

Narrator: Larry Kristjanson (LK)

Company Affiliations: Canadian Wheat Board (CWB)

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Interviewer: Beatrice Cherniack (BC)

Recorder: Mary Mitchell (MM)

Other Speakers: Helen Kristjanson (HK)

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Summary: Former board member of the Canadian Wheat Board Larry Kristjanson describes his career within the Wheat Board and some of his main responsibilities first in the Economics and Statistics division and then on the board of directors. He shares stories of making grains sales to some of Canada's top customers, and he discusses his involvement in farmer meetings and working to resolve grain transportation issues. Kristjanson describes the major changes he saw in the grain industry, including industry-wide consolidation and mergers, increased grain movement through the West Coast, the disbanding of the Wheat Board, and the introduction of block rail shipping. Other topics discussed include his pride in representing farmers, the Wheat Board's good relationship with lake shippers and the Canadian Grain Commission, establishing the Canadian International Grains Institute, meetings with other major grain exporters, and bringing his family on business trips. At the end of the interview, Kristjanson also reads from a speech he gave to the Alberta Wheat Pool and from some of the Wheat Board's annual reports.

Keywords: Canadian Wheat Board; Grain marketing; Grain industry market research; CWB—Economics and Statistics division; Boards of directors; Grain dealers; Grain sales; Grain buyers; Grain—Export destinations; Laws and legislation; Agricultural policy; Grain transportation—rail; Rail block shipping system; Canadian Wheat Board Act; Grain transportation—Ships; Country grain elevators; Producer railcars; Farmer meetings; Canadian Grain Commission; Canada Steamship Lines; Canadian International Grains Institute; Canola; Grain research; Thunder Bay; St. Lawrence Seaway; Quebec; British Columbia; Russia; China; Peru

Time, Speaker, Narrative
BC: Is it going? There, it's going.
MM: It says it's recording. One last--.

BC: Okay. Today is November the 16th, 2011, and we're interviewing Dr. or Mr.--.

LK: Larry.

BC: Larry Kristjanson in Gimli, Manitoba. The interviewer is Bea Cherniack. We'll start with Dr. Kristjanson--.

LK: Larry.

BC: Larry, how your career in the grain industry began. So background, basically.

LK: Okay. Well, I was down in the States, or Helen and I. She had helped me financially to get my PhD in economics at the University of Wisconsin. Then we went from there to South Dakota, and I had been there five years and had an offer from the University of Illinois, which was a big league compared to South Dakota. But we had decided that we didn't want to be American, especially in South Dakota. It's so bloody Republican. [Laughing] I had had my fill of Senator McCarthy and that stuff at the University of Wisconsin. Anyway, we wanted to get away from the Americans, and so at that time, there were many jobs in Canada, but I heard about this one at the Wheat Board, which was quite a jump from the academic world into the big world of grain. Anyway, I took a big salary cut to get back. At that time, the Wheat Board had 800 employees, and there were three people with college degrees in the whole agency So it was an interesting experience.

What had happened was when the—and this goes back to 1935 when the Wheat Board was first established—the grain trade controlled it all until 1935, and then the Board took it over, and the Board hired the big people from the grain trade, you see. So the people I was working with were these hard-nosed, uneducated but smart grain traders. They were very suspicious of me, this academic guy. [Laughs] “What the hell was he up to?” So it took a little while.

BC: What was the job description of the job you came back for?

LK: Well, the job I came back to was director of Statistics and Economics. Then within a year or so, I was made executive assistant. Well, secretary to the board and then executive assistant. Then within five years, I was on the board itself. So I was a board member for 30 years, which is the longest, I think, tenure of anybody. It had a pretty high turnover. People weren't there for very long before they got into trouble. [Laughs] Anyway.

BC: When you went to the CWB. We're going to back up and do a little detail on the way through. But just before I forget this question. You were appointed to the board at that point?

LK: No. The board itself hired the staff. So they appointed me as the director of Statistics and Economics.

BC: Oh, okay.

LK: And then promoted me. Then the government appoints the board members, and Mitchell Sharp was the minister responsible for the Wheat Board. He was the minister that appointed me to the board.

BC: Oh, okay. That's the route. So let's go back to when you came to the Wheat Board. That was in 19--?

LK: '59.

BC: 1959. That was the director of Statistics--.

LK: And Economics.

BC: And Economics. So could you describe a typical day of what that job was about?

[0:05:14]

LK: There were several things. I was in charge of putting out the annual report. I wound up writing all the speeches not only for the commissioners, but for the ministers often. Then when we were starting or trying to start new programs, I'd get involved in that. Transportation stuff. So it covered a whole gamut of everything from the transportation to the sales.

BC: So at the Wheat Board, you would interact with all the directors of the different departments?

LK: Oh, yeah. They'd come in for the meetings. We had a staff meeting every morning at 9:30 in the board room for about an hour. There were about seven or eight that would meet with us.

BC: So even though, as you say, you were promoted up and up and up until you ended up on the board, what were the changes in the job in the time you were there before you went to the board?

LK: Not a heck of a lot. You know, I just think it was a change to me.[Laughs] The secretary, of course, had some fairly defined tasks, which I quickly farmed out and kept on doing what I had been doing.

BC: What did you enjoy—as you were moving up and they were changing the name—what did you enjoy about the job the most?

LK: Well, it was pretty exciting to me. Well, first of all, one of the really enjoyable things was the chief commissioner at the time, a guy by the name Bill McNamara—and you’ve probably have him on the list. He was a fantastic guy with a Grade 8 education. Irishman, but boy, a smart guy and wonderful to work with. Then working with him on the international meetings and negotiating with the Russians and those sorts of things. That was the most fun, I guess.

BC: What years did that span?

LK: Well, that was from ’59 to ’64. By about ’64—no, ’63—they trusted me enough to put me in charge of making a sale. [Laughing] Because here was this egghead that didn’t know anything. But anyway, that was down in Peru. That was really an exciting time.

BC: Did you go to Peru to do this?

LK: Yeah. I had an expert on government financing from Ottawa with me. Yeah. I negotiated with three generals.

BC: Oh!

LK: [Laughs] They were the funniest bunch. I was down there for about two weeks, and always, “Mañana, mañana.” They’d phone in and, “How’s it going?” I’d say, “Getting there, getting there.” Finally, I get a call. They’re ready to sign the contract. But to get into the castle—they called it the castle—where the Peruvian cabinet met, you had to have a, what do you call it, the ambassador’s flag to get in. So I called the ambassador, the Canadian ambassador, and told him I was desperate. I had to get his car to get into this, and he blew up at me because I had interrupted his nap. I don’t think he had slept—. I mean, it must have been a very quiet post or something. He wasn’t used to anything like this.

[0:10:03]

Anyway, I quieted him down, and we got to the castle. I was sitting at a big table waiting for them, and here come these generals striding in making a lot of noise. I damn near giggled out loud. [Laughing] “What the hell is a joker from Gimli doing here?” was the thought that went through my head. But anyway, they signed the contract. It was 200,000 tonnes at \$162.80 a tonne.

BC: Woah!

LK: Then I called McNamara, and he said, “What?” You see, they had sent me because nobody had been able to get through there. “You got it in your hot little hands!” So that really got me going in the sales end of it, which is where all the action is.

BC: And then you dealt with the Russians also?

LK: Oh, yeah. A lot. Probably the biggest—I’m not too absolutely sure of this—but I think the biggest single sale in Canadian history. I’ll show it to you. This is crazy too. These are things you can’t talk about when you’re in the job. I’ll get a copy of it.

BC: Okay. That would be great. [Silence] Mr. Kristjanson has gone to get a document to show to us.

LK: Did you talk to Frank Rowan by any chance?

BC: Yes.

LK: He was with me on this one.

BC: That was an exciting time in his career too.

LK: Yeah. Well, what happened was—and the Afghan War was involved in this—but that was when the Russians were on the side of the Afghans or something.

BC: Right, yes.

LK: The Americans didn’t want us dealing with the terrible communists, but we knew that the Russians wanted the wheat, and we knew—or were pretty damn sure—that the Americans would get over this nonsense within a year or so and would be in there. So we wanted to get in there first. So we met the head of the Russian Wheat Board in Paris on a weekend. Flew in there. Nobody knew anything about this. And here is what we agreed to, the bare bones of it.

BC: And you signed it?

LK: And we signed it. Then a year later when it was, what do you call it, acceptable--.

BC: Official?

LK: Then we made it into an official contract with exactly the details--.

BC: What was written here. So just so I can describe it. Dr. Kristjanson has brought out a document that has the contract with the Russians in Russian from March 1981. But down below is in your own handwriting, I believe, was basically the contract that they agreed upon the year before, and they both signed. And then the official document came a year later, and it was--. What was written down the year before?

LK: Identical to what we had agreed to. The sale in effect was consummated in 1980, but we couldn't say anything about it until 1981.

BC: 1981, exactly a year later. March 1980 to March 1981.

LK: Yeah, yeah. But then, of course, the Americans--. By that time, the Americans were real anxious to sell to the Russians, and we had sewed them up for five years.

BC: Right. Five years, that's great.

LK: That was probably my most exciting sale. But Frank Rowan, his initials are on here too, eh?

[0:15:09]

BC: Well, I think you signed it and--.

LK: In person, yeah. I guess that was all that was signed, but Frank was with me.

BC: So what is this up here? This says, "Something quality."

LK: Minimum.

BC: Minimum quantity--.

LK: "Minimum quantity 5 million tonnes per year, excluding Cuban requirements." We were selling the Russians wheat that went to Cuba, so we didn't want to lose them, and we didn't want that to count. Wheat and feed wheat, oats, and barley. So they could interchange the crops. Oh, and our best endeavour is to supply a minimum of 2 million tonnes of feed grain of that 5 million because we couldn't promise them for sure that we'd have 2 million tonnes of barley. Then what was the next one?

BC: Meet twice--.

LK: Meet twice a year, October and November, to negotiate the actual terms, the price. That time period--.

BC: Starting in January 1981 for five years.

LK: For five years.

BC: So that's a very nice piece of work to have to remember.

LK: Yeah. But that sort of thing, you couldn't talk about it, obviously.

BC: Did you take an interpreter with you?

LK: No, not with the Russians. This person just spoke perfect English. But when I was in China, I was with an interpreter. They spoke English too, but--.

BC: But you had to--.

LK: But they pretended sometimes they didn't. [Laughing]

BC: Didn't quite understand. What me, to just put this--?

LK: I'll just put it over there somewhere.

BC: Right here?

LK: Yeah.

BC: So in your time period, who were our biggest trading customers at that time?

LK: Oh, Russia.

BC: Russia.

LK: Well, yeah.

BC: So you have Peru, Russia, China.

LK: Oh, Peru wasn't all that big. That was only 200,000 tonnes. This was the big leagues. [Laughs] And China was in the millions of tonnes. But that was interesting too, and Helen came and our daughter was with me for one year. It always took three weeks to negotiate a deal. We were always so frustrated. Gerry Vogel, I had to go with him. He was the chief commissioner. It was always so frustrating until it suddenly dawned on us that it was very similar one year to the next. You know, then after about the third year, we realized they must have a textbook on how to negotiate. Day one you do this, day two you--. [Laughing] Then we were able to live with it for the next five years.

BC: Were there any other countries that you did sales yourself?

LK: Well, yeah. All over the place. But those were the biggies. Some of the sales, of course, were done through the trade.

BC: What would that mean?

LK: Well, we'd sell to the trade, and the trades sold to the buyer.

BC: And when you say the trade, do you mean like a--.

LK: The private companies.

BC: Companies.

LK: Like Paterson's. They were relatively small on the export side, but Bunge and Cargill, they were bigger. Now, I am anticipating your question, I think. The reason we did that was that there were some countries that preferred to deal with the private trade, and some countries that preferred to deal with what they considered to be the state organization. So where there was an active private trade in a country, that tended to be serviced by our private trade.

[0:20:10]

BC: Okay. Yes, that was my question. You were right. [Laughing] The other part of my question was who you interacted with inside and outside the Canadian Wheat Board. Well, you've now told me that you've interacted with other countries and with the private brokerage houses.

LK: Yeah. And then there's the whole problem of grain transportation, which I dealt with.

BC: Well, let's talk about that for a bit then.

LK: Yeah. I was cleaning off my desk, and the day--. No, a few weeks after I retired, I was asked to give an address to the Alberta Wheat Pool, and it summarizes all that stuff there. So if you promise to return it, I'll let you have it. But it goes through all the rigamarole.

BC: That would be wonderful. We'll make a copy, and I guess mail it back to you?

LK: Yeah. You see, grain transportation was a very, very big problem in Canada. There were times when there were ships lined up in Vancouver, and we had the sales but couldn't get it out to the ports.

BC: Because of the railway?

LK: Yeah. Well, there was always a fight about who's fault it was. One winter, or one year, it was just when Jarvis became chief commissioner. But I was getting so frustrated that we have these 19 ships waiting in Vancouver for grain, and we sell everything we had. Nothing would move. So I called in a lawyer one morning, and I said, "Henry, can we, the Board, buy some hopper cars?"

Well, he said, “Larry, leave that with me.” So he comes back in a few days, and he said, “Yeah, you can. There’s a clause in the Wheat Board Act that says you can’t buy an elevator because it’s a fixed asset. But rolling stock, you can.” But Jarvis was new at the job, and he was Ottawa-oriented and so afraid to make any tough decisions right away. So anyway, I got the Board to go along with buying 2,000 hopper cars. That was like an enema. The whole system opened up because then the provinces said, “Oh my God” and they each bought some. And Otto Lang, he came through with 8,000, and all of a sudden, the grain started moving.

But I wound up in court—the only time in my life [laughs]—in Regina. One Friday afternoon, somebody comes in and puts something on my desk. I didn’t know what this was all about. I was supposed to be in court in Regina on Monday. The farm group in southern Saskatchewan didn’t think the Board had the right to do this. But Henry had written the Act, so I mean--.

BC: What was Henry’s last name?

LK: Monk.

BC: Henry Monk.

LK: Yeah. He wrote the Canadian Wheat Board Act, so there was no question that we won the suit. But there was an awful lot of politics and hassling back and forth. Always the railways claiming it wasn’t their fault, and the terminals would say it wasn’t their fault. It just went round and round and round.

[0:25:08]

BC: I don’t know if this question is quite in the sequence, but it made me think of it while you were talking about the ships sitting out in Vancouver. When, in your experience, did the grain start going west instead of east? Because the beginning of this project, of course, was originated in Thunder Bay because it used to be such a major port. Then things changed. Can you talk about what happened there?

LK: Do you really want to know? [Laughs]

BC: Yeah, I do. I really do. [Laughing]

LK: Well, when Helen told me about the call, I thought, “Uh-oh. I’m going to have to tell them something they don’t want to hear.” [Laughs] See, Thunder Bay is obsolete. The way to move grain from the Prairies is to move it directly to Quebec City or Montreal,

Halifax, Churchill, or Vancouver. Because what you're doing with Thunder Bay is bringing the grain in there, unloading it, inspecting it—well, you know all this—and then they have to load it again, take it down to the St. Lawrence, and load it and unload it. It's an extra movement. So the logical thing to do is to have unit trains that go straight through.

BC: To port.

LK: To port. But it's a gradual process. It'll get there, but it's very slow.

BC: I know that someone else we interviewed talked about once you get it onto the boat, your transportation costs are way, way less.

LK: The marginal cost is much lower than the average cost to use the economist's jargon. [Laughing]

BC: So to this date, I imagine most of the grain goes to Vancouver.

LK: No. Well, I don't know now. I mean, I've been retired since 1990. That's 20 years. So I don't know what the breakdown is, but it was at that moment of time when I left, it was shifting to more and more to Vancouver.

BC: Okay. Oh, there's so many questions to ask you. What would you like people to know most about the work that you did? That would be a comment on the grain.

LK: You mean in my obituary? [Laughing]

BC: No, no. Now. Not in your obituary, now.

LK: No. I guess what I'd like them to know is that I was working for the farmer. I didn't give a damn about Ottawa. I was being paid by them, you see, and I created a tricky relationship because you're appointed by one entity and being paid by another group. Well, Ottawa has the final word—I mean, they're the government of the country—but I always felt that the farmer should be the beneficiary. So I always brought that to the fore in every meeting I was in, which didn't make me very popular with the private grain trade, for example, because I was always fighting for a bigger share of the pie for the farmer.

BC: In all the years—you mentioned being on the board for 30 years—how did you survive all those appointments and governments?

LK: Well, it wasn't easy. [Laughs] You have to know when to keep quiet and when to charge. The Farmers Union, they used to get after me for not being more vocal, but being vocal you could be a big hero one day, and your usefulness is finished. So it was always a judgement call of how much to say and when and so on.

[0:30:19]

BC: How many governments did you serve under then?

LK: 12 or 13. Not governments but ministers. You see, some governments would have more than just one.

BC: I would imagine that over the years and varying times there were differing degrees of interference? There were years, perhaps, where you were interfered with?

LK: Yeah. Yeah, and some chief commissioners were better than others at telling the ministers to go to hell. McNamara was very good at that. [Laughs] They respected him for it. Mitchell Sharp, for example, was a very good friend of McNamara's. Jarvis, when he came from Ottawa, tended to cater to the minister, which was his background. He had been in government service all his life, and he wasn't used to arguing with a minister, but he got over it. He was very good at the end.

BC: Okay. The next question is what might surprise people most about the work that you did? That they wouldn't understand it.

LK: I suppose these sorts of things. I mean, most people don't understand them.

BC: Have no idea how these millions of tonnes of grain are sold.

LK: How big this volume is.

BC: Million dollar deals with the world.

LK: Hundreds of millions. In the private sector, you can just imagine what your salary would be if you came home with a contract like that.

BC: The next part is just talking about the interconnectedness of the Canadian Wheat Board with other major components of the industry. As you can see here, we've got the grain companies, and you've talked about sometimes it went through the grain companies, sometimes not.

LK: Yeah. It depended. That was strictly up to the buyer's wishes. You're always there to please the buyer, and if the buyer wanted to buy it this way, we were there with that.

BC: Over 30 years--. Your career spanned how many years?

LK: 30, yeah.

BC: 30. I know you were on the board for that long.

LK: 25 I was on the board for.

BC: 25 on the board, okay. What kind of changes did you see in the composition of the grain companies? Did they increase in numbers, decrease?

LK: Oh, no. That's an interesting thing too. There were—damn, I can never remember this—a number of grain elevators. I think it was over 5,000 when I came there, and I don't know how many there are now, but probably there'd be around 100 or less. The staff, that was one of the things I did. Personnel reported to me directly. One of the things I was pushing all the time was to cut down on the number of staff. There were 800 when we came, and I noticed that people that don't have enough to do are always mad at each other. So you get rid of them. But the other side, the flipside, is that you can afford to pay them well and have very good benefits. We had the best daycare—and that was another thing I got in trouble with—in Winnipeg.

BC: I didn't know that!

LK: Just before I left.

BC: It was a daycare right at the office?

LK: Right in the Board, yeah. It's just a wonderful thing because--. Well, what had happened was the staff was decreasing in number, and we had that space. So I said, "Well, let's not rent it out. Let's use it for daycare." A couple of other guys—it was 3 to 2

the vote—a couple of the board members thought, “What the hell is this organization coming to? Babies and toddlers.” [Laughing] Anyway, it has been a wonderful thing for morale.

[0:35:29]

BC: Well, that is wonderful. I would think over the years the number of grain companies, as you mentioned shrank.

LK: Yeah, I was trying to remember the numbers there.

BC: A lot of merging going on, that’s for sure, lately.

LK: Yeah. And of course, in the last few years it’s been just a massive consolidation.

BC: Would you say it’s within the last five, ten years that the really major gobbling up of each other has happened?

LK: Yeah. Well, when the co-ops folded, that was the end of it for the farmer. That’s a story that isn’t told. I think that wealthy grain farmers on the boards of the co-ops saw an opportunity to make more money by privatizing, and they just sold it out. I mean the concept of working together went out the window.

BC: And I guess now it's over?.

LK: Now it’s even more so because not only is working together out the window, we gave it all away to the international grain companies with no recourse. I mean Canada had a really strong bargaining position in the grain market and gave it away and got nothing in terms of trade concessions from the Americans. It’s unbelievable.

BC: When would you pinpoint that happening? Because of course now, the big controversy with the Wheat Board being disbanded, you feel it happened even before now?

LK: That has been an eroding process for the last 20 years. It was going on. Well, that was one of the things I got into a fight with Charlie Mayer on. He wanted to take barley away from the board. He took oats, and then said that wasn’t a precedent. Then the next year he was around barley. But he was just dead set on dismantling the Board, and he knew he couldn’t get a vote in favour of it. He wanted the Board to say it was okay. See, if you’re a big, wealthy farmer, there’s a case to be made that you’re going to do better without the Board because, you know, maybe you are smarter than the average bear, maybe you are able to get to the top of

the market. But there's no question that the farmers as a group are much worse off financially—there have been studies on this—Andy Schmitt's and others on the return. But the big farmers gain control of the thing, and it's good capitalism. It's working. [Laughing]

BC: What do you think now with the industry right now, 2011—the Wheat Board being disbanded and all the farmers feeling like they're independent business people with their computers, and they're going to be grain traders? Where do you see this in five, ten years?

[0:40:10]

LK: Yeah. I mean, there are things they can do—for example, in grain transportation—with their computers. Leo, my brother and I, argued that country elevators were obsolete, that all that the country elevator did was to load grain into a hopper car. So why are you building these great granaries as monuments all over the Prairies? What you should do is hook up with the bigger producers and have producer cars and loading platforms—well-equipped loading platforms—that load a whole trainload, and you wouldn't need the country elevator system. But that's very popular too. [Laughs]

BC: So if we have all the individual farmers now selling their grains, what would the result be? The one theme that I've heard from everyone I've interviewed was that they were very proud to be selling Canadian grain because it was the gold standard, and you knew what you were delivering. That looks okay?

LK: That's not going to be there anymore. That's one of the things. Churchill's not going to be there anymore either. I mean, there are things like that will change.

BC: Well. Carrying on here. Again, this was describing the interconnectedness of the Wheat Board to producers, and you were saying in your work you saw your job being representing the producers.

LK: Yeah, that's right. We had a meeting with the farmers out in the country. In January and February, we'd go out in small towns and let them pound away at us for a whole day. That was fun, but that was something that we put into it. That was a long time ago.

BC: Do you think they still do that?

LK: I don't know. They may. Yeah. I think they would have had a hard time not doing it anymore.

BC: You have touched on the carriers—the rail and water—the interconnectedness, and it sounds like at times it was a challenge.

LK: Yeah, yeah. There's the banks too.

BC: Okay, let's do the rail and water carriers, and then we'll move onto the banks.

LK: With the water carrier, the Wheat Board was a very, very big customer for their fleet. So we'd have a negotiation twice a year, as I recall, for the rate for the year. We had, actually, I thought, a very good relationship with the lake fleet.

BC: What companies would be involved in the shipping?

LK: Canada Steamship Lines [CSL] was the big one, and there were several small ones that would have two or three lake vessels. But there was another big one that I can't recall. Canada Steamship Lines was owned by Paul Martin.

BC: Paterson got into boats too.

LK: They were. That's right. And Parrish & Heimbecker [P&H] I think.

BC: So those would be the main ones that you'd deal with?

LK: Well, that I can recall. 20 years ago, now. [Laughing]

BC: Now, let's talk about the banks because, of course, it's necessary. .

[0:45:01]

LK: Well, I was just going to touch on them, that at one time, the Wheat Board was the biggest borrower of funds that the banks had. The banks would decide what the interest rate would be, and they'd tell us. I mean, it was just crass. But then we got wiser. Somebody had the bright idea one day that we should go and see the credit unions and see whether we couldn't do a little better. That shook the whole thing. We started getting a much more reasonable rate. But the big ones, they did. It just goes in like that.

BC: Because at some point the Wheat Board did become the insurers for farmers when, my understanding was, there was too much grain or there wasn't enough grain that the Wheat Board then would pay then, and they would deliver the grain later.

LK: That was a program called the cash advances. They'd get 60 or 80 percent of the value of the grain and get the balance when they delivered it. That was to carry them over when they couldn't deliver the whole thing or sometimes none depending on how tough the marketing was that year. But that was another program that just ended. And I don't know what happened to that or who will run it if there is still a program like that. Because, I mean, the physical things haven't changed. Everybody is still going to want to deliver their grain right at harvest time. [Laughs] There's going to be congestion again, and somebody has to sort it all out. It's going to be fun to watch.

BC: Now, I don't know who they would mean in this questionnaire. They've got handlers. What would they mean by handlers?

LK: Well, the grain trade. See, you've got two kinds of grain companies: You've got the export side and the country elevator side. What they're talking about is the country elevator side.

BC: I guess you had people who worked with the country grain elevators too?

LK: Oh, yeah. We had our representatives. Well, that's Flexible Fred's department. [Laughing]

BC: Do you want to say anything more about that department? [Laughs]

LK: Well, not much except that his staff was never very happy with him. [Laughs] A pompous guy. I guess he was efficient enough, but he could have done it more humanely, I thought.

BC: Okay, well let's move onto the Canadian Grain Commission [CGC], where my father worked.

LK: Yeah.

BC: What was that relationship?

LK: Oh, that was just absolutely wonderful all through the years. Oh, that's another one. We got together with them and set up the Canada [International] Grain Institute [CIGI]. That shows how well we worked together. We got that organized in a day. That was what's his name. One of the Ottawa senators.

BC: Is he still alive?

LK: Yeah. Oh, yeah. He was the executive assistant to Otto Lang. Anyway, I was always giving him a bad time about how slow Ottawa was in getting things done. So I bet him \$100 that he couldn't get this through in a couple of days or something, and he got it through. [Laughs] Got cabinet approval and away we went. That was Shuttleworth who was the commissioner then and Vic Martens. I know that he's still alive. But that's an example of cooperation. We never had any fights or any problems at all. I don't know whether they saw it from their end, but.

[0:50:25]

BC: Well, and then the next one is researchers, so that would probably have also been the CGC. Did you have a research branch at the Wheat Board, or was that at the Canadian Grains Institute?

LK: No, that would be at the Grains Institute, yeah.

BC: So that was a semi-independent body from the Wheat Board?

LK: Mmhmm. Yeah. Completely. I mean, we never interfered with anything there. We put up money but didn't interfere. That has been a very successful organization. You see, when you're selling wheat, it's not like selling cars where you can go out and advertize. It just doesn't work. The thinking with the Institute was that if you work up a relationship with the cereal chemists and working with them in these big markets, they become your salesmen within their own country, showing them that this is the wheat to buy.

BC: Were there a lot of new strains and grains that were developed in your time?

LK: That's a different--. That's not the Grain Commission and that's not the Wheat Board. That's the university. No, the big one. Well, wheat has always been gradually improved—and barley—but the big, big breakthrough was on canola. It seemed that when canola first came out, it would have this problem or that problem, and the plant breeders would say, "Okay." Next year or two, they'd breed it out." It's improved, and it's improved, and it's been a wonderful thing for western Canada. And still growing. When I was there, they said it will never go over 6 million acres, but last figure I saw was something like 14. That was an Icelander that did that, Baldur Stefansson.

BC: The next question is your sense of the role you and the Wheat Board played in Canada's success as an international grain trader.

LK: Well, I guess the measure of our success is what percentage of the world grain market we operated. That was our number one job. We hung in there at about 22 to 24 percent, regardless of how much export subsidies threw at us. Partly, we did it by manoeuvring. We'd look for places that we could get ahead of them on.

BC: Did the Americans have an equivalent of a Wheat Board or are they different?

LK: No. That's another thing, part of my job. We used to meet with the Americans, the Australians, and the Argentines. They had quarterly meetings when I was first there, and they gradually decreased from quarterly to twice a year and then once a year. But we'd meet to discuss mutual problems and never got so far as to talk about or agree to setting the price. We could have. They had an organization called the Commodity Credit Corporation that controlled their big, big surpluses of grain. They could have set it, but we could never talk them into it. That would have been fun. [Laughing]

[0:55:31]

BC: And they, of course, my sense was they also didn't have as uniform or the checks and balances that we had through our Grain Commission as to the quality they delivered.

LK: Oh, no, no, no. Nowhere close. Nowhere close.

BC: What role will the Grain Commission have when the Wheat Board is gone then? Will they still do research?

LK: I don't know how they're going to shake this all out, but it's going to make it easier. You see, it's in the interest of a private grain trader to beat the rules if they can, and so without the Wheat Board and the Grain Commission working together, I don't know whether it's going to make their job a lot harder or not. But again, that's not something that they want to discuss publicly. [Laughs]

BC: Well, the next section—and we've certainly covered a lot of it—is changes. Just this is an overview of the major changes you saw in the industry in your career. Could you summarize that very briefly?

LK: Yeah, yeah.

BC: I'll note for the record that we have an address to the Alberta Pool meeting in 1991 where that's the topic, and we are going to have a copy of that. So maybe you could just give us one or two highlights. I'll give it back to you to just look at.

LK: Well, here I talk about the system when I got there, and then the transportation system because that's what the farmers and how they interact with the trade. So basically, what I'm talking about is what we already covered.

BC: Okay.

LK: That there were 5,500 country elevators. And it used to be that the system was so disorganized that if the Wheat Board ordered 2,000 cars to go to Vancouver of No. 1 Northern, they'd send the shipping orders to the private grain companies, and they might get 1,000. Then they'd get 500 of barley and 200 of rye—whatever suited the grain company to create space in their country elevator. So we had to devise what was called the block shipping system to correct this. That was one of the big changes that occurred.

BC: So the block system would be what?

LK: It's just an organization device. You divide the Prairies into blocks, and you'd allocate so many cars to the different blocks and then break it down to companies. You tallied it every week and knew exactly how much you were getting and when you were getting it. It was Jim Leibfried was the one that whipped that up.

BC: Now was he at the university when you were at the university in the States?

LK: Jim?

BC: Yeah.

LK: No. He was my student at South Dakota.

BC: Okay, so he was your student.

LK: He was.

BC: Because I remember interviewing him, and he talked about being in the States, so that's why I asked that.

LK: He's an American. I got the Board to hire him soon after I got on the Board.

[1:00:07]

BC: He's still here all those years later.

LK: He's still there, yeah. Yeah. He's one of the long term employees. This goes into a fair amount of detail about how the shipping system was created.

BC: So there were changes in the shipping system.

LK: Big changes. Then the changes at the West Coast, on the shift you were talking about going from the west to the east. Then on the East Coast, that Thunder Bay is obsolete, only I don't say so. Then the rise of Quebec City and Montreal. There's four points of what I think we need: a country elevator collection system. This is 1990 you have to go back to. "A country collection system that fully integrates farm-stored grain into country elevator systems whereby farmers are paid to store grain on-farm in exchange for which they are guaranteed a prompt delivery of the grain; continued expansion of terminal capacity at the West Coast and the commencement of planning of a new terminal; acquisition of 1,000 to 1,500 hopper cars a year; creation of grain cleaning capacity at Montreal and Quebec to enable to grain to be shipped eastward directly to export positions." Then I go into GATT.

BC: What's GATT?

LK: General Agreement on Tariffs and Trade. That's an agreement on--. Here's what we recommended to be done to the Board. So I've tried to look as to what we needed on grain transportation and selling and the structure of the Board. You see, we were all appointed then. We recommended that we be elected, which they did.

BC: Is it still a combination of appointments and elections?

LK: Well, the government appoints just about half of them, and the rest are elected. The ones that are elected vote one way, and the government votes the other way.

BC: Oh, dear. Okay. Well, the other question was, looking over your career, what was the major challenge that the Wheat Board faced over your career, over those years?

LK: Well. [Laughs] It's existence, I guess.

BC: That's a pretty big one! [Laughs]

LK: I mean, that's accurate, especially in the latter part of my career. Helen will attest to the fact that I'd come home pretty discouraged sometimes about what they were going to do to the Wheat Board.

HK: Yeah, and now they're doing it. [Laughing]

LK: And they finally got away with it.

HK: Finally got away with it.

BC: So you had to live in Winnipeg during those years?

LK: Oh, yeah. We were in--. And then we moved down to our place on the lake for about six years, and that was kind of desolate in the wintertime. So we moved here in the winter. We go south in the winter and then back north in the summer.

BC: Nice.

LK: It's a good life.

BC: That's good. Now, are there any other interesting stories that you think might be good for the record?

LK: Hm. Well, Helen was involved in quite a bit of this, you know.

HK: [Laughs]

[1:05:06]

LK: One of the things I got changed was that we were away so much of the year travelling that I got the Board to agree to pay the travel expenses of the wife for one trip a year, which was very, very good for the family, and it was also good for the Board, because we were having these big formal dinners with the big shots coming in, so they'd have a bit of background.

HK: And also, we had five kids, so it was nice for me to get away. [Laughing] It was very nice.

LK: I mentioned that she had come to China one year, and we toured for three weeks or something. We had a Chinese interpreter. Well, you tell it about our interpreters.

HK: Oh. When we got there, they decided that we should have a French interpreter because we were from Canada. [Laughing] They didn't realize we were Icelandic and certainly didn't speak French. So they had a French interpreter and an English interpreter, who actually didn't speak much English because she was so happy that she could learn English from us! So it was rather a very strange experience. We called them Willy and Nilly. No, Willy and Dilly. Willy was the guy and Dilly was the wife. Oh, they were so funny, honestly. But we got along fine with them. It was just the best.

LK: Well, I was so worried that you were going to burst out laughing at the wrong time. [Laughs]

HK: Oh, and I did, quite a bit of the time too because, you know, they would say things that were just so funny. [Laughs] And Bonnie was with us. Our 16-year-old daughter was learning Chinese at the time, so they invited her along, paid her expenses. That was quite a trip for her. We still laugh about that trip. Oh my goodness, it was so much fun. And that was in '73, you know, before there was Mao.

LK: Yeah, that was Chairman Mao. That was, yeah, a really tough time.

HK: Oh no, that was a different time from now. Have you been over?

BC: Oh, no.

HK: But a lot of people, of course, go now, and it's quite a different place. Well, I mean, they're taking over the world, aren't they?

LK: Well, financially.

HK: What were you just telling me this morning about Africa? That--.

LK: Well, they're controlling most of the economic development in Africa.

HK: In Africa. Isn't that amazing, eh? The Chinese.

LK: Our daughter is over there.

HK: So they're really big.

BC: Well, the American's biggest debt is to China.

HK: To China?

BC: Yeah, yeah. It's fast and loose.

HK: China has changed so much, eh? Wow.

BC: Now, you must have had a challenge, as you said, travelling all the time with your job and raising five children mainly on your own.

HK: Well, yes. That was tough because you would be gone a lot. Sometimes three--. Not often three weeks at a time, but often ten days to two weeks.

LK: Well, it was the Chinese one that was the worst one.

HK: Yeah, that was the worst one.

LK: Because that was three weeks.

HK: It was so long, yeah.

LK: I was thinking of building a summer cottage over there. [Laughing]

HK: Lots of stories. But when you were telling them, I started laughing when I heard you telling them about the weekend you spent in Paris because wasn't that the time that, was it, Frank that was with you and got a boil on his rear end? [Laughing]

LK: No, that was Ed. That was a different trip. We were on our way to South Korea. South Yemen.

HK: South Yemen. And you had to stay in Paris or something.

LK: Yeah, Ed and I. But he got a terrible boil on his ass.

HK: On his rear end. You can imagine travelling with that where you're sitting all the time. [Laughing]

LK: That was one sale we didn't make! [Laughing]

BC: Oh dear! So are there any questions that I should have asked you and I didn't that you can think of, that should be for the record and that you'd like people to know? Because you bring a real wealth of experience to this.

LK: Oh, I was going to tell you. Have you seen our annual report?

BC: No.

[1:10:01]

HK: You'll have coffee before you go, won't you? Just a quick cup.

BC: Well, I don't drink coffee, but you do.

HK: There's decaf.

BC: I don't drink it. I've never had a cup of coffee in my life.

HK: Oh, is that right?

BC: Strange.

HK: What about tea? Will you have tea though?

BC: Sure.

HK: Okay. I'll make some tea while you're waiting.

BC: Sorry about that.

HK: No, that's great.

MM: You haven't lived in the company of Icelanders before. [Laughing]

BC: My goodness it looks like an encyclopedia.

LK: Well, it is. But this is the annual reports of the Wheat Board. I've got the set, complete set, back to I don't know when. But every year, the whole thing is here, including quite a narrative of exactly what happened during the year.

BC: Was this the kind of report you wrote every year?

LK: Yeah, yeah.

BC: So you wrote many of these?

LK: No. I got promoted. [Laughing] No, I supervised it for quite a few years. Different programs are all described in here. Everything the Board does. International Wheat Agreement, sales policy for the year, the St. Lawrence Seaway. This was the opening of the Seaway in '59. This would be of interest to you. But, you know, there are all kinds of changes that were instituted for them. Then in the changes in the pricing. See, at that time, prices were only quoted towards Thunder Bay.

BC: Oh, okay.

LK: Because it all went there.

BC: Went there. Port Arthur at that time, wasn't it?

LK: Port Arthur, yeah.

BC: And Fort William.

LK: Yeah, that's Fort William, Port Arthur. But the government programs that were in effect that year.

BC: So it's a very good history.

LK: It's a complete history. So I'm sure there are others.

BC: Well, we'll write it down and just talk about the fact that that would be a good resource to have.

LK: Dave Suderman would be familiar with that because I'm sure he wrote some of them.

MM: Yes, he mentioned that he had a hand in writing many of them.

LK: Yeah, yeah. Let's see. The honourable Gordon Churchill is in them that year. Oh, yeah, and then you have years like '68 when 380 million bushels of grain were tough and damp. They had to be dried, and there weren't enough driers in the country to dry them.

BC: So we had a lot of rotten grain?

LK: Well, no. I shouldn't say--. There weren't enough at the terminals to dry it, but the Pools had enough. But they kept saying, "Oh, no, no. It'll take care of itself." And finally in about March, they got off their ass and started drying and saved it all. But if they hadn't, it would have been a real disaster because once it started heating then it would spoil. But the terminals didn't have drying capacity. And that was part of the early days, part of the trouble at Vancouver was the lack of drying capacity. But anyway, I wanted you to know that this thing existed, and I'm sure this is my copy.

HK: I was actually hoping you'd take them. [Laughing]

BC: Oh, I don't think so.

LK: The bible!

BC: That's right.

HK: They're so big!

BC: Well, I guess this ends the formal part of our discussion. I want to thank you very much, and I feel that you've really added some new important details to our study.

HK: You must have to sift through a lot of stuff.

LK: I wish I could tell you that stuff.

BC: I just get to do the interviews. I don't have to sift.

HK: Oh, you don't have to sift through it, eh? Edited, is that what it's called, I guess?

End of interview.