

Paul D. Earl, *The Rise and Fall of United Grain Growers: Cooperatives, Market Regulation, and Free Enterprise*. Winnipeg, MB: [University of Manitoba Press](#), 2019. xiv + 349pp. photographs, tables, notes, bibliography, index. Paper; ISBN: 978-0-88755-844-3, \$27.95.

The Rise and Fall of United Grain Growers : Cooperatives, Market Regulation, and Free Enterprise has an ambitious, apparently all-encompassing title. But in truth it understates all that is in the book because the book is much more. It also has much about the history of the grain handling business in Canada as well as the history of the United Grain Growers, (UGG)) and the changing attitudes about the respective roles of the public and private sectors. In addition, the book also deals with an issue that is very much top of mind in many circles, shareholder value vs stakeholder value.

The author, Paul D. Earl, is well qualified to write this book. He has had a long career in the western Canadian grain industry as well as at the Asper School of Business at the University of Manitoba and has written a biography of Mac Runciman, a former CEO of the UGG. In the interest of full disclosure, the author and I worked together briefly in the early 1970s for the ‘Grains Group’, a small inter-departmental committee, created by the Minister responsible for the Canadian Wheat Board, Otto Lang, to study all aspects of the grain handling industry, which resulted in profound changes in the industry.

Few, if any industries in Canada, export such a high percentage of what is ‘manufactured’ in Canada. There is a simple reason for this. Canada is one of the world leaders in volume of grain exported because Canada does not have the domestic demand that countries like the U.S., China, India and Russia have. During much of the 20th century, especially during World Wars I and II, the United Kingdom was the main market and Canada was a larger exporter than not only the U.S. but also Argentina and Australia. Today Canada is the world’s third largest exporter of grains, primarily wheat and canola, after Russia and the U.S. Its main markets are countries as diverse as the United States, Peru, Japan and Bangladesh.

It is a long way from the farm gate to the United Kingdom in the old days and to Peru or Japan at the present time. Once the grain is harvested it must be moved, originally by oxen, then horses then tractors and trailers, and today, trucks. The grain was once taken to country grain elevators, which were every eight miles on the rail line. The book has an excellent statistical appendix which permits the reader to easily see the growth in all line elevators from 1,200 in 1906 the year UGG began operations to over 5,000 by the late 1920s. That number remained above 5,000 for forty years when the decline began as the transportation network improved. By 2005-06, the most recent year in the Appendix, there were only 352-line elevators.

Once the grain reaches the country elevators it is taken by rail and water to the major inland and export terminals in Vancouver, Thunder Bay, Montreal, and other ports on the St. Lawrence River. In addition to these ports there are terminals in lower Great Lakes ports such as Goderich and Midland where grain is distributed domestically.

A major question for the entire period (1906-2007) under examination, was once produced, how would the grain be sold, by the private sector on the Winnipeg Grain Exchange or by ‘orderly

marketing' by Government through the Wheat Board. To complicate matters further there was the cooperative sector, more specifically the three Prairie pools who paid dividends back to the users on a patronage basis (per the amount of business) rather than paying dividends to shareholders. The UGG was a co-op with a difference. It paid dividends to its farmer members who were also shareholders.

Throughout the century the author shows how the structure was affected by the shifting attitudes on the issue of private enterprise vs government regulation. The book traces the growth of government regulation from 'the Agrarian Magna Carta', the Manitoba Grain Act of 1900 to the late 1960s when the Grains Group entered the picture followed by loosening government regulation which was stifling the industry. This is the central thesis of the book and once I read the book it became blindingly obvious, but it had not been before to this child of the prairie whose family had a long relationship with the Saskatchewan Wheat Pool.

All the author's work is sound, based on extensive research and is well worth reading. The author has divided the book into three Parts. The first Part deals with the Birth and Growth, 1906 to 1948, of the company. The only omission I could find in the book is that the author does not discuss the role of Manitoba Premier Rodmond Roblin in forcing the Winnipeg Grain Exchange to accept the UGG as a member in 1908. Part II deals with the maturing and decline of the company, 1948 to 1990. At the end of each Part he moves beyond the Company and its leaders to give a highly useful Retrospective on the Industry and the role of Government.

Part III, titled 'Demise', 1991 to 2007 is different. In 2001 UGG merged with Agricore which had been created in 1998 when the Alberta and Manitoba Pools merged. The new company was called Agricore United (AU). In 2007 AU was taken over by Saskatchewan Wheat Pool (SWP) and the company name was changed to Viterra. Viterra in turn was taken over by Glencore International in 2013. Swiss based Glencore is one of the world's largest corporations. These changes resulted in the end of the voluntary farmer control of the industry.

The author analyses in great depth whether the takeover of Agricore United by SWP had to happen. Remember this was before the BCE decision of 2008, that the directors' fiduciary duty is owed to the corporation, and not to any particular constituency. Professor Earl relies heavily on the work of my long-time friend and partner, A.R. (Sandy) Aird, whose view that UGG could have continued to function in its original form, which I support. While the takeover occurred in 2007 the questions raised by the author are still current. In 2020 the American Business Roundtable announced that "each of our stakeholders is essential" rather than just the shareholder. Apparently the American Roundtable's answer to the question 'did the takeover have to happen?' is no. *The Rise and Fall of United Grain Growers* is highly recommended.

Joe Martin
Rotman School of Management
University of Toronto