Narrator: Harold Harri (HH)

Company Affiliations: Searle Grain Company. Federal Grain Ltd., United Grain Growers, Saskatchewan Wheat Pool, XCAN Grain

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Summary: Retired grain sales manager for Saskatchewan Wheat Pool discusses his career in both the operations and marketing sides of the grain industry. He recalls his first job with Searle Grain in the Thunder Bay terminal office as the chief clerk in charge of tracking grain stocks. He describes Searle's positive work culture, the coordination of organizations to keep grain moving efficiently, and changes due to the opening of the Seaway. Harri then discusses his move to Winnipeg into Searle's grain marketing division, and he explains the duties of a marketer and their broad knowledge of the industry. After a brief period in Vancouver with United Grain Growers, Harri discusses becoming grain sales manager for Saskatchewan Wheat Pool for non-Board grains and then helping to set up trading of Board grains through XCAN Grain. He describes many changes throughout his career, including company ownership changes, the consolidation of the country elevator system, the digitization of grain trading, the shift in global grain markets, and the Pools' privatization. Other topics discussed include differences between port and Winnipeg offices, using the futures market, interacting with the Winnipeg Commodities Exchange, working with exporter companies, his pride in helping to grow the global canola market, and his remembrance of elevator explosions in Thunder Bay and subsequent research don't on grain dust.

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Time, Speaker, Narrative

NP: It is April 24, 2009, and Nancy Perozzo is interviewing Mr. Harold Harri at his home in Winnipeg. Perhaps, Mr. Harri, could start with your early remembrances of the grain industry in Thunder Bay where you grew up, even before you started working in the industry.

HH: I originally started with Searle Grain, which is no longer in existence, but they had a terminal in Thunder Bay that was located out at the Mission. I was working in the office, and I really wasn't too familiar with the grain industry up to that time. Then it became a learning experience. From there I stayed in Thunder Bay until 1964, and then I transferred to Winnipeg to go into the marketing department, still with Searle Grain, which eventually became Federal, which eventually sold out to the Pools.

NP: You had started to talk about your early experience with the Searle Elevator in Thunder Bay. You didn't have any family then that worked at the elevators before you started?

HH: No, I didn't.

NP: How did you end up with a job at Searle?

HH: It was an opening through the unemployment insurance group at that time. I had worked for a year at a wholesale down there, but I wasn't overly happy. So I left there and an opening came at Searle Grain, so I applied and have been in the grain industry ever since.

NP: What was life like at the Searle elevator?

HH: I worked in the office. It was a privately-owned company, but the boss—and his name was Les Irwin—they made a habit of treating their employees fairly well. For instance, during the winter, they were reluctant to lay off any of their men. They tried to make work projects for the men all winter long to keep them employed year-round. They had a very good record of having a 12-month a year staff employment for most of them. The atmosphere was good. Mr. Irwin was a pretty tough boss, I must fess up to that, but overall, the staff treatment was pretty good.

NP: When you say a "tough boss" what do you mean?

HH: He had his own way of dominating things. It was his way or the highway. We pretty much had to tow the line with him.

NP: Was he from Thunder Bay himself?

HH: Yes, I believe so.

NP: Do you know anything about the history of the Searle elevator?

HH: The company originally was founded by A.L. Searle—that was all we knew him by—but it was always strictly just a family business, a family affair. His sons were Stewart Searle, and they became managers and CEOs of the companies, and it stayed right within a family organization up until the time they sold to Federal Grain who took it over.

NP: What was the work that you did in the office?

HH: I was chief clerk down there, and it was keeping track of the record keeping between audits. They had physical grain audits at least once every year and a half. It was one of my responsibilities to keep track from audit to audit as to what had happened—the gains losses and try to put a dollar value to it, et cetera. Then there was the handling of the paperwork required for the movement of grain in and out of the terminal, both by rail car and the shipping out by vessels. We had regular communication with the Lake Shippers down there. They used to phone with the boat orders. Our responsibility was to make sure all the orders were filled properly, and instructions given to the plant accordingly.

It was fairly routine work, that is why I was very happy when I got the opportunity to go to Winnipeg, and I got into the marketing area. In reality, you don't really know anything about the grain industry per se in Thunder Bay until you come to Winnipeg where the marketing is done. That is where you find out about the grain industry and what causes the grain, different types of grains, to be moved. It opened a whole new world for me. It really was quite an eye opener.

NP: Before we move to your work in Winnipeg, I just want to go back a bit to the life at the elevator. When we were taking our little pause earlier on you had mentioned something about the staffing of the elevator. The work crew was made up largely of Italians?

HH: It was a very large Italian segment in there. They did most of the bull work like shoveling boxcars in those days. It was very, very difficult task, and it was a hard job. That was essentially a lot of what they did. Of course, they got involved in the terminal operation of cleaning of grain, the drying of grain and so on. One thing that the Searle staff did was that they had a very stable operational crew in the plant itself. The department heads in the plant, they were there for years and years and years. They spent their whole lives at Searle Grain. So, it was a very stable environment from that perspective.

NP: Do you remember some of their names that were involved there?

HH: Walt Gray was a foreman, Ron Hicks and Harry Turner was millwrights, Charlie Lawrence was an electrician, Stan Hunt was an electrician, and good old folks that were in there.

NP: You had mentioned the Commisso name?

HH: He really stayed pretty much as a labourer, pretty much his whole career. The Italians, we found one thing about them that they spoke Italian and many of them spoke very little English in spite of being in Thunder Bay for years and years—a great deal of difficulty communicating with them. But Mr. Commisso just pretty much stayed in the labour work right in the terminal itself.

NP: Father-son history throughout with the labourers?

HH: Not necessarily, it was mostly relatives that came over from Italy because it was an opportunity for them. I guess he had to guarantee them some kind of work to come over here. They all congregated at the terminal and many of them stayed there for years, just within their own little community, even when they went back home. A lot of them lived in the Commisso residence, which was on Syndicate Avenue right across from the old Ogilvie elevator. There were always a bunch of them around there.

NP: The Searle Elevator you mentioned was on the old mission site, which was next door to--?

HH: Yes, it was the National Grain or Grand Trunk Elevator, we use to call it in those days. It is now Cargill Terminal, but the two of us were out there isolated from the rest of the grain terminals because in those days a bunch of the smaller elevators were in the Kam River. The big terminals were at Intercity and at Current River. The big terminal Sask Pool 7 was at, and still is at, Intercity. Our terminals were mid size, not the biggest but still far from being the smallest.

We had quite an efficient terminal at Searle, and they were very progressive. They were always trying to develop new, big dumpers, and they were instrumental in developing the dumpers for cars at one time. The days before they used hopper cars for the grain, which was a great innovation for the trade, by the way, those hopper cars are extremely efficient and a lot less labour intensive.

NP: You could fit a lot more cars through that system.

HH: Yes, and with a lot less impact on the labour force.

NP: Was there any communication between the elevators or were they pretty independent?

HH: They pretty much operated within their own bailiwick. Even Sask Pool, they owned several terminals down there, and I think their staff stayed fairly stable within the elevator. If anybody worked at Pool 7, they were pretty much at Pool 7 for their careers. There wasn't a great deal of communication. It was all monitored through Lake Shippers. They would be responsible for allocating vessels to terminals and that kind of thing.

The Grain Commission, their function was to control the quality and the weights and grades of the grain that went both in and out of the terminals. But the interplay between the terminals, it was trying to contribute to the efficiency of moving the vessels out of there. They were all pretty anxious to get as large shipping as possible because that was the key to moving grain. Many years the terminals were close to capacity, so if they needed heavy movement by vessel to create the space so that they could handle more cars.

NP: You said if I recall correctly that you came to Winnipeg in 1964?

HH: That is correct.

NP: Do you recall when you started with Searle Grain?

HH: In 1948.

NP: In 1948, so right after the war?

HH: Pretty much yes.

NP: You were there over the time that the Seaway opened?

HH: Yes.

NP: Did that create any changes that you saw?

HH: It wasn't quite what they expected. They had a great amount of publicity over the opening of the Seaway. It was essentially a big thing, but the vessels that were able to navigate the Seaway in those days, they came up and were entirely different vessels from the lake freighters. The lake freighters are big, bulk vessels, and they would just open the holds and drop the grain, and then the grain trimmers would just move them back. The ocean-going vessels are all comprised of many small compartments and the grain trimmers--. It was a whole special stevedoring job just to load the vessels and very slow.

This was a very surprising and disappointing element when the first ocean-going vessels came in there because they would be tied up at a dock there for two days just loading the vessels. Whereas, for the same amount of grain it would be gone within a half a day or a day from the big terminals down there. It was exciting to start, but after a while the terminals were not that excited. They would have sooner had a laker in there, rather than an ocean-going vessel because of the speed that they could move the grain out. It was very interesting, but eventually the ocean-going vessel became a little more adaptable, and the grain trimmers and the stevedores became more knowledgeable with how to load the grain and whatnot. So, it became more efficient, but in the initial stages it was not too exciting from a terminal standpoint.

NP: The Seale Elevator went through some changes in ownership. Was that while you were there?

HH: No. When I left there, it was still Searle Grain. When I moved to Winnipeg, we were still Searle Grain. While I was in Winnipeg, I worked for them in Winnipeg until 1972, and then that is when they sold out and became Federal Grain. They partnered with Federal Grain at the time, which was also a privately owned company. They stayed intact until 1972, when they sold out to the Pools. At that time, I could have stayed on with them, but they were going in a little different direction within the new company at the old Federal Grain. They stayed in business, but they got out of the grain business, and they became Federal Industries. I wanted to stay in the grain business, so I went with UGG. I worked with them in Vancouver for a year and a half in the sales department. Then an opportunity came along with Sask Pool for a grain sales manager, and I was fortunate enough to get that job and it was great. I very much enjoyed working for Sask Pool. A good company to work for and good people to work with. It was the best thing that happened to me in my grain career.

NP: A little earlier on in the conversation you made a really interesting comment about it wasn't until you moved to Winnipeg in the marketing end of things that you began to realize more about the grain industry, where it was a much more narrow focus in Thunder Bay. Can you expand on that a bit more?

HH: In Thunder Bay, like all we know the various kinds of grain. We know what goes to the boats, but we had no idea what was causing it and what grains were being loaded, where they were going, and why they were going, who was getting them, who was using them. Yet, it becomes an operational thing down there—just moving the grain in and out, without any idea who is responsible, why is it necessary to load barley this week and oats next week and some of your red spring wheat in the other vessels. Some of them would go to bay ports and the bulk of the grains moved to the St. Lawrence River or transferred to elevators for eventual shipment overseas. That is where most of the grain went. We didn't really have any appreciation for that end of it in Thunder Bay. We were just interested in moving grain in and out.

When we got to Winnipeg, we got into the marketing area, and then you find out you differentiate between domestic grain usage and export grain usage and who gets it, where it is going, and why it is going there. It was a real eye opener and really very interesting.

NP: Is it possible to give us a representation of what a grain marketer's job was by thinking what would be a normal day in a grain marketer's life?

HH: There is no such thing in a grain marketer's life. There are so many areas. First of all, there are the CWB operations, and they handled the bulk of all the export grain—the wheat and barley that goes out of the country. They are the ones who do all the buying and selling, et cetera, and those are the Board grains. Then the open market grains the domestic grains—the oats and barley—they would go down east for feed. The canola and flax and rye, those were what they call open market grains and those are the grains that we market. Particularly the emphasis was on canola. As the years went by the rapeseed became canola, which became a very, very large open-market grain and it is very significant today in production. The researchers did some wonderful work to create a very desirable product. The canola oil is well recognized worldwide for its quality. The production accordingly is increased considerably on the Prairies.

We were involved right from the start when it was called rapeseed and the trading of rapeseed. I was involved with the futures market, and that is a whole separate study in itself. There were really few people outside of the industry that understood the futures market trading. In fact, there were many people in the industry that had difficulty with it because it is a whole separate study. But that was the open market grain. The Board grains of course, they did not trade. They traded in the Chicago markets as the bulk wheat, which establishes the world price for the wheat, but the Board was responsible for all the export of wheat and barley, plus the wheat that was used for domestic flour milling in this country. That is still the scenario today and this is where the dispute comes in now about should the Board have control. It is a whole political issue today, and it will continue to be for some time.

NP: Do you have thoughts on the issue yourself?

HH: Yes, very much so. I don’t want to get too much into the political end of it. I have always been a supporter and a believer in the Wheat Board, as long as the farmers are of a mind that they would like and prefer somebody to do their marketing. There were many farmers that were very good farmers, but they had no interest and no desire to learn the marketing end of it. That was not their bailiwick, but they were very good farmers and they produced good wheat. For those people, the CWB concept was good because the CWB can get prices for them, which are recognized at the world market price.

But there are other farmers, and in particular this day and age a lot of the younger ones, they become university educated, and they become knowledgeable at futures trading and marketing, and they would prefer to market their own. One of the difficulties is trying to work the marketing of the flour milling the wheat into the States because that is a whole different market down there—the flourmills in the State—as opposed to the wheat production or wheat usage that is done in Japan and Europe and on a world-wide basis. You have to measure the benefits of what the farmer wants. Whether he wants to let somebody else do his own marketing. The gap is closing, but it is still the majority of farmers, I think, that are wanting the CWB approach. I am still of a mind that I have always liked it. I think it performs a useful service for the farmer.

NP: When you were doing the marketing, did you interact with the CWB at that time?

HH: No. My responsibility when I was in charge of the marketing with Sask Pool was the open-market grains. My main contact with the CWB was for the malting barley because the malting barley is still handled by the CWB. They originate all the sales. But then we sold the malting barley to the users eventually mainly down in the States. But we also had malting barley customers over in Japan and China and whatnot that we would work with. But that was my area, so I interacted with the CWB in so far as was necessary to move the grain. As far as the sales, my involvement with the CWB was very little.

NP: When you said your area was malting barley were you also marketing other grains?

HH: Just the rye, flax, and canola. Another area too that is growing is the special crops. But that again is another whole ball of wax. I was not involved at all in special crops. You need people that are well versed in that area to get involved in it. But it becomes part of the movement. One of my responsibilities with Sask Pool and then eventually with XCAN, when I served with them briefly, was because of my knowledge of Thunder Bay, I got involved with the movement of the grain through Thunder Bay. We sold it, but we would arrange for the usage of terminals in Thunder Bay that were specially designed to clean the oilseeds or handle the malting barley and that kind of thing. We became of a mind that we had to use the terminals in Thunder Bay as a means to an end rather than our daily responsibilities. It was one of the arms that we used that caused the movement of the grain to be effective and the sale of the grain to be effective, from our perspective.

NP: When you say "our perspective" was that with XCAN or when you were working with Searle as well?

HH: The way it worked was my career was with Sask Pool after I got back to Winnipeg. Then XCAN became the marketing arm for the three Pools. We of course worked very closely with them in the marketing of the grain. Then eventually, towards the end of my career, we developed an integrated marketing program for canola. I went over to XCAN at about three years before I retired to develop a marketing program, which eventually was incorporated. Then I was responsible for the movement of the grain from the three Pools through XCAN at that time. But the bulk of my career was with Sask Pool and then working with XCAN eventually as they developed into the marketing export arm.

NP: A couple of questions come to my mind based on what you were saying earlier. The first was that you would contract with elevators that were able to handle oilseeds. I think is what you had mentioned. Did various elevators specialize in different products?

HH: Some terminals were unable to clean oilseeds because it is a special type of cleaner. We had to direct the movement of flax and canola into terminals that had the cleaners that were specially designed to handle those. It was an ongoing problem both in Thunder Bay and in Vancouver. Originally the terminals were not well equipped to clean canola out there. The demand became much larger than what the terminals were capable of putting through physically, but eventually they developed cleaners and installed cleaners that were very sophisticated, and they were able to move large volumes of canola through. I think pretty much in Vancouver now most of the terminals can handle the canola quite well. In Thunder Bay, there are so few terminals left going, I imagine all of them can handle canola now in varying degrees.

NP: When you market on behalf of your company do you make sales calls? How does somebody market their grain?

HH: You establish customers. In those days it was done by telex. A lot of the grain marketing was--. We were in sales, but it is not like you have to sell something to somebody. What is the selling point generally is the price because the quality is the same. You sell [No.] 1 feed oats, or you sell malting barley [No.] 2 CW 2-row barley, or that kind of thing. The grade is established by the Grain Commission, so the quality is not in question. It is just a question of price. A lot of what we did was very price related. Reading markets and trying to establish or project where the markets are headed for better prices, or whether we are going to have an oversupply, and watching the crop in Canada and worldwide, just determine what the price is going to do. It was pretty much a price-driven kind of operation.

NP: Therefore, the Commodities Exchange was a big part of it?

HH: Very much yes.

NP: How would you watch the quality of the crop and the changes in the market? Was there research done in the marketing division?

HH: Most of the companies had people who were just on a day-to-day basis as the crop was coming along and watching the weather very closely, as you get near frost season and things like that. The big impact frost has on the quality of the grain, how much rain you had, is there sufficient moisture to produce a good crop, is it going to be large, is it going to be small are all the factors that go into whatever creates a price. Many days a little session of bad weather will throw a scare into the people and the price jumps pretty quickly and then it turns around and the sun comes out and the prices drops just as quickly. That is the nature of the market. You get used to it after a while. But it takes a long time to get used to, to roll with the blows if you will.

NP: Like what farmers have to do but on a much bigger scale?

HH: Very much so, yes. They have to always decide what kind of crops they are going to plant this year, what are the market prospects, how long is the season. This year they may be late planting crops, and this again are going to affect the kinds of crops they put in because the maturity days are different for different kinds of crops. Very much the same as what the farmer has to face every year.

NP: Did Searle have its own network of country elevators?

HH: All the companies did. The terminal companies all had their own line of elevators right across the prairies. Sask Pool had a very large number of country elevators. They were the largest handler of grain. But the whole picture has changed so much now. It is interesting when you drive across Saskatchewan, you see all the big inland terminals that have been constructed, and slowly by slowly all these small little elevators, which sustained so many of the small towns have been dwindling and closing up—just no longer functional. They are not economical, and these bulk-handling terminals are very efficient, which has led now to the movement of the unit train kinds of operations. They have 25 car loadings, 50 car loadings at some of the bigger inland terminals that create a much better efficiency in the system from moving grain from the country because when it lands in the terminal you can move them through very quickly. In some cases, you don’t even have to clean it. You just move it, and bring it in, and ship it out when the vessel is ready.

NP: Had they started that consolidation when you were still working?

HH: Yes. The inland terminal concept really was just, well, getting going around the time that I retired. There were a few scattered around through the years, but they were never really used much to a degree. One of the problems with the rail system in those days was trying to service all these small country elevators. It created a great deal of inefficiency in the movement of grain. Now when they have the larger bulk handling terminals, from a railway perspective, it is much easier to move grain and get a much quicker turnaround time now with the cars. Turnaround time was very slow in those days because you can imagine going to a small country elevator point to get the car spotted in the first place. It would take a day to load the car, and then the railway would have to come in and then hook it up eventually with a train that was going to Thunder Bay or Vancouver or wherever it was headed. It was quite an inefficient system of moving grain, which has been very much streamlined today. They can move grain much more efficiently and much more effectively today.

NP: Are there any losers in that system would you say or was it a win-win for everybody?

HH: I think it was pretty much a positive situation anytime you can contribute to efficiency in moving grain. Probably the biggest drawback is the farmers have to move their grain much farther now to a central gathering point. In the original days, I think all the elevators were where every farm had an elevator within 10 or 15 miles of its location. But now it is not considered unusual for the farmer to haul grain 40 or 50 miles to a terminal. But they have such big vehicles now and efficient vehicles that the big impact now is maintaining the roads to handle all these big trucks. But it is a different aspect of moving the grain. So the biggest impact is probably the distance the farmer has to travel to the terminal.

NP: You mentioned a word that I have heard often but never asked anybody to define it—spotting a car. So it just doesn't mean seeing it? [Laughs]

HH: No, not quite. It is railway terminology. They have to move a car or cars into position where they are going to be able to access it for the spouts that are used at the elevator. They have trackage, and every elevator has a different length of trackage, where some can only handle four or five cars at one time and others now, with these unit train loadings, they can handle up to 40 and 50 cars. So the trackage that you put in for these terminals, it is a lot of space. Cars are sizeable and it takes a lot of space. The original trackages for these--. They would only load one or two cars at these small country elevators in some instances, so you didn't need a lot of trackage to accommodate the cars. Now the trackage and the maintenance of these trackages are very significant.

NP: I am bouncing around a bit here with your career. Searle, you worked for when you moved into Winnipeg, and then there were some changes?

HH: They merged and became Federal Grain. We operated as Federal Grain, I think it was 1967. Then they stayed in operation until 1972, which is when they sold all their grain assets to the Pools. It was the three Pools that were involved Alberta, Manitoba and Saskatchewan were involved in that.

NP: Were you still in the marketing division then when you were--.

HH: I was in marketing in Winnipeg, and then when I went to Vancouver. I was in what they called the “sales department” in Vancouver at that time with UGG.

NP: Okay.

HH: I have been involved in the sales of grain ever since I moved to Winnipeg.

NP: Yes. Any differences in working with the different organizations, or was it a different office but same job?

HH: Mostly the personnel of people the managers that were running the companies and one thing or another. No, it was just different philosophies, I think, for the Pools. The Pools were very supportive of the CWB-type of operation. Where the independent grain companies, they were probably more inclined to get involved in the marketing of the open market grains. By and large it became a case of who the managers were and what kind of daily routine you went through, what the atmosphere was like in where you worked. But philosophically the idea was to buy grain and sell it at a profit.

NP: Was there any difference in working in Winnipeg and working in Vancouver being so much farther from where the product was from? Did that make any difference?

HH: Winnipeg was really the headquarters for the world marketing grain on the worldwide scene. In Vancouver, you are just focusing mostly on the Orient, and specialized customers, and movement of the grain. The movement of the grain in and out of Vancouver is quite a test because the rail situation out there is limited because of the layout of the city. Some terminals are on the north side of Burrard Inlet and some on the south side. Even today, the spotting of cars on the north side is quite a movement just going across from the south side of Burrard Inlet to the north side. The focus of the grain movement is concentrated just primarily going to the Orient. Then you get the odd shipment going to South America. Primarily the difference is that you are focusing on a different selected group of customers.

NP: When you became familiar with the terminal elevator operation in Vancouver, and you had already been familiar with the same operation in Thunder Bay, any differences in the way they operated?

HH: Not primarily, because essentially, they all operated under the guise of Canadian Grain Commission, and they were controlled on the way in both grade and weight. They were controlled on the way out by the Grain Commission by weight and grade. The operations of the terminals themselves they took in dirty grain, they cleaned the grain, they had to dry it where it was necessary. The function of the terminals were very much the same whether Thunder Bay or Vancouver or wherever.

NP: You mentioned a couple of times the work done by the Canadian Grain Commission. How did that impact on your work? Was that a positive or negative thing or a little bit of both?

HH: It is positive in that when you supply a product and get what they call a certificate final from the Canadian Grain Commission. It is recognized worldwide that you are getting a quality product. Many countries sell based on sample, and samples tend sometimes not to be as representative of what the final product is—not deliberately but it just happens because of different flows of grain and so on. But the Grain Commission provided you with a standard that when you sold a particular grade of grain to a customer, you didn't have to worry about any quarrel from the customer in so far as the quality of the grain is concerned and the weights. They controlled the weights as well. It was again primarily a pricing exercise. You are dealing with marketing and primarily price.

NP: Did your marketing have any travel involved with it?

HH: Not really. Most of my travels were primarily company orientated back to Saskatchewan to meet with groups in Regina or throughout the province of Saskatchewan, talking to regional managers. But it is all operational things. The one area that we found that the people in Saskatchewan were eager for information about was the futures market but really didn't understand much about it. So much of what I did travelling through Saskatchewan was conducting meetings at various locations to explain the future markets to our farmer customers.

[Audio pauses]

NP: We took a little break there and we were talking about the travels that you were doing, and you had mentioned that a lot of your travel was internal to Canada. Just so that I keep things straight here, when you moved out to Vancouver it was with UGG?

HH: Yes, that is correct.

NP: One thing I wanted to ask about UGG, because I have interviewed other people about it and I have done a little bit of reading—Mac Runciman, his biography.

HH: Yes Mac Runciman. He was well known and well respected through the trade.

NP: I almost have the impression that UGG was a bit of a hybrid. It was a Pool but tended to lean a little bit more to the private-company perspective as well. You worked both in UGG and Saskatchewan Wheat Pool. Was there any difference in your mind about the two companies?

HH: You are quite right. The three Pools, they were heavily orientated to the CWB and the Board movement. Many of them didn't really take the time to understand or want to get involved in the open market grains. Whereas the UGG were still supportive of the Board, but they were much more inclined to try and divert into the open market grains. But you are quite right. They were more orientated and geared to the private trade as opposed to what the Pool philosophy was.

NP: Following along your career and you moved to Vancouver and worked in the sales and marketing there with UGG and then what was the next step that you took?

HH: I got the opportunity to come back to Winnipeg as grain sales manager for Sask Pool. That was in 1974. I finished my career then with Sask Pool, and then with that little change over to XCAN towards the end, as I explained before. I was responsible for the overall open-market grain sales for Sask Pool. That is really when all the doors opened for me as far as getting involved in the grain industry. It really didn't involve travelling to meet the customers. The only customers essentially were malting barley people that we would go down and meet down in Minneapolis from time to time. I only went overseas once into Korea and Japan. That was towards the end of my career. It was as much to get familiar and to meet some of the Japanese customers, the Oriental customers, because we went to Korea and went into China—maybe as much a PR thing as it was a sales venture. As far as the travelling for sales, no, all my travelling was pretty much operational within Canada.

NP: When you said that when you came back here to Winnipeg and worked with Saskatchewan Wheat Pool that is when all the doors opened, how did your job differ then and how did it expand?

HH: It was the responsibility for the buying and selling essentially the open-market grains. We established the prices as to what we would pay the customers, and this would be done on a daily basis and always based on a futures market. This is what a futures market did. It indicated--. Which was why a futures market was established in the first place is to establish a true market value.

All of our buying and selling was done based on the futures market, and then our involvement with the futures market was such that whenever we made purchases from the customers, we would the next day hedge it—go and sell corresponding futures. This is how we protected our purchase from a decline in the market value. We used the futures market extensively in my operation, and this would just be on the buying side.

Then the counterpart to that is that we have to dispose of the products, so judgements come in as to the timing, establishing a price, how much you sell, how far ahead you sell, how many times grains would be sold for purchases of six or eight months down the road. Without a futures market, you cannot establish pricing values. You have to use the futures market to protect yourself on the sale that you make. But essentially, my responsibility was to buy from the customers and bring the farmer customer as large a return as the market warranted, sell it out, and at the same time try and realize an operating profit for the organization. It was the buying and selling of grain and trying to keep our head above water mostly successful, but not every year. Some years were pretty tough.

NP: That was the challenge?

HH: Always. It was fun! [Laughs]

NP: To a certain kind of person.

HH: Yes, you have to be geared to marketing!

NP: Did you actually trade on the floor yourself?

HH: No, I was not involved in the trading of the futures. All we did was give the orders to futures brokers. I was responsible. We had a man that traded on the floor, and he did our trading for us, but I didn't really go on the trading floor itself and do the buying and selling. You used to see pictures of guys screaming and hollering and waving their arms, but I was never involved in that part of it.

NP: The name of the fellow that did your trading for you, do you recall his name at all?

HH: Bob Stats was our main salesman there for years at Sask Pool, and George Reed eventually took over part of that marketing—the grain in the futures market. They didn't really do a lot of buying and selling themselves in the pit. They mostly used futures brokers, the people who did this for a living.

NP: A very specialized group of people I understand.

HH: Very specialized yes.

NP: Speaking of the Commodities Exchange, there has been changes in that. I don’t know how much you have kept up with that?

HH: That is an understatement because the whole picture has changed. This all happened, of course, after I left. They have gone right into the electronic trading. Everything is done by machine and there is no such thing as people standing in the marketplace and hollering like they use to be in the old days. It is quite a different perspective. Again, this reflects the idea that price is everything. What you are doing is that you are buying and selling based on price, and this is where all the trading is done now. The Commodities Exchange exists by name per se. It is really not what it used to be.

NP: Do you see any impact of the sale on the Commodities Exchange—the moving of a lot of the markets actual outside of Winnipeg?

HH: I have been away from it for a while now, but from what I have been able to tell, no, it has always been a pricing game. Buying at the best price possible and trying to sell it at a profit and realize your margin. You always try to gear to get your terminal to at least realize their elevating margin. That is what keeps them viable. If you can make some margin over and above what the elevation fees are, then you are that much ahead of the game. The objective always was to keep your terminals active and to make sure that they got their elevating revenues.

NP: It almost seems that the advent of computers and the electronic transfers almost lends itself to the type of transactions that were done. They could be done anywhere in the world essentially?

HH: Yes, essentially that is for sure. The ones that were impacted were the poor guys that were the futures brokers. They used to make a pretty good living on buying and selling futures, but that portion is pretty much vanished now.

NP: In 1974, if I have got my years correct, you started with Sask Pool, and you stayed there for the rest of your career?

HH: Yes, in Winnipeg.

NP: When did you retire?

HH: In 1994. Just about 15 years now since I retired.

NP: Yes, and 20 years with Sask Wheat Pool?

HH: Yes.

NP: What were the changes in the Wheat Pool over that time?

HH: This whole picture has changed so much. They were doing so much changing at the time that I retired that it was both within Sask Pool and within the industry. There were a whole host of things that were changing: different elements of how the grains were handled, perspectives from with the CWB, the Grain Commission, quality concerns. There were so many changes going on all at once This movement to the inland terminal thing in the country, specialized products moving out, unit trains moving from the west, a lot of them bypassing Thunder Bay going directly down to the river ports, some of that unit train movement going on. When I retired, it was really a good time to get out of the grain industry because so many changes were happening. Mostly within Sask Pool at the time the whole concept had changed now, so it was a good time to retire!

NP: When you say the whole concept had changed, can you be a bit more specific there?

HH: It was Sask Pool, which was really much Board orientated. Now it has become just a very private grain-trading company now, and they still have facilities, which they use, but these facilities are used for marketing their grain to their benefit and their profit.

NP: There was a move even at the time, in 1994 then when you were retiring, there was a movement towards the getting out of the farmer-ownership aspect?

HH: No, not per se, not when I was there. It was just mostly a change of personnel at the time that was involved. The people I worked with were really such good people. A lot of them were starting to retire about the time I did. It was really a good time to get out because there were new people coming in and they had little different approaches to things, a little more worldwide approach, some of which, to my mind, contributed to some of the problems they had eventually. But that is a whole different load of poles.

NP: How would that happen that they can contribute to the problem?

HH: Some of the philosophies seemed to be such that they wanted to try and get established on a worldwide scale—to become a very large international handler and grain trader. The concept may very well have been sound, but it was just a degree, going at it perhaps a little too much too soon. I think it contributed to some degree to how they had to really get out of some of these grain-handling facilities in Europe, which was really quite divorced from what Sask Pool was originally set out to do.

NP: Grain handling in Europe, how does that fit in?

HH: A lot of it happened after I left, and I don't know much about it. There were some terminal facilities that they undertook to take into Mexico and into Europe that they had a grain handling facility there. It was theoretically quite conceivable that it could be done, but somehow just didn't really all seem to work out. Again, that was long after I left, and I am not even sure where they stand today on all of this.

NP: I wasn't aware of that.

HH: Yes.

NP: You mentioned some of the personalities that you worked with. Who sticks out in your mind as--?

HH: The CEO of Sask Pool and the presidents, like Ted Turner was a great president. Ira Mumford was a good CEO for them, and Milt Fair was a very significant person. These are all Saskatchewan people of course. Very capable people and very level-headed, very fair people, always good people to deal with! Merv Ryan, who was my immediate boss in Sask Pool, he always had a philosophy for the grain marketing or operations. He said, "There is no such thing as a bad decision. Some are not as good as others." But his key was that you have to make a decision. He was a really good guy. You always felt that if you played square with Merv, you always got a square deal with him. He always treated you very fairly but very capable, a no-nonsense kind of operations man. A good man for the company.

NP: Any others that stick out in your mind as being special people?

HH: I worked with Jim MacDonald here in Winnipeg. He was a good individual to work for. He was technically my boss, because I was located in Winnipeg and I worked primarily in country operations, but I did get involved in terminal operations because of my background, and Jim was the terminal manager. But he pretty much left me to conduct the operations. He didn't really dictate what I was to do or how to do it. He just says, “Do it.” I very much had free rein to be able to handle the things I thought they should be done effectively.

NP: I am just taking a look at some of my questions here. We have covered a lot of them. I just wanted to ask something about the carriers you mentioned very briefly, the railroad. The work that you did put you in contact with the railroads or was that another--?

HH: No, I really didn’t have any dealings with the railways. You knew the railway people. It was a very minor, any involvement I had with the railways. That was pretty much left in the hands of the transportation people.

NP: A special group within the organization?

HH: Yes.

NP: We have talked about the changes. Are there any changes that you have not had a chance to talk about that occurred over the length of your career?

HH: Not really. You caught me unawares there. I can’t really think of anything else.

NP: I think it is because you covered them. We have talked about the changes in markets and products over time. I think we have covered that. The changes in competition, I don’t know if we specifically dealt with the competitive nature of the business and the changes that might have occurred over time?

HH: The competitors tended to stay pretty much the same through the years. We had the same people—the Cargills and Continentals and all these others—that you are both dealing with and at the same time doing business with because many of their export arms operated at arm’s length, and we could make transactions with them without impacting on their internal operations, as well. To buy and sell with Cargill and any number of areas there is such a large organization that we are bound to get involved with them in many ways. We had a lot of interface with many of the large exporting companies.

NP: They would act as your agents then is that how it worked?

HH: No, they would be customers. We would sell to them and they in turn would sell to end-users in other areas.

NP: That would be through the Commodities Exchange that would take place or would it be--?

HH: Not necessarily. They would buy grain for purchase what they would call a “CIF bases.” It you bought grain, for example, in CIF Rotterdam, it means that we would have to supply a boatload of grain in Rotterdam, with the costs covered up to that point. Then from that point on that is where they would take ownership of the grain. They would cause it to move to end-users from that point.

NP: CIF stands for--?

HH: Cost, insurance, and freight. It is just a term to establish where the location was and what is covered in the price that you sell to the customer.

NP: They would actually call you or telex you and say, “Can you provide this?”

HH: There are many terms in trading. If you sell “FOB” your terminal, well, you load the grain at the terminal, and you get paid for it. From then on it is the exporter’s responsibility.

NP: And FOB stands for?

HH: Freight on board at the terminal point. You load it onto the boat and then you are done. If you are responsible for freight then you have to deliver the product to the customer, but you have to cover your insurance for the transportation of the commodity to the port. It is just a very common term that is used, CIF and FOB. You always laid these out when you made your offers. There are different expressions that are tied in with that, but essentially it is just to establish who is responsible for what costs at what point in time.

NP: The insurance, how--?

HH: Ocean insurance. It is for vessels’ insurance, if something happens to the vessels. If it gets caught in a storm and the commodity goes down to the bottom of the ocean, well, somebody has to pay and that is insurance.

NP: Did that ever happen in your time?

HH: Not to my knowledge.

NP: Who provides the insurance? Was it self-insurance?

HH: They have companies world-wide that provide insurance on these kinds of things.

NP: Would it be like the Lloyds of London?

HH: Yes.

NP: Good. Do you have any connection in shipping?

HH: No. Again, there were departments set up in exporting operations that deal only with ocean-going traffic. They are watching rates, positions, availabilities, and timing. We only sold on certain terms. Then we would arrange for freight, but not really dealing directly much with the ocean-going companies, no.

NP: Because of one of the focuses of the project is on the port of Thunder Bay, could you comment on the changes that you have seen in the port over the extent of your career?

HH: The biggest impact, originally so much of the export grain from Canada moved out of the East Coast and went down through Thunder Bay, through the river ports, shipped to ocean going vessels and moved to the customers very much in Europe and the Middle East. But through the big transition through the years was Europe became more self-sufficient and the worldwide markets became such that the end-users started to develop in the Middle East and in Asia primarily. So that the focus then became moving the grain from Canada into Japan and China and users like this, which then brought Vancouver into play.

So the movement of grain started to shift, the focus going out of the east as opposed to the main thrust going out of the West Coast. That impacted so much on Thunder Bay on the movement, and there is still a comparatively small tonnage goes through Thunder Bay for domestic use in eastern Canada—the feed grains and for flour milling. The movement to the terminals in the St. Lawrence River has been much diminished because of the locations of the customers on the world scene. That was the biggest change through the years from then until now if you will—worldwide locations of our customers for Canadian grain.

NP: That shift in the market, both the logistics of it and the players, did that have any impact on your work, or it didn't really matter whether you had a customer in Japan or one in Algeria?

HH: It depended on the product. In my area, one of the big items always was canola, and then the demand for canola was always steady. Japan was a big user, but then we had other customers going out of the West Coast. But there were times when we had a pretty significant movement of canola going out of the East Coast as well. That would go through Thunder Bay. So it was the direction and where was your canola located? Were you in the eastern portion of the province or the western portion of the province, and where do you draw it from, and what are the different costs for positioning the grains to move to these various customers? That was one of the areas where it was in the canola caused us to look at geography of where the grain was grown.

NP: Changes in the Crow Rate, did you see any shift in operations?

HH: I think we will pass on that one. We can delete that one. I have some thoughts on that, but that was really out of my bailiwick was the Crow Rate.

NP: Yes, everyone seems to have their thought on the Crow Rate and significant changes in many instances.

HH: Yes, very much so.

NP: This is a broad question, and, because you worked for different companies, it may be difficult to answer. What is your sense of the role that your work and your company or companies played in Canada’s success as an international grain trader?

HH: That is a tough question to answer. We were always trying to get the best price for the producer, that was the objective of our whole modus operandi, if you will. What are the best means to achieve this? As far as contributing to that, I think we were flexible enough through the years, for instance to move with the canola movement going out of the West Coast getting them better cleaning facilities established, all of which contributed to canola. It has become such a large part of the grain-producing area now that I think all of us played a small role in working towards that end. How much of a role is hard to say, but we were always trying to work towards getting the best price for the producer. I think, essentially, we achieved that to a fairly significant degree.

NP: And the success of the international grain trade is very dependent upon the success of the individual farmer because if you don’t have successful farmers, you won’t get the product to sell.

HH: That is the name of the game. One of the beneficial movements through the years has been establishment of the International Grains Institute. They are bringing people in from all over the world on a continuing basis and have done for years. It has been a very successful operation. I think what you are doing is making customers around the world aware of your product: What you are able to supply, in what volumes, and in what direction, what qualities. I think that played a significant role in helping Canada's grain industry and the farmer.

NP: Did you have any special involvement with the Grains Institute?

HH: I was not involved directly, no. But I have always been a strong supporter and strong believer and attended one of the main courses they had early on. So I was always a firm supporter and tried to promote it whenever I could.

NP: A couple of questions just specifically about your career. What do you think it takes to have a successful career and survive in the work that you did over the years, such as skills, knowledge, personality, and traits? [Laughs]

HH: It is a tough question to answer. I think the most important aspect is dealing straight up with people and with customers and with fellow employees. You always get different degrees of cooperation from various people depending on what their motives are. But through the years, I have found that if you take a straight-forward approach and deal on a forthright bases with people and with customers or with fellow operations people, then it pays a lot of dividends in the long run. Sometimes a short term you are tempted to cut corners, but you try and control that as best you can. I always tried to be straight-forward with people and developed a lot of very good friendships through the years based on a lot of trust.

NP: Do you think that those skills and the knowledge that you had, did you think that those still remain the necessary skills and knowledge for people working in the industry today?

HH: Oh yes., I don't think that perspective ever changes. It is still a case of people dealing with people. You have to have faith and trust in the people you are dealing with and be able to take them at their word. If you don't, sooner or later it catches up to you. I think those qualities have to stay. It is one thing we always found with farmers: They always were very straight forward and no nonsense with them. We tried to reflect that characteristic right through all of our trading operations.

NP: The question I always like to ask is what are you most proud of in the work that you did?

HH: I would have to say that through the years I felt that we were able to achieve what we were challenged to do: To do the best we could for the producer, try and spread as much knowledge of the industry as we could. I think to my mind I was always comfortable with that. We gave it our best shot to achieve that end.

NP: Just to ask a couple of general questions. Are there any questions that we should have asked you that we didn't?

HH: You have asked me just about everything that I think you could ask. [Laughs]

NP: The other has to do with our project in a broader scope. The birth of this project was in a little bit broader idea. We wanted to, a group called The Friends of Grain Elevators in Thunder Bay, wanted to commemorate the grain industry and its importance not only to Thunder Bay but Canada in preserving a terminal elevator in some fashion or another. It seems like that might be a dream that we can't accomplish, but if we do, are there certain aspects of the elevators or the Canadian grain industry that you think are important to preserve for people to understand that now and in the future?

HH: That is pretty tough to answer just offhand. That is something I would have to think about for a while. I am not really sure what should or should not be incorporated. For the moment I think I will have to pass on that.

NP: I would really like you to, if you get a chance, to take some time and think about it because we would appreciate knowing. One of the things that I think you mentioned that comes to my mind is that in Thunder Bay the people that worked there are very focused on what they do and don't necessarily see the big picture. I certainly, as a Thunder Bayer, didn't. Then on the other end, the farmers, they were somewhat similar—although things are changing—in that they were interested in getting a good crop and then when they delivered it to the elevator that may have been all that they saw. that the whole industry is so much more.

HH: Yes, very much.

NP: One item that we didn't talk about perhaps is the number of terminals at Thunder Bay, which you are involved in, is the elevator in Thunder Bay. At one time, we had over 25 elevators operating down there and some of them not very large, but there were quite a number of them, and all the ones on the river are pretty much closed now, and they are down to probably six or seven elevators that are still working down there. But I think an indication of how the elevators have probably been streamlined so that are capable of handling more grain in a more efficient manner and in less time now then what they ever use to. That is one significant change in this whole industry since I started in it. Was it 1948 did you say that you started?

HH: That is correct.

NP: You were there for at least one of the grain explosions or the elevator explosions do you recall that at all?

HH: The one at Grain Growers was the bad one. I am not really sure. That happened maybe just around that time and maybe just before I was even there. I am not really sure. I can't quite remember. That was the bad one the one at UGG was the one that comes to mind anyways.

NP: Do you recall hearing about it?

HH: It was prominent in those days. It was front and center and everything we talked about for a while sure.

NP: Any stories related to it that sticks in your mind? There are very few of the people that were involved that are actually around to talk about.

HH: It led to a lot of research into the hazards of grain dust and explosive potential of grain dust. I know our boss was very much involved through the Industrial Accident Prevention Association I think they were called. They conducted all kinds of experiments with dust just on scale models to see whether it was something along the line of grain dust that could have triggered that explosion. I think the efforts were because of those made to try and reduce the amount of grain dust and the conditions that potentially could have caused the explosion. I think going by results in recent years, I would have to say that some of those experiments must have proved somewhat successful because there has not been the same kind of incident, to my acknowledge anyway.

NP: That Industry Safety Organization and the tests that they were doing, where were they done? In Thunder Bay or elsewhere do you know?

HH: I think, if I can recall, they were just done with scale models. I am not sure where they were done. I can remember they used to have meetings annually done in the States and all over the place. I am not sure how large these experiments were or how significant. I have only seen little models of things that they were using to reflect conditions that might happen. I really didn't get involved and I could not comment on the quality of those experiments.

NP: The little models did you see them in Thunder Bay or were they--.

HH: They were just a scale model of a terminal essentially.

NP: Yes. I am glad that you mentioned that because we were thinking of tracking down some information about that so I will track down that organization and see--.

HH: It could be long gone by now.

NP: Could be exactly. There may be some records somewhere.

HH: Yes.

NP: We are talking about little scale models and other questions we have here. Do you have any memorabilia including pictures that you would like preserved to commemorate the history of the grain trade and your part in it?

HH: I would not view my part as anything significant, and I don't really have any thing of items.

NP: No pictures?

HH: Not really, I don't think so.

NP: Okay. I think this is the final question. Are there others—you mentioned Mr. MacDonald—that you feel we should contact to interview to get their part in the big picture?

HH: It depends if you are just focusing on Thunder Bay. There are a number of people that could possibly help, but offhand I would not want to volunteer any of the names right now.

NP: Perhaps we should say our official thank you and we can talk more about this once the tape is over.

HH: Fair enough.

NP: I really appreciate you taking the time to speak with us today. Your story was a very important one for our project.

HH: Nice talking to you.

End of interview.