

**The Co-operative and its Workers  
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**From Paternalism to Adversarialism:  
Labour Relations in the Saskatchewan Wheat Pool**

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In preparing to write this paper and to put together the presentation for this conference I read a bit, and analyzed some of the history of Saskatchewan Wheat Pool (SWP), and some of the history of the Grain Services Union (GSU).

But for the most part, I confess, I cast my mind to my own personal experience with both of these organizations. And also, to thoughts of my own childhood.

Because you see, my roots in Saskatchewan Wheat Pool run very deep.

And I think, while this paper and accompanying presentation will not be steeped in research and will not be replete with references and citations, as is often customary with more scholarly efforts, it will be informative, and accurate.

Much of it is a personal reflection of a company over a period of approximately 50 years.

In order to set the context, I think you should understand a bit about the author.

I was born the son of a Saskatchewan Wheat Pool elevator agent in small town Saskatchewan in 1954. My dad, Bill, worked his entire working life for “The Pool”. He ran country grain elevators in small town Saskatchewan for approximately 20 years from the late 1940’s to the late 1960’s. In 1969 he was promoted to an “out-of-scope” supervisor position (first-line). He was one of what the company called Country Elevator Area Managers also known as Traveling Superintendents, and he was in charge of elevators and the staff employed in them at about 20 – 25 towns/communities or shipping points.

He subsequently promoted to the company’s corporate Head Office in Regina in about 1975 or 76 into a position at the next level up the corporate ladder, in what was then called “Regional Management”.

At that time, under the company’s operational structure, the province was divided geographically into 4 Regions and each Region covered and

included about 100 shipping points (towns). My father continued in this position until his death in 1980 at the age of 56.

I too, worked for SWP. I started working for the company in 1973, and worked there for approximately 8 years, primarily in their Information Technology Division. Following my stint at The Pool, I worked as a full time Union Representative with GSU from 1982 until 2002.

As a result, I observed, over a period of nearly 50 years, a company as it transformed from Paternalism to Adversarialism.

Growing up, I remember the sense of pride in the company, pride in the co-operative movement, and pride in community. In the small town I grew up in, co-operatives and the co-operative principles and philosophy played a significant role. There was the Saskatchewan Wheat Pool. There was the retail Co-op Store, which included a food store, hardware, and petroleum (consumer and bulk). There was the Credit Union. It seemed almost everybody in town subscribed to the Western Producer weekly newspaper (which was wholly-owned by the SWP).

Some of my parent's closest friends were the managers of the Credit Union and the Co-op Store and their families. In fact, we often went on summer vacations together, camping, swimming, and enjoying the great out-doors.

It was that typical romantic prairie vision of small town Saskatchewan. Of community. Of a sense of belonging. Of really mattering. Of really participating in democratically controlled institutions. Co-operatives.

In addition, I was well grounded in these same co-operative principles and philosophy having attended Co-op Youth Camp in my early teens. Indeed, one summer I even went on an Advanced Co-op Youth exchange program to a camp in Nordeg, Alberta.

When I was growing up there wasn't much talk about "the union" in my home. Maybe that's because the union was still an "employees' association" until 1973 when Manitoba Pool country elevator employees joined the Saskatchewan Wheat Pool Employees' Association (SWPEA) and the organization became Grain Services Union in 1974.

Or maybe it was because my Dad really wasn't much of a "union man" in the first place. After all, he did end up in management – so maybe he was really more of a "company man".

I do remember my Dad toiling for hours over those company floats he used to build to put in the Canada Day Parade on July 1<sup>st</sup> each year. Completely decorated in hand-made plastic flowers and adorning corporate logos and slogans such as "Buy Pool/Co-op Flour" or "We Sell Pool Hail Insurance".

I also remember farmer/customers bumping into my Dad at the beach on a sunny summer Sunday afternoon, and my father agreeing to interrupt a family outing to go back to the elevator in town to dump a load of grain, or sell a pail of chemical.

And finally, I remember my mother (out of frustration) telling my Dad that he might as well take a fold-up cot over to the elevator during seeding and harvest seasons because he was always there anyway. "He might as well just sleep over there too", she would say.

I do know, that the company and the union had their struggles and disagreements back then too. Like hours of work, and grain dust elimination, and staffing policies. But I don't ever remember the slightest hint of a strike, or a grievance, or an all out union/management confrontation. Not at least while I was growing up. But then again, I probably wasn't paying that much attention to it anyway.

The attitudes were more collegial. Kind of like "the company will look after the workers". People really believed that, and SWP was a good company to work for.

### **A brief History of GSU**

Grain Services Union was founded in 1936 by elevator agents and office staff when they formed the Saskatchewan Wheat Pool Employees' Association (SWPEA). Back then there was concern about decent wages and working conditions, and employees wanted to gain assurance against unjust discipline. Also, employees were determined to establish a pension plan and that was one of the union's first major projects. More on the pension plan issue later.

Over the years, SWPEA expanded to include all workers in Saskatchewan Wheat Pool's head office, elevator construction and repair division, terminal offices, livestock division, and publications division.

As mentioned before, in 1973 the country elevator and construction employees of Manitoba Pool Elevators joined the union, and in 1974 the name was changed to Grain Services Union.

Over the years, numerous other groups of workers also organized to join GSU, including employees of wholly-owned subsidiaries like Ag-Pro Grain, Bear Hills Pork Producers, to name just a couple.

There are never slow times in the life of a union. Members and staff are always working to improve conditions on the job and in society as a whole. That can mean challenging the employer to win a better contract or challenging government to change laws and regulations.

GSU has played a key role in fighting for better health and safety laws. In 1974, then General Secretary Bill Gilbey helped write Saskatchewan's



Occupational Health and Safety Act. This was ground-breaking legislation that gave workers in Saskatchewan three fundamental rights:

- the right to know about potential hazards in the workplace,
- the right to participate in monitoring and improving workplace safety,
- and the right to refuse dangerous work without fear of reprisal.

Saskatchewan's OH&S law was, and in many ways continues, to be the model other governments and labour movements try to duplicate.

The GSU also campaigned against the health problems caused by exposure to grain dust. After years of lobbying by the Union, in 1971 governments recognized that grain dust was a health hazard and resulting illnesses would be covered by workers' compensation. Elevator companies were forced to install dust elimination systems to protect workers.

GSU representatives have had input in drafting other pieces of labour legislation, too. In 1996 GSU General Secretary Hugh Wagner represented the labour movement in negotiating improvements to the Saskatchewan Trade Union Act.

The 40-hour work-week and paid overtime may be long-standing terms and conditions of employment in other industries, but the GSU fought for

decades to implement them for elevator workers, unionized as well as non-unionized.

As a result of GSU lobbying against completely unregulated hours of work, the federal government established a commission of inquiry in 1978. In 1979, Commissioner Gunn created the 1,120-hour, six-month averaging system for elevator managers and assistant managers as a temporary measure on the road to the 40-hour week.

In 1997, after 18 years of no further progress, the GSU launched a second, major lobbying campaign involving members, their families, and elected officers of the Union. The federal government reacted favourably to the pressure, calling a commission of inquiry that heard presentations from the GSU and grain companies in November 1997. In early 1998 the federal government adopted the Inquiry's recommendations and stated that the eight-hour-day would become the grain-industry standard on February 1, 2001.

The GSU regards achieving modern hours-of-work standards as one of the Union's greatest victories.

## **A brief History of SWP**

Saskatchewan Wheat Pool was founded as an official cooperative organization in 1924 after a number of years of farmers organizing producer co-operatives under various names and structures. Farmer/producers had been struggling since the turn of the century to win a fair price for their wheat.

The Pool grew quickly and by 1929 it owned 970 operating elevators at various locations around the province of Saskatchewan.

By 1949 the Pool operated 1162 elevators and was generating over \$500 million in product sales. For the next two decades the SWP continued to modernize its existing operations, and its farmer members continued to enjoy escalating prosperity.

The 1970s were even better for SWP. The Pool had bought out a large and significant competitor, Federal Grain Company in 1972. The company then embarked on a process of rationalization, consolidation and closure of older less efficient facilities. In the 1980-81 crop year the SWP posted their best ever profit of \$72.7 million. By 1982, the pool had 624 operating elevators,

down 49 percent from the 1,224 it had in 1971 – prior to the take over of Federal Grain.

The 70's and 80's also proved to be the some of the most politically active for the Pool. Specifically, the Pool battled Ottawa in an attempt to keep the Crow Rate. The Crow Rate had been in place since 1897 when the Federal Government negotiated a special shipping rate for grain and flour with Canadian Pacific Railway in exchange for tracts of land in British Columbia through the Crowsnest Pass.

Eventually the Crow rate was eliminated after the General Agreement of Tariffs and Trade (GATT) put the onus on governments to re-evaluate the protection of marketing systems and farm subsidies. The end of the Crow Rate marked a significant turning point in the corporate mind-set of the Pool.

During the 1980's and 1990's the SWP had diversified significantly and invested in a number of subsidiary companies including Mohawk Oil, Dawn Foods Products, Robins Donuts to name a few. In fact, by 1994 these companies had accounted for nearly one half of the Pool's profit of \$40.4 million during 1994. The Pool had an equity or ownership position in some 30 different companies.

Then, in 1996 the SWP (without submitting the decision to a vote of the Pool's membership) converted itself to a publicly traded company in a desperate attempt to deal with an anticipated run on equity from future retiring farmers and to fund the ongoing aggressive expansion plans of the company's senior management.

Take a look at the Pool's Net Earnings over a 14 year period from 1992 – 2005.

**Table of SWP Net Earnings for 14 year period:**

Year	Net Earnings
1992	26,861,000
1993	22,700,000
1994	31,097,000
1995	32,582,000
1996	48,355,000
1997	47,290,000
1998	18,209,000
1999	(13,765,000)
2000	(90,708,000)
2001	(44,098,000)
2002	(92,159,000)
2003	(50,345,000)
2004	(19,221,000)
2005	(58,487,000)

The above chart of the Pool's financial situation is a stark illustration of the financial backdrop under which the company currently operates. In 1995 the Company expected that 46 percent of their members would be retiring

within 10 years, and withdrawing their member equity in the co-operative. The senior management thought that becoming a publicly traded company would be the best vehicle to raise capital to deal with an impending cash crunch.

In addition, the company was continuing to rationalize, consolidate and close facilities. At the time SWP went public, they had only 564 operating grain elevators. The dismal financial situation and serious miscalculation of the impact of a member backlash against the management's corporate strategy accelerated the closure of facilities even further.

By the time SWP reported to their Annual Meeting at the end of 2004 they had reduced the number of operating elevators and supply stores to a total of 142 (a reduction of 422). In other words, a reduction of 334 Elevators and 88 Farm Supply Outlets. They had exited from 29 different businesses.

The number of unionized staff at the SWP has been cut to less than 1/3 of its peak.

### **The Shift and the Industrial Relations Overview**

Now the perceived cordial and collegial approach of the "Early Pool" seemed to start a slow drift towards confrontation in about 1974 or 1975 (at

least according to my observation). I'm sure the dye was cast long before that, but the pace of change in their industrial relations strategy and approach started to accelerate. There were some interesting and significant political dynamics at play. Like impending federal government legislated wage and price controls and a fight-back campaign being organized across the country by labour centrals including the Canadian Labour Congress and Federations of Labour.

The Pool was certainly less than neutral around this issue. For example, during the 1976 – February 2<sup>nd</sup> and October 14<sup>th</sup> National Days of Protest against Wage and Price Controls – the SWP tried to stop employees from participating. The Pool was one of the only companies across Canada who reprimanded and suspended employees for participating.

The GSU members were defiant of Pool management's interference in their right to express an independent political opinion. Over the years, the SWP's – Father Knows Best attitude surfaced from time to time.

There were also some other very contentious issues at play in the relationship between the Company (SWP) and the Union (GSU). The

Union's lobby for regulated hours of work, and the 8 hour day 40 hour week for Country Elevator employees was vigorously opposed by the company.

As a number of different conditions converged – it is my view that the SWP simultaneously began to hire and/or promote people into the very senior levels of their corporate management team who did not support the philosophy, principles, and fundamental democratic underpinnings of the co-operative movement. The department of Human Resources continued to expand, and a culture of more hard-nosed, aggressive, and a quiet disregard for the collective agreement began to emerge at all levels of the SWP management.

But the real aggressive anti-union posture surfaced in full in 1990. This anti-unionism continued to grow and culminated in the first ever strike of Saskatchewan Wheat Pool employees in September of 1994. Grain Services Union members fought back as SWP management attempted to gut their collective agreement. Saskatchewan Wheat Pool had embarked on a campaign of concession bargaining, that continues to persist today. Albeit, in a bit more subtle and different forms.



Any arguable corporate benefits of the company's anti-union posture were short-lived as the company showed a very brief and modest upward profit improvement blip for the years 1995 – 1997. As illustrated earlier in the chart of Net Earnings, since that date the company's financial performance can only be described as a disastrous and dismal.

Looking back, during the period from 1972 – 1982, SWP had managed to reduce the number of grain elevators in its country network from 1224 to 624. And they did so with relatively little pain, public protest, and/or employee and producer/member backlash.

This occurred, in large part, because the company had involved its members, through a communications and education strategy, to participate in the decisions to rationalize and consolidate operations. With respect to the employees, while there was some difficult bargaining, worker displacement was kept to a minimum through a series of negotiated settlements, which included:

- Technological Change Protection
- Early Retirement Incentives
- Training and Re-Training, and

- Attrition related measures

It was the presence of a strong and committed union that ensured workers rights and interests were respected and protected.

The balance of the 80's resulted in a relatively stable period in the Pool's industrial relations climate.

An analysis will reveal that the 1990s was truly the decade that saw the SWP totally abandon any social responsibility the co-operative may once have had towards its employees and its farmer members. Because it was during that decade the Pool ridded itself of any management who had an allegiance whatsoever to the concept of co-operative enterprise.

Collective bargaining became protracted. Management demands for concessions intensified. Corporate buzzwords like: competitiveness, flexibility, shareholder value, new paradigm, and grow the company echoed in the boardroom. Employee morale went into the tank. And the company ultimately started to hemorrhage 'red-ink'. Hundreds of Wheat Pool

Employees lost their jobs and became the victims of bad management decisions.

SWP management openly fought with producer/owners who wanted to keep the company they had built. And the company adopted meaningless slogans like “We’re Here to Help” and “Growing Global ... Growing Together”.

Things are not much better at SWP today. The company and union are currently embroiled in a long-standing and entrenched battle over the workers’ pension plan. In spite of the fact that, by law, employers are obligated to fund any pension shortfall, the SWP is proposing to abandon its corporate responsibility to the employees’ pensions and to leave it up to the current and future retirees to pay for under funding of the pension plan by reducing their pension entitlements.

Hardly the model of a good co-operative enterprise, I’d say. But then again, SWP ceased to be a co-operative the day it sold its first share on the stock market at the TSE, back in March of 1996.

Larry Hubich