and various materials went there over time. But what happened actually—and I can't pinpoint the year, except it was somewhere towards the middle end of the '90s—they were on a cost-cutting binge, and the CEO Brian Hayward said, "Everybody has to cut their costs by so much." The library at that point was responding—the librarian was responding—to a man by the name of Ron Enns, and Ron Enns decided that one of the ways he could save money for his department was to cut the library. So he did. Just *bang!* And it was gone.

Some of the material, I know, went to the archives. I imagine a lot of it was lost, regrettably. I don't know how much went where. They continued to deposit some material in the archives for a while. I don't think they continued it right up until 2006. They may have. I haven't actually been through the archival material at U of M, but I know some of it's there, some of it disappeared. Some of the later stuff, regrettably, I think, is not there.

NP: This also has me tie up another loose end from our conversation, and that was that you had interviewed Mac Runciman and had taken--.

PE: I did.

NP: Had done audio tapes.

PE: Yes, yes.

NP: Could we have your permission to get copies of those?

PE: You can, indeed. Actually, those are in—or should be—in the archive, in the University of Manitoba archives, because they told me if you had worked on a book, they would take that. So I deposited the recordings there, and also most of the recordings were actually transcribed because there was a woman who worked at UGG who did that sort of thing. Not professionally, but she used to transcribe the annual meetings and things. So she transcribed all of that material, so there should be--.

[0:05:20]

NP: Those should be there too, the transcriptions?

PE: That should be there as a stack of paper like that, which is the transcriptions of the interviews.

NP: Good.

PE: If they still have them, right? I hope they do.

NP: Yes.

PE: Because there was a lot of very good stuff in that.

NP: Right.

PE: As I said, when I wrote the book—this is in the book actually—a person will not find always the same words in the transcriptions as are in the book because Mac and I went through the whole book, and he said, “Well, I didn’t mean to say that” or “I’d rather say that this way” or “Gosh that’s awkward,” and we changed it. Things like that. But yes, but it should be all there. And yes, as far as I’m concerned, you have permission, and he has gone to his reward, so it should be all available.

NP: Great. Now who was heading--. What happened then, just refresh my memory, in the early ‘90s with your career?

PE: You know, the dates are a bit fuzzy in my aging mind, but I went with United Grain Growers—went back to United Grain Growers—if memory serves me correctly, it was approximately in the late ‘80s at some point. And I had this job in country operations where I had these responsibilities for certain things. It was neither a job I particularly enjoyed. I discovered over time I’m not a good manager. I’m a much better thinker.

NP: And you had mentioned that last time.

PE: And so on. So I had that job for a while, and then when Brian Hayward became CEO, which was 1990, I believe--. You might want to check that. But actually, if you go online to the University of Manitoba archives, they do have a page. In fact, I just printed it off the other day. It’s kind of a chronological summary from 1906 not through to 2006, but through to the point at which their archival record that they’ve got runs out. I’m pretty sure it was 1990—I just looked at it the other day—that Brian Hayward became CEO. Gerry Moore, who had been the CEO before him, he was a nice guy, and he was reasonably competent. I think that certainly a lot of people thought he wasn’t quite what was needed to do the job, and certainly the person who became president when Lorne Hehn left--. Ted Allen replaced Lorne Hehn as the president of the company, and that was also, if I recollect, 1990, or perhaps a year--. Maybe it was--. Anyway, it was around 1990 Ted Allen became president.

Ted wanted to change the CEO, and he did. Actually, he asked me before he did so. He said, “Would you like to be CEO?” And I said, “No.” [Laughing] When I think back on it, was I simply being modest, or did I truly recognize that I probably wouldn’t have been a very good CEO? Or was it a combination of both? But my first reaction was to say, “No.” So he had in mind, I think, in retrospect, either Brian or me as moving into CEO. I’m certainly glad he didn’t make me CEO because I probably would not have been very good at it.

NP: So then what happened to you?

PE: Then Brian was made CEO, and he reorganized the whole management structure. At that time, I don't blame him. I had not performed well in that job. And it would be interesting actually to get from either Brian or Ted. I don't know if you've recorded or are going to--.

NP: No.

PE: Interview either one of them, but it would be interesting to get from one of them.

NP: Where are they now?

PE: Well, Brian Hayward is here in the city.

NP: Oh, okay.

PE: I can give you a contact for him.

NP: Perfect.

PE: And Ted Allen, I haven't been in contact for a while. He lives in Calgary.

[0:10:01]

NP: Okay. I'm heading west this summer.

PE: Yeah. He lives in Calgary, and I can give you the contacts I have, but I haven't spoken to him for quite some time. So Brian reorganized, and then Ted--. I basically became an assistant to Ted. My title I think at the time was director of corporate something or other. [Laughs]

NP: Now, you had said that the 1990s sort of ushered in a real time of change.

PE: They did.

NP: So why then and what were they? What were those changes?

PE: Well, what happened, the transportation issues or transportation policy was really the key thing because—I'm sure I talked about this—the way that the Crowsnest Pass rates had really removed all incentives and how the system was tremendously over-regulated and over-centralized.

NP: Right.

PE: And so it was almost impossible for—in fact it was impossible—for a company to consolidate their grain handling at a single point, and then to make that pay in the short term. Consolidating their--. Say, replacing their five elevators with one would mean almost certainly for a period a loss of business. The new facility would be unprofitable for quite a period of time until the system kind of oozed ahead, if I can use that term. Some of that is actually documented both in my book on Mac. That process and that mechanism is documented in my book on Mac and on a report that I may have also referred to, the *State of the Industry Report*.

NP: Yes.

PE: It was done in 1973 with the Canada Grains Council.

NP: We'd gone into a lot of detail in both interview one and then subsequently in interview two talking about those early studies, and the reasons for those difficulties, some suggested solutions. So what happened in the 1990s that--.

PE: Well, first of all, actually, it starts in 1984.

NP: Okay.

PE: And 1984 was the passage of the Western Grain Transportation Act, and that ended the Crowsnest Pass rates as such. It didn't, at that point, make very much room--. It didn't pass the full costs onto farmers. There was still subsidies, and still the ability to consolidate the system and rationalize it was still fairly limited. But the Western Grain Transportation Act was the starting point. And then in the early '90s—it was somewhere in '92, '93, '94, I can't remember which date—the federal government said, “We just can't afford these subsidies anymore. And also we're getting tremendous pressure from trade talks to stop subsidizing grain.” So they just pulled it. They just ended the subsidy. They did pay the farmers. There was a big payout for the farmers to say, “Well,

you're losing this, so we're going to give you," I think, it was \$1.7 billion. Don't hold me to that figure. To compensate for the fact that they were losing the freight rate protection.

And from that point on, farmers started to pay more or less the full rate, the full cost of rail transportation. And it began to loosen up as well restrictions on how the railways could structure their freight rates and so on. So it began to create incentives to change, and so really from 19--. I just reviewed these figures actually. Between 1990 and 2006, we went from having something of the order of 1,800 country elevators down to about 300, which is where it is today in that 300 range. This all happened because of the freight rate change, because the incentives began to be there, because the ability to build new facilities and make them pay was there. It was also, by this time, a matter of sheer and utter necessity because a lot of the elevators—the country elevators—were still vastly out of date and old and technologically obsolete really. And so the system really needed this massive, massive infusion of capital to rebuild, to consolidate, to rationalize, and so on. And that, in fact, happened. That, in fact, happened through the mid--. Starting in about 1992 or 3 through to about 2000 there was a tremendous change in the industry. A tremendous change in the physical makeup of the handling and transportation system.

[0:15:17]

NP: Largely because of the building of the inland terminals and the taking out of the system of the small country elevators, is that the massive change you're talking about?

PE: Yeah, exactly. Exactly. That was the change, this massive reduction in the number of elevators. A lot of smaller branch lines were abandoned, some became short lines. Short line railways operated locally. But the biggest change was the building of these very large 300 elevators that were basically doing to job of 1,800 before.

NP: You had mentioned, I think, just a few minutes ago about looking at that change and, however necessary it was, it resulted—in the short term anyway—in a decrease in business. Is that actually what happened?

PE: It didn't. It wasn't happening then. It used to happen before when the system was so tightly regulated. If you built a new elevator, you lost business. By the time we get up to the mid-'90s, this was no longer the case. By this time, you could build a new elevator, and you had the ability then to negotiate lower freight rates. So you had some ability to pass those savings onto farmers to attract them in, to give them an incentive to bypass Pump Handle Junction [inaudible] and come to Central Manitoba, whatever the place was. So there and was a lot of that building. People call them inland terminals, high throughput elevators. They're big, large, concrete elevators that are much more modern, can load multiple numbers of railcars, can handle large semis for grain that's coming in. So all of this was happening, and it was happening very quickly through the 1990s. Now--.

NP: Was it all good news? Or were there some winners and losers?

PE: There were winners and losers. And let me come back to that because I want to mention something else in here because it was part of the change. I'm going to pat myself on the back very slightly because back in about 1983, I had given a talk to, it was actually what was then called the—it was an internal research seminar—and what was then called, I believe, still the Canadian Transportation Commission, now called the Canadian Transportation Agency. Somebody had organized this seminar, and I said, “If we change the Crow, then the next thing that we're going to have to operate on is the control of logistics because right today the Canadian Wheat Board [CWB] controls all that. So a company that wants to rationalize its system, that wants to consolidate its elevators, needs to have management control over the flow of grain through that in order to make it a paying proposition, in order to get the efficiencies that that facility would need. It needs to have the management control, and it doesn't have it right now because so much of the movement is controlled by the Canadian Wheat Board.”

That message fell on deaf ears because I remember talking to people in the industry at the time and saying, “Logistics. Logistics.” “Oh, yeah.” It was kind of a dead response when I mentioned it to people in the industry. Well, come 1996, this is exactly what happened. The companies began to realize that as they built these new facilities, they needed to be able to manage them if they were going to get the efficiencies they wanted, and here was the Canadian Wheat Board that was standing in the way. Well, nature intervened, and in 1996, it was one horrendous winter. Grain movement got badly, massively disrupted. And so, the government said, “What do we do about this?” And everybody said, “You need to have an inquiry, a review, of grain transportation.” At that point was appointed Justice Willard Estey—retired Justice Willard Estey—to do a study of grain transportation, which he did. Now, by this time, I had left United Grain Growers, and I was working with the Western Canadian Wheat Growers Association. Did I mention—this is a personal issue—did I mention 1993, I got cancer?

[0:20:16]

NP: Yes, you did mention that.

PE: Right. So that didn't do anything for my career either because I finished my PhD lock, stock, and barrel—you know, PhD stamped on my forehead—in 1992, and it was right at that moment that I was diagnosed. So the next year was a year of really medical treatment and no energy. And I'm eternally grateful to UGG because they didn't say, “Go on leave and go away.”

NP: Yeah.

PE: They did keep my job open, and I still worked rather ineffectively in it as I recovered from this. But at the same time, I did tend to get sidelined. Eventually, I decided that it was just too much, and I was not in some ways terribly happy with the ways the company was going. So I--.

NP: And do you want to comment on what direction it was going that you were at--?

PE: I do want to comment on that, and now that leaves us two things to go back to. One is the winners and losers, and then what was happening inside the company. Which one do you want me to go to first? [Laughs]

NP: Well, maybe just to keep on track here, the Estey group.

PE: The Estey, yes. Right. Okay.

NP: Commission.

PE: So the Estey, yes. By this time, I was working with the Western Canadian Wheat Growers, and the Wheat Growers--.

NP: Well, let's—again, just to try to keep some order here—you were talking about the companies had built their new facilities and needed more control over the actual logistics, and 1996, the Estey Commission was formed.

PE: Yeah. That's exactly where I was going.

NP: Okay. But before--. So if you just stick with talking about the Estey Commission, what it was going to do, and then I'd like to come back and talk about how you got to the Western--.

PE: Okay.

NP: Okay?

PE: Okay. So the Estey Commission was--. When Estey finally reported, nobody believed--. As the hearings went on and the meetings went on, people who wanted change were awfully discouraged, but he was playing justice, I guess, playing judge, and devil's advocate and forcing people to defend their positions. When the report came out, actually, the man who was the president of the Western Canadian Wheat Growers where I was working got an advance copy a day or two before, and he phoned me up, and he

said, “Paul, you could have written this.” [Laughs] Because what Justice Estey did was said, “The core issue here is the Canadian Wheat Board’s control, and my recommendation is the Canadian Wheat Board have absolutely no role in controlling transportation anymore.” Which was exactly what the Wheat Growers--. We had done, I have to say, some very good work in presenting that case to him, partly because of my own experience. I’d worked for the Grain Transportation Agency, and I had worked with the companies, and I had been studying the transportation problems for many years, so I laid it out. “Here’s what happens. Here’s why this system doesn’t work. Here’s how there’s no accountability in it. Here’s why you need to remove the role of the Wheat Board.” And he agreed.

So this was a game changing moment. Now, his recommendation was not implemented. I’ll just finish this. His recommendation was not implemented because the Wheat Board fought very, very hard to retain its control. And largely, it succeeded. The government put together a memorandum of understanding with the Board that would relinquish some of its control, and I would do certain things. There was also a group established called the SEO Group—Senior Executive Officer Group—that had tried to get these changes. Then they formed what was horribly known as CAPG, which was the Car Allocation Policy Group, which was an industry body—senior people in the industry—to modify the logistics control. It sort of oozed ahead, and I think the economic pressures were just too great. The system had to perform, there were these facilities, we had to make them work, and so slowly in ways that I was--. I was no longer really operationally involved, and so you would be better off to talk to somebody else about how it actually transpired post-Estey Report in 1996, but gradually the controls loosened up, and the companies were given greater management control over their facilities.

[0:25:55]

So by the dawn of the 2000s, this was the major change I spoke of. By the dawn of the 2000s, you had these vastly reduced country elevator system and railway system—the branch lines gone. You had the companies with more control over their facilities and more efficiencies creeping into the system. More and more grain was originated in multi-car blocks and unit trains and so on, and of course, that’s the norm today. So that was that change that I spoke of in the ’90s. Those were the things.

NP: The--.

PE: So now I can either go back to winners and losers or the company, whichever you wish.

NP: Let’s do the winners and losers because it’s relative to the change.

PE: You know, mostly I think it was a winning solution. Mostly it was because the--. How shall I put this? The dire consequences that were predicted of farmers having to go out of business and haul their grain so many more miles, and horror stories about what would happen to the roads if all this traffic was put on the roads, you know, bringing the grain into central locations, none of that happened. None of that. There was probably the odd place. And losers? They were probably people running pretty small farms that found this difficult to accommodate. I think largely the consolidation and rationalization of the handling system was a winning proposition.

I will say this. There were a number of people, and I'm of two minds on this--. If you go to the United States and look at country grain handling facilities, so many of them just look terrible. They're just pieces of junk, right? The reason for that is that there's really no money in handling grain, and as long as you keep it dry and in condition, and you get it onto railway cars, that's all that really matters. We tended to build very expensive, very lavish facilities in Canada. There's a man by the name by—his name escapes me—he was a former president of Alberta Wheat Pool.

NP: Madill?

PE: Doug. No, not--. Madill was the CEO. He was president later than that. His name escapes me. He used to call them "monuments to stupidity," okay? [Laughs] Because they were, I think, in some sense, I think a lot of them were over-built. Now again, I'm of two minds on that because they're very nice facilities, right? Whether we really needed that is another matter. So in a sense, did the system lose because we plunked too much money in grain handling? Perhaps.

NP: So are you then talking about the money that was spent on the initial elevators or these new ones?

PE: No, the new ones. The new ones, definitely. Definitely. No, no, it was the new ones because they're big concrete, very, very fancy, very, very expensive. Where it was that level of investment needed? I don't know. I really have difficulty commenting on that because I was partly, I was getting away from operations, and it's not my area of expertise really.

NP: I recall—and I don't know who had said it—that actually handling was a profit centre for most companies.

[0:30:01]

PE: Terminals elevators generally are.

NP: Okay.

PE: But I think you'll find country elevators are not really profit centres. They're just part of the cost of moving the grain forward. And in fact, I can tell you, there was a man by the name of Jack Candlish—and I probably mentioned his name before—he worked in United Grain Growers. He's long retired now. I can tell you exactly. He is 82 because he is exactly ten years older than I am. He came back to the company a few times. He was hired back to do some consulting work, and he said to me one day, "You know, I looked at this, and I read these things that tell me how efficient and cost-efficient these facilities are, and it's just not true. They're not." He was looking at some of the figures. So that was his take on it, and he had had a lot of experience in managing country elevators. And then, you know, winners and losers I would mention one more thing. I was always very critical of the system the way it was. Did you interview Murray Cormack?

NP: Yes.

PE: Yeah? I've had numerous conversations over the years with Murray Cormack, and I would say to him, "It's more efficient." And he would always say, "More efficient for who?" It was more efficient for the railways. No question about that. It was more efficient for the railways. That would be a good question to put to Murray, "Was it really more efficient for the farmers? Was it more efficient for the grain handlers?"

NP: Yeah. And while you're asking that question, was it better for the environment?

PE: I believe, actually, it was because I remember once being in a meeting where this environmental question sort of came up. The understanding in the meeting was, "Well, trains are so much more energy efficient than trucks, and so it's much better if grain moves by train than truck." That's true once you get 50 or 100 cars loaded up and you're moving it 1,000 miles to port. Absolutely. But I have also watched 1,000-horsepower locomotive switch two cars next to a small country elevator, right? And that's anything but energy efficient. I mean, you're running 1,000 horsepower to push a railway car, you know, that you can push with a tractor. Then they used to, remember, go up and down the line spotting cars every seven, eight, ten miles. They would go through this business of dropping off two or three cars and then go back and collect them. That collection process was not energy efficient by any stretch and was not good for the environment by any stretch. And that's something I think that the people who say, "Well, trains are more efficient than trucks," yes, they are when you've got 100 cars riding behind you and it's straight through to Vancouver. Tremendously efficient. It's not efficient when you're doing all this fiddling around picking up two and three cars at a time.

NP: We had the winners and loser, and then the other holdover was inside the company what changes were taking place.

PE: Right. What was happening inside the company? What happened in 1992-93 within United Grain Growers—which I think was a tremendously positive and innovative thing—all the companies had to finance this massive reinvestment. All the companies had to do this. So what did you have? You had the bulk of the industry was eight companies. There were the three Pools and UGG who were on the cooperative side, and there was Cargill, JRI—James Richardson Pioneer—Paterson, and Parrish. That was 90 percent of the industry or maybe more. Maybe 95 percent of the industry. The private companies were all private in the full meaning of that word. They were privately owned companies with private shareholders. They weren't publicly traded companies. None of them. I don't know how they refinanced that building, but my guess is that they stayed in the business because they wanted to be in the business. They stayed in the business because all of them were what I would call people with long-term, patient capital horizons, and they had resources upon which they could draw internally in their companies to finance the business. And they did. That's a question you might ask Parrish, Paterson, and people in JRI. Any of those people. "How did you finance all that?" You may not get a very complete answer, but basically, they financed internally, and they were able to do it because they were privately held organizations.

[0:35:26]

The co-ops, of course, weren't, and this was the big changes that occurred, really, from 2000 on. So I will get to that, but I'm going to get to it through talking about United Grain Growers and the things that happened internally. What UGG did in 1992 is they said, "We can't raise this money to do this recapitalization through debt. We can't go back to the farmer members and say, 'Pony up however many hundreds of millions of dollars.' Farming is just not that way anymore. We're not back in the '20s where we can raise money like that. So we have to go into equity markets." So they became publicly-owned. No, let me change that. They became a publicly traded company. Ownership is a whole other issue, but they did issue publicly owned shares, and they raised a lot of equity capital. However, what they did was they retained for the most part their cooperative governance. Twelve out of the 15 directors were still elected by farmers. They still had that system of what they called local boards and so on that elected delegates to an annual meeting who elected the directors. And three of the directors were elected by shareholders, which brought a different perspective into the board and brought different skills into the board. I have nothing but praise for the company in doing that. I think that was really, really a good move.

Sask Pool some years later—'96, if I remember correctly—tried the same thing. They became publicly traded as well, but they retained a fully farmer-elected board. Alberta Pool and Manitoba Pool tried to do their recapitalization through debt. So what happened with those companies? And I've not lost sight of what's happening in UGG, but I want to just cover that. Alberta Pool and Manitoba Pool couldn't make it happen. They couldn't pay for the debt that they incurred. There was talk during both the '80s and '90s amongst the three Pools of merging, and really up into the '90s there were sort of three efforts that I'm aware of for the three companies to merge. And they thought that way they could create a bigger and better company. None of them came to

fruition. The first one in the '80s did not come to fruition largely because of the culture of the three Pools was somewhat different, and the smaller ones didn't want to be dominated by Saskatchewan Wheat Pool. You've probably heard some of this from other people. I don't know. So the merger talks fell apart.

But they were seeing in the 1980s--. There's some material over in the Manitoba archives. There's an Agricore archive over there that has some background on this. They were seeing in the '80s that they had to do something, and that they were not as profitable as they should be. So then they tried again in the 1990s, and it fell apart. And I think there were actually two efforts in the 1990s to bring them together—once in the early '90s, and then in the mid-'90s—as these financial pressures were building up.

NP: Who were the leaders in making something like this happen?

PE: By the last one, they had changed CEOs, all three of them. So Wally Madill, who had been CEO of Alberta Pool, had gone. I honestly can't remember the exact sequence of events, but they were bringing people in from outside. So in the '90s, the Alberta guy was Gordon Cummings, the Manitoba guy—he was not from outside—that was Greg Arason. Have you interviewed Greg Arason?

[0:40:19]

NP: Mmhmm.

PE: So Greg Arason. And then in Sask Pool, Milt Fair, who I'm sure you've talked to people about Milt Fair. He's a very highly respected guy. I had a lot of time for Milt Fair. And what I subsequently discovered is that Milt Fair also thought that the co-ops should access equity capital, but he retired, and they replaced him with a guy by the name of Don Loewen. Don Loewen was internal to Sask Pool but had come out of their processing section. Loewen and Cummings clashed personality-wise. I mean, this is a common scuttlebutt in the business. They clashed personality-wise. And the last effort of the three Pools to merge, which was circa 1995, 6, 7, in that period, largely fell apart because of the personality conflicts between these two men.

I think Greg Arason was amongst the three, was the guy who best understood the culture of the companies. He best understood it. Cummings hardly understood it at all. He had come from Atlantic Canada. And Loewen, you'd think would have understood it, but he had great and grandiose plans for Sask Pool. He is reputed to have told somebody, "We will be the Cargill of the north." Sask Pool made a lot of mistakes in the things they invested in, just about went bankrupt, and then Loewen was fired basically and replaced with the guy who saw it through to the end, Mayo Schmidt. And Mayo Schmidt had come in from--. Where was it?

Continental Grain or one of the American companies that was operating here. Schmidt didn't understand it at all. I have had people tell me that he told the board, "Yes, yes. I really believe in the co-op structure." But he didn't really.

That story ended with Sask Pool coming so close to bankruptcy, getting Mayo Schmidt. Mayo Schmidt came in, did some things that people questioned with his balance sheet. They went through a thing called "fresh start accounting," which involved writing down a lot of debt. They converted a lot of their equity, their debt to equity, rather, and said to the banks, "We're going to go belly up. If you want to replace this, if you want to take shares to pay off the debt, here they are." And the banks didn't have much choice. And credit where credit is due, he turned the company around, right? I haven't lost track of UGG, don't worry. [Laughs] Alberta Pool and Manitoba Pool, facing very severe financial stresses, they merged to form Agricore. It wasn't enough. Cummings became the CEO of Agricore, and the company basically became bankrupt and was taken over by UGG, formed Agricore United in, what, 2003 if I recall.

So now I want to go back to UGG and what was happening, which is where your question started, right? [Laughs] What was happening in UGG, in my opinion, was a fairly steady diminution of the respect for the cooperative component or the cooperative nature of UGG. The management didn't really like that governance system. As long as Ted Allen was there, this was held in check because Ted, obviously, came up from that system, and he would have preserved it. In fact, before the Agricore United, before Manitoba Pool and Alberta Pool merged to form Agricore, they tried to take over UGG. They tried to actually buy up the shares and take it over. And they failed.

[0:45:16]

And part of the reason they failed—there were several reasons they failed—but one was, of course, that Ted Allen wanted to have nothing to do with this, and he fought it tooth and nail. I was, again, working for the Wheat Growers in that time, and remember, the Wheat Growers were against this. And we lobbied the government and put together some position papers on it, so it was, if you like, illustrative of the way Ted had organized the resistance to this not only within the company but within the farming community generally. They had their own members up in arms. This wasn't going to happen. Then they also invited ADM, Archer Daniels Midland in the States, to buy into the company. In corporate mergers and acquisitions, it's called getting a white knight that will buy your shares above the cost of the people that want to take you over. So Ted Allen fought that. Then Ted stepped down as president in 2004, and that's when things really changed within the company.

NP: Now, let me--.

PE: But to go back to my experience and the things I was seeing, right?

NP: Before you do that, can I just ask a question--?

PE: Of course.

NP: To finish this off, and that is you said there was a change in the respect for the cooperative nature of the company. How did that come about? Who spearheaded it? Was it just a loss of sense of what being a cooperative meant or--?

PE: I'm not sure that there's a spear-header, okay? [Laughs] But the CEO at the time was Brian Hayward, and Brian did not like the governance structure of the company. I've interviewed him, and he denies he had a problem with it, but everybody else I interviewed--. You know I'm doing a history of Agricore United? Or you didn't know that?

NP: Well, I might. It may have been something I missed in the fast--.

PE: Yeah. [Laughs] Right. Well, I am.

NP: Yeah. I think you did mention that, but outside the tapes.

PE: Right, right, right. Well, I am working on a history of Agricore United, and we'll have to talk about how that came about, that I'm doing that. But in any event, the point being 2005, 2006, 2007, I was interviewing a lot of people about what happened, and everybody—everybody—said, “Brian Hayward and the management didn't like the governance structure of the company.”

NP: Was it a question of where the control rested?

PE: All of the animus—might be too strong a word—against the governance structure was not misplaced. Not all of it was misplaced because the company had not updated its governance structure. And if I go way back to the days when Mr. Brownlee was the president—which is actually before my time, but nevertheless—Brownlee did not leave the election of his directors to chance. Right? He used to pick them. He picked Mac Runciman, for example, who succeeded him. And what he would do is he would wait for a vacancy on the board or create one, and then he would appoint somebody, and then that person would run for re-election as an incumbent with Brownlee's imprimatur on him. So he, if you like, manipulated or managed the director election process so that he was surrounded by good people. This is exactly, of course, what large corporations do. They have a nominating committee, and they go out, and they find people that they think are going to be good directors, and they put them up for election,

and the shareholders generally stamp them with approval, and that's how they're managed. Mac Runciman decided that he wanted to leave that process to the democratic process. He would let the farmers--.

[0:50:12]

NP: Right, and you had mentioned that.

PE: And I think that was a mistake by Mac. That was one of the few mistakes that Mac ever made, in my opinion. But that was a mistake. So the quality of the directors tended to go down. Now they had some extremely good people, right? Extremely good people. Brian Perkins and Roy Piper were really, you could not get better people. But over time, this process was not working as it should. The local boards, the people who sent the delegates to the annual meeting, more and more tended to be older people who had been associated with the company for years and years, and less and less were the most important customers that the company had. It wasn't absolute, but that was the tendency. And so, to some extent, this process was not finding and putting forward the best people for the board of directors.

This worked as long as you had a really strong leader, which they had in Mac Runciman particularly, to a somewhat lesser extent with Lorne Hehn and Ted Allen, but they were both--. Lorne became a chief commissioner of the Wheat Board, and Ted was—as somebody put it to me—was a businessman in his own right and has been sitting on other boards. As long as they were in charge, this didn't matter. But when Ted Allen actually retired, stepped down from the presidency before he wanted to, it was rather a nasty piece of business in there that we can get into. So as long as Ted was there as president, the weaknesses in the board got, I wouldn't say papered over because that's the wrong term, but they were less important because Ted was a strong leader. And Ted recognized, had some understanding—not some, he had a good understanding—of the culture of the company, and he wanted to see that local board system, director election system, improved, as did some others. But the management people, starting with Brian, had far less regard for it—far less. They were not truly committed to the structure as it was built in 1992. They simply weren't committed to it. They very strongly believed in a commercial system and free enterprise, and this clashed with their free enterprise beliefs, number one, and number two, they looked at this board of directors and said, “This doesn't work very well.”

NP: What was Brian Hayward's background?

PE: He came from Montreal, had studied agriculture, I believe, rather unexpectedly because he was a city boy, right? Like me. [Laughs] And was hired into UGG as a researcher, as a researcher. I mean, he's a very smart guy, and he had quite a meteoric rise. He went from working in research and development, he became the director of marketing, and then he became the CEO of the company when Ted Allen said, “I want a CEO, and I don't want to have Gerry Moore around anymore.” But I think Brian, he

certainly didn't have very much empathy with that. People have told me that he was not comfortable around farmers. He didn't like going into the country and meeting with farmers. He was much more comfortable in the business world than he was in that strange world in the grain politics and grain culture.

NP: So from your knowledge of the other companies that were operating at the same time but under different leaders, were they having similar problems with the quality of the boards?

PE: I think they were. Of their boards? I believe so. I mean, cooperative boards in general have this problem. Because they are elected by the members, there is a very strong political component in their political—what's the right word?—atmosphere or culture.

[0:55:12]

NP: But has that not always been, and why--?

PE: Yes.

NP: Why was the quality different? Why weren't the young people stepping up to the plate?

PE: I think two things were happening. One is the business was becoming more complex, and this is why I think UGG did the right thing in starting to get additional skills on the board besides people who were all farmers. I mean, there were some very competent people, as I've said, right through, right to the end. Right to 2006, there were people that could've resolved these problems. Paul Orsak, I don't know if his name's come up, or Alana Cook. These were two people who were on the board of UGG, or Agricore United by then, and they saw the problems, and they were working to resolve them and to revitalize that local board system. Unknowingly, they wanted to go back to Brownlee's practice, which they didn't know anything about. But they wanted to go back to the point where there was people who actually selected the farmers who would be put forward for election. They had started to do that when Sask Pool made their move.

But as I said, I really don't think Brian ever really, really appreciated the culture of the company. I don't think he did. It's not easy to appreciate that culture. I mean, I know when I first came with United Grain Growers, I felt like a real fish out of water because it was all these farmers, and the people who were working for the company had all come from a farm background. I don't remember that I told you the story when I first got involved in the grain business. 1973, I was working in Ottawa--.

NP: And they sent you out here?

PE: They sent me out, and people would say, “Where are you from?” And when you said, “Toronto,” you know, they just stopped the conversation.

NP: Yeah.

PE: And to some extent, I was a fish out of water, but I had this immensely wonderful experience of responding to Mac Runciman. He was really my boss.

NP: Well, leaders make a difference, both good and bad.

PE: Oh, they do.

NP: So, other than when you said Saskatchewan Wheat Pool made its move, over this period of change—including, let’s say from the 1990s up to the early 2000s—were there any winners and losers within the UGG operations?

PE: Oh. [Laughs] Yes. I think there were. I mean, there were people who--. When they reorganized the company, I mean, there were people who were fired and hired back in their jobs, or fired and said, “You’re welcome to apply for new jobs.” They had a guy who worked in there for a while—his name was John Wilson, I think that was his name—and he was a type of person that was very much in vogue of tough manager, right, who basically terrorized people in the company. He was eventually fired because he didn’t work out. But when I go back to this question of things that were happening in the company, you know, I saw this unhappiness with the system, the governance system, and I didn’t like it. I thought, “This company has a vision, and the vision is to create the best of two worlds here where they have non-farmers on the board, they access equity capital, but basically, they retain farmer control and do the things that Mac Runciman always talked about in terms of, ‘This company works for farmers, creates better agriculture,’ and so on.” That was the vision, and I saw that vision being eroded within the company, and that’s what made me unhappy.

So I left. It wasn’t only because of that. I left the company. I had come through this cancer treatment, and I cannot for one second blame the company for sidelining me because I was not performing. Firstly, because of my PhD work, which I never should have been doing and working at the same time, and then because of my illness. I thought, “I can’t stay here. This is not good.” And so, it was a little bit more complicated, and I eventually ended up with the Western Canadian Wheat Growers, which was a wonderful job. Best job I ever had. [Laughs]

[1:00:38]

NP: So how did that come about?

PE: Well, it came about--. What happened was that I was looking for another opportunity outside the company, and actually, I worked for a year—it doesn't even appear on my Curriculum Vitae, my CV—I got a position with a thing called the International Institute of Sustainable Development, which is a thing here in Winnipeg. That was absolutely almost worse than working for the GTA at the end of it. It was an awful experience. It was just horrible. And I don't want to go there. It was just a bad professional experience. I mean, I didn't fit there, the type of person that should work there. But anyway, what happened was that the guy who was the research director for the Wheat Growers took my position at UGG—Blair Rudder is his name. Have you heard Blair--?

NP: No.

PE: Blair is--.

NP: I think that name may have come up, but--.

PE: Blair is now the executive director of the Wheat Growers, and he was working for the Wheat Growers in Winnipeg as a research person. He left and went to take my job at UGG, and I contacted Alana Cook, who was then the director of the Wheat Growers. I said, "If you want to fill that job, I'm available." And I did. I took a 50 percent salary cut to take that job. It was without a doubt the best job I ever had in my life. It was a fabulous job. Didn't pay anything, right? But the people working, I mean, I was just working with absolutely the best people.

NP: So let's go back to a little bit of the history of the Western Canada Grain Growers. When did they start up?

PE: The Wheat Growers started up in 1973 or thereabouts. I might have that out by a year. Their first—I don't know what they called it—executive director was a guy by the name of Doug Campbell, who you may have heard the name mentioned. I don't know. Doug is a very interesting person, very capable person. He was a young man at that time. The formation of the Wheat Growers was really the start of, or in a sense, the culmination of, or the first major step in—I don't know what the word is—of expression of farmer unhappiness with the way the grain industry was being operated in 1973—the over-regulation, the fact that we had a vastly out-of-date handling system, the fact it was over regulated and over controlled and over centralized. These were free

enterprise farmers who said, “This is crazy. It shouldn’t be this way.” So they set up and was tremendously successful at first. A large membership. I think at one point it was up in the tens of thousands.

NP: Where were they?

PE: In Regina. In Regina. It would be worthwhile talking to some people from that.

NP: I’m going to ask you for some names because I am heading west.

PE: Yeah, right. Well, Doug Campbell was the--. And he, I think, is in Calgary. He’s a consultant in Calgary now, so he would give you quite a picture in that. He’s a very right-wing guy. Not more right-wing than I was in 1973 through ’75 until I did my PhD, [laughing] and I started to question the philosophical underpinning of laissez-faire. I didn’t question laissez-faire. It’s a damn good system, and it works, but it’s got its assumptions. C. S. Lewis, you know who C. S. Lewis was?

NP: Mhmm.

PE: C. S. Lewis has this wonderful little book called *The Abolition of Man*. I don’t know whether you’ve read it.

NP: No, I haven’t read that one.

PE: It’s a very good little book. I forget whether it’s there or he has an essay which he called “The Poison of Subjectivism.” In one of those books—I don’t remember which—he talks about taking one value and swelling it to madness, and his point is every virtue can become a vice when isolated and swollen to madness. You see this all the time, all the time, all the time. Whether it’s the left or the right, whether it’s feminism or whatever—take one value or one narrow thing and say, “That’s the way the world should be,” and sure enough it will turn from a virtue to a vice. That’s what I started to realize in 1992 when I did my PhD, that things were just not quite so absolute as I had seen them.

[1:05:47]

NP: So Doug Campbell was the person who was the person who led towards it being developed?

PE: Well, he wasn't so much leading it because he was the worker bee. He was the executive director, the administrator of it, but his father, for example, was involved in it, and there were a number of people that were farm leaders who said, "This can't be. We have to organize to do it."

NP: Okay. So who were some of the farm leaders? Like would it have been Blair?

PE: No. I can give you--. Wally Nelson. I think he's passed away now. He, I think, was the first president. Then there was a man by the name of Ivan McMillan, who has passed away. He was president for a while. Later people, Larry McGuire, he was the president when I was working for the company. He's an MLA. He's in Manitoba here. Good guy to talk to, no question. I can't remember who--.

NP: MLA where, do you know?

PE: In Virden. Virden.

NP: Okay. Good, I'm heading that way.

PE: Pardon?

NP: I'm heading that way. [Laughs]

PE: Yeah. Yeah. I'm sure Larry would. Larry's a really good guy. Really nice guy. Bright guy too. He's a good person to talk to. His memory would not go back quite as far as some of the other people. As I said, Ivan McMillan, of course, has died, and I think Wally Nelson did too. If he hasn't, he's very, very old now. It's been a while since I've seen him. Glen. Glen. I'll think of some names of people you might want to talk to if you can find them.

NP: Yeah, yeah. Yes.

PE: People who were old enough to go back to if not the beginning of the Wheat Growers, people who were involved through the '70s and '80s and so on. Yeah.

NP: So when you took that job, were you aware or were you really in tune with that organization? Or was it a learning curve again?

PE: No, I was very much in tune with them. Now, by the time I took the job, I had probably moved a little farther away from their right-wing agenda, but not so far away that I was not comfortable there. I was very comfortable with the Wheat Growers. I'll tell you another story. [Laughs] When I did my PhD, my thesis, Alana Cook—who is now the Deputy Minister of Agriculture, who you should probably talk to—actually, she read my thesis. I asked her to read it, which she did. She proofread it for me, actually. I had all kinds of mistakes. She said, “Earl, I thought you went over to the other side.” [Laughs] But then I ended up working for Alana. She was the executive director of the Wheat Growers and best boss I ever had—best boss I ever had, no question about it.

NP: What made her the best boss?

PE: Well, she respected you as a person, number one. She was very clear in goals. Set goals and you met them, was extremely good at helping to define what the organization should do and getting on and doing it. She was a competent administrator, visionary if you will—just no question the best boss I had.

NP: And what was her background?

PE: Prior to that, she had worked in the Saskatchewan government as a political assistant to Grant Devine. And before that, I don't know. I don't think that Alana even has a bachelor's degree. I don't think so. She had some university—I don't know how much—and worked for Grant Devine. The Devine Government failed, and she became executive director of the Wheat Growers. Then she stepped down from that job and popped up several years later as Deputy Minister of Agriculture. I mean, she's very well connected and a very competent and confident person.

[1:10:14]

NP: The position that you took there then with the Wheat Growers, what was on your plate at that time? What--?

PE: Well, certainly the Estey review was a big one that we handled at that time. Certainly, that attempted takeover, that was '97, the attempted takeover of UGG by the Pools. We were involved continually in pressing for changes for a more commercial system in grain, more rationalization. I guess when I first went there, I don't think--. It was actually '75, '85, '80, '90--. I'm trying to go back through the dates.

NP: Yeah, that's right. [Laughs]

PE: The Western Grain Transportation Act had been passed, but they were still subsidizing. So subsidizing the railways, so we were opposed to that. There were a couple of cases that came before the Canada Transportation Agency where we intervened, and we intervened on one side or the other—usually with somebody that wanted more regulation and special consideration. There was a guy that wanted to set up a short line railway, which we didn't think was a very good idea. I mean, I've got a bunch of things, briefs and things, that I produced in that period. I was there almost ten years, I think, because I came here in 2003.

NP: Now, this might not be a question that should even be asked because it may just show my ignorance of the system. [Laughs] Was there anything about the Western Grain Growers--.

PE: Western Canadian Wheat Growers.

NP: Wheat Growers' mandate--. Or I shouldn't even say that. Was there a thing--. How did the philosophy of that organization fit in with the philosophy and goals of the cooperative grain companies, in particular, and the private grain companies also?

PE: There was a tremendous, what is it, symbiosis is the wrong word, but UGG and the Wheat Growers were on the same page because what UGG was was this farmer-controlled organization that believed in a commercial and businesslike system. So Mac Runciman, Lorne Hehn, Ted Allen, were all friends of the Wheat Growers, and the Wheat Growers were very good friends of UGG. That's why the Wheat Growers fought so hard against the Pools taking over UGG. You see, UGG and the Pools were rarely on the same page. I mean, you can go right back to 1920s. Thomas Crerar was the president of UGG. The Pools started up, and Thomas Crerar said, "Don't build elevators. Use ours. We're both fighting for the same cause for farmers to control their business." And the Pools said, "Nope. You've accommodated yourself to the private system. We want to be entirely different. We're going to change the industry. We're going to change the world. We have these much higher ideals. We can't cooperate with you." So they built their own elevator system.

1930s, right, the Pools strongly supporting the creation of a state marketing agency, the Wheat Board. They had gone bankrupt themselves. UGG had not gone bankrupt. UGG had survived 1929 and on. The Pools had gone bankrupt. And there were papers produced by people who had been the Pools' policy people that were talking about 100 percent pool by legislation. One person that sticks in my mind, "We can't wait for people to learn to cooperate. We have to make them cooperate." And UGG said, "No, this is not the way to go. We don't want a state marketing agency." Then through the war and the postwar years, things changed a bit. John Brownlee was president of the company, and Brownlee was pretty much on the left-wing, but the country was on the left-wing at that time, right? We'd been through the Depression. Laissez-faire was a badly flawed system. We'd been in the war where the government had been very strong, and that's the government that fought the war. So in came the late '40s and '50s, and this was a very left-wing country at that time in many ways.

[1:15:54]

But then we moved into that postwar prosperity and really from probably from 1950 through to 1990, the country continued to move right, and continued to move to not only being supportive of laissez-faire, but actually hostile to government. That permeated and percolated down into the grain industry and the farming community as well. So you start with the 1970s, and Mac Runciman starts to hear the criticisms of the Wheat Board, and he eventually says, "Maybe we do need changes. We can't keep this stupid Crow rate forever." So he spearheads that change, and then Ted Allen becomes a virulent opponent of the Canadian Wheat Board and its philosophy. So to go back to the Wheat Growers, yeah, the Wheat Growers are very right-wing business oriented, but they're kind of like UGG because UGG is business oriented, commercial, believes in a commercial system and so on.

NP: Give me a couple of examples that would illustrate that because I'm having a little bit of difficulty, I guess. All of the Pools and UGG were working on farmer directors' cooperative model.

PE: Right.

NP: Runciman was, from what you said previously, moving back to looking at more of a democratic approach to electing these--.

PE: He was, yeah.

NP: Which would have been pulling it back towards the Pool method, like Saskatchewan Wheat Pool, unless they too were doing a lot of special designating of people to get elected.

PE: I don't know. I don't know what they were doing.

NP: Okay. So what would be a couple of examples that, although they were both on paper looking as if they were the same kind of set up, one being more businesslike than the others?

PE: Well, I think the most important, biggest one is Mac's position and UGG's position on the Crowsnest Pass rate. The railways are a business. We can't keep this controlled freight rate, so we need to free it up. He was less than supportive of the Wheat Board's tight control over transportation. Did I give you a copy of my book on Mac? Do You have a copy of my book on Mac?

NP: I have a copy.

PE: You have a copy, yeah?

NP: I will read it again with renewed interest. [Laughing]

PE: Mac would say--. He's quoted in the book. I just extracted the quote and used it in my history on Agricore United. He said, "I always thought of UGG as something broader than a grain handling company. What we had to do was give the guy out on the farm who puts his life and bucks into farming a controlling interest in how his business is handled." That was kind of Mac's co-op-y philosophy, if you like. But on the other hand, he would always say, "We have to do it in a businesslike manner."

NP: Yeah.

PE: If I were to kind of distill the difference between UGG and the Pools, for UGG, co-ops and cooperativism was another way of doing business. For the Pools, it was a—what's the right word?—it was a philosophy that was in large measure, not completely, but in large measure antithetical to laissez-faire. "We want not just a new way of doing business, we want a new way of organizing society cooperatively and communally rather than based on individualism. Profits aren't everything in this business."

[1:20:22]

NP: Yeah. And would you say that that was pretty much the philosophy through Saskatchewan. Manitoba, and Alberta Pool?

PE: They varied. It was strongest in Saskatchewan and weakest in Alberta, and it was somewhere in between.

NP: So UGG was operating right across all three?

PE: Yes.

NP: Had primary elevators?

PE: Right.

NP: These people who were with the Western Canada Wheat Growers Association—got my W in there—who'd they deliver to? Were they members, card-carriers—if I can use that term [laughs]—card carrying members of various companies? Did they tend to

go towards the private companies because of their bent toward private enterprise?

PE: They would have tended to philosophically want to deliver to either UGG or the private companies. Where it was convenient and they happened to get a good price, they had no objection to delivering to the Pools. Okay?

NP: Okay.

PE: By delivering to the Pools—the way the Pools operated—if you delivered grain to them, you automatically became a member just like that. So they would joke about that. I'm sorry I'm making--.

NP: No, no. That's fine.

PE: They would say, "Yeah, I'm a member of the Pool. Ho-ho-ho," right? So philosophically, they were on the right and therefore philosophically opposed to so much of the Pools' philosophy and the Pools' policy on virtually everything—state marketing, the Canadian Wheat Board, transportation, the control of rates, centralization. Pools were all for it, and the Wheat Growers were all against it.

NP: Mmhhh. What were the highlights would you say of your time with them?

PE: With the Wheat Growers?

NP: Yeah.

PE: Oh, the Estey Report. Working for Alana, that was just a highlight in itself. Working with the people that were on the board of directors, I mean, it was wonderful. Working for Larry McGuire. Working with Larry McGuire as president. I've heard it said that that period of time when Larry was president, Alana was executive director, and I was doing their policy, was kind of the peak of the Wheat Growers' effectiveness and—what's the right word?—the quality of the work they produced. And I think there's probably some proof in that. I mean, most of their--. I took that job, right, for various reasons, and one was because I was really still recovering from cancer. I just couldn't take the pressures. And I thought, "This is a job that I can probably do quite well without a lot of pressure." It had pressures, but they were good pressures rather than bad pressures. I was past the kids and mortgage stage. I knew Alana, and I knew the people, knew the Wheat Growers, had a lot of regard for them, and thought, "You know, this is a job that I'll be able to step away from some of the pressures of a professional career, if you will. The money is nice, but I don't need it

so much anymore.” So I thought this would be a perfect place to go for a while. And I went for quite a long while there. [Laughing] Probably a bit longer than maybe--.

NP: So what were the years again that you were there?

PE: Well, I would have to actually look back at my CV. [Laughs]

NP: Well, you left when? Maybe just that and subtract the number of years.

PE: I came to Winnipeg in '75. I was with the GTA between '75 and '85. That's when I went with—just after—about '86 to '87. It was a little bit after because I started by PhD in '86, and it was a year and a half, two years later, I went back to UGG. So we're talking '87-'88. Then I was five years there. So it was '88 and five is '92. Then I had this one year when I was with that stupid institute. So it would've been about '93 when I--.

[1:25:08]

NP: '93 to--.

PE: To 2003.

NP: Ten years.

PE: It was almost ten years. It wasn't quite, I think, but it was almost ten years, yeah.

NP: Okay.

PE: Right. And the Wheat Growers, by the way, through that period, their financial support and their membership was just steadily dropping. Farmers weren't joining things anymore. [Laughs] And they certainly weren't joining the Wheat Growers anymore. The organization was on the verge of bankruptcy when I left and did close up for a while. Then Blair Rudder went back as executive director, and they've kind of recreated themselves to some extent.

NP: You were talking 10,000 members at one time.

PE: Yeah. Right.

NP: Like would they be at that membership?

PE: Not when I was there.

NP: No?

PE: I think--.

NP: Or even now?

PE: Oh, I doubt it now. I have no idea what their membership is now. Over the years when I was there, it had started to decline, and it continued to decline. The membership continued to decline. When I was there in 2003, I mean, they were in quite tough financial straits at that point, and I got the job here. [Laughs]

NP: Now, did the job here continue your work then connected with the grain industry?

PE: Oh, I should have told you. No, when I came here, the position was a--. I should tell you all about that too. [Laughs] The university and the School of Business created this new department called Supply-Chain Management Department, which is transportation and related issues. They got funding from the provincial government to hire, I don't remember how many, one or two or three positions. They advertised for one, and apparently couldn't get anybody. So Barry Prentiss, whose name you might have heard along the way, who is a professor here, said, "Well, I know a guy that might be interested." Who was me. I owe Barry the greatest language in the world for this. So they interviewed me for the position, and they said, "Well, yeah. We'd like to offer it to you." So they did, which came along just exactly--. I mean, somebody was looking after me. It came along for me just at the right time because the Wheat Growers wasn't going to be long for the world. But I came here with the intention that I was going to teach transportation and supply-chain issues, right? And I didn't know what I was going to do in terms of research, although I figured with my background I would work on grain and grain transportation research.

Then in about 2004 or 5, UGG approached me and said, "Well, we want to write a history of the company. Would you like to do it?" I said, "I'd love to do it." So they gave me a nice research grant to write this history, and so that really became my research. I was writing this history, and then I moved into--. I became involved with a thing called the Administrative Sciences Association of Canada, which a lot of professors do participate in. So I did a whole bunch of papers on grain and the history of grain, so that's

what--. Against what I expected, this became sort of my research area here. But see, this is very interesting because when I was asked to do this history, there was the story. There was a basic storyline to me was this: Here was this company that started in 1906 and had this tremendously successful run, particularly in the early years, when it started off being opposed by, and having to overcome opposition from, the private grain trade, but they succeeded. Thomas Crerar, a highly, highly respected farm leader, and Brownlee, Runciman. And here in 1992 it had created this hybrid organization and had come through this tremendous period of investment and financial pressure that that created. They came through two back-to-back droughts in 2000, 2001. They had absorbed two of their competitors. Sask Pool was on the ropes, and here was UGG as the successful co-op style and really hybrid organization was going to emerge from this great period of change and go onto great things. That was going to be the storyline.

[1:30:38]

Then they got bought over, and the storyline didn't change, but it had this chapter at the end that said, "What happened? Why did this occur?" My book, which is slowly coming together, will be about--. One half of that book will be 1906 to 2006. Here's that history. And the other half is 2006 to 2007, why it disappeared.

NP: And can you give us a synopsis of that?

PE: Yes, I can. [Laughs] Okay, I can. In a nutshell, this was a company that was so badly divided internally that it didn't have the strength and the resources to resist Sask Pool's bid because they--.

NP: What was the divide?

PE: There were various divides, but first the board of directors was divided, and it was divided over two things. It was divided because they were still trying to merge the Pools and the Pool philosophy and the Pool directors with the UGG directors. They were still struggling with that cultural divide, right? So that was one. And because Ted Allen left prematurely, then they were left without an heir apparent to the throne, and so the people on the board were struggling to say, "Who's going to become the new Crerar, Brownlee, Runciman, Allen? Who's going to become the new president of this organization?" And they were jockeying for a position, and there were several people who were—probably five people—who were potential, right? I have my own views as to who would have succeeded, but these people were sort of trying to build support and figure out--. So they had a very weak--. They had elected a guy by the name of Wayne Drul as president. He was a little like Pope John XXIII. He was a compromised candidate. The only difference was Pope John XXIII changed the Church, and Wayne Drul did not change UGG. He was really, in a sense, a caretaker president until they sorted out who was going to emerge, right?

So they had a badly divided board, and the other side of it was what were steadily diverging visions between the--. It wasn't absolutely between the board and management, but it was largely between the board and management. The board, amongst whom the more capable and competent, said, "We are this organization that is going to be this hybrid, that's going to combine the best of two worlds and continue to survive." And it was predominantly the management people that said, "This doesn't work, and we simply want to--. Our best bet would be to convert this to a Canada Business Corporations Act company and simply become a commercial grain company." So between all these divisions, they just didn't have the unity and vision, the strength, the resources to resist this bid. And they became convinced—with some good reason—they became convinced once the bid was made, Sask Pool said, "We want to buy you," that the fiduciary duty of the board of directors was purely to maximize shareholder value.

Now, that's not true, okay? That's what I spent probably two years, maybe more, reading law papers and law textbooks and talking with professors in the law school here. When I did my first interviews, I kept getting at this, I said, "Why did this happen?" "Well, we had to maximize shareholder value." "Did you?" "Yes. We had to maximize shareholder value." So I went over to the law school, and I said, "Is this true?" And they said, "No, it's not true. Read this and read this." And they sent me a whole set of papers. You see, the interesting part is the legislation under which the company operated, they had their special act—the United Grain Growers Act—and the United Grain Growers Act says--. Well, I have to back up one step.

[1:35:42]

The fiduciary responsibility of a board of directors is not to shareholders, it's to the corporation. That's the way it's defined, and this is true of all corporations. Corporations come first. What do you do if there's a conflict between the best thing to do for the corporation and the best thing to do for shareholders? What do you do, right? And the Supreme Court of Canada in two cases--. And to be fair, the second case--. Does the BCE case mean anything to you?

NP: Yes.

PE: Okay. This was really big to-do in the papers. When did they get that vote? About 12 years ago, the BCE case. That was after UGG, the BCE case. But the BCE case and the ruling of it is the clearest expression of what the law says about the responsibility of a board of directors and conflict between—if there is one—between the interests of shareholders and the interests of the corporation. So as I started to read, I said, "But the responsibility of the board of directors wasn't to shareholders, it was to the corporation." And then this is where the UGG Act came in because it said, "This corporation consists of both shareholders and members." There's a preamble to the act that says, "This act is passed because it is desirable to maintain the historic connection between farmers and the company." It's right there. That's the act. And then it further says, "If there's any conflict--." Because to

some extent, the company was governed by the Canada Business Corporations Act, which is the basic legislation under which corporations in Canada function. “If there’s a conflict between the CBCA and the UGG Act, then the UGG Act shall rule.” So when I read all this, I said, “You didn’t have to. If you really thought that this company had this mission, this vision, of being a hybrid organization, and you had this responsibility not only to your shareholders but to your farmer members and to agriculture in general, you could have said to Sask Pool, ‘Go away. The takeover is not in the interests of the corporation, and we will do everything that’s in our power to fight this.’” Now, they may not have won. They may not have won that fight, but in general, they didn’t even try. [Laughs]

NP: Did they have bad legal advice?

PE: I would never say that because I would be sued. [Laughing] I don’t think they had bad legal advice. I don’t think they had bad legal advice. Let me be very clear on that. But corporate lawyers generally assume that the interests of shareholders—and not just corporate lawyers, the whole edifice of corporate law—generally assumes that there is no conflict between the interests of the corporation and the interests of shareholders. To some extent, this is based on the notion that the shareholders own the company, right? They actually don’t, and there’s a whole—how shall I put this?—there’s a whole literature on this that says, “No, they don’t really own the company. They own shares.” And that’s the whole genius, if you will, of stock markets and financial markets is that it separates the actual owners of the assets from the owners of the shares. Stock markets create a liquid market where if you don’t like what the company’s doing, you sell your shares and get out. As long as you are a shareholder, you really can’t do anything with that company. The only power you have in that company is to elect directors. That’s your only power. Now, if you don’t like what the company is doing, and you want to stick around, buy enough shares, elect your own directors, you can do it--shareholder activism, right? But if you don’t like that, sell your shares and go away.

[1:40:02]

And so I was studying this, and I actually wrote a short paper. I went back to everybody and said, “Here’s my take on this. You didn’t have to do this.” And everybody—I’m trying to be correct or trying to be non-profane about this—but they rejected my argument completely. One person said, “This paper is just fiction. Go away.” Except I went over to the law school and said, “Is this right?” “Oh, no. You’re bang on,” they said.

NP: You did have a good argument?

PE: I have a good argument, yeah. Well, not--.

NP: Yeah. You wonder too whether some of the old guys that were initially responsible for setting up the companies and understood cooperatives and grew up during the '30s and that, if their ilk was still around, whether they would have had a better understanding of that.

PE: I think they would have. It's quite interesting. I mean, I think Ted Allen had that interest, but Ted stepped down as president and then stepped off the board. I've talked to him since then, although, it's been a while, as I said, since I have talked to him. But he was not happy with what happened with the company being taken over. Interestingly, in Saskatchewan Wheat Pool as I discovered, Milt Fair—who was the CEO—has died, and he died very prematurely. But I interviewed Ted Turner, who was the president of-- Is he on your list of people to talk to?

NP: I think he is, though I don't know where he is.

PE: He's in Regina.

NP: Okay. Yes, he is on my list.

PE: Okay. Ted told me that, yes, the company recognized that it had to-- You know, this was the way to go, was to access equity capital. And the intention was when Milt Fair and he retired—and they retired within a short period of each other—is that they would come back and work as part of a special task force or committee that would see how this would happen. But when the new regime took over with Don Loewen and whoever was president, they didn't want any part of Milt Fair and Ted Turner coming back. And Ted was appalled at what happened to Sask Pool. It was quite interesting because you had people who-- There was two people on the UGG board—the Agricore United board—Alana Cook and Paul Orsak, and they had both been active in the Wheat Growers. Both of them were pretty upset with what happened with UGG—they and a lot of other people. There were a lot of people—not only board members, but staff, some of the employees and people outside the company like me and Ted Allen at that point—who were just appalled that this company disappeared. [Laughs] I said to Alana, “What you would find is there are things you now agree with Ted Turner about.” [Laughs] “You may not agree with the kind of organization there should be, but you would both agree that there should be an organization that is something like Agricore United, that is more than, as Mac Runciman put it, more than just a grain handling company, more than just a grain merchandising company.”

NP: Then that entity fell upon hard times. [Laughs]

PE: Which one?

NP: Saskatchewan Wheat Pool.

PE: Yes, yes.

NP: So do you feel that's something you'd like to make a comment on? What happened then?

PE: With that company?

NP: Yeah. So they took over, and--?

PE: Well, they took over, and then as I said, there were a number of mistakes. I mean, I'm not telling you anything--. I don't know anything that's not common knowledge. They invested in a grain terminal in Poland, they invested in a company in Mexico, they invested in a grain merchandising company in Britain, and these were not, as it turned out, very wise investments. So they ended up with their--. When they went public, their stock went way up, and then their stock dropped down. I mean, I think, if memory serves me correctly, it rose to about \$20 a share and ended up, like, worth \$1 a share because their performance was so bad. That's when the company fired Don Loewen and hired Mayo Schmidt as their new CEO. One person told me that, "Yes, Mayo had said he really believed in the structure the way it was, but he didn't." Eventually he took the company completely public.

[1:45:46]

NP: This is when I came on the scene, 2002.

PE: Right.

NP: So just, like, on the Thunder Bay waterfront, the elevators were staying in place, but it was like musical chairs taking place. Who were the winners and losers here?

PE: The winners and losers in what?

NP: In what's happened.

PE: Oh. Well, I think I made these remarks--.

NP: Or is it too soon to even say?

PE: It's a little soon, but what I should send you is the remarks that I made at a conference that the Transport Institute held a year ago. Every year they hold a conference called "Fields on Wheels," which is about grain transportations. So they had a panel, and I said this. I said, "In 1906, the farmers were finding that the grain handling, transportation, and merchandising system did not serve their interests very well. They perceived that they were the weak players, and these very large corporations were the strong players, and that they felt themselves exploited by it." I said, "I don't think they were as badly exploited as they thought. I don't think that the system was quite as uncompetitive as they thought, but nevertheless, they had this impression. And they built organizations whose function, in a way, was to balance the power between farmers and the farm organization and these large corporation."

And I said, "Circa 2013, we're now in the position where that whole edifice of organizations has gone. The Pools are gone, the Wheat Board is gone, and UGG is gone. They're all gone." And we're also at a time when one of the biggest issues that our society is facing is inequality and the power of very large corporations. Now again, nobody gets up in the morning and goes to work and says, "How can I exploit people?" That's not the way the world wags. But power corrupts, there's no question. Whether it's corporate power or government power—power corrupts. It's not so much you become a bad person, what you do is you simply become a person that says, "What's good for me is good for the world. What's good for General Motors is good for America." Right? Because you see the world from the position you're in, and if you happen to be in a position working for a very large corporation or you're the prime minister or what have you with a lot of power, you see the world from that perspective. And so, we have a situation today where the relative position of corporations and farmers is much as it was in 1900, and I don't know what the answer is, and I don't know what's going to happen with that position, but I think there's a damn good chance that within the next decade, farmers are going to say, "This system is not serving me well."

[1:50:06]

So are they losers? Well, not quite. I mean, the people who came here from Europe and homesteaded in 1906 were not in the long run losers, right? I mean, if they stayed in Europe, they would have been farming three acres, or they would have been this or that or the other. The people who were the first waves of workers within the then a capitalist system, worked under horrendous conditions—the satanic mills and what have you. Were workers in the long run losers under free enterprise? I mean, look at the society we've got. The poorest of us live better than what passed for a middle class 200 years ago or what passed for a labouring class. I mean, you can't say that. But nevertheless, you have this situation—and you always have it in societies—of imbalanced power. So maybe, maybe within the next decade farmers will find they're losers. I don't think they're losers right now.

NP: Times are good.

PE: Hm?

NP: Times are good for those who have survived.

PE: Yeah, right.

NP: So it's the next time that times are bad that there will be more--.

PE: Who knows, right?

NP: Thought given. From the standpoint over your career of the whole transportation issues—because we are situated in Thunder Bay, the hub of this little project—what, very quickly, what could operations in Thunder Bay have done any differently, if anything, to change the circumstances that befell them? And in your mind, are things likely to look up under a differently regulated system, down, or neutral?

PE: I don't know if Thunder Bay could have done very much because the markets were west. That's where, from the '70s to today, it has become easier, cheaper, quicker to go west. Right? One move, not multiple handlings, and so on. Having said that, you see, this is where you get into some of the advantages of free enterprise. Free enterprise will find ways of doing things. I was at a conference—it was more of a seminar—not too long ago about the Arctic and northern transportation, and Curt Vossen was there, and he said something very interesting about Churchill. He said, "Now that the Wheat Board is not there, what I find is that I can put something through Churchill because I can do split cargos, small pieces, put them together. I couldn't do that with the Wheat Board. The Wheat Board wanted to fill a ship with wheat and that was it. That was the only market they saw." So if there's ways of using the eastern gateway, if you will, they stand a better chance of finding those ways, I think, in the commercial system than you do in the regulated system.

NP: Now, added to this is--. I've just finished reading the 1915 *Daily Times Journal* published in Thunder Bay, which was the special grain edition, talking about the facilities that were available in Thunder Bay. And not very cleverly hidden in the whole issue was a feeling that this issue was out there in order to tell Canadian grain farmers, Canadian industry, whoever might be reading it, that it was unpatriotic to ship south, that we had the facilities here and the capacity, and therefore we should be shipping east. And that was all part of the whole rail system was to get things going east and west regardless of whether it was cheaper—and probably would have been in the early days—to do so—to move it east for national policy purposes.

[1:55:30]

So now we have perhaps restrictions lifted on that, and the railways even are taking over companies that will make it good for them to go south. Development or at least announcement on the handling facility on the border with, what was it, Saskatchewan and North Dakota where farmers would deliver into that big facility and ship directly south. What's happening with the north-south movement and the whole thing about the Canadian farmer having any control? Or am I completely off base and reading into things that's not there? [Laughs]

PE: No, you're not reading into things at all. You have to remember 1917 was not so terribly far away from 1867, right? Sir John A. was trying to create a country, and he wanted to preserve British North America against the incursions of a continental United States. And so, he built a railway, he set up tariff barriers, he did all kinds of things, right? How shall I say that? The political mood in Canada was, "We are part of the British Empire." My grandfather went to the first World War, right, to help the mother country. When I was a kid growing up in Toronto in the 1950s, it was the "old country." It wasn't a foreign country; it was the old country. We always had those linkages, which said, "We aren't American. We're part of this history, and we want to make this country work." Lots of people have argued that that's against the natural geographic boundaries or geographic realities of North America, which it would largely be north-south, and to a very large extent it is north-south. Now, does that mean that we should recreate some of those kinds of policies like the tariff and this and that and the other that were artificial? In some ways, artificial.

NP: From a logistics perspective, to me, if Thunder Bay loses what percentage it has, which is probably, what, 20 percent of the market?

PE: Probably, yeah.

NP: Yeah. So it loses its 20 percent. It has already lost its 50, like it's--.

PE: It's down, yeah.

NP: It's down from 70 percent. But does that also create some issues for Vancouver?

PE: In what way?

NP: In that the funnel will start going south instead of west.

PE: Oh, it could well do.

NP: Even if the market is China and Japan.

PE: It could well do. You know, there's an issue, I think, about whether, do we have a valuable Canadian brand for [No.] 1 CWRS wheat? I don't know. I don't know the answer to that. I think the answer is, "Yes," and I think to preserve it--. I just got an email from a guy who is still very much involved in the industry from a transportation point of view, and he said the current dispute that's raging right now in the grain industry is this: Do we produce what he called "vanilla wheat," which is simply a product. You sell it on the market, right? Or do we try to preserve our variety registration, our grading? Do we go ahead and preserve this brand because it's a premium brand that's worth something? So that debate is raging, but that's part of another debate, isn't it? Of a much larger debate about, "Do we preserve this country as a separate entity?"

[2:00:39]

It goes back to some of these realizations I spoke of before. We have these huge multinational organizations who have no home country. Is this going to be good for people? Is this going to be good for--? I don't know. There's a professor here--she's in the political science department--who has just written a book called something about globalization. To the extent I've read--. I attended her book launch, and I bought a copy of the book, so I haven't read it yet because I'm--. Anyway, I haven't read it yet. She's arguing in the book that the nation state is necessary for human development. So you have this disconnect, if you will, between the commercial world, business world, in which countries no longer matter, and she's saying this will not work for the human race in total.

NP: All very interesting, and I'd love to go on, but I can't. [Laughing]

PE: I think--.

NP: Nor do they want to listen to me share ideas. [Laughs] This is about you. But we'll perhaps talk about it afterwards. But I do have some other questions that I'd like to ask, and we're getting very close--. Well, we're over our two hours. So I just want to finish this off.

PE: Can I go back, though, and add one thing?

NP: Sure!

PE: Yeah. Because I think I'm not sure quite where it fits in with what we've said before, but it does fit somewhere. I may have said this before. I don't know. In all those years—I'll call it from 1970 through to 2000—when I was particularly fighting for greater commercialization, I said this at that conference, that "Fields on Wheels" conference, as well. I said that the duelling parties, the duelling groups over those years, on the one hand, you had the people that were fighting for change basically ignored the issue of market power..railway market power particularly, but corporate market power. They just ignored it. They basically assumed competition will take care of this. We don't have to worry about market power. The people on the other side were paranoid about market power. To them on the left—for the Pools, the Wheat Board, the National Farmers Union—they way over-estimated the negative aspect of market power. People on the other side way underestimated the issue of market power. And I think that fits in back there with the question of winners and losers. If you ignore-- Who wins and who loses when you either overemphasize or underemphasize? It goes back a little bit to C. S. Lewis and the-- [Laughs] And the swelling to madness.

NP: Now--.

PE: We can also talk about the reduction to, the opposite of swelling to madness.

NP: Now the Canadian Wheat Board being history, other than a name, given how it unfolded—its demise—who are the winners and losers there? And tied into this, I think, is would the winners and losers have been different if the Pools were still around?

[2:04:56]

PE: Now, how would I answer this? You see, I go back to what I said. I think the complete destruction of this edifice of Wheat Board, Pools, UGG, Grain Commission, had its upside, but it has potentially its downside too. I think, generally, the Wheat Board's monopoly was destructive. Generally, I think the Wheat Board's monopoly was not healthy for the grain industry, and it was not healthy-- I saw the stagnation in grain handling and transportation. I saw the emphasis on exporting raw product rather than feeding. I saw all those things which were, to my view, some of the negative sides of the Wheat Board. But I was devastated—to strong a word—but appalled at the demise of United Grain Growers because I thought UGG with the way it was in September 2006, had solved some of its internal problems, was what we needed. So if you say the winners and losers, would the loser have been different with the Pools? Yes, I think it would have been different with the survival of United Grain Growers, of Agricore United. I think it should have survived because it really had a role to play in western Canada, and part of that role was balancing power between farmers on the one hand, corporations on the other, which, by the way, I would add, is what the Wheat Board said it was about in 1935 and continuously, right? But became, I think, a negative force as much as a positive force.

NP: Now, I have a question to ask you about that, and it has to do with something I read in either the *Manitoba Cooperator* or the *Western Producer*. And it was a--.

PE: Recently?

NP: Recently. Over the last few months. I'm usually a month or so behind because I get leftover copies from the Canadian Grain Commission. There was a quote from a fellow—don't even remember who he was—but he was from the States, and he was with an organization there, and he made this comment. It was just a little tiny piece in the paper that said something like, "The Canadian Wheat Board, it's good it's gone because it was giving an unfair advantage price to Canadian farmers." I'm looking for the rebuttal or even mention that somebody would let a comment like that go by from a competitor—if you're doing nation-state to nation-state competition. So did the Wheat Board, you know--. Were papers such as Dale Kraft was involved in writing about the premium--.

PE: The famous KFT Study.

NP: Yeah. The premium--. I know it's ongoing. Will the Canadian farmer be a loser? And does this go back to your earlier comment that the farmers might discover in ten years that they need a cooperative?

PE: I don't think the Wheat Board ever got, except in very rare cases, any kind of a premium in the market. Canada didn't have a big enough share of the world market. What were we at, 18 percent or something? It's not enough of a share to extract an extra. There were attempts at various times through the history of the Wheat Board and the Pools to extract higher prices through monopoly power. The Pools tried it, didn't work. In the 1930s, there was a guy by the name of McFarland who took over all the Wheat Pools stocks because they were bankrupt. He tried to raise the price. What he ended up doing was British millers at that time just switched to Argentinian wheat. That didn't work. And the Wheat Board itself through the '50s what a final residual practitioner of this notion that, "If we hold it off the market, they'll come to us eventually." That didn't work. And somewhere around the late '60s, the Board said or were told—I don't know which—"You've got to sell it. Get out there and sell it. Don't try to hold it off the market because it won't work." And they did.

[2:10:18]

But then they tried to argue, "Well, we have this premium brand, and we can niche market it." It didn't work either. In a way, through the '70s, '80s, we had this situation of what I called duelling economists where you had Wheat Board supporters--. Kraft was not particularly a Wheat Board supporter, I don't think. That famous study, the KFT—the Kraft, Tyrchniewicz, and Ferrand Study—which said the Wheat Board got a premium. It didn't really say that if you read the study carefully. It said in certain ways

the Wheat Board claims it gets a premium. That's what it said. And then there was the people who were against the Wheat Board like what's his name in the States—senior's moment. Who wrote a study, he and--. Oh, God. Isn't this awful with the names?

NP: [Laughs] You're doing far better than I would!

PE: There was another study that said, "From what we see, the Wheat Board doesn't get a premium." The Wheat Board can sometimes give premiums away. Like they would give quality away, for example. There's a famous story—alleged, I don't know whether it's true—selling wheat, I think, it was to a South American country that was buying No. 2 wheat. And then one day they got a shipment, and they said, "What are you sending us? This isn't No. 2 wheat." Well, it actually was No. 2 wheat, and the wheat board had been selling them No. 1 wheat. I saw, when I worked with the Grain Transportation Agency, the Wheat Board would enter into an agreement with China, a six-month agreement for so many tonnes of wheat, and the Chinese would not say when they were coming to get it. So the Wheat Board moved the grain into position, and it blocked the terminals, right? Because they had to have it there because their lousy contract wasn't holding the Chinese feet to the fire to say, "You want to come and get our grain? You've got to get it at certain times, and if you don't come at these times, there's a penalty." Oh, no, no, no, no. "No, the Chinese, they're our favourite customer. Let them do what they want." Cost farmers a fortune.

NP: And I guess trying to get product sold, period, you know, if you had all your farmers delivering No. 1, and there wasn't a market for No. 1, you're going to have to sell it.

PE: Well, exactly. Exactly.

NP: Yeah.

PE: There was another little study—actually, I worked on it with John De Pape—and I forget exactly what it was, but there'd been a study done by a guy in Saskatoon. It was differential pricing. It had to do with pricing No. 1 separately from No. 2 and so on. Anyway, I did a little economic study of it. That's the first time I actually ever used my economics the way I learned it at university. And I found that for the Wheat Board to be right, there had to be this enormous spread between the price of No. 1 and the price of No. 2 or the price of high protein and low protein. I forget what it was. But it just didn't hold up. It didn't hold up theoretically. John De Pape went back to the guy in Saskatoon and said, "What about this?" "Well, I never really said that. The Wheat Board said that." I mean, it was this duelling economists of people who loved and hated the Wheat Board. There's the old adage about figures don't lie but liars can figure, and I don't want to accuse anybody of lying, but people came to the question, "Does the Wheat Board benefit farmers?" They came to it with preconceived notions.

NP: Now some really generally—but specific to you—questions. When you look back over your career so far--.

PE: There's not much of a "so far." [Laughs]

NP: And I'll preface this by saying that, in my opinion, our little country—not from the standpoint of size—with its pretty harsh climate, managed to accomplish an awful lot to become a world player in the grain trade. What part did you play in helping it get there and stay there?

PE: Not very much. Not very much.

[2:15:02]

NP: Oh, this your time to--. What did you do? If you hadn't done what you did, would--? [Laughing]

PE: Would things have been any different?

NP: Would your whole career have been for naught? [Laughs] Isn't that sweet. What did you try to do? Let's put it that way.

PE: Probably. We're all caught up in forces that are bigger than ourselves, and you choose your--. Or have it chosen for you, in some ways, where you are. I enjoyed what I did. I thought that I was fighting on the right side for the betterment of the farmer and the betterment of the western Canadian grain industry. I still think that. I still think that some of the things--. I think it was a positive thing to move away from that highly regulated and centralized system. So in that sense, I believe I was on the right side of history. But I think at the same time, you had this pendulum that was swinging, and what we've ended up with—with this whole structure of Pools, Wheat Board, UGG, Grain Commission pretty much in a shambles—I'm not sure that was the best thing either. I think somewhere in there was--. What I think we'll see in the future is a need for the pendulum to swing back, not only in grain. I mean, not only in grain, I mean in the whole issue of free enterprise and the lack of regulation on the powers that large corporations have. I think that this is not a sustainable system that we've moved into.

NP: So am I accurate in saying, then, that your intention and likely accomplishment—ignoring what happened out beyond your control—was to make Canadian farmers more efficient, more competitive, keep them in that market?

PE: I think the things that I was fighting for over that period of time would have bettered the place of the western Canadian farmer because it would have removed a great deal of inefficiency and—what's the right word?—regulatory friction that was actually

costing farmers a very great deal of money, I believe. I think we needed more flexibility, more freedom, more market forces, all those things we needed to function, to operate, in the grain system. The western grain industry, we needed all those things, and we needed to get away from the regulation and the centralization, the Wheat Board monopoly. All that had to change.

NP: So who's benefitting now from that improvement?

PE: Well, I think at the moment, most people are benefitting. I think. I think the farmer is better off in a more commercial system than we had in the 1970s, '80s, up until the '90s. The railways are certainly better off, which can benefit other people if those savings get passed on. I think the grain companies are better off in general. You should ask people like Parrish and Paterson and JRI about that because they are, particularly the smaller companies, they're on the line at the moment, right? The grain companies actually did quite well under the Wheat Board. They just had to handle it, and they got this money, right? They weren't wildly profitable, but they had no risks either. I mean, the grain companies were always a little ambivalent about whether getting rid of the Wheat Board was a good thing for them, and maybe it wasn't. I don't know. Is it a good thing that half of our handling system is now run by Glencore? Glencore is a huge corporation, right? And this western grain handling thing is an insignificant part of their empire. How much attention will the western Canadian grain industry get at the board table of Glencore? I mean ten seconds per meeting maybe. I don't know. Is that a good thing? I think that's really questionable. It goes back to Radhika Desai and her book about globalization.

[2:20:34]

NP: Yeah. Another question, and this is self serving on our part. Our little group called Friends of Grain Elevators has a overarching goal beyond this oral history of trying to get an interpretive centre set up in Thunder Bay on the historic growth of Canada as a grain exporter. If we are successful, what out of what we've talked about do you think needs to be part of that story?

PE: Well, I would say what has to be part of that story is the birth and growth of that industry up through the '20s, at least. Then what has to be part of that story is this ideological divide that developed, probably, from the '20s to the '40s and fought it out in the '50s. What has to be part of the story is that, as I see it, is the impediments to the industry that were created by this, what I consider to be, the over-regulation and over-centralization of the system, and the failure of some of those policies like the policy of state marketing. Then of course, where we are today, you know? [Laughs] With all these question marks hanging out there as to whether we've done the best thing.

NP: Okay.

PE: That's not very clear, is it? [Laughs]

NP: Well, I think it is, especially in light of what you've said. Anything else? Any memorabilia, photographs, whatever, you've collected over your time that would be important to put on display, feature?

PE: You're talking about physical artifacts?

NP: Well, yeah.

PE: No, I don't think--. [Laughs] I didn't collect anything.

NP: Unfortunately, I don't think a lot of people are as interested as I am in reading reports, and you seem to really shine at researching and writing reports. So it's good that they wouldn't get lost.

PE: Well, it's more or less what I've spent my life doing, yeah.

NP: And that's why you're part of the jigsaw puzzle, and we're putting together all of the pieces that came together to make—at least up until this point—a successful Canadian grain trade, as opposed to global.

PE: Right, right.

NP: So, I'm going to sign off now.

PE: Okay.

NP: And I have a question to ask, which I'll ask off tape.

PE: Sure.

End of interview.