FARMERS' EXPECTATIONS AND
THE SASKATCHEWAN
CO-OPERATIVE ELEVATOR CO.
1908-1917

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Farmers' Expectations
and
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Abstract

On March 14, 1911, following the recommendations of the Saskatchewan Royal Commission on Grain Elevators, the Saskatchewan government of Walter Scott created the Saskatchewan Co-operative Elevator Company (SCECo). It marked the culmination of a decade of farmer attempts to reform the grain trade. Supported by the Saskatchewan Grain Growers' Association (SGGA), the Co-op, as the elevator company came to be known, experienced tremendous growth. Membership expanded from 2,508 in 46 locals to 13,156 in 192 locals during the first three years of operation. By 1917 the SCECo operated 258 country elevators, a marketing company with a seat on the Winnipeg Grain Exchange, and a terminal elevator at Port Arthur. Still, the Co-op was not a complete success.

The farm movement had looked upon elevator reform as a panacea for handling, marketing, transportation and credit problems. Under the terms of its charter, however, the SCECo operated within the existing marketing system buying and selling grain to supplement its unprofitable storage and handling business. Moreover, the Company's commercially minded and centralised management refused to implement several non-marketing reforms desired by the farm movement. Despite the Co-op's great success in the elevator business, it failed to meet the high expectations of farmers.
I wish to express my gratitude to all the people who have assisted in the preparation of this thesis. It would have been difficult to find the time necessary to research and write this thesis without the generous financial assistance of the University of Saskatchewan and the Douglas Coldwell Foundation in the form of scholarships and teaching Assistantships. Thanks also to the staff in Government Publications, University of Saskatchewan Library; the archivists at Queen's University Archives, the Public Archives of Manitoba, and the United Grain Growers' Library; and especially the people in the Saskatchewan Archives Board office in Saskatoon for their assistance in gathering research material. Thank you to my sister Gayle for taking time off from her own studies to edit my drafts and help make the thesis readable. I also wish to acknowledge the support and patience of my family, Lauralee, Loreen and Doug. Finally, I express my heartfelt appreciation to my supervisor, Associate Professor W.A. Waiser, for his firm, constructive criticism of my work and his guidance in the preparation of the thesis.
Abreviations

TGGA..........Territorial Grain Growers' Association
SGGA..........Saskatchewan Grain Growers' Association
MGGA..........Manitoba Grain Growers' Association
UFA..........United Farmers of Alberta
IPC..........Interprovincial Council of Grain Growers' and Farmers' Associations
CCA..........Canadian Council of Agriculture
NGDA..........Northwest Grain Dealers' Association
SCCECo..........Saskatchewan Co-operative Elevator Company
APCECo..........Alberta Farmers' Co-operative Elevator Company
GGGC..........Grain Growers' Grain Company
UGG..........United Grain Growers Limited
SAB..........Saskatchewan Archives Board
PAM..........Public Archives of Manitoba
QUA..........Queen's University Archives
UGG..........United Grain Growers' Library
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Chapter 1
"The Early Years of Reform"

The vision of a region with great agricultural potential and unlimited opportunities drew settlers to the western Canadian prairies in the nineteenth century. Yet the prosperity they searched for was elusive. With its emphasis on large-scale agricultural production for export, farming in the semi-arid west was difficult. Rather than success many new farmers met with failure. The western grain growers, nevertheless, maintained the faith in the land which had brought them to the region. They felt that the grain trade, not the land, was responsible for their problems. At first reforms were difficult to achieve as the population of the West remained sparse and the region was not powerful enough to influence government policies. Yet as population and economic growth increased following 1896, the situation improved. The Dominion government supported the farmers in their struggle to reform the system, and several victories were attained. Still farmers were critical of the returns they received for their produce. By 1908 western grain growers were convinced that a complete overhaul of the grain trade was necessary and that provincial and federal control of the grain handling system was fundamental to this reform.

The grievances of western farmers can be traced back to the acquisition of the region known as Rupert's Land from the
Hudson's Bay Company in 1870. Canada believed the western interior had unlimited agricultural potential. The North-West was expected to become the home of millions of prosperous farmers and become the vehicle for Canadian greatness. As early as 1854, George Brown, editor of the Toronto newspaper the Globe and a prominent promotor of Canadian expansion wrote: "Let the merchants of Toronto consider that if their city is ever to be made really great - if it is ever to rise above the rank of a fifth rate American town - it must be through the development of the great British territory lying to the north and west"1 Such rhetoric was typical of the period prior to expansion, and by the time the Canadian government first referred to the region as "fertile and capable of sustaining a vast population" in 1864, the statement was almost a cliche.2 This attitude helped promulgate a myth about the North-West. The region -- its vast expanse virtually unexplored--became a great agricultural frontier.

Early studies of the western territories by Irishman Captain J. Palliser and Canadian Henry Youle Hind, however, did not substantiate the myth. Exploring Rupert's Land in 1857 and 1858, both men considered the wooded parkland belt

1 Quoted in G. Friessen, The Canadian Prairies, (Toronto: University of Toronto Press, 1984), 111.

of the North-West to be a fertile region capable of sustaining agriculture, but they identified a large, arid region in the south as unsuited to farming. Despite the evidence presented by Palliser and Hind, expansionist rhetoric continued. It was argued that the North-West contained "lands which are probably more favourable for the growth of wheat in greater abundance and perfection than those of any other country in the world".\textsuperscript{3} Faced with the apparent contradiction between the scientists and the expansionists, the federal government authorised the Dominion Lands Survey (DLS) to reappraise the territory in 1874. In the following years the DLS reports were much more in tune with the myth. In its 1879 report, the Special Survey section concluded that: "Districts hitherto roughly classified as inferior, prove to be but partly so, and those defined as fertile areas, have their limits more extended the fuller our information becomes."\textsuperscript{4} Certain lands identified by Palliser and Hind as marginal became first class agricultural land while those considered barren were looked upon favourably.

It was the work of Canadian botanist, John Macoun, in 1880, nonetheless, which fully transformed the myth into reality. Macoun, on the instructions of the Department of

\textsuperscript{3} Quoted in Owram, Promise of Eden, 111.

\textsuperscript{4} Quoted from the Annual report of the Department of the Interior 1879 in Owram, Promise of Eden, 151.
the Interior, surveyed the barren southern region which Palliser, due to the arid climate, had identified as the northward extension of the Great American Desert. Palliser's Triangle was thought to be unfit for agricultural settlement. Macoun, however, visited the region during a period of exceptionally wet weather, used several original techniques to determine weather patterns in the area, and concluded that the Triangle was not a part of the desert. Furthermore, he argued "that none of the land was poor pasture and much of it had good fertile soil well suited for agriculture." Macoun's enthusiastic and combative nature made him an influential spokesman and, despite the work of the earlier expeditions, his view of the west became accepted in Canada.

The Canadian government helped develop the myth of the North-West. Following the purchase of Rupert's Land, Prime Minister John A. Macdonald quickly prepared a script for the consolidation and strengthening of the young Dominion. The national policy, as this government plan is now called, engineered the development of the new territory. It was a complete package including: a federal land policy providing

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5 W.A. Waiser "Professor John Macoun's Career with the Geological Survey of Canada, 1882 - 1912" (PhD dissertation: University of Saskatchewan, 1983), 43. In 1877, Macoun, without ever visiting the region, concluded that the Southwest region of the North-west was fertile. Waiser believes he was sent west for this reason.

6 Quoted in Owram, Promise of Eden, 153.
for the occupation of the territories by an agricultural population, a transcontinental railway to integrate the economy of the west with Ontario, and a protective tariff to ensure that manufactured goods needed to develop the prairie hinterland were Canadian. The prospect of unlimited western growth tied to central Canada became the central vision of the national government.

As a result of the Dominion's commitment to developing the west under its terms, mercantilistic colonialism occurred. F. W. Anderson, a student of Canadian economic historian Vernon Fowke, argued that it was "almost natural that [under these circumstances] one of the chief instruments of development would be the use of monopoly to secure for private enterprise the areas of the west where such enterprise was used." It was apparent that the west would be developed to benefit the eastern companies, without competition, by funneling western produce into the east. During a debate in the House of Commons in 1884 George Foster, an M.P. for New Brunswick and a member of the Commons Agricultural Committee, stated:

The Dominion of Canada has expended a great deal of money and a great deal of energy in developing those very great interests - the shipping interest, the interest of railways and canals, and the manufacturing interests of the country; and yet it is not too much to say that all these

different interests have as their object, and look towards, the development of the agricultural interests of the country as a source of supply and feeder for the trade and traffic which shall pass over them. With the Dominion staking so much on the West, it was important for the region to be seen as a great fertile area.

Yet by 1896, the west had not fulfilled the dreams of the Canadian expansionists. Rather than millions of settlers, the North-West had attracted a few hundred thousand, and the expected demand for eastern goods had not materialised. Canadian historian Doug Owram has concluded that when such prominent Canadians as Adam Shortt questioned the inability of the government to fill the west with settlers, they "simply pointed to the vast gap that existed between the promises entailed in this myth and the reality of a large undeveloped and unsettled West." The reality of life on the prairies was a fragile existence balanced between climatic conditions, unprotected selling prices for grain, and protected purchase prices for manufactured


9 Vernon Fowke, National policy and the Wheat Economy, (Toronto: University of Toronto Press 1959, reprinted 1971), 173. Canada had lost the competition for new immigrants to the United States and Australia in this period. The claims about the greatness of the North-West thus became more extravagant as the government became desperate for settlers.

10 Owram, Promise of Eden, 218.
Farming on the prairies was not as easy and simple as it had been portrayed.

The climate on the arid southern plains of the North-West Territories varied tremendously from that of central Ontario, and new farmers were unprepared for the conditions they faced. Grasshoppers destroyed crops in 1873, 1874, and 1875. Then from 1876 through 1880 many low lying areas were flooded by excessive rainfall. The years 1883 to 1886 proved no better to farmers as drought and frost severely damaged the crops. Reacting to the situation in 1884, the Dominion accepted the recommendations of the Gigault Special Committee on Agriculture and created an Experimental Farm to improve agriculture in Canada.¹²

Although much of the rhetoric used to pass the Experimental Farm bill in the House of Commons referred to the Maritimes and Quebec, the choice of Indian Head district of the North-West Territories as the location of the first farm suggested that it was intended to help the prairies.¹³ Since the initial experiments performed at the Farm involved the development of a new, faster maturing variety of wheat to avoid the early western frosts, this hypothesis seems reasonable. By 1904, work at the Experimental Farm resulted

¹² Fowke, Canadian Agricultural Policy, 222.
¹³ Ibid., 232.
in the creation of Marquis wheat and this new variety of wheat combined with the popularising of the summerfallow technique of dryland farming revolutionised agriculture on the prairies.14

Besides the struggle with climatic problems, additional difficulties emerged. New settlers were faced with the costs involved in starting a farm in a harsh, wilderness environment. Historian Lyle Dick, in his article "Estimates of Farm-Making Costs in Saskatchewan 1882-1914" commented that although estimates of the costs of homesteading in Saskatchewan vary from $600 to $1000, most immigrants arrived on the prairies with little or no surplus capital.15 As few farmers had a source of income during their first year -- they were unable to break and prepare their land in time to grow a crop during their first season in the west--they became dependent upon alternative financing, such as loans. Many westerners consequently began their agricultural life as debtors.16 Burdened with payments to creditors, grain growers were in the unenviable position of facing an end to their homesteading venture if they failed to market a single year's crop.17

14 Ibid., 236 - 237.
17 Dick, 198.
Facing severe hardships of climate and financing, settlers depended on an efficient system of handling and marketing their grain. Moving the grain produced on the prairies to market was difficult at best, and after 1881, the system was dominated by the Canadian Pacific Railway (CPR). The CPR exercised its monopoly of the transportation business to great advantage, charging exceptionally high rates. T.D. Regehr, in his book *The Canadian Northern Railway*, notes that freight rates in the 1890s often exceeded thirty cents per bushel at a time when frost damaged grain brought less than forty cents per bushel to the producer.\(^\text{18}\) One apparent solution was to build a railway southward to the United States to connect with the American transcontinental railways, thereby forcing the CPR to be competitive. Clause fifteen of the CPR charter forbade the building of such a rail line and only after a long political struggle between the province of Manitoba and the Dominion was the monopoly clause cancelled in 1888.\(^\text{19}\) Nevertheless, even after this obstacle was removed, U.S. railroad companies demonstrated no desire to transport Canadian grain, and the CPR was able to continue dominating western transportation.

Besides non-competitive freight rates, the CPR

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\(^{19}\) Fowke, *National Policy*, 91.
exercised its monopoly position in other ways. William Van Horne, general manager of the CPR, believed that elevators were the most efficient method of handling grain and in order to improve the overall efficiency of the grain handling system, he refused to accept grain from any other source of shipment. He argued that "it is only through the prohibition of flat warehouses that we can secure the elevators." Thus farmers found themselves at the mercy of

20 A grain elevator is a wooden structure composed of several compartments or bins. It is designed to take advantage of the fluid like consistency of a large quantity of wheat and the gravitational flowing this allowed. Grain entering an elevator is weighed on a scale by weighing the loaded wagon first and then weighing the wagon unloaded, the difference being the weight of the grain delivered. Then the grain is elevated along a leg to the top of the elevator and is deposited into one of the bins. Grain exiting the elevator was moved by gravitational flow into a hopper scale lower than the bins. It is weighed and then elevated to the top where it is deposited through a spout into a railway boxcar parked alongside the elevator on the railroad tracks. Other less efficient methods of storage and shipping existed. The most common was a flat warehouse. Located along the track, a warehouse had no method of elevating the grain to take advantage of gravity. Grain shipped from a flat warehouse had to be moved into the boxcar manually, thus increasing the amount of time to load a car. Farmers could also load a boxcar themselves across a loading platform, thereby eliminating the need to pay handling charges to a grain company but as with the flat warehouse the method was less efficient. Elevators, however, were much more expensive to build and many believed that incentives were needed to ensure construction. Today grain elevators are still used throughout the prairies with only limited modifications.

21 Regehr, 6; MacGibbon, The Canadian Grain Trade, (Toronto: The Macmillan Co., 1932), 87. MacGibbon explained that the CPR charged nominal rent for an elevator location along its right of way and informed elevator companies that it would discourage competition if they would build an elevator. Later the Canadian Northern Railway would actively seek firms to build elevators along its lines with
elevator companies and their agents. Due to the large capital requirements necessary to build elevators, the CPR policy effectively concentrated the grain handling business in the hands of a small number of companies. In 1901, two elevator and three milling companies together controlled 75% of the elevator capacity in the North-West.

The position of the elevator firms was enhanced by the pricing system used in the western Canadian grain trade.\(^{22}\) The system was based on the 'world' price for grain set in Liverpool, England. The world price was used to establish the market price in Canada on a day-to-day basis. The largest market location in Canada was the Winnipeg Grain Exchange. Known as the terminal market, the price paid in Winnipeg was the 'spot' price. Members of the Grain Exchange -- the elevator and milling companies, the exporters, the commission agents, and the independent speculators -- bought and sold contracts for grain at the spot price. To receive the spot price a producer had to ship his grain to the terminal market and have a commission agent sell it for him. Faced with tremendous problems in getting boxcars from the CPR and a shortage of independent commission sales agents, farmers generally did not receive either the world or spot prices for their grain.

\(^{22}\) For a detailed examination of the pricing system see Fowke, National Policy, 109 - 116.
Instead, prairie grain growers had two basic methods available to market their grain. If a farmer was close enough to a local delivery point and produced enough grain to fill a railway boxcar in a limited period of time, he could sell his grain to a buyer at the 'track' price. The track price was based on the spot prices with allowances made for transportation costs and protection against price variations for the buyer. It was determined on the day the boxcar was sealed and ready for delivery and was thus referred to as being 'on the track.' A farmer who sold his grain at the track price was required to load his grain himself, either by using a loading platform or by purchasing the services of an elevator company. Those producers unable to transport enough grain to the delivery point in the time allowed by the CPR were forced to buy storage space, if such space was available, in a flat warehouse or an elevator. This practice was known as special binning. Farmers able to meet the conditions for track prices received a far better return than those forced to sell directly to the local market.

Most farmers were unable to sell their grain at track prices. There were few rail lines in the west at the close of the nineteenth century and usually the distance a farmer had to travel was too great to meet the CPR requirements. W.R. Motherwell, a farmer in the Abernethy region, was representative of many farmers. Reminiscing about his
experiences, Motherwell recalled that the distance to his nearest shipping point was twenty miles and that a single trip took two nights and one full day. Unable to haul enough grain to fill a boxcar in a short period of time, Motherwell was forced to sell his grain to the local market. The 'street' price or the price at the local market was the lowest of all the prices. It was set by the elevator and milling companies on the basis of the spot price. These firms, in order to protect themselves from price variations and to facilitate communication with the terminal market, formed the North-West Elevator Association (renamed the Northwest Grain Dealers' Association (NGDA) in 1900. The NGDA set the street price at a level well below the spot price. The farmers complained that the NGDA was in effect a monopoly designed to reduce competition between the grain companies. The reduced competition, they argued, resulted in an exaggerated spread between street and spot prices.

There were other problems with street grain unrelated


24 The farmers' complaints are outlined in the Report of the Elevator Commission in Saskatchewan, (Regina, 1910), 19. The 1906 Dominion Royal Commission also examined these charges. It found that while the NGDA members set the same street prices at their elevators and avoided competing with each other, no clause in the NGDA charter forced them to do this. Moreover, the Commission found that the size of the spread was determined by the availability of boxcars and not by a lack of competition amongst the NGDA members. Canada, Sessional Papers 1908, No. 59, "Report of the Royal Commission on the Grain Trade in Canada (1906)," 8 and 16.
to the spread. The prices mentioned above involved only the mode and location of the sale. Other factors such as dockage (the amount of unusable substances in the grain), shrinkage (the grain lost in storage and transit), and grading (the quality of the grain) influenced the price a farmer received. While track grain was sold subject to these factors being assessed at the terminal market, street grain had to be assessed at the time of sale to the local market. Disagreements over the quality of the grain, the dockage and shrinkage allowances were a common occurrence.25

The faith of the settlers in the potential of the region remained strong despite their unfulfilled expectations. They believed that the North-West was the greatest agricultural area in the world and that their problems were due to the system, not the land.26 Some reforms had been won prior to 1896 — the experimental farm and the removal of the CPR monopoly clause — but the slow growth of the region had limited the desire of the Dominion to act on western demands. The election of the Laurier Liberals in

25 Garry Fairbairn, From Prairie Roots, (Saskatoon: Western Producer Prairie Books, 1984), 2. Mr. Fairbairn explains how a farmer who did not agree with the grade offered would go to a different company only to see the first elevator agent signal to the second agent the original grade he had been offered.

26 Hopkins Moorhouse, Deep Furrows, (Toronto: George J. MacLeod Limited, 1918), 37. Mr. Moorhouse, a contemporary writer, described the region in the following terms: "Land, land without end, to be had for the asking — rich land that would grow wheat, forty bushels to the acre, millions of acres of it!"
1896 marked a significant shift in federal attitude towards the West. Clifford Sifton, the new minister of the Interior, was a westerner who shared the farmers' faith in the land. His vigorous policies on immigration and development of the west coincided with the closing of the American frontier and the beginning of a wheat boom. The rapid increase in immigration to the west and the improved condition of the grain growers, coupled with the belief that the North-West would at last fulfill the dreams of the expansionists, caused the Laurier administration to listen to grain growers' grievances.27

In 1899, the Laurier government, in response to the agitation of western M.P.s appointed the Royal Commission on the Shipment and Transportation of Grain. The first of several Royal Commissions to examine the grain trade, it was instructed to look into the practices of the CPR. Composed of Justice Richardson and three prairie farmers, the Royal Commission was not intended to be simply an unbiased fact-finding study. Quite the contrary, its task was to outline agrarian grievances and recommend solutions.28 The direct result of the Richardson Commission was the passage of the first bill to regulate the entire grain trade: The Manitoba

27 Owram, 223. Fowke, National Policy, 177. Fowke makes the distinction at 1900.
28 Fowke, National Policy, 156.
Grain Act (1900). 29

The Grain Act embodied almost verbatim the recommendations of the royal commission. Farmers had complained that the CPR kept farmers from using flat warehouses by giving preference to elevators when distributing boxcars. Richardson reported that the grievances were well founded and suggested that car distribution not only be regulated but that the CPR also provide loading platforms as an alternative to elevators wherever the platforms were requested by farmers. The Manitoba Grain Act set standards for the CPR regarding car allotment and appointed a Warehouse Commissioner to ensure the new regulations were followed. 30 To a limited extent, the Grain Act also addressed the method of sale and grain inspection procedures. It standardised the procedures used by the elevator companies when buying wheat and provided farmers a mechanism for appeal if they believed they were unjustly treated. Notwithstanding the Grain Act, farmers in 1901 still faced serious problems as the crop size reached record proportions and stretched the capacity of the grain handling industry.

The problems of the 1901 harvest coincided with the rapid increase in the farming population during the period.


As the number of farms increased and the harvest size strained the system, western complaints became more emphatic. The CPR was unable to handle the increased demand for rolling stock in 1901 and failed to meet the conditions of the Manitoba Grain Act. The grain blockade, as the problem was called, frustrated prairie grain growers. Led by three prominent local farmers, W.R. Motherwell, P. Dayman, and J. Millar, producers in the Indian Head district of the Northwest Territories organised the Territorial Grain Growers' Association (TGGA). 31

Farmer organisations were not new to Canada. In the 1870s, the Grange was active in both Ontario and the West. As well, both the American Farmers' Alliance and the Patrons of Industry played a role in Canadian agriculture during the 1880s and 1890s. The TGGA, however, was unique. The three previous groups were offshoots of American organisations and were not specifically concerned with local problems. Indeed, the Patrons of Industry had even attempted to enter federal politics. The TGGA, on the other hand, was a totally western association devoted to local issues. It marked the first time that the farm movement received local expression in Canada. 32

The formation of the TGGA gave farmers a prominent voice at a time of rapid expansion in the agricultural West.

31 Patton, 33.
32 Morton, 10.
W.R. Motherwell recalled in 1916 that, "there are few today who know how near the people were to resorting to violence at that time instead of laying the foundations of the Grain Growers' Association." Realising that the farmers were in a desperate state, the earnest approach of the TGGA won it respect from several government officials. The tone of its resolutions and the spirit of the second convention in November 1902 brought the following remarks from G.V.H. Bulyea, a prominent Liberal politician and the Territorial Commissioner:

I think you are approaching the question in a calm and business like manner, and will accomplish more than if you pass red hot resolutions against the CPR, the elevator companies or anybody else.34

Such praise brought credibility and strength to the organised farm movement. In fact, the Laurier Government was so impressed by the group that upon receiving a petition from the Association in 1902 to amend the Manitoba Grain Act, it acted immediately, tightening the controls on the CPR.35 The TGGA also earned the respect of the CPR in its first year. The Association accused the Sintaluta railway agent of failing to maintain the car distribution regulations of the Grain Act. The CPR and its agent were

33 Motherwell, 109.
34 Saskatchewan Archives Board (hereafter cited SAB), Saskatchewan Grain Growers' Association Convention Reports (hereafter cited SGGA Reports), 1902, 4.
35 Patton, 35.
taken to court and found guilty of the charges. These early successes of the TGGA caused its membership to swell and led to the creation of a sister organisation, the Manitoba Grain Growers' Association (MGGA) in 1903.36

The two Grain Growers' Associations focused their attention and energies on reforming the grain trade. Although improvements in farming techniques had made agriculture on the prairies more feasible, grain growing remained economically uncertain. The Associations argued that the major source of farmers financial difficulties was the excessive profits made by the large corporations which dominated the grain trade.37 While the Manitoba Grain Act provided relief from the CPR, it did little to change the wheat purchasing system. Thus, the TGGA, after the successful prosecution of the Sintaluta CPR agent, turned its attention to the grain buyers and their representative group the NGDA.

The change in focus of the Grain Growers Associations coincided with the growth of the co-operative movement on the prairies. Western farmers were familiar with co-operation. Faced with a severe climate and the prospect of starting a farm in a wilderness environment, many settlers had worked together -- co-operatively -- to build their

36 Ibid., 37.

37 W.A. Mackintosh, Agricultural Co-operation in Western Canada, (Toronto: Ryerson Press, 1924), 17. Patton, 18.
homes or plow their fields. Furthermore, the Grange and Patrons of Industry had educated farmers about the spirit of co-operation prior to 1900. Nevertheless, it was the new wave of immigrants from Europe and the United States which inspired a renewed interest in co-operatives.38 S. Lipset, in his book Agrarian Socialism, explained that many of the early leaders of the TGGA were familiar with both British socialism and the highly developed British co-operative movement.39 It was only natural that these men would educate the farm movement about the merits of co-operation and that the TGGA, in turn, would look to co-operative ventures in its effort to change the grain trade.

One of the TGGA leaders interested in co-operatives, E.A. Partridge, was especially concerned about the marketing system. He was sent to visit the Winnipeg Grain Exchange by the Sintaluta local of the TGGA in January, 1905. The reception he received there and the activities he witnessed convinced Partridge that a combine composed of the milling companies and exporters controlled the Exchange. He concluded that the corruption and speculation he witnessed at the Exchange was damaging to farmers, and he worked throughout 1905 to convince farmers of the need for reform.


39 S. Lipset, Agrarian Socialism, (Berkely: Berkely University Press, 1950), 43.
At the 1906 convention of the SGGA, he delivered a scathing attack on the terminal market and the combine. Farmers, he stated, were forced to sell their grain immediately after the fall harvest to obtain cash to meet their credit obligations. The NGDA and the exporters, he argued, manipulated the market to ensure that prices remained low in this period. Having obtained farmers' grain at a bargain price, they would then sell a contract to deliver grain to the English millers at a future date and much higher price.

While it was true that wheat prices were often at their lowest value in the fall, it was questionable whether this was due to any manipulation of the market as Partridge suggested. The amount of grain marketed in the fall was so much greater than at any other time of the year that the price for grain had to be reduced. His accusation that the NGDA limited competition at the local delivery point to keep street prices low was also questionable. Still, many farmers found his arguments convincing. Partridge believed that farmers who were refused storage facilities in elevators and were facing a reduction in the number of flat

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40 The TGGA changed its name to the Saskatchewan Grain Growers' Association following the creation of the new provinces of Saskatchewan and Alberta in 1905. The Alberta section of the TGGA became the Alberta Farmers' Association and later joined with the Society of Equity -- a branch of the American group of the same name -- to become the United Farmers of Alberta (UFA).

41 SAB, SGGA Reports, 1906, 7-16.
warehouses in operation\textsuperscript{42} were forced to submit to the tactics of the elevator companies. His personal solution to the problem was the creation of a co-operative commission sales firm -- the Grain Growers' Grain Company (GGGC).

E.A. Partridge and several farmers in the Sintaluta district formed the GGGC, independent of the grain growers' associations, in 1906. It combined the initiative of the grain growers' associations towards reform of the grain trade with the co-operative trends of the period. It was wholly owned by farmers and included distinctly co-operative features such as one vote to a shareholder and a promise of patronage dividends in the future.\textsuperscript{43} Although the capital requirements for building elevators or storage facilities made it impossible for the company to enter this field, its operation as a commission sales firm provided farmers with an alternative to dealing with the NGDA members.\textsuperscript{44}

\textsuperscript{42} Although the CPR policy of refusing to provide boxcars to flat warehouses was ended by the Manitoba Grain Act, the provision for building loading platforms in the Act made the operation of flat warehouses impractical. Most warehouses were closed in the period 1900 - 1914. See MacGibbon, 43.

\textsuperscript{43} R.D. Colquette, \textit{The First Fifty Years}, (Winnipeg: The Public Press, 1957), 16; 41. UGG, \textit{Grain Growers' Record}, 7.

\textsuperscript{44} The Grain Growers' Grain Company did not enjoy immediate success. The Winnipeg Grain Exchange refused it the right to trade grain at the market. In April 1907 the Company, nearly bankrupt, was forced to seek assistance from the Manitoba provincial government. With government persuasion and the resignation of E.A. Partridge as President, the GGGC was admitted to the Exchange and commenced selling on commission for farmers April 15, 1907.
A second major initiative by the farm movement at this time was the result of continued problems with grain transportation. The period of time available to a farmer to sell his grain and have the money on hand for the following crop year was very short. This difficulty was compounded by what the farmers perceived as the refusal of the banks to lend money on grain stored in internal elevators,\textsuperscript{45} and by

The Manitoba government continued actions against the Grain Exchange on behalf of farmers, passing legislation in 1908 to regulate the market. Colquette, 41-51.

\textsuperscript{45} When discussing the elevator issue, farmers often refer to the problems they encounter when obtaining credit from the banks. Most often they refer to the bank's refusal to take grain stored in the initial elevator system as collateral. Section 86 of The Bank Act specified that only warehouse receipts or bills of lading could be accepted as collateral by a bank. A farmer received a bill of lading when he shipped his grain to the terminal market, and consigned it to a commission agent to be sold. A warehouse receipt was issued when a farmer placed his grain in general storage at either a terminal elevator or an initial storage facility provided that the warehouse operator and the farmer agreed upon the weight and grade of the grain. If the farmer desired to preserve the identity of his grain, on the other hand, he was said to have special binned the grain and a warehouse receipt was not issued; instead, he received a special bin receipt.

The nature of the farmers' attack on the banks makes it difficult to determine if they feel the banks should take special binned grain as collateral -- the banks are unable to do this according to law -- or if they feel the banks are refusing to accept a warehouse receipt issued by an initial elevator. While the banks could legally accept the warehouse receipt as collateral, they were under no obligation to do so. The one issue on which the farmers and the banks agreed was that, under the current law, grain with an undetermined grade and weight was not accepted as collateral. As the focus of the farmers' struggle for government elevators was to increase the available space for special binning, they understood that changes in the system were necessary. The Bank Act, Revised Statutes of Canada 1906, c.29, s.86. The Manitoba Grain Act, Statutes of Canada 1900, c.39, s. 19 and 34.
the high cost of storing grain all winter at the terminals on Lake Superior if the grain arrived after freeze-up made shipment impossible. All grain growers, therefore, attempted to ship their produce immediately after harvest. The immediate result was that the railways, unequipped to handle the tremendous increase in traffic and unwilling to increase their capacity due to the short term need of the grain industry, were severely congested.

The railway companies also operated the port facilities at the Lakehead and in 1906, the SGGA proposed that the government assume responsibility for these grain terminals. The Association argued that the railway company terminals reduced the overall quality of exported grain by mixing poorer samples in high grade wheat thereby earning extra profits.46 The federal government responded to the grain growers' demands by authorising the Royal Commission on the Grain Trade of Canada, under the guidance of SGGA Secretary-Treasurer, J. Millar, to examine the issue. Although the Millar Commission found the farmers grievances to be well-founded, it recommended regulation rather than nationalisation.47 The SGGA, nevertheless, was not satisfied and continued to press for government ownership of the terminals

46 SAB, SGGA Reports, 1906, 12.
for several years.48

Thus by 1908, western farmers belief in the potential of the North-West and their faith in the land had caused them to concentrate their efforts on changing the grain trade. And certain reforms had been won, particularly after 1896. The Manitoba Grain Act, the GGGC, and the regulation of the railways and the terminal elevators all corrected certain abuses. Nevertheless, great problems still existed in the grain handling, marketing and transportation systems. At the center of these problems, the farmers believed were the elevator companies. The spread between street and spot prices, as well as the confrontations between elevator agents and farmers over weight, grade, and dockage assessed to delivered grain, made the line elevator companies a target for western grievances. Other charges such as the lack of proper storage space, the inability of the farmer to receive credit on stored grain, and the belief that the elevators were substituting lesser quality grain for that stored by the farmer, were made against the elevator companies. As the struggle intensified, grain growers concluded that the line elevator firms were the foremost obstacle to their financial success. Inspired by the successful reforms they had already achieved and confident of government support, the Grain Growers' Associations focused their efforts on resolving this long-standing problem.

48 SAB, SGGA Reports, 1907, 43; 1908, 24-30; 1909, 18.
Chapter 2

"The Negotiations Leading to the Elevator Commission"

The continuing search for a solution to their grievances led farmers to focus their attack on the sector of the grain trade with which they came into constant contact -- the local elevator. The grain growers considered the control of the local elevators by the grain buyers as the key to the monopolies which existed in the grain trade. Under the existing system, the line elevator companies were both grain handlers and grain marketers. By refusing storage space to farmers, agents forced farmers to sell grain at low prices and sub-standard grades at the local elevator. The larger the spread the grain buyers maintained between the price for grain at the elevator and the price at the Winnipeg Grain Exchange, the larger their profits. In Saskatchewan, both the government and the farmers' organisation believed that changes at the local delivery point were desirable. On the one hand, the SGGA considered elevator reform to be a panacea for other problems in marketing and transportation. The farmers argued that provincial government ownership of an internal elevator storage system would solve not just the local issue of corruption but virtually all problems in the grain trade. Premier Walter Scott, on the other hand, was philosophically opposed to any plan calling for government-ownership of the
elevators. More concerned about corruption and uncertain of his government's authority to become involved in marketing problems, the premier searched for ways of alleviating the farmers' grievances in a less radical, more limited manner.

In the period from 1896 to 1905, the prairies experienced the extremely rapid growth predicted by the expansionist myth. The number of farms on the prairies increased dramatically from 55,179 in 1901 to 199,203 in 1911.\(^1\) Vernon Fowke, in *The National Policy*, noted that more homesteads were registered between 1900 and 1904 than in the preceding twenty-five years.\(^2\) The rapid expansion of the agricultural industry was accompanied by a tremendous increase in railway track mileage and local delivery points. Two new transcontinental railroads were constructed during the period -- the Canadian Northern (CNoR) and the Grand Trunk Pacific (GTP) -- resulting in many miles of new track. Only 1,901 miles of rail lines, composed of the CPR mainline and a feeder line from Regina to Prince Albert, existed in the North-West Territories in 1900. By 1914, Saskatchewan alone had 5,089 miles of track.\(^3\) New elevator sites quickly dotted the new track. Saskatchewan had 1,465


elevators at 647 stations by 1914, compared with 88 elevators at 50 stations for the whole of the Territories in 1901.4 Despite this dramatic growth, the price received by farmers for wheat rose only marginally and grain growers searched for a solution.

Although the difficulties faced by farmers were due to marketing, handling, credit, and transportation problems, the farm movement confusingly identified the source of all these grievances as the local elevator. They identified the corrupt practices of the elevator companies as the central issue; practices such as charging excessive dockage, giving light weights, refusing to special bin grain or replacing specially binned grain with lesser quality grain, and refusing to allow farmers to deal with non-company buyers once they had purchased storage space in the elevator.5 The farmers had no alternative but to deal with the large grain handling firms because these firms controlled most of the internal storage capacity on the prairies. By limiting access to storage space at the elevator, the grain handling firms forced the farmers to sell their grain to the local market. Given this situation, accusations of improper grading and maintaining an overly large spread between

4 Ibid., 43.

street and spot prices were inevitable. Unable to withhold their grain due to their responsibility to creditors, farmers were forced to accept the conditions imposed upon them by elevator agents. They referred to it as the "tyranny of the elevator monopolists."6

Farmers attempted to deal with the local elevator issue themselves prior to 1908. Upset by the practices of the local elevator, farmers had established 'farmer' elevators in a number of communities. These elevators, owned and controlled by the local farmer shareholders, were to provide competition to the line elevator companies by offering special binning space and storage capacity to all district farmers. The farmer elevators, however, were generally unsuccessful.7 The farmer elevator had to handle large volumes of grain to make a profit on storage and handling charges. Yet, if the line companies charged lower handling fees than the farmer company, the farmers often patronised the line company.8 As the farmer elevators were not both grain handlers and grain marketers, they lacked the ability to recoup the losses incurred by the reduced volume of grain

6 SAB, Walter Scott Papers (hereafter cited Scott), IV.87, F.M. Gates, SGGA vice-president to Scott, April 20, 1908, 40111.

7 SAB, Scott, IV.86, F.H. Auld (Information and Statistics Bureau) to A.P. Ketchen (Deputy Commissioner of Agriculture), May 1908, 39801.

8 SAB, Scott, IV.86, Survey of Farmer Elevators, 39820; SAB, Interprovincial Council, G361.1, 3.
handled. Of the twenty-four farmers' elevators surveyed by the Saskatchewan Department of Agriculture in 1908, sixteen reported these problems. The report of the Abernethy Farmers' Elevator indicated the severity of the situation. It stated, "it is proving the exception rather than the rule for shareholders to patronize the farmers' elevator ... To wit: Three of our directors out of six almost entirely patronize other elevators at present."\(^9\) The losses incurred by farmers' elevators as a result of these problems often forced them to cease operations and lease the facility to a line company.

The lack of success by the majority of farmer elevators left the local grain handling problems unsolved and different solutions were consequently sought. At the 1907 conventions of both the SGGA and the MGGA, E.A. Partridge, the energetic Sintaluta farmer who had spearheaded the formation of the GGGC, addressed the issue. Referred to as the 'Prairie Radical,' Partridge was the most active reformer in the grain growers' movement.\(^10\)

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\(^9\) Ibid., 39821.

\(^10\) Saskatchewan Agricultural Hall of Fame, (Saskatoon: 1973). Partridge became the central figure in the elevator reform movement from 1908 to 1910. An exceptional orator, he often entranced those to whom he spoke. Sometimes referred to as a demagogue, Partridge was known for his persistence. His dedication to the cause of what he believed was an agrarian class overshadowed his own personal responsibilities upon his farm and the tragedies in his life. Predeceased by his wife and three of his five children and weakened by illnesses, E.A. Partridge continued to work for the betterment of farmers until he committed
noted that Partridge, in a personal interview, expressed the view that co-operation was a stepping stone towards the true socialist goal of state ownership. Partridge considered the GGGC, with the financial and educational resources it provided, as the first step towards nationalisation of the grain handling industry. His concepts were further influenced by his belief in the existence of an agrarian class, and his desire for economic and social change which would benefit it. His speeches to the conventions concentrated on his primary goal -- state ownership.

At the Saskatchewan convention a resolution calling for the nationalisation of the terminal elevators was introduced. Partridge suggested that the motion was not broad enough. He added the following amendment:

It is proposed to construct and operate an elevator or elevators at every shipping point throughout the province and grade on a uniform plane. These elevators would be equipped with an up-to-date cleaner. At points equipped with elevators the owners should be given an opportunity to dispose of the elevators at a fair valuation. I think this plan should be put into effect by the local Government because the Dominion Government is too far away. Partridge's attempt to explain his amendment demonstrated how farmers were confused by the elevator issue. Government suicide in 1931. See James Hamilton and Donald Reid, "E.A. Partridge - Prairie Radical," 1971.

11 W.A. Mackintosh, Agricultural Co-operation in Western Canada, (Toronto: Ryerson Press, 1924), 34.

12 SAB, SGGA Reports, 1907, 39.
ownership of elevators, he argued, would address not only corruption in the grain handling system but also the major problem facing Saskatchewan farmers -- the grain blockade. He believed that the blockade would be resolved if farmers were not forced to ship their grain immediately following the harvest. In his opinion, the major obstacle to any solution to the problem was the lack of adequate storage facilities on the prairies.

If you build granaries on your farms you would have to finance yourselves. You will have to build adequate storage facilities to carry your wheat for well on into spring. Now are you going to do this or will you have the government do it? Which would be the cheaper way? You may have to leave it on your farms until well into the summer season. Why not provide the storage facilities by government intervention.\(^\text{13}\)

Partridge also believed that under a government storage system banks would accept stored grain as collateral for loans, thus allowing farmers to market their grain leisurely as prices warranted.\(^\text{14}\) Furthermore, a government-owned system, he argued, would make it possible to establish a sample market thereby eliminating grading problems.\(^\text{15}\)

\(^\text{13}\) *SAB, SGGA Reports, 1907, 41.*

\(^\text{14}\) Partridge, like many SGGA members, often confuses the inability of banks to loan money on grain in storage under the Bank Act with reluctance.

\(^\text{15}\) A sample market is the term used to describe a market where grain buyers purchase grain from the producer following a visual inspection of a sample of the grain for sale. Farmers liked the concept because it eliminated the need for a grading system and provided for direct contact between the producer and the terminal buyers.
W. Green, a farmer from Moose Jaw, seconded the amendment. Green, a former member of the British Labour Party, commented that a government elevator system would improve the financial security of farmers. Later elected Secretary-Treasurer of the Association, Green played a prominent role in all future debates on the issue.

Partridge had included transportation, marketing and credit problems amongst the issues which government-ownership of grain elevators would address. Perhaps because he confused so many issues in his presentation, the SGGA members were not prepared to accept such a radical scheme. While most delegates agreed that the grain blockade was a serious problem they considered it a transportation problem and argued that SGGA resources should be concentrated on the railways. The motion for government-ownership of interior elevators was consequently defeated after a lengthy debate. The local elevator issue, however, was associated with the grain growers' trend towards nationalisation, and all future debates on the issue in Saskatchewan focussed on government-ownership. Meanwhile, in Manitoba, the executive of the MGGA gave its conditional support to the concept and following the Manitoba election campaign in early 1907, the MGGA requested that the provincial government explore the

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16 S. Lipset, Agrarian Socialism, (Berkeley: 1950), 43.
17 SAB, SGGA Reports, 1907, 41.
viability of such a system.18

The events which followed the 1907 conventions had a significant impact on the attitudes of prairie farmers towards Partridge's concepts. The refusal of the Winnipeg Grain Exchange to allow the GGGC a seat at the market because of its proposed patronage dividend scheme, resulted in legal action against the Exchange executive. D.W. McCuaig, the President of the MGGA, charged that the members of the Winnipeg Exchange "unlawfully conspired, combined or arranged with each other to restrain or injure trade or commerce in relation to grain."19 The court case, held during the winter of 1907, received high profile coverage in the Manitoba media, and the grievances of grain growers became better known as a result. The Court's decision on May 21, 1907, cleared the members of the Exchange of any illegal practices.20 Farmers expressed the opinion that "the deficiencies of the criminal code, rather than lack of evidence of wrong doing, led to an acquittal."21 The decision appeared to justify the activities of the grain firms, causing farmers to conclude that fairness in the grain trade would occur only if the internal storage system

19 Manitoba Free Press, December 4, 1906.
20 Ibid., May 22, 1907.
21 SAB, Interprovincial Council, G361.2, 1.
was independent of the grain marketers.

The preliminary report of the 1906 Dominion Royal Commission on the Grain Trade in Canada was also released in 1907. Besides dealing with the terminal elevator issue, the Millar Commission examined charges that the NGDA constituted a combine to maintain low prices and that it operated a pool amongst member companies to distribute profits at local points equally. The report discovered evidence that pooling existed but concluded that it was not illegal.22 The Commission's recommendation that pooling be made illegal was put into law by a 1907 amendment to the Manitoba Grain Act. The Commission, however, ruled that the NGDA was not a combine nor was it responsible for low prices.

The combination of the Manitoba Court decision and the Millar Commission's report made the farm movement reconsider Partridge's scheme. A Manitoba conference of reeves and grain growers in June 1907 demanded that the province acquire and operate a system of elevators in Manitoba. The MGGA endorsed the proposal at its annual convention in January 1908 and several farmers criticised the Roblin government for its lack of action.23

At the 1908 SGGA convention, Partridge presented his


23 Provincial Archives of Manitoba (hereafter cited PAM), United Farmers of Manitoba Papers, Manitoba Grain Growers' Association Annual Convention Reports (hereafter cited MGGA Reports), 1908.
ideas again. Resolution Fourteen, sponsored by Partridge, read:

Resolved that this convention places itself on record as being strongly in favour of Dominion owned and operated terminal elevators and also a system of provincially owned and operated internal storage elevators at internal points where grain would be weighed and graded through a government agency with provision for a sample market in Winnipeg. 24

The convention report termed it the "most important resolution" discussed. Known as the 'Partridge Plan' the resolution was the foundation for future SGGA proposals on the elevator issue.

H.O. Partridge, a relative of the resolution's sponsor, cited the advantages in Resolution Fourteen. He argued that a government elevator system would provide the special binning space farmers had long demanded, ensure that farmers received proper weight and that dockage was correctly assessed, and keep the screenings (residue from the cleaning process) at the local delivery point. Farmers would not have to pay freight on their screenings and, moreover, the screenings could be sold as feed providing an alternate source of income for the producer.25

With the experiences of 1907 still fresh in their minds, the majority of SGGA members greeted the 'Partridge Plan' with enthusiasm, and Resolution Fourteen was carried

24 SAB, SGGA Reports, 1908, 18.
25 Ibid., 18.
by a large majority. The Partridge Plan proposed to deal with far more than grain handling reform. While Resolution Fourteen was intended to clean up the corruption in the internal elevator system, it also made provision for introducing better cleaning facilities and major changes to grading and inspection procedures. The resolution called for total reform of the grain trade through government ownership of the local elevators. Partridge's persistence had resulted in a strong statement by the SGGA in favour of government-owned elevators.

Following the February 1908 convention of the SGGA, representatives of the three provincial farmer organisations met in Regina. They constituted the Interprovincial Council of Grain Growers' and Farmers' Associations (IPC) and put into action the grain growers' motto 'in unity there is strength'. The IPC had two purposes: to negotiate with the Dominion government regarding terminal elevator ownership and to negotiate with the provincial governments regarding local elevators. The IPC concurred with the suggestion of Manitoba Premier Roblin that the issue of government ownership be discussed jointly by the three prairie provinces. It immediately requested a meeting with the Premiers. The IPC was sending a delegation to Ottawa in

26 SAB, Scott, IV.87., Geddes to Scott, March 9, 1908, 40102.

27 SAB, Interprovincial Council, G361.2, 2.
early March to lobby the Dominion on the terminal issue and M.D. Geddes, the Secretary of the IPC, requested that the provincial meeting be held before the delegation left. Saskatchewan Premier Scott was away from Regina, however, and the meeting was not held.

As a result, the executive of the SGGA presented their proposals on government-ownership to Scott on April 15, 1908 before the interprovincial meeting. Premier Walter Scott was an experienced politician. A prominent journalist and owner of the Regina Leader, he was elected to the House of Commons in 1902. His tenure in the Laurier government provided him with great political insight and technique. Like many Laurier Liberals, Scott believed that regulation of industry was preferable to government ownership. During the debates in Parliament over the Dominion sponsorship of the Grand Trunk Pacific Railroad, Scott witnessed Laurier's reluctance to assume control of the railway. The Liberals were prepared to regulate the railways and even build lines if necessary, but they had no confidence in the government's ability to operate them.

Scott followed a similar philosophy after his election as Saskatchewan's first premier in 1905. Problems with the process of providing telephones to rural residents on the

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28 SAB, Scott IV.87., Geddes to Scott, March 9, 1908, 40102.
prairies had led the Manitoba government to nationalise the provincial telephone system. Scott, however, disagreed with this solution. "It would be simply suicidal for a government to enter upon the work of furnishing service to the rural portion [of the province] ... We have, however, been trying to work out a plan of encouragement to be of practical effect while still leaving enough responsibility on the country people themselves to keep the government free from danger of being swamped." Scott was in favour, however, of providing financial assistance to organisations to help effect changes. In 1896, the Dominion government had accepted a proposal from the North-West Dairyman's Association to help finance a co-operative creamery venture. The program called for loans from the Dominion to the local co-operative creameries at low rates of interest. The creameries promised to pay the Dominion a percentage of each pound of butter sold. As one of the first actions of his administration, Scott accepted responsibility for assisting the co-operative creamery program from the Dominion.

Premier Scott's attitude ensured that the Partridge Plan received a cool reception. F.M. Gates, the vice-
president of the Association, had the task of outlining the Partridge Plan to Scott at the meeting. 33 The "tyranny of the elevator monopolists," he stated, made free and legitimate competition in the grain handling business impossible. In the opinion of the SGGA, the only solution was to create an elevator system beyond the control of the NGDA. "Nothing short of radical change such as embodied in the resolution submitted," he argued, "will be effective in securing to the producer of grain a just and due return for the product of his industry."

Gates outlined a few advantages which the Partridge Plan would give to farmers and the province. Under the plan, the elevator system would be involved only in grain handling. By removing all of the marketing aspects from the local elevator, street purchasing of grain would be eliminated. The average five cent per bushel saving on the 20,000,000 bushels of street wheat marketed every year would save $1,000,000 for the provincial economy. Gates, like Partridge also believed that elevator reform would solve problems in the area of credit. He argued that storing the grain in the care of the provincial government would "induce the banks to treat the farmer in a more liberal manner in the matter of advances and tend to the more gradual marketing of grain." Gates also addressed the Premier's

33 SAB, Scott, IV.87., Gates to Scott, April 20, 1908, 40111.
fear that the increased use of loading platforms\textsuperscript{34} would result in farmers failing to patronise a government system. Farmers, he commented, were still using the corrupt elevator network in existence, and there was no reason to expect that farmers would not utilise government elevators with all their significant advantages. The Millar Commission "disclosed the fact [that] it was back to the farmers to find their own solution to a situation universally regarded as unsatisfactory."\textsuperscript{35} The Partridge Plan, Gates concluded, was the farmers' solution.

On May 4, 1908, three weeks after the meeting with the SGGA, Premier Scott met in Regina with his counterparts, Roblin from Manitoba and Rutherford from Alberta, to examine the IPC proposals. At the request of Premier Roblin, no grain growers were present during the discussions and the substance of the meeting was to be kept confidential.\textsuperscript{36} The Premiers were familiar with the farmers' grievances since both Roblin and Scott had read the MGGA Pamphlet, "Provincial Ownership and Operation of a System of Line

\begin{itemize}
\item[34] Ibid., IV.86., C.C. Castle to Scott, November 6, 1908, 39776. Warehouse Commissioner Castle informed Scott that loading platform usage was increasing steadily. In 1907 nearly twenty-two percent of all wheat was shipped across the platform and Castle expected the amount to increase to thirty-three percent in 1908.
\item[35] Ibid., IV.87., 40113.
\item[36] The media apparently expressed surprise that the Grain Growers' Associations did not attend the meeting. Partridge explained that Roblin demanded that farmers not attend. Grain Growers' Guide, June 1908, 8.
\end{itemize}
Elevators", and a presentation similar to that of the SGGA had been made to Rutherford in Alberta.\textsuperscript{37} George Langley, a Saskatchewan MLA and a director of the SGGA, informed Scott that "the purpose [of the Partridge plan] is to place the Storing, Cleaning, Weighing and Loading on the cars for transportation of wheat, the staple product of the West, in charge of an authority having no financial interest in the commodity."\textsuperscript{38}

The changes to the grain handling industry proposed by the IPC were quite detailed.\textsuperscript{39} They called on the provincial governments to buy or build, at every point where the amount of grain produced warranted, an up-to-date elevator divided into one thousand bushel bins with modern weighing, loading and cleaning equipment. A government agent would determine the storage capacity necessary at each point.\textsuperscript{40} The system, the IPC argued, should be capable of storing one-third of the district crop, thereby requiring an estimated 752 elevators of 30,000 bushels capacity.\textsuperscript{41}

\textsuperscript{37} SAB, Interprovincial Council, G361.2, 4.

\textsuperscript{38} Quoted in Grain Growers' Guide, June 1908, 8.

\textsuperscript{39} No copy of the plan is available today. The debates at the subsequent Grain Growers' conventions, however, suggest that it changed very little during the negotiating period. The information provided here is a compilation of subsequent presentations and publications.

\textsuperscript{40} SAB, Scott IV. 87., Minutes of the Interprovincial Council Meeting, May 19, 1908, 40121.

\textsuperscript{41} SAB, Interprovincial Council, G361.1, 4.
charges made for storage and handling were to be high enough to pay interest on the initial capital, maintainance costs, and a gradual repayment of the capital. Costs of the system could be kept low by purchasing supplies in bulk at wholesale prices and using railway tanker cars to supply gasoline to the elevators.\(^{42}\)

Rather than accept or reject the Partridge Plan, the premiers suggested alternatives to the grain growers. Following the pattern he had demonstrated on the telephone issue, Scott was particularly concerned about a substitute for government ownership. They selected George Langley as their ambassador and on May 19, 1908, he relayed their recommendations to the IPC. The first was:

1) That the three provinces should use their influence to secure from the railway company the building of loading elevators that should also have a number of storage bins so that farmers at a distance should not be at a disadvantage in direct loading of grain as they now are.

It addressed the farmers' concerns regarding the lack of storage space. The second alternative acknowledged that the premiers understood that the farmers also believed that marketing reforms, especially street purchasing changes, were necessary. It was:

2) That elevator owners should have no say in the management of their elevators. That the man or men engaged in operating the elevators should be chosen by the farmers and that these organizations should take full responsibility for the grades and weights, guarantees being given for that purpose.

\(^{42}\) Ibid., 4.
In return for this the elevator owners will undertake to pay at all times a price not below a limited margin of profit to the elevator company who will also pay the men who are in charge of the elevator.\textsuperscript{43}

By separating the two issues, the premiers differed from the farm movement by suggesting that marketing and handling were distinct problems. The Premiers requested that the grain growers provide reasons why these alternatives were not acceptable.

The proposals, suggested E.A. Partridge, were prepared "according to the best traditions of diplomacy, statecraft and the game of flim flam."\textsuperscript{44} He observed that "The first proposal, which emanated from the honourable Mr. Scott simply suggests that the three Provinces should use their influence to try and induce the railway companies to provide loading platforms and storage bins, when as a matter of fact even the Dominion Government cannot persuade them to give us so much as decent freight service."\textsuperscript{45} Furthermore, Partridge explained that either the provinces maintained a close working relationship with the grain elevator interests or the second proposal insulted the intelligence of the farmers' movement. He rejected the Premiers' suggestions because "when one asks for an apple and is offered a turnip in its stead, the only reason one needs to give for

\textsuperscript{43} Ibid., 10.

\textsuperscript{44} Grain Growers' Guide, June 1908, 10.

\textsuperscript{45} Ibid., 12.
declining the turnip is that one asked for an apple and did not want a turnip."\textsuperscript{46}

Not all farm leaders were as direct as Partridge in their criticism. Both MGGA President, D.W. McCuaig, and SGGA Secretary-Treasurer, R.C. Sanderson, opposed breaking the secrecy of the negotiations.\textsuperscript{47} Still, the IPC responded to the recommendations in a vigourous fashion again demonstrating that they considered elevator reform as a total package that included marketing issues. The proposals were "totally inadequate to safeguard the interests of the farmers in marketing their grain and we beg to reiterate our former request that the government acquire and operate the interior storage facilities along the lines previously stated."\textsuperscript{48} The IPC reiterated the advantages that a provincially-owned elevator system would have over the private system. Even if the Dominion refused to co-operate with the provinces, a government-owned system ensured farmers protection from corrupt practices such as inferior grading, light weights, excessive dockage, inadequate cleaning facilities, and the lack of special binning. Moreover, a sample market, regarded by farmers as a great improvement over the grading system, would be created by the

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{46} Ibid., 12.
\item \textsuperscript{47} Ibid., 12.
\item \textsuperscript{48} SAB, Scott IV. 87., Minutes of the Interprovincial Council Meeting, May 19, 1908, 40121.
\end{itemize}
\end{footnotesize}
increased special binning within government elevators. If the Dominion agreed to co-ordinate its activities with the provinces -- the grain growers assured the Premiers that it would -- then simple amendments to the Inspection Act would make the elevator agents official weighmen and samplers. The agents would then be able to issue storage receipts with the grade and weight determined. As the banks demanded that these two factors be assessed before they would accept grain in storage as collateral, this amendment would remove a major obstacle to farm credit. Farmers able to borrow capital to meet their immediate requirements could market their grain leisurely as prices warranted alleviating the grain blockade.49

The premiers were slow to respond to the IPC. Following the rejection of the premiers' alternatives, several dates for a meeting between the grain growers and the premiers were suggested, yet each occasion was rejected by one of the premiers. The delays made many grain growers anxious.50 The Prosperity Grain Growers' Association wrote:

Our large local Association of Grain Growers is surprised to learn that the conference between the three Premiers regarding matters vital to our interests has been indefinitely postponed. An explanation of the matter at your earliest convenience would be greatly appreciated by our

49 Ibid., 40124.
50 Ibid., Hopkins to Scott, June 15, 1908, 40135.
E.A. Partridge was the most determined critic of the lack of action by the Scott Government and used every opportunity to chastise the government. During provincial by-elections in Humboldt and Saltcoats, Partridge addressed the electors in both constituencies. He requested that they send a message to Scott by rejecting the Liberal candidates. The Scott government, Partridge argued, was opposed to government ownership and should be rejected.52 Scott informed George Langley that Partridge's accusations were not helping the farmers' cause. He remarked, "Such conduct is a poor way to win favour for the Grain Growers."53

Some of the criticism levelled at Premier Scott by Partridge was unwarranted. Scott had significant connections with the grain growers' movement. He had attended their first conventions and exhibited a genuine interest in their concerns. His popularity was such that upon the request of Saskatchewan Liberals, he resigned his seat in Ottawa in 1905 and led the Liberal party to victory in the province's first provincial election. In one of his first actions as Premier, he further improved relations with the grain growers by appointing TGGA President, W.R.

51 Ibid., Bert Talmay, Secretary Prosperity GGA to Scott, November 17, 1908, 40161.
52 Regina Leader, November 28, 1908.
53 SAB, Scott IV.87., Scott to Langley, November 27, 1908, 40177.
Motherwell, Commissioner of Agriculture.

The political situation in Saskatchewan also made it easier for the premier to deal with the farm community. In Saskatchewan, the cities were subservient to the agrarian base. Moreover, the benefits of provincial status — the legislature, the penitentiary, and the university — were distributed equally amongst the cities alleviating competition between them. The interests of the organised farmers were thus easily accommodated within the provincial administration. In Manitoba, however, Premier Roblin was forced to contrast the interests of Winnipeg, a center of trade and commerce, with those of agriculture. Because of Roblin's different political situation he could not give as much emphasis to the grain growers as Scott. Roblin demonstrated his lack of knowledge about the IPC when he requested that Scott forward their joint response to the elevator proposal "to the Secretary (of the IPC), whose name I do not remember but who, I think, lives at Calgary."

The meeting between the Premiers and the IPC representatives was finally held November 26, 1908 in Regina. It


55 SAB, Scott IV.87., Scott to Cambell, January 13, 1909, 40182. The Manitoba Attorney-General had requested copies of all Saskatchewan files on the elevator problem. Scott's response indicated that the Manitoba government had not considered the issue worth keeping files.

56 Ibid., Roblin to Scott, January 16, 1909, 40190.
solved virtually nothing. The farmers' proposals were unchanged from the summer, and the premiers gave only vague promises to continue consultations and make enquiries into the proposals. Scott reiterated that Saskatchewan could not say yes or no to the SGGA proposals.

The Premiers' reply, drafted by Roblin and later signed by both Scott and Rutherford, was delivered in January 1909. It was a thorough statement which suggests that the premiers were taking the grain growers' demands seriously. The premiers argued that the IPC proposal represented a severe financial liability to the provinces. Elevator companies made up any losses in the storage and handling business by making excessive profits on the purchasing of grain. The IPC proposal, however, suggested that the government assume the less profitable side of the elevator business and eliminate the marketing aspect. Only by ensuring that the government elevators were a monopoly, the premiers consequently reasoned, could the provincial treasuries be adequately protected under these circumstances. But, due to the extra-territorial effects of such a measure, the premiers believed that the provinces did not have the authority to carry out the farmer plan. Amendments to the British North America Act (BNA) were thus needed before the

57 Regina Leader, November 27, 1908.

58 SAB, Scott IV.87., Premiers' Reply to the IPC, January 1909, 40191.
provinces could consider further action.

The statement then outlined the four major amendments that the provinces considered necessary. The power to control, regulate, and govern the storage of grain had to be transferred to the provinces. Secondly, they would require the authority to control and regulate weights and grades of grain. The provinces also argued that they would need full control of the railways with respect to elevator sites and car distribution. Finally, the provinces needed power over the trade and commerce of grain to give the provinces extraterritorial jurisdiction in all respects including terminals. The premiers concluded that without these amendments the provinces would be unable to raise the $7,000,000 cost of the project. If the BNA amendments were secured the governments would consider government-ownership of internal elevators.

The farmers movement reacted coldly to the premiers' statement. Both Roderick McKenzie, the newly elected Secretary of the IPC, and T. Bonnar, the IPC legal counsel, responded to the monopoly issue. The "constitutional difficulty you set forth only applies to matters outside and unnecessary for carrying out our requests," wrote McKenzie. The elevator companies weighed grain on standard

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59 Ibid., 40193.

scales and entrusted that weight to delivery. The provincial government was not requested to do any more than this as a sample market would look after any grading and inspection procedures. As the IPC requested that the government perform only the basic services of the elevator companies, no constitutional problem existed. Mr. Bonnar, on the other hand, argued that the constitutional problems were all based on the assumption that any government elevator system would have to be a monopoly. The fear that the system would fail if a monopoly was not created, however, was unreasonable.61 The line elevator companies were able to undercut competition under the present system by making large profits on street purchases, thereby recouping losses. Under the system proposed by the farmers, street purchasing would be eliminated. The line companies, unable to make large profits on street wheat, would be unable to undercut storage costs. Furthermore, the grain growers were so exasperated by the tactics of the line elevators that they would probably patronise a government system even if the handling charges at private elevators were lower.

The IPC also argued that the $7,000,000 estimate of the cost of nationalisation was too high and published their own analysis of the expenses. The cost of building a new

elevator was estimated at $5400 for a total capital outlay (based on the 752 elevators the IPC demanded) of $4,060,800. This amount would be reduced depending upon the number of used elevators the government was able to purchase from the line companies. The operating expenses -- taking into account operator's salary, helper's salary, fuel, repairs, and supervisory costs -- were determined to be $1200. The revenues for each 30,000 bushel elevator handling 90,000 bushels of grain at one and three-quarters cent per bushel less insurance costs were $1350. Thus each elevator would produce a $150 surplus.

At the February 1909 convention of the SGGA, another strong statement in favour of government elevators was adopted. E.A. Partridge was once again the central figure in the debate. The preface to his motion, "whereas the Grain Growers' Association still wants government elevators and whereas the Premiers have refused and give no sound reasons and confuse the public with wordy exaggerations and whereas the opposition in government is no better than the government," reflected the frustration of the farmers' movement. The text of the resolution called on the IPC to continue its efforts and for farmers to take political action. Partridge suggested that the executive circulate

62 SAB, Interprovincial Council, G361.1, 4.
63 Ibid., 5.
64 SAB, SGGA Reports 1909, 14.
pamphlets to the public explaining the farmers' position and that the delegates join political associations to force party resolutions in favour of government ownership of elevators. Although the delegates expressed reservations about the political segment of the resolution and had it removed, the motion sent a clear message to the Scott administration. It was passed, in its amended form, with only seven dissenting votes.65

Despite the nearly unanimous approval of Partridge's motion, not all farmers were pleased with the SGGA decision. A Weyburn area participant, Frank Moffat, commented that a small group of agitators with good orators had put the interests of the GGGC ahead of those of the farmers and swayed the delegates to support the resolution.66 The better farmers, he concluded, were opposed to government ownership. T.M. Bryce, a Yellow Grass farmer, informed Scott that Partridge was full of hot air. In his opinion, fully one-third of the convention and two-thirds of the executive were opposed to government ownership.67 He reported that George Langley had defended the government and together with Green, had removed the political implications of the Partridge Resolution. Liberal Party members within

65 Ibid., 16.
66 SAB, Scott IV.86., Moffat to Scott, February 20, 1909, 39836.
67 Ibid., IV.87., Bryce to Scott, February 18, 1908, 40208.
the SGGA, such as Levi Thompson, suggested that farmers wanted solutions to the grain handling problems desperately. He stated that because no alternatives were available, farmers were being forced to consider a plan of government ownership.\textsuperscript{68} Scott was, therefore, aware that support for innovative plans other than nationalisation of the elevator network existed and consequently had room to manoeuvre.\textsuperscript{69}

The IPC stepped up its campaign for government elevators in 1909. Two pamphlets, "A Provincial Elevator System" and "The Struggle for Government Elevators with Reasons Therefor," were published. These pamphlets used biting rhetoric to make the case for government-elevators.

\textit{It is part of the world wide protest of the WORKERS against wrongs inflicted upon them by the SCHEMERS. IT IS THE NATURAL DEMAND OF ENLIGHTENED MEN LIVING IN THE TWENTIETH CENTURY, TO ENJOY GOD'S BOUNTIES AND THE FRUITS OF THEIR LABOR GROWN SO ABUNDANT THROUGH MAN'S EVER INCREASING MASTERY OVER THE FORCES OF NATURE.}\textsuperscript{70} The pamphlets reiterated the stance of the farm movement on the monopoly issue and attempted to quell the fears that

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\textsuperscript{68} \textit{Ibid.}, IV.86., Thompson to Scott, November 22, 1909, 39878.

\textsuperscript{69} \textit{Ibid.}, IV.87., Scott to Roblin, December 13, 1909, 40252. Scott informed Roblin that the SGGA executive had indicated in confidence that other schemes would be satisfactory. D.S. Spafford concludes that this knowledge was the factor which enabled Scott to proceed with a plan which was opposed to the SGGA resolutions. D.S. Spafford, "The Elevator Issue, the Organized Farmers, and the Government, 1908 - 1911," \textit{Saskatchewan History}, XV (1962), 85.

\textsuperscript{70} GAB, Interprovincial Council, G361.l, 1.
\end{tiny}
farmers would not patronise a government elevator system. "[T]he excessive use of the loading platform is due to the revolt of the farmers against the treatment accorded them in private owned elevators," one pamphlet noted. "Grain has been shipped over the loading platform not because it is cheaper or more convenient, but for the reason that it afforded an escape from the exactions of the elevator owners."\textsuperscript{71}

Despite the increased activity of the IPC, the few months following the 1909 convention were marked by a lack of action on the issue by the provincial administrations. As harvest approached in August, however, the demands became urgent. The continuing problems with securing credit from banks created a sense of alarm amongst SGGA members who considered elevator reform a panacea.\textsuperscript{72} Scott responded to the concerns of the SGGA, announcing his willingness to discuss the elevator issue with the other premiers.\textsuperscript{73} Yet Scott informed both Rutherford and Roblin that "in view of the constitutional position ascertained by our legal department and placed in our communication, I doubt that any purpose would be served by a meeting of the Governments at

\textsuperscript{71} \textit{Ibid.}, 6.

\textsuperscript{72} \textit{SAB}, Scott IV.87., Sanderson to Scott, August 18, 1909, 40222.

\textsuperscript{73} \textit{Ibid.}, Scott to Sanderson, August 20, 1909, 40227.
this stage."\textsuperscript{74} The SGGA was then notified that Roblin and Rutherford saw no reason for a meeting until the constitutional amendments were secured and that Scott agreed.\textsuperscript{75}

Despite Scott's stand, the SGGA continued to press its demands. The executive decided to take action independent of the IPC and encouraged the local associations to appeal directly to their MLA's.\textsuperscript{76} As well F.W. Green presented a petition in favour of government ownership of elevators to the Premier.\textsuperscript{77} Scott, meanwhile, despite his apparent stalling, was actively searching for a solution to the grain growers' grievances and presented any alternative plans brought to his attention to his senior cabinet ministers for consideration.\textsuperscript{78} Furthermore, Scott journeyed to Ottawa to encourage the Dominion government to take action on the terminal elevator issue.\textsuperscript{79} His desire to appease the Grain Growers' Association resulted in a personal meeting between Green and himself to discuss the petition.

\textsuperscript{74} Ibid., Scott to Roblin, August 18, 1909, 40223; Scott to Rutherford, August 18, 1909, 40225.
\textsuperscript{75} Ibid., Scott to Sanderson, September 1, 1909, 40230.
\textsuperscript{76} Grain Growers' Guide, November 17, 1909, 20.
\textsuperscript{77} SAB, Scott IV.86., Green to Scott, November 11, 1909, 39852. SAB, Motherwell, Copy of the SGGA Petition, 7125.
\textsuperscript{78} SAB, Scott IV.87., A. McNab to Scott, September 6, 1909, 40237; W.R. Motherwell to Scott, September 6, 1909, 40239.
\textsuperscript{79} Grain Growers' Guide, November 10, 1909, 12.
By the fall of 1909, failure to act upon the demands of the grain growers was creating a potentially serious political problem for Scott. The Provincial Rights Party had declared its support for government-owned elevators during the 1908 election campaign. Haultain, the party leader, had reiterated this position at a banquet on March 25, 1909. The Manitoba Liberal Executive, as early as August, informed Scott of their suspicion that Roblin would concede to farmer demands. As the harvest concluded, Scott realised that "the agitation in the Province is producing an effect upon the members of the Assembly most of whom insist now that some steps be must be taken in the direction of meeting the demands of the Grain Growers." Moreover, the campaign in a Manitoba by-election focused on the elevator issue. Political pressure now forced the Premier to act.

Following Green's interview with Scott, the SGGA was rewarded for its efforts. On December 3, 1909, Green addressed the Legislature and clarified the demands of the organised farmers. He presented the SGGA petition to the

81 Grain Growers' Guide, April 1909, 4A.
82 SAB, Scott IV.87., H.E. Perry to Scott, August 21, 1909, 40232.
83 Ibid., IV.86., Scott to Bryce, December 8, 1909, 39876.
84 Ibid., Perry to Scott, December 16, 1909, 39893.
MLAs and gave a speech highlighting the major problems facing Saskatchewan farmers and presented their proposed solution.\textsuperscript{85} He informed the Legislature that "[t]he farmers had proven their loyalty to their own company [the GGGC] and there would be no doubt about them supporting government elevators."\textsuperscript{86} Following the presentation, the Legislature sent the SGGA petition to the House Agricultural Committee for consideration. The report, tabled December 16, 1909, called on the government to appoint a Royal Commission of Enquiry to examine the government elevator issue.

Although his government agreed to appoint the Commission, it was apparent that Scott already had a solution in mind. He was confident that a system of farmer-controlled elevators with government financial support was preferable to government ownership.\textsuperscript{87} "[I]t is universally accepted that government ownership is attended by grave economic and political problems," he told a Kinley area farmer in December 1909.\textsuperscript{88} He considered a program similar to the Creamery or Telephone plans to be the most viable solution.

While the Scott government was discussing the terms for

\textsuperscript{85} Regina Leader, December 4, 1909.
\textsuperscript{86} Grain Growers' Guide, December 8, 1909.
\textsuperscript{87} SAB, Scott IV.86. Scott to W. Horden (Dundurn farmer), December 20, 1909, 39888.
\textsuperscript{88} Ibid., Scott to A. Frye (Kinley farmer), December 29, 1909, 39932.
the Royal Commission's enquiry, the Manitoba government conceded to the Manitoba Grain Growers' demands. The governing Conservative Party was in political trouble and needed to restore the government's popularity. Therefore, on December 16, 1909, at the convention of the MGGA, the Honourable G.R. Coldwell, Minister of Education, announced that the Roblin government would purchase a line of elevators in the province. The editorial of the December 22 issue of the Guide stated that both Manitoba and Saskatchewan had consented to government-owned elevators. The statement was not entirely correct but it reflected the opinions of many farmers.

Throughout the negotiations of 1908 and 1909, the farmers' proposals remained firm. They believed that the creation of a government elevator system would solve problems in handling, marketing, transportation, and credit. Rather than adapt their plans to the premiers' objections, the farmers challenged and refuted the premiers' arguments. In Manitoba, Roblin, after first appearing to lack interest, recognised the depth of the grain growers' grievances and conceded to their demands. In Saskatchewan, however, Scott refused to accept the SGGA proposals. He recognised that serious problems existed within the grain handling system,

89 Ibid., Scott to Bulyea, December 20, 1909, 39939. Scott suggested that Roblin had astutely saved any announcement on the elevator issue for the election campaign.

but refused to concede that government-ownership was a viable solution. The appointment of the Royal Commission transferred some of the political burden from his government and provided a reprieve. What was important now was to ensure the Commission recommended a solution which satisfied both the farmers and the government.
Chapter 3
"The Making of an Elevator Company"

The decision by the Saskatchewan government to appoint a Royal Commission of Enquiry into the elevator problem did not lead to the end of farmer agitation on the issue. The SGGA considered the Commission to be the first step towards a government-owned internal storage system. The organised farmers argued that they should control the agenda of the Commission to ensure that the solution was effective. Premier Scott, however, refused to give the SGGA such tremendous influence. He was determined that the Commission would examine solutions other than government-ownership. He selected the personnel for the Commission carefully, choosing men who were acceptable to the farmers yet not wedded to a plan of nationalisation. Originally intended to be ready before the 1910 harvest, the report was not completed until October 1910. As Scott hoped, it rejected both the SGGA proposals and the Manitoba Government elevator system. Instead, it recommended a co-operative elevator system modelled on the existing provincial creamery program. Despite the failure of the report to meet farmer expectations, the SGGA could not reject a plan providing farmers with control of an internal elevator system. The Co-op Elevator scheme, designed by the Royal Commission, was

1 Saskatchewan Legislative Assembly Journals 1909, 67.
given preliminary approval by the SGGA annual convention in February 1911. Legislation creating the Saskatchewan Co-operative Elevator Company was enacted by the Saskatchewan Legislature in March 1911. The Co-op, as the company came to be known, was designed to give farmers control of an internal storage system. Calling for government assistance to the farmer-owned company in the way of loans for facility construction, the legislation was geared towards ending the corruption at the local delivery point by providing competition to the elevator monopoly. Because of the length of their struggle to get the elevator reforms, farmers had extremely high expectations of the Co-op.

Scott understood that the SGGA desired to influence the Royal Commission's examination of the elevator issue. The first dilemma the premier faced in the struggle to maintain control of the agenda was the selection of personnel to conduct the enquiry. The members of the commission would have to be acceptable to the farmers' movement, yet willing to examine issues other than government ownership. He favoured a five-member commission, composed of an economist, three farmers, and an elevator industry representative, capable of examining all the available solutions to the grain growers' grievances.

2 SAB, Scott IV.88., Scott to Green, January 15, 1910, 40388. SGGA Reports 1910, 17. At the SGGA convention, the Minister of Agriculture, W.R. Motherwell, was more specific. He stated that the three farmers on the Commission would be composed of two SGGA members and one independant producer.
University of Saskatchewan President Walter Murray was consulted and recommended Adam Shortt, a prominent economist familiar with the grain trade, as the best candidate to chair the Commission. Dr. Shortt, however, worked with the Civil Service Commission and the possible conflict of interest he faced -- conducting a Royal Commission while employed by the Dominion government -- made him unacceptable. President Murray's second choices, Professor Commons of the University of Wisconsin and Professor McVey of North Dakota, were both Americans. Following a meeting between Scott and Commons, the premier concluded that a Canadian economist would be necessary to ensure the approval of farmers.

His choices now limited, Scott decided on a candidate well down on Murray's list. Other than Adam Shortt, the only Canadian who appeared qualified to head the Commission was Professor Robert Magill, the chair of philosophy at Dalhousie University. Murray described Magill as clear and concise but lacking in diplomacy. He had served as the Chairman of a Nova Scotia Royal Commission of Enquiry into the eight-hour work day and his report, according to Murray, had won him considerable public confidence. His tenure at Dalhousie, six years as chair of political economy before

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3 SAB, Scott IV.88., Murray to Scott, January 6, 1910, 40386.
4 Ibid., 40386.
his present position, was without controversy. His biggest handicap was his total lack of knowledge about the grain handling industry. Magill, despite his own personal reservations about his inexperience, accepted Scott's invitation.

The delays in finding a suitable chairman for the Commission fostered anxiety within the SGGA membership. At the February 1910 SGGA annual convention in Prince Albert, the debate on the elevator issue was heated. The Honourable W.R. Motherwell, Minister of Agriculture, represented the government. The former president of the Association was forced to defend the government's actions. He contended that the appointment of a Commission of Enquiry was not an attempt by the Scott administration to sidetrack the issue of government-ownership, but rather an old-fashioned approach of seeking out all the facts before acting.

Because E.A. Partridge, the leading advocate of nationalization of the elevator industry, was absent from the convention due to illness, F.M. Gates replied to Motherwell

5 After the Commission report was completed, Magill's attitude towards public ownership was questioned. Magill responded that he believed in public ownership of utilities if conditions warranted and in the past had been referred to as a socialist because of these opinions. Ibid., Magill to Scott, January 26, 1911, 40562; Magill to Scott, January 16, 1911, 40558. This statement seemed to contradict his opinion that government ownership subjected the government to the unwise financial practices commonly found among public utilities. Magill to Scott, December 8, 1911, 40496.

6 SAB, SGGA Reports 1910, 16.
on behalf of the Convention. Gates complained that six weeks had passed since the government had announced the Commission yet no progress was visible. If changes were to be made during the 1910 crop year as farmers desired, the work of the Commission had to begin immediately. Even George Langley, a Liberal MLA and a SGGA director, expressed his disappointment with Motherwell's failure to address any of the SGGA's concerns.

In response to the criticism that followed his first speech, Motherwell spoke to the convention again. He produced a more concrete statement, informing the convention that a five-member Commission composed of an economist, an elevator man, two Grain Growers' Association members and an independant farmer would be appointed soon. To avoid any future delays, Motherwell suggested the SGGA nominate its representatives at the convention. Wishing to ensure that the grain growers controlled the Commission, Langley called on the convention to ensure that three SGGA members be included on it. Order was not restored until the Secretary-Treasurer, F.W. Green, assured the convention that the premier had informed him by mail that the Commission would include three grain growers' members. The convention,

7 Ibid., 17.
8 Ibid., 17.
9 Ibid., 18. Green's statement was not technically correct. Scott had promised only that three grain growers would be members on the Commission.
nonetheless, passed a stern resolution chastising the government for its stalling and demanding that three SGGA members be included on the Commission. Furthermore, the convention reasserted its demands for elevator reform and called upon the Dominion to nationalise the terminal elevators concurrently with the provincial takeover of initial storage facilities.10

The SGGA convention was a clear indication to Premier Scott that the farmers' movement desired to control the Commission. His inability to find an elevator man acceptable to both the Grain Growers and the government further complicated the issue. The premier, therefore, decided that the Commission would have only three members, and Green informed him such a concept would be acceptable if the SGGA were permitted to nominate two Commissioners.11 If Scott agreed to this condition, however, the enquiry would be biased towards government-ownership of elevators.

Scott soon came up with a solution that would ensure that alternative schemes were considered. Two prominent members of the SGGA executive had expressed reservations about nationalising the elevator system. Following the Saskatchewan decision to appoint a Royal Commission, Langley had written to T.A. Crerar of the GGGC:

10 Ibid., 19.

11 SAB, Scott IV.88., Scott to Green, February 26, 1910, 40416; Scott to Langley, February 28, 1910, 40451.
I have been uniformly opposed to buying up all the Elevators feeling certain this could not be done without running the risk of starting the thing at a disadvantage, the one certain thing being we should buy many that would be useless and at a price that would be unreasonable. Then the question comes should we buy at all. I am strongly inclined to the belief that in Saskatchewan we should give the matter the utmost attention before we think of buying at all. Further I do not like the idea of starting an Elevator System without the Farmers themselves having a financial interest in the undertaking.  

As Langley was a member of Scott's government and consulted frequently with the Premier about the elevator issue, it was natural that Scott would know of Langley's reservations. F.W. Green also had reservations about the proposal and believed that a scheme similar to the co-operative creamery program would be acceptable to farmers in lieu of government elevators. Scott desired to have Green and Langley as the two Grain Growers' members on the Commission. He suggested that Green submit their names to the SGGA executive as Scott's candidates for the Commission. Should the SGGA reject their selection, he reasoned with Green, the two men could turn down the Premier's invitation. The Secretary-Treasurer reluctantly agreed to submit his and Langley's

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13 SAB, Scott IV.86., Scott to Bulyea, December 29, 1909, 39938; Motherwell Papers, Motherwell to C. Lunn, January 8, 1910, 7131.
name to the executive for approval,\textsuperscript{14} and the directors, anxious to see the commission begin its hearings, gave their support to a Commission composed of Magill, Green, and Langley on March 3, 1910.

The selection of the three-member Commission, however, did not result in immediate public hearings. Magill was committed to teaching at Dalhousie University until April. Moreover, the chairman's distant location made communication among the Commissioners prior to the hearing difficult.\textsuperscript{15} The SGGA expressed concern that the itinerary for the enquiry was not properly developed, and that farmers were having difficulty preparing for the hearings. The first task of the Commission, therefore, was communicating to farmers the terms of its enquiry.

The terms of the Commission were vague. It acknowledged that the enquiry had been taken upon the petition of the SGGA that the "only feasible plan for the improvement of the condition of affairs reported is ... that the storage facilities in each Province be owned by the Provincial government and operated under an independent commission as a public utility."\textsuperscript{16} Yet it pointed to


\textsuperscript{15} Ibid., Green to Scott, April 22, 1910, 40477.

\textsuperscript{16} Report of the Elevator Commission of the Province of Saskatchewan, (Regina, 1910), 10.
several other proposals made known to the Select Standing Committee on Agriculture and Municipal Law. The Commission, therefore, was to make "a searching enquiry into proposals looking to the creation and operation of a system of elevators to effect the objects outlined by the Grain Growers' Association."17

The Commission announced the locations for its hearings in April,18 and prepared a questionnaire, sending it to SGGA locals, agricultural societies, municipal councils, and elevator companies, as a guideline for the public hearings.19 The questions reflected Scott's desire that alternatives to government-ownership be explored. They pointed to problems which nationalisation of the elevator system could produce, asking if other solutions might not be more viable. The wording of the final question -- "Should the government aided elevators be limited in number until the success or failure of the scheme is known?"20-- suggested that a plan other than government-ownership would be considered.

The Royal Commission was extremely diligent in carrying out its task. In spite of the emphasis of the preliminary questions, the Commissioners desired to listen to the

17 Ibid., 10.
20 Report of the Elevator, 13. [emphasis added]
farmers. In their report they wrote: "The Commission may err in its view about any particular scheme of government aid, but its sympathy from the beginning to the end of its work was entirely and without qualification for the growers of grain."\(^\text{21}\) The Commission travelled extensively within the province, visiting sixteen separate communities and interviewing 163 witnesses including: SGGA directors Partridge, Gates, and J.A. Maharg, GGGC President T.A. Crerar, and the representatives of most farmers' elevator companies.\(^\text{22}\)

At the first public hearing conducted by the Royal Commission, May 17 - 23, 1910, at Moose Jaw, the SGGA presented its plan to the Commission. The SGGA directors at their meeting April 19, 1910, decided to recommend that the government create a system of grading, storing, transportation, and marketing of grain by building government-owned elevators.\(^\text{23}\) Their plan was a compilation of the ideas discussed during the 1909 negotiations.\(^\text{24}\) It called for an elevator system which would stop malpractices within the industry and give farmers a 'fair' deal. The elevators would have the proper equipment for cleaning grain to grade, as well as ample storage space for special binning. The

\(^{21}\) Ibid., 18.

\(^{22}\) Ibid., 14-16.


operators, meanwhile, would be qualified to sample and weigh grain and provide graded and weighed storage certificates. On the basis of these certificates, the government-owned system would be secured to advance to the farmer sixty-five to eighty percent of the price of his grain upon delivery of wagon lots, and larger farmers would be able to secure bank loans on special binned grain. The wagon lots received at the elevator were to be combined on the judgement of the operator and stored for sale as car lots. The storage of grain at internal points instead of the terminals would allow farmers to sell grain directly to other farmers for seed purposes, to sell to the local millers, or to sell to the terminal market at their leisure. Such a system, the SGGA argued, would alleviate the grain blockade, provide opportunity to establish a sample market, and free farmers from the responsibility for damages or loss of grain during shipment.

In 1909, the government had rejected a similar plan because the premiers perceived it as a monopoly. The issue had caused the premiers to break off negotiations until the grain growers had secured the constitutional amendments necessary for the provinces to create a monopoly. In its conclusion, the SGGA addressed this monopoly issue.

A system which offers such solid advantages over a private system, namely, security against fraud,

25 SAB, Scott IV.87., Premiers' Reply to the IPC, January 1909, 40191-40198.
opportunity to sell on sample, to raise money on grain before shipment without pledging it to dealers, to save screenings, and to give small farmers equal prices to those obtained by car lot shippers, and which can only be attacked by a method which must bring private owners under suspicion of making up losses by robbery will more than hold its own in a competitive struggle from the first.26

A monopoly was unnecessary and, thus, any constitutional problems which a monopoly would produce were avoided.

Partridge added his own personal views on the matter during the Commission hearings. They reflected his belief that the farm movement should exercise political control over the government which in turn would operate the elevators for the benefit of farmers. The final solution to farmers' problems could be achieved only through nationalisation of public utilities. In his opinion, no compromise would be effective. He argued that private ownership was out-of-date and the only alternative was for the government to own the elevators.27

Besides the SGGA plan, a few alternative proposals were presented to the Commission during the hearings. Mr. H. Dorrell, the President of the Moose Jaw Agricultural Society, also called for sampling and grading at the local elevator on a limited basis and provision for government advances on stored grain. But unlike the SGGA, Dorrell felt that the farmers of a district should have some liability

26 Report of the Elevator, 34.
for the success of the operation. He suggested that farmers, representing more than 100,000 bushels of grain in each district, guarantee the elevator.\textsuperscript{28} The guarantors would assume the role of an advisory committee to oversee elevator operations and together with a government inspector, handle any complaints or abuses within the local district. Finally, the costs of running the elevators were to be determined yearly on the basis of past performance.\textsuperscript{29}

Another plan, extremely different from both the SGGA and Dorrell schemes, was presented by SGGA member, Levi Thompson. Mr. Thompson opposed government-ownership, preferring instead a farmer-owned system with central management and limited local control.\textsuperscript{30} The company he desired -- he referred to it as the Saskatchewan Public Elevator Company -- would be financed through loans from the Saskatchewan government.\textsuperscript{31} Thompson argued that his scheme limited political interference in the elevator system and made farmers financially responsible for the success of the company. These two requirements would ensure the success of

\textsuperscript{28} Report of the Elevator, 36.

\textsuperscript{29} Ibid., 38.

\textsuperscript{30} Levi Thompson was a member of the Saskatchewan Liberal Party who had expressed his opposition to government-ownership to Scott. \textit{SAB}, Scott IV.86., Thompson to Scott, November 22, 1909, 39878. Given the similarity between Thompson's submission to the Royal Commission and Scott's personal philosophy, it is possible that Scott was the source of the Thompson plan.

\textsuperscript{31} Report of the Elevator, 92.
the elevators.

The Royal Commission also studied the establishment of the Manitoba Elevator System. The Manitoba government was in the process of purchasing or building 173 elevators. It intended to operate these elevators as a public utility under the Manitoba Elevator Commission. The Elevator Commission, chaired by MGGA president, D.W. McCuaig, was responsible to the Minister of Public Works and the Lieutenant-Governor in Council. The system, with the exception of political control, was based on the grain growers' proposals of 1909.

The evidence collected by the Royal Commission was not limited to elevator system proposals. The Commissioners travelled to Winnipeg, Minneapolis, Kansas City, and Chicago to examine the marketing systems in these cities. They also invited many of the local farmers' elevator companies in Saskatchewan to make submissions and examined their financial records. They even consulted with the Warehouse Commissioner about the use of the Manitoba Grain Act to remedy several farmers' grievances.

Completed in late October 1910, the report was a thorough investigation of the entire grain handling industry. Magill, Langley, and Green concluded that none of the proposals they had examined would ensure a successful

33 Report of the Elevator, 75.
solution to the elevator problem. The SGGA and Manitoba Elevator System were especially inadequate. Both of these systems required that the elevators' income be derived solely from handling and storage charges. The evidence presented by the farmers' elevator companies, according to the Commissioners, proved that this was unrealistic unless a total monopoly was achieved.\textsuperscript{34} In Manitoba, despite continuous appeals to farmers to patronise the government elevator system,\textsuperscript{35} the elevators appeared to be financially troubled. Moreover, the MGGA criticised the Manitoba Elevator System because of the political control over the Manitoba Elevator Commission.\textsuperscript{36} The MGGA argued that if the System were controlled by an independent Commission it would be more acceptable to farmers and operate more efficiently. The Commissioners, however, concluded that any suggestion that an elevator system, financed by the government, should be independent of cabinet was unreasonable. No organisation -- no matter how good it was -- could be entrusted to spend public money except the Legislature.\textsuperscript{37}

In addition to these problems, the Commission found the

\begin{itemize}
\item \textsuperscript{34} \textit{Ibid.}, 40.
\item \textsuperscript{35} \textit{Grain Growers' Guide}, Editorial, August 31, 1910, 5; G.H. Malcolm, MPP Birtle to Editor, November 9, 1910, 11.
\item \textsuperscript{36} \textit{PAM}, MGGA Reports, 1910; MGGA Reports, 1912; \textit{Grain Growers' Guide}, February 23, 1910, 32-33; Editorial, March 9, 1910, 2.
\item \textsuperscript{37} \textit{Report of the Elevator}, 31.
\end{itemize}
SGGA's financial prospectus for a government-owned elevator system to be inaccurate. The Commission concluded that the annual operating costs provided by the SGGA -- estimated as only $1200 per elevator -- were far too low. John Millar, the chairman of the 1906 Dominion Royal Commission on the Grain Trade, and F.M. Gates, vice-president of the SGGA, provided more realistic assessments. Millar considered the operating expenses for a 30,000 bushel elevator to be $1853, while Gates suggested that $2750 would be a more accurate figure. Because the storage and handling charges were fixed on the basis of volume, the Commissioners concluded that larger volumes than those projected by the IPC would be necessary to make the system profitable. They estimated that an elevator would have to handle four times its capacity to be successful as a simple storage facility. This conclusion was supported by the experience of most farmers' elevators.

Considering the poor financial outlook for the government-owned elevators envisioned by the SGGA, the Commission rejected the grain growers' proposals as too risky for the government. The report also concluded that even if the financial prospects were improved, the SGGA

38 Ibid., 43.
39 Ibid., 45.
40 Ibid., 47-51.
proposals were too broad to be carried out effectively.\textsuperscript{41} The grain growers' plan included changes to the terminal elevator and marketing systems -- areas in which the Commission believed the province should avoid involvement. The terminals were under the jurisdiction of the Dominion government, and any tampering by the provinces would raise constitutional questions. The Commissioners also questioned the SGGA demand for a market place where grain purchases were made on the basis of visual inspection rather than grading -- referred to as a sample market. The SGGA argued that government-ownership of the terminal elevators would end the practice of mixing grain.\textsuperscript{42} Yet mixing of grain was a requirement of a sample market. Moreover, the Commission, supported by T.A. Crerar of the GGGC, concluded that the Exchange was a competitive market. "There is at all events the appearance of competition in the Exchange. If it is only appearance it is well affected."\textsuperscript{43} The Commissioners had also discovered during their visits to the American markets that a sample market could be developed without government elevators; therefore, if the SGGA desired this

\begin{itemize}
\item \textsuperscript{41} Ibid., 26-30.
\item \textsuperscript{42} Ibid., 30. The grading system allowed for certain variations in the quality within each grade. Mixing grain was the practice by which grain of a lower grade was mixed into high quality grain to reduce the overall quality of the grain to the minimum standard of the higher grade. In this manner a terminal could increase the total amount of high grade grain it exported.
\item \textsuperscript{43} Ibid., 65.
\end{itemize}
type of market, despite the evidence in the report, it could be created without the elevator system that they proposed.

The Commissioners reserved their sharpest criticism for the SGGA suggestion that the government advance money to farmers on stored grain. They considered any attempt to transform the provincial government into a bank to be extremely dangerous. They were especially critical of the SGGA assertion that the government should lend money to farmers while having no say in the management of the system. To the Commissioners, it appeared that farmers desired the government to assume the financial risks of farming.

The Warehouse Commissioner had informed Magill that several of the farmers' grievances could be remedied by use of the Manitoba Grain Act. Light weights, substitution of grain, excessive dockage, and improper grading were all addressed by the Act. Although "[t]he commission believe that behind such feelings [of dissatisfaction] there are experiences of rank injustice, recollections of times when elevator operators had farmers in their power, and when they took full advantage of their opportunity," the situation had been improved by the GGGC, farmers elevators and the provisions of the Manitoba Grain Act. "It appears to the commission that these factors can be so strengthened by the province that the result would be to give the farmer

44 Ibid., 28.
45 Ibid., 75-76.
complete control in the matter of internal storage of the grain." 46

In their conclusions, the Commissioners relied upon the ideas of Levi Thompson and the examples of the Saskatchewan telephone and creamery systems. As the experience of the farmers' elevators and the Manitoba government elevators demonstrated that an elevator system was unprofitable on a storage and handling basis only, and political influences would be unavoidable under government-ownership, the Elevator Commission recommended that a farmers' co-operative elevator company be created. 47 They approved of Thompson's desire to have farmers take a financial interest in the company and his suggestion that the elevators not only store and handle, but also buy and sell grain. Financed by low interest loans from the government, such a company would take advantage of the system as it existed, while providing farmers with an interest in its success. Organised on the principle of maximum local control consistent with central management, a co-operative organisation would provide farmers with the necessary control of the grain handling system.

46 Ibid., 82. Magill especially was influenced by this point. He wrote to Scott, "[a]s a student I was and am very much surprised to find so little grounds for real complaint. I expected to find a far worse state of matters than really exists at present." SAR, Scott IV.88. Magill to Scott, undated, 40490.

The report was completed and Scott made aware of its contents by October 28, 1910. The premier was extremely pleased with the recommendations informing Magill "I never imagined it would be in the power of any person ... to perform services for this province of a kind to place me under such a debt of gratitude as you have done." He submitted the original transcript to the SGGA board of directors the next week and the SGGA directors were, on the whole, satisfied. Langley reported that two directors, Durrell and Evans, expressed some objections to the scheme but only Partridge was adamantly opposed to the report.

The reaction to a synopsis of the Commission report, released in the Grain Growers' Guide, appeared mixed. The Guide criticised the Commission for leaving the burden of responsibility for the system on the farmers and was displeased with its dismissal of the Manitoba Elevator System. One SGGA local was even more critical claiming that the Commission had caved in to the government. On a more positive note, C.A. Dunning, a SGGA director, agreed that there were serious disadvantages to government-


49 *SAB*, Scott IV.88., Langley to Scott, November 21, 1911, 40513.


51 *Grain Growers' Guide*, January 4, 1911, 12.
ownership. Even Dunning, however, considered the Co-op solution to be premature.

The SGGA conference in February 1911 was polarised by the issue. Partridge and several supporters were extremely displeased that the Commission had rejected government-ownership of elevators. At the 1910 convention, Motherwell had hinted that the Elevator Commission intended to consider alternatives to nationalisation but Partridge, due to his illness, had not attended the Prince Albert conference. "Now I believe there has been some misapprehension as to the duty of the commission appointed by the executive," he remarked. "The executive appointed the commission to investigate the details of government ownership and not to investigate various schemes." Both the Weyburn and Prince Albert conventions supported government-ownership, and this, he argued, was the basis for the Royal Commission.

Both the Commission report and Scott condemned the Manitoba Elevator System as an example of the financial problems of government-ownership. The SGGA convention thus commenced with D.W. McCuaig, President of the MGGA and Chairman of the Manitoba Elevator Commission, defending the Manitoba Elevator System against the Commission report. Special one time expenses, such as redesigning purchased...
elevators for special binning and the failure of the system to be fully operational before the start of harvest, made the first year financial statement an unfair evaluation of the system. "Taking it on the whole," he stated, "the commission today are thoroughly satisfied with the result." 54

Following McCuaig's speech, the Whitewood delegates, addressed the convention. Because their local association unanimously supported government-owned elevators, they moved "that in the opinion of this convention the finding of the Elevator Commission is not in accordance with the expressed wishes of the farmers of the province and that this convention is in favor of a system of government owned interior elevators." 55 Partridge spoke in favour of the resolution. Although his opposition to the scheme was rooted in his desire for a grand scheme of economic and social change, he attempted to win the support of the delegates by concentrating on economic rather than philosophic flaws in the proposal. Partridge argued that the co-operative elevator system proposed by the Commission failed to address many of the issues. Specifically, grading and credit problems were left unsolved by the scheme. The co-operative company made no provision for the creation of a sample market nor for government advances on stored grain. These

54 Ibid., 16.
55 Ibid., 19.
two reforms, key to Partridge's original conception of government-owned elevators as the means to total grain trade reform, were plausible only if the government owned the elevator network. Partridge did acknowledge, however, that certain aspects of the report were favourable. He applauded the Commission's recommendation of an independent system of management for the elevators and supported the concept of having farmers take a financial interest in the elevators by raising fifteen percent of the capital.\textsuperscript{56} Partridge's ninety-minute speech led one delegate to remark "Mr. Partridge has spoken more of selling wheat than the elevator question."\textsuperscript{57}

Langley defended the report that he had helped to prepare. Nine out of ten farmers who had appeared before the Commission, he stated, rejected the Manitoba Elevator System. "When Mr. Partridge gets up and says it was government-ownership we have been striving for he is wrong. We were only advocating public ownership because that was the best remedy we could see against the evils of private ownership."\textsuperscript{58} He explained that the Commissioners found that a system of storage elevators was unfair to farmers who sold grain in street lots. To solve this problem it was necessary to provide the elevator network with the ability

\textsuperscript{56} Ibid., 20.
\textsuperscript{57} Ibid., 22.
\textsuperscript{58} Ibid., 23.
to purchase grain. He argued that the government could not be expected to speculate with public money in this manner; thus the Commission concluded that a co-operative scheme would be more effective. Furthermore, a system of public ownership was never immune from political control. He concluded that the major co-operative venture the report recommended in its stead provided farmers with control over the internal grain handling system and was the nucleus for "greater things in the future." 59

Although Langley's defense of the report received considerable support, several delegates remained critical. William Noble and John Evans, both SGGA directors, reiterated their support for government-ownership. Another delegate accused Langley of being the fifth wheel of the Scott government and argued that Green, because of his extensive use of loading platforms, had no interest in the elevator issue. 60

The critics could not influence the delegates, however. When the vote was called a substantial majority favoured the Commission report. No simple explanation can suggest why this happened. Even the premier did not quite understand it. He wrote:

the reports coming from the convention were by no means cheerful for us. Langley was not at all sanguine. I daresay it was one of the very

59 Ibid., 27.
60 Ibid., 29.
frequent cases where the kickers make all the noise and appear to be the whole show. Everybody was simply amazed when on taking the vote that night anywhere from five to one to ten to one stood up in favour of our scheme.61

Scott's actions before the SGGA conference started probably influenced the debate at the convention. On February 2, he introduced a bill in the Legislature to implement the Commission's recommendations.62 The Guide argued that the Scott government's introduction of the elevator bill while the convention debated the issue, influenced the delegates. Many SGGA delegates, it argued, concluded that the Co-op was possible while government-ownership was not. Rather than have the elevators remain in the hands of the elevator tyranny, they pragmatically chose to support the reforms which were available.63 Statements made during the debate suggest the Guide's hypothesis may have some merit. A delegate from Saltcoats stated that the government intended to hand over the elevator system to the farmers; to refuse to accept it was, in his opinion, "like looking a gift horse in the mouth."64 Dr. T. Hill, a SGGA director and a supporter of government-ownership, also urged the convention

61 SAB, Scott IV.88., Scott to Magill, February 23, 1911, 40569.

62 Saskatchewan Legislative Assembly Journals 1910-1911, The Bill was introduced on February 2, 1911 and commenced second reading on February 7, 1911, 49 and 66.


64 SAB, SGGA Reports, 1911, 28.
to accept the reforms which were available.\(^{65}\)

Still, other factors must be taken into account. First, both Green and Langley were prominent members of the SGGA, and many delegates expressed faith in their abilities. G.H. McKague proclaimed, "Mr. Langley and Mr. Green are the best friends the farmers of this province ever had. I recommend, gentlemen, that we support the commission because we appointed them in honour."\(^{66}\) Second, the grain growers admired co-operative ideals. The Guide, by explaining the merits of co-operation and promoting the GGGC as a shining example of its success, contributed to farmers' acceptance of a co-operative solution. Moreover, the provincial Co-operative Creamery program, similar in many respects to the elevator proposal, was a respected system within the farm movement.\(^ {67}\) And finally, the co-operative scheme appeared to ensure farmers that they would receive a fair deal at the local elevator. All of these factors played a role in the final decision to support the Commission report.\(^ {68}\) Upon the request of the convention,

\(^{65}\) Ibid., 29.

\(^{66}\) Ibid., 22.

\(^{67}\) Canadian Annual Review, 1911, 561. The Co-operative Creamery system boomed during this period. The number of cream suppliers in the program rose from 553 in 1908 to 1596 in 1911.

\(^{68}\) Spafford, "The Elevator Issue," 92. Spafford argues that the SGGA leaders used public ownership as a club to hold over the government's head. He states that while a few directors such as E.A. Partridge were deeply committed to
Partridge and his supporters conceded to make the vote unanimous. The Scott administration had won a decisive victory, and Saskatchewan moved away from the nationalisation of grain elevators.

The acceptance of the report of the Elevator Commission by the SGGA solved a major political problem for Scott. The Conservatives' position in favour of government elevators was well known. The SGGA support for the co-operative elevator company, notwithstanding the heated debate at the convention, isolated the Conservatives from the farmers' movement on this issue. With the support of the SGGA for the elevator bill now assured, Scott moved forward with the Legislation. The bill calling for the creation of the Saskatchewan Co-operative Elevator Company (SCECo) received third reading in the Provincial Legislature on March 2,

nationalisation of utilities, most SGGA directors used it as a threat. While this hypothesis certainly must be considered, it trivialises the deeply held beliefs of many farm leaders. The work which the IPC and the SGGA put into the preparation of the Partridge Plan suggests that it was more than a simple threat. Moreover, MGGA president McCuaig defended the system won by his association with determination and heart. Given the close co-ordination of activities between the SGGA and its Manitoba sister, it is hard to believe that many Saskatchewan farmers were not as deeply committed to public ownership. Indeed, while Spafford's explanation may be relevant to the question of elevators, the Partridge Plan was far more than just an elevator proposal.

69 SAB, Scott IV.88., Scott to Magill, February 23, 1911, 40565. It is interesting to note that in the 1912 Saskatchewan election, Scott soundly defeated the Conservatives securing a large majority.
Opposition member and SGGA director, P.C. Tate, although he had joined the SGGA convention in its unanimous approval of the Royal Commission Report, moved to block the Legislation on the grounds that only government elevators could produce the reforms desired by farmers. Following the longest debate in the history of the Legislature, the legislation passed on March 14, 1911. The Co-op, as the company would be known, with the SGGA executive acting as provisional directorate, was created.

The structure of the SCECo was specially designed to suit the farm movement. The relationship between the shareholders and their company in the Act was unique. At any local delivery point in Saskatchewan, farmers could organise a company local. They would purchase shares in the SCECo for fifteen percent of the total fifty dollar value. Only farmers were permitted to purchase shares and no single farmer could buy more than ten. A local was considered to

70 Saskatchewan Legislative Assembly Journals 1910-1911, 49. The name of the company in the original Bill was the Grain Growers' Elevator Company of Saskatchewan. It was changed to Saskatchewan Co-operative Elevator Company before the final reading to avoid confusion with the GGGC.

71 Saskatchewan Legislative Assembly Journals 1910-1911, 80; Canadian Annual Review, 1911, 569. Haultain also maintained his position in favour of government elevators.

72 SAB, Scott IV.88., Scott to Magill, March 18, 1911, 40583; Canadian Annual Review, 1911, 569.

73 Statutes of Saskatchewan 1910-1911, c.39, (hereafter Saskatchewan Elevator Act), secs. 3, 13. Section 13 was amended in 1912 to allow a single farmer twenty shares.
have been established, provided that the total value of the subscribed shares was equal to the cost of the elevator, when the board of directors of the SCECo accepted an application from any number of farmers representing at least 2,000 acres of cropped land for every 10,000 bushels of elevator capacity desired. Each company local elected a local management board and three delegates to represent the local at the annual company meeting. Each shareholder at the local meeting was allowed one vote per share to a maximum of five votes at these elections.74 The Co-op could commence operation following the organisation of at least twenty-five locals.75

The local management board was responsible for all matters pertaining to the management, maintainance, and operation of the local elevator.76 Any further powers and duties of the local board were to be determined by the by-laws set at the annual meetings of the company. At the annual company meetings each local received one vote per delegate no matter how large or profitable the local was.77 The board of directors, composed of nine shareholders elected at the annual meeting to three-year terms, was responsible for the central management of the SCECo. The

74 Ibid., sec. 14.
75 Ibid., sec. 7.
76 Ibid., sec. 16.
77 Ibid., sec. 10.
Elevator Act gave the directors the power to make all contracts on behalf of the company and left to the board any residual powers. As a result of the voting system and the central control of the Co-op, no single local or group of locals could dominate the affairs of the company. These simple principles were in line with the Rochdale principles of co-operation.

The distribution of profits on the basis of a member's patronage of the co-operative was another Rochdale principle allowed under the Act. The disbursment of profits by the company was specified in Section twenty of the Act. It permitted the company to pay to shareholders, on a co-operative basis, an amount not greater than fifty percent of the balance of the total profit. The co-operative distribution of income, however, was only one of several alternatives available to the directors. As the Act specified that the co-operative distribution must be fairly and equitably proportionate to the volume of business which a shareholder brought to the company, any formula for a co-operative division of profits would be extremely complicated. Therefore, it was left to the discretion of the board of directors to implement this clause.

The Company did not meet several other principles of co-operation such as no return upon capital investment, but

78 Ibid., secs. 9, 11.
79 Ibid., sec. 20(3)(a)
it made little difference to the farm community. Most farmers considered any institution which they owned and controlled as a co-operative. Because few farmers were well educated on the subject of co-operatives, the structure of the Company was subordinate to its proposed objectives.

The Act maintained a distance between the government and the company. The province agreed to loan to the Co-op amounts up to eighty-five percent of the total cost of building or acquiring and renovating an elevator at each local.  These loans, payable in twenty annual instalments, were secured by the mortgages on each elevator. The government took no part in the day-to-day management of the company, choosing instead to ensure that its financial interests were guarded by the provision within the Act that the annual financial statements of the SCECo must be audited by the provincial auditors.

The issue over which the fiercest confrontations between the SGGA and government occurred was the power of the Co-op to conduct business. Scott preferred that the company be restricted to operating the grain elevators and other business related to the handling of grain. Several of his ministers, including J.A. Calder and A. Turgeon, supported him. They felt it would be preferable to limit the authority of the company until it had matured.  Green,

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80 Ibid., sec. 24.
on the other hand, demanded that the SCECo be given more extensive authority. Langley sided with Green, threatening to introduce an amendment to the Bill on his own, and Scott, fearing political repercussions, agreed to extend the company's charter. Scott's fear of political embarrassment over the amendment proved unfounded as the vote crossed over party lines. The Co-op was created "with power to construct, acquire, maintain, and operate grain elevators within Saskatchewan, to buy and sell grain and generally to do all things incidental to the production, storing and marketing of grain." It represented far more than a grain handling and storage company.

The creation of the SCECo by the Saskatchewan government brought about many of the significant changes to the grain handling system requested by farmers. The SGGA had sought to regulate the form of the desired reforms, but Scott had cleverly maintained control of the agenda. To his satisfaction, the report of the Royal Elevator Commission was unfavourable to the SGGA proposals, recommending changes in the grain handling system along the lines of co-operation

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82 SAP, Scott IV.88., Scott to Magill, March 18, 1911, 40583.

83 Grain Growers' Guide, March 22, 1911. 3. Cabinet ministers Turgeon and Calder as well as Opposition Leader Haultain were amongst those who voted against the amendment, while McNab, Motherwell, and eight opposition members supported it.

84 Saskatchewan Elevator Act, sec. 2. [emphasis added]
-- a principle which was popular among the organised farmers. The elevator company which was created also had the ability to work within the existing marketing system and encourage reform in other areas of the grain trade. The premier had no difficulty approving of a venture which required the government to assist farmers in creating their own solution to their grievances. The SGGA, recognising that a co-operative company gave it the opportunity to effect many of the reforms it desired, also gave its support to the Commission's recommendations. Although the SCECo was criticised by some farmers because it was not the broad solution they envisioned, the majority of the SGGA members believed it would fulfill their expectations.
Chapter 4

"A Successful Elevator Company?"

Previous attempts to reduce the role of the grain handling middlemen through independent farmers' elevators had proved unsuccessful. The SCECo, however, was a diversified company with the power to conduct business other than the storage and handling of grain. And, although it lost money on its grain handling operations, the Co-op was successful as a grain buyer and commission seller producing a profit in its first year of operation and each subsequent year through 1917. The new centralised farmers' elevator company, assisted by the low interest loans provided by the Saskatchewan government, also expanded so quickly that in 1914 it was proclaimed the largest grain elevator concern in Canada.¹ Moreover, in 1916, the Co-op became a member organisation of the Canadian Council of Agriculture, thereby officially adding its voice to the organised farmers' movement. The success of the SCECo, as measured by its vigorous growth, its profitability, and its acceptance by the farm movement, can be attributed both to the thorough and responsible attitude of the company directors, and to the great expansion underway in the grain handling industry during the Co-op's first years of operation.

¹ SAB, Newspaper Clippings, Agriculture/Co-operatives and Farmers'Organisations/Co-operative Elevator Companies (hereafter cited Newspaper), Regina Leader, August 7, 1914.
The timing of the startup for the SCECo was a key element of its success. The Company, created amidst a major expansion in the grain handling industry, easily found locations where competition in the grain elevator business was limited. In Saskatchewan the number of grain delivery points, or stations as they were often called, increased from 113 in 1906 to 374 in 1911 to 710 in 1916. The line companies could not keep up to this rapid expansion of the grain industry, and new companies easily found a niche. Moreover, the 1911-1912 crop was extremely large and taxed the grain handling system to its limit. In comparison, the 1910-1911 crop -- the year the Manitoba Elevators started -- was small and competition for it was fierce.

During the period of rapid expansion in the agricultural economy of Saskatchewan, many companies involved in the grain handling industry were profitable. Most of these firms, like the Co-op, offered a variety of services including grain handling and grain buying. The large well-established milling and elevator companies such as Ogilvie Flour Mills and Lake of the Woods Milling

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2 See Map for information on the location of the original SCECo elevators and Table 5 for information on the competition they faced.

3 Canada Year Book, 1916, 453.


5 Financial Post, October 12, 1912, 8; October 11, 1913, 7; October 10, 1914, 1. Ogilvie reported below average profits in the 1910-1911 crop year.
reported increasing profits on their overall operations from 1909 through 1914. Furthermore, the Alberta Pacific Grain Company, created the year after the Co-op, reported $322,326 profit on 140 elevators in its first year.⁷

Given the buoyancy within the grain trade at the time of the Co-op's creation, it would have been difficult for it not to succeed. The SCECo, nevertheless, was expected to be much more than a profitable company. Farmers believed it would produce the prosperity they searched for. The strategies and attitudes of the Company's organisers would determine the magnitude of its success. The Elevator Act named six SGGA directors as the provisional directorate of the Company. These men, J.A. Maharg, C.A. Dunning, F.W. Green, A.G. Hawkes, James Robinson, and Dr. T. Hill, immediately began the organisational work necessary for the SCECo to commence business. Meeting at the SGGA offices in Moose Jaw, the provisional board elected Maharg president, Green vice-president, and Dunning Secretary-Treasurer. They decided to emphasise the SCECo connection with the SGGA by sending a circular to all SGGA locals "with a view to ascertaining the demand for elevator organisation."⁸ They included a pamphlet outlining the purposes of the co-

⁶ Ibid., October 5, 1912, 14; October 4, 1913, 17; October 10, 1914, 1.

⁷ Ibid., October 18, 1913, 11.

⁸ Grain Growers' Guide, February 21, 1912, 9; SAB, SGGA Reports 1912.
operative elevator scheme, a copy of the Elevator Act, and information on the organising process.

Green resigned from the Co-op directorate for personal reasons very early in the organisational process and was replaced by George Langley. In spite of Green's resignation, the early organisation proceeded relatively well. The Elevator Act stipulated that to organise a local, farmers in a district had to subscribe for shares in the Company with a value equal to the total cost of their elevator. The subscribers had to represent at least 2000 cropped acres in the district for every 10000 bushels of elevator storage capacity. The organisers, however, had no difficulty finding farmers willing to buy shares and meet the conditions.

The desire of the directors to ensure the Co-op did not suffer the same fate as the Manitoba Elevator System made them cautious. The Manitoba Elevators, offering grain handling services only, had opened at over 100 locations in its first year. It had several elevators lose money and the profitability of the whole system was affected. The directors, therefore, thoroughly examined all applications and sent directors to only those points where they perceived an elevator was viable.


Complaints from farmers were inevitable. A Sylvania farmer, William Ratcliffe, complained that, while farmers in the district had subscribed to the necessary shares and requested an organiser be dispatched, the directors had overlooked his delivery point. The Co-op, he stated, was building elevators at well-developed locations while excluding the small outlying communities such as his. Langley responded that the directors were "anxious to run this great undertaking -- and it is a great one -- on business like lines that will ensure success, and building an elevator 200 miles from any other was a proposition that could not be entertained." The Co-op directors felt it necessary to explain this philosophy continuously. In 1914, the Co-op published a statement clarifying its strategy.

As the Company is a commercial concern -- that is, it exists to conduct a certain line of business at a profit -- it is evident that it must be allowed to carry on its affairs and develop in its own way, and always with a view to making a financial success of its work. Therefore, it may not always be possible for it to establish an elevator immediately it is asked to do so.

Ratcliffe's suggestion that the Co-op was avoiding Sylvania in favour of locations where many elevators already existed was unfounded. Of the forty-four elevators

11 SAB, Scott IV.86., Ratcliffe to Scott, August 15, 1911. 40020; Grain Growers' Guide, September 20, 1911, Ratcliffe to Editor, 13.

12 Grain Growers' Guide, Langley to Editor, October 4, 1911, 13.

13 SAB, SCECo, G33.7, Co-op Elevator Act Explained, 5.
completed by the Co-op in time for the 1911-1912 crop year, twenty-two were the only elevator and three were the second elevator at the respective delivery point.\textsuperscript{14} Given the financial circumstances surrounding the startup process--the Co-op had no spare funds -- the SCECo chose to organise in geographic clusters along certain rail lines during the first year to limit supervisory expenses.\textsuperscript{15} The few individual locations which received elevators were easily accessible from the main geographic centres.

The major problem in organising the locals proved to be securing the fifteen percent of the total share cost which farmers were required to pay. Farmers in new districts were burdened with the cost of starting their farms and the extremely poor quality of the 1910 crop had weakened farmers' credit position. Few farmers could borrow money to purchase shares and thus they were forced to use cash on hand. Dr. Hill reported that the only obstacle to organisation was the limitations on farmers' cash.\textsuperscript{16} To overcome this problem, Dunning used the "friendly assistance of the provincial treasurer" in the form of a $7000 organisation grant to help farmers and by June 12, the

\begin{itemize}
\item \textsuperscript{14} Department of Trade and Commerce, \textit{List of Licenced Elevators and Warehouses}, 1912.
\item \textsuperscript{15} A good example of the geographic proximity of the locals are the locals at Govan, Duval, Cymric, Strasbourg, and Cupar all along an eighty kilometer stretch of one CPR line.
\item \textsuperscript{16} \textit{Grain Growers' Guide}, May 17, 1911, 22.
\end{itemize}
twenty-five locals necessary to commence business were organised.\textsuperscript{17} Another twenty-one locals were ready by the date of the first general meeting of the company July 6, 1911. The SCECo commenced operations with forty-six locals composed of 2,580 shareholders subscribing 8101 shares.

At the first meeting of the SCECo, July 6, 1911 in Moose Jaw, Charles Avery Dunning was the guiding force. The young farmer from Beaverdale -- a future Saskatchewan premier -- was relatively new to the organised farm movement. Attending his first SGGA convention in 1910, he immediately had an impact on the association with his compromise proposal during the Hail Insurance debate. His oratory skills and clear intellect were such that even his inexperience did not deter the delegates from electing him to the SGGA directorate.\textsuperscript{18} Elected vice-president of the SGGA executive the following year, Dunning was appointed to the provisional directorate of the Co-op by the Elevator Act. From his position as Secretary-Treasurer of the provisional board, he guided the first annual meeting through the organisational phase.

The main order of business was the passing of the Company by-laws as required by the Act. Dunning was the

\textsuperscript{17} \textit{Ibid.}, February 12, 1912, 9. Although not directly stated, it appeared that Dunning may have used some of the money to buy shares on behalf of farmers.

architect of the sixty-three by-laws and explained each to the shareholders. While most were administrative, detailing how notice should be given for meetings or how large an allowance directors received for meetings, a few amended the voting procedures to reflect the Company's co-operative principles.19 The Act provided for three delegates per local at the Company's annual meeting. Dunning moved a by-law restricting the number to one on the grounds that some locals would be unable to afford to send three. Equal representation of all members was a key to co-operation. Another by-law improved the co-operative democracy of the SCECo at the local level. The Act allowed for as many as five votes per shareholder depending upon the number of shares he owned. Dunning's by-law restored the co-operative principle of one vote per member. Furthermore, the by-laws provided for the election of the Company's three-member executive by the directors rather than the annual meeting.20 Under the by-laws, the Company directors were ensured control over the affairs of the Co-op and little other than advisory capacity was left to the local management board.

The election of directors was the only other major function performed at the first meeting. The directors of

19 SAB, Saskatchewan Co-operative Elevator Company, S-B1, Minutes of Annual Meetings 1911 - 1926, (hereafter cited SCECo, Minutes), July 6, 1911, 6-16.

20 SAB, SCECo, By-Laws as revised November 11, 1914, By-law 5. Sec.8.
the Co-op were elected for three-year terms. The Act, however, required that three directors be elected for three years, three for two years, and three for one year, at the first meeting so that during any year only three directors positions became vacant. The meeting, therefore, decided that the three highest vote getters would serve for three years, the next for two years, and the following for one year.²¹ It was not surprising that SGGA directors Marharg, Dunning and Langley received the highest vote totals and were elected for three-year terms. J. Robinson for two years, and A.G. Hawkes for one year, were the other two SGGA directors elected to the Board. Four men not on the SGGA board, Messrs. Baumunk, Sutherland, Paynter, and Barrick, rounded out the directorate. The interlocking directorate of the Co-op and SGGA ensured that the ties between the two organisations would remain intact.

Before the July 6, 1911 meeting, the executive had already made preparations for the crop year. The Elevator Commission had reported that the returns from storage and handling charges were limited. Moreover, it had found that a company conducting business in storage and handling only would not help those farmers who sold wheat at street value. Consequently, to get street sellers a fair price for their grain and end the corruption in the grain purchasing

²¹ SAB, SCECo Minutes July 6, 1911, 6. Saskatchewan Elevator Act, sec. 9.
business, the Co-op was given the power to purchase grain from farmers. Dunning had secured the funds necessary for this by negotiating a $500,000 line of credit with the Canadian Bank of Commerce -- a major achievement considering that only $61,560 of the subscribed capital was paid up and the government held a mortgage on all Co-op property. To obtain the loan, Dunning pledged the uncalled capital of the subscribed shares as collateral. Then to provide the bank with an assured source of money should the SCECo fail, he convinced the government to guarantee $100,000 of the line of credit. The shareholders, therefore, were liable for the Company's debt to the Commerce had it failed.

The SCECo had also answered critics who suggested that it would compete with the GGGC and had made provision to sell the grain it purchased through an agreement with the GGGC on April 19, 1911. Under the terms of the agreement,

Grain Growers' Guide, February 21, 1912, 10. The elevator Act was amended in 1913 to allow the government to act as a guarantor of loans made to the SCECo. In 1911, however, no such guarantee existed making Dunning’s achievement even more remarkable.

Statutes of Saskatchewan 1912, c.41. The section of the Act referred to as Security C is a copy of the agreement between the Bank of Commerce and the SCECo. To this must be contrasted the unwillingness of the Alberta Farmers' Cooperative Elevator Company to request that the government guarantee loans for the Company and its inability to secure a line of credit. Thus it became dependent upon the GGGC for financing. Queen's University Archives (hereafter cited QUA), Crerar Papers, Crerar to C. Rice-Jones, July 14, 1915 and August 21, 1915. It is also important to note that Dunning made no reference to the shareholders' liability for the line of credit in any of his statements to them.
the older farmer co-operative became the Co-op's selling agent.24 The Co-op was charged one-half cent per bushel for the handling of street grain. As well, the GGGC, in return for the reimbursement of any fees plus six percent interest on overdue charges, agreed to maintain a seat on the Winnipeg Grain Exchange for the Co-op. Furthermore, the GGGC agreed to wire information to the SCECo buyers for the purpose of purchasing grain and to provide to these buyers a three-eighths of a cent per bushel commission on any grain consigned to the GGGC through them.25 With the line of credit and the GGGC agreement, the directors needed only to get the elevators into operation to commence business.

Manitoba's experience with inflated purchase prices for existing elevators caused the Co-op to emphasise building elevators, and the Company purchased existing elevators at only six locations. An engineer, E.S. Estlin, was hired by the Co-op, and a search for an elevator design conducted. The proposals of Harper Construction of Winnipeg for both 30000 and 40000 bushel elevators seemed to fulfill best the needs of the company.26 These designs increased the special binning capacity of the elevator without sacrificing the technical advancement. The 30000 bushel capacity elevator

24 SAB, SCECo Minutes, July 6, 1911, 10.
25 QUA, Crerar, Saskatchewan Co-operative Elevator Company, Crerar to Dunning, June 7, 1912.
had fourteen carload sized bins, two double carload sized bins, and two large bins for street wheat.\footnote{Grain Growers' Guide, September 13, 1911, 16. The 40000 bushel design had two more carload and double carload capacity bins.} Farmers' concerns about improper weighing and accessibility were also addressed by the elevator design. They had a large sixteen-foot dump scale for deliveries and a two-hundred-bushel hopper scale for proper weighing of grain for shipment. A key piece of the elevator's equipment was a Number Eight Monitor grain cleaner with a 1250 to 2500 bushel per hour capacity.\footnote{Ibid., 16.} The elevator, therefore, had the proper equipment to answer several of the farmers' complaints about the line companies. The Co-op went even further by ensuring that the grade of the elevator entrance was slight enough for easy access by even the largest wagons.

Contracts to build the elevators were let to five companies with completion dates ranging from October 1 to November 15.\footnote{SAB, C.A. Dunning Papers, Annual Report of the Saskatchewan Co-operative Elevator Company (hereafter cited Co-op Report) 1912, 4. The projected dates of completion were ten elevators by Oct. 1, nine by Oct. 15, six by Oct. 25, eleven by Nov. 1, and four by Nov. 15.} Many of the elevators, however, were constructed along new or incomplete rail lines, and contractors experienced difficulties getting materials to the site. Moreover, the contractors were unfamiliar with...
the new design and construction was slower than normal. As a result, only seventeen of the elevators were actually operational by December 1, 1911, and nine were still incomplete on December 31.  

In spite of the construction problems, the first year of business for the SCECo was quite satisfactory. Dunning estimated that the delays in opening many of the elevators had reduced the amount of grain handled by the Company by 2,000,000 bushels. Yet the Co-op still handled 3,261,000 bushels -- 1,786,355 specially binned -- or an average of 70,891 bushels per elevator. Based on the Elevator Commission's calculations that an elevator would have to be filled four times to make a profit on storage and handling charges, the Co-op would have suffered a severe financial setback on these volumes.

The Commissioners, however, had recognised the problems the Company would have achieving such large volumes of grain, and under the terms of the Act, the SCECo stored, bought, and sold grain. Although the Co-op did not make money handling grain, the surplus it produced purchasing grain with its line of credit -- $111,604.83 in cash and grain stocks -- resulted in a $52,461.60 profit on the year's operations. The directors reported that the new

30 Ibid., 4.
31 Ibid., 7.
32 Ibid., 15. See Table 1.
storage facilities for preserving the identity of a farmer's grain and cleaning before shipment had allowed farmers to obtain full value for their grain. Although the variations in grade of the crop made street purchasing difficult, the Co-op reported "not only has it been able to pay higher prices for grain of poorer qualities than was ever paid before, but it has also been the means of higher prices being paid by its competitors."\(^{33}\)

The successful first year of operations inspired Dunning, selected General Manager and thereby chief operating officer, to expand the SCECo rapidly. One of the major problems farmers perceived about the individual farmers' elevators was their inability to withstand the cut-throat competition of the line elevator companies. The farmers believed that the line companies gave high grades or paid high prices at the point where the farmers' elevator operated while making up any shortfalls at other stations. Dunning hoped that the Co-op could entrench itself in the industry at so many different locations that the line companies could not compete in this manner.

Initially few requests for elevators were received during the fall of 1911 and it appeared that rapid expansion would not be possible. As the provincial elevator network

\(^{33}\) Ibid., Co-op Report 1912, 8.
clogged under the strain of handling the 1911 harvest, however, interest in the Co-op increased. By February 1912 the Company was 'deluged' by requests for organisation of locals. The late start in the organisation process resulted in construction problems during the spring. In spite of the delays, the Co-op completed the construction of two elevators planned during the previous year, built forty-eight new elevators, and purchased forty-three existing facilities. Dunning succeeded in opening ninety-one new locals and operating one hundred thirty-seven elevators in the 1912-1913 crop year making the Co-op the largest elevator company in Saskatchewan. His strategy proved to be effective against the line companies and in addition, it allowed the elevators in areas where crops were poor to survive on the profits made by the whole system. The problems associated with spring construction, nevertheless, led the directors to recommend and the annual meeting to concur that all future organisation of locals for an

34 Grain Growers' Guide, January 10, 1912, 8. It was reported that 7000 railway cars were needed at 133 points across the prairies.

35 SAB, Dunning, Co-op Report 1913, 7. The Co-op Report 1915 indicates that 86 elevators were constructed during the year. As no alternative evidence for either figure can be found, the lower and more immediate figure has been used.

36 Annual Report Saskatchewan Department of Agriculture 1913, 216.

37 SAB, Dunning, Co-op Report 1915, 14.
upcoming crop year be completed in the preceding January.\textsuperscript{38}

Besides expanding its elevator network, the Co-op also decided to enter the lucrative commission sales business and purchased a seat on the Winnipeg Grain Exchange. The GGGC had offered to continue the 1911 agreement under the assumption that "even friendly rivalry between the Saskatchewan Co-operative Elevator Co. and the Grain Growers' Grain Company would in the end have only unfortunate results."\textsuperscript{39} The Co-op, though, realised that the profitable commission business was an important supplement to its limited grain handling income. Furthermore, relations between the two farmers' companies were already showing signs of strain. At the GGGC annual meeting in 1912, Langley was critical of Crerar and along with Maharg and Green, he resigned from the GGGC board of directors.\textsuperscript{40}

As the Co-op began its second year it was secure in its position within the industry. The number of shareholders in the Company had increased to 8,962 subscribing 23,758 shares with $179,197.50 paid up. It now operated 137 elevators and a commission sales office in Winnipeg. Without the assistance of the Saskatchewan government, this extra-

\textsuperscript{38} \textit{Ibid.}, Co-op Report 1912, 9.

\textsuperscript{39} \textit{QUA}, Crerar, SCECo, Crerar to Dunning, June 7, 1912.

\textsuperscript{40} \textit{United Grain Growers' Library} (hereafter cited UGG), GGGC Annual Report 1912.
ordinary growth would not have been possible. To build elevators, the SCECo borrowed a total of $1,154,176.12 from the provincial treasury during its first two years and $51,667.32 interest had accrued. 41

Although the SCECo faced keen competition from the line companies during the 1912-1913 crop year, the rapid growth orchestrated by Dunning placed it in a superior position compared to the small locally owned farmer companies of the past. 42 The Co-op operated 11 percent of the elevators in Saskatchewan and handled 9.8 percent of the crop. 43 This amount represented an increase in the volume per elevator to 94,153 bushels. When all its business operations were combined, the Co-op generated a good profit on the year’s operation. The success in 1912-1913 allowed the Company to exercise caution when selecting new locals, ensuring that the volume of business expected warranted construction of an elevator. To ensure that the policy was followed, the executive assumed all responsibility for approving new

41 SAB, Dunning, Co-op Report 1913, 16-17.

42 Ibid., Co-op Report 1914, 9; SGGA Reports, 1916, 19.

43 Saskatchewan Department of Agriculture 1912. The total number of elevators in Saskatchewan in 1912 was reported as 1246. Of these 137 were SCECo facilities or approximately 11 percent. The crop includes all grain shipped across the loading platform. See Table 1 for SCECo statistics on crop handled and Table 4 for Saskatchewan crop statistics.
locals from the Organising Department.44

The Co-op built twenty new elevators and purchased several others, increasing its total to 192 in the 1913-1914 crop year. It continued to increase the number of elevators within its system each year but the railway construction boom was coming to an end. Any new construction had to occur in direct competition with existing elevators. Moreover, the amount of land cultivated in Saskatchewan peaked in this period decreasing slightly between 1915 and 1917.45 As the need for urgent growth diminished the Co-op expanded slowly. In 1916, the Directors reported that although 200 applications for locals were on file, only 30 new sites were approved.46 By July 31, 1917 the SCECo operated 258 elevators in Saskatchewan.47

In anticipation of this remarkable growth, the directors had restructured the Company in 1912 to increase its efficiency and centralise its operations. Five separate departments, each under the guidance of a general superintendent reporting directly to the General Manager, 

44 SAB, Maharg, Minutes of the SCECo Executive Meeting, January 19, 1914.
46 SAB, Maharg, Draft of Directors Report to 1916 SCECo Annual Meeting.
47 See Table 1.
were created. The new structure of the Co-op made the supervision of its 540 employees, 455 in operation and construction and 85 in the offices, much easier. The directors believed that the difficulties faced during the first year of construction would be alleviated if the Co-op undertook its own work. Therefore, E.S. Estlin became the superintendent of the Construction Department responsible for the erection, upkeep, and renovation of all Co-op elevators as well as securing the equipment necessary for their operation. Another department, Accounting under F.W. Riddell, assumed the responsibilities surrounding the Company's progressive audit. The employment of the elevator operators and the supervision of all grain storage and purchasing were the duties of the Operating Department with J. Thordarson as superintendent. In recognition of the importance of proper organisation of new locals, George Langley became the superintendent of the Organising Department. The decision to refuse the GGGC offer to continue as the Co-op's selling agent necessitated the creation of a Sales Department in Winnipeg under F.N. MacLaren. Dunning remained the overall supervisor of the Company's operations and the executive -- composed of Maharg, Langley, and Dunning -- was the central authority.

48 SAB, Dunning, Co-op Report 1912, 6. In 1913, the Organising Department was divided into a Northern and Southern Division each with a Superintendent.

49 Ibid., Co-op Report 1913, 10.
Moreover, in 1914, the executive further centralised the control of the Company by giving the authority to set all salaries, with the exception of the superintendants, to the General Manager.  

Evidence of the highly centralised control of the Company was found within the Operating Department. The number of elevators in Saskatchewan rose dramatically from 835 at 330 stations in 1910 to 1782 at 710 stations in 1916. The dramatic increase made it nearly impossible to find experienced workers. The situation improved each year but the Co-op operated several elevators on a seasonal basis making it difficult to keep experienced help. Yet Dunning stopped a proposal in 1913 to give the locals more input into the operation of their elevators. The operators, he argued, resented the interference of farmers in the elevator business; any increase in local autonomy could only worsen the problem. One local tried to convince the directors to hire an agent recently laid off by a competitor in their town. The local, however, could only suggest to the directors that a certain person be hired, and the Operating

50 SAB, Maharg, Minutes of the SCECo Directors Meeting, June 30, 1914.
51 Canada Year Book 1916, 453.
52 SAB, Dunning, Co-op Report 1914, 6.
53 SAB, SCECo Minutes, November 19, 1913, 34.
54 SAB, J.A. Maharg Papers R-71, SCECo, Lewis Gabriel (Bangor) to Maharg, June 23, 1915.
superintendent had the final authority to employ the operators.\textsuperscript{55} The superintendent was late arriving at the station and the operator returned to work for his old employer. As the Co-op avoided negotiating with operators working for competitors,\textsuperscript{56} the issue was not resolved.

The Operating Department also supervised its operators very closely. It required the operators to report daily upon the amount of grain taken into storage, the amount of track grain purchased, and the amount of street grain purchased.\textsuperscript{57} Furthermore, the elevators were inspected regularly by district supervisors. Their inspections not only included the condition of the scales, cleaners, machinery, elevation legs, and grounds, but also such issues as the operators' use of the car order book, his promptness in loading cars for shipment, his ability to purchase grain at a safe grade, and his ability to encourage farmers to deliver grain to the Co-op elevator.\textsuperscript{58} The interest of the Head Office extended to every level of the local's operation including the loyalty and patronage of the shareholders at the station.

Further evidence of the centralisation of power in the

\textsuperscript{55} The Co-operative News, June 1916, 4.

\textsuperscript{56} Ibid., 4.

\textsuperscript{57} QUA, Crerar, SCECo, Copies of the Daily Report Forms used by the SCECo.

\textsuperscript{58} Ibid., SCECo Superintendant's Daily Report.
SCECo came with the resignation of Dunning in 1916 to become the Provincial Treasurer in the Scott government. To the General Manager "more than any other one man is attributable the splendid success which this movement has attained."

Yet, the board of directors did not allow the annual meeting to select his replacement. Without consulting the shareholders, they promoted the Assistant General Manager, F.W. Riddell -- an employee rather than a director -- to the important post of General Manager. The directors then selected James Robinson as the new member of the executive.

In the opinion of Co-op director and SGGA Secretary J.B. Musselman, Riddell proved to be an excellent choice:

> in the person of the general manager [Riddell] who has never been an officer of the Association, the farmers have a champion of all that pertains to their interest in grain marketing, who for penetration of the thousand and one intricacies of the many branches of business affecting returns for grain to the producer, for skill in thwarting the machinations of those who prey upon the returns justly belonging to the producer and for true devotion to the interests of the grain growers -- all of them not only the patrons of his company -- has never been excelled by any man elected to office by the Grain Growers' Association either in its early years or since.60

His selection, nevertheless, demonstrated an unwillingness by the directors to consult with the shareholders about the business of the Company, and removed the chief operating officer from the control of the annual meeting.

59 SAB, SCECo Minutes, November 22, 1916, 62.

60 SAB, Musselman, September 14, 1920.
As the Co-op increased the size of its elevator network and centralised its operations, it also developed the supporting infrastructure. The SCECo purchased a large lot in Regina and built a huge office and warehouse complex to support its operations. First approved at the 1914 annual meeting and completed in July 1915, the building became the central focus of the Saskatchewan farm movement. In 1915 the Co-op also decided to get involved in the profitable terminal elevator business. Accusations by the farm movement against the terminal elevators were longstanding, and the Co-op decided that it could capitalise on this farmer agitation. Moreover, the Canadian Council of Agriculture (CCA) had decided in 1913 that a sample market -- another longstanding issue for the farm movement -- would not benefit the farm community unless the terminal elevators were owned by the Dominion government. Although the Canada Grain Act permitted the Dominion to own terminal elevators little action had been taken on the issue. The opening of a terminal elevator by the Co-op together with the GGGC terminal elevators was an effective solution to


62 SAB, SCECo Minutes, November 17, 1915, 54.

63 PAM, Canadian Council of Agriculture Minutes, December 15, 1913.

64 MacGibbon, Canadian Grain Trade, (Toronto: Ryerson Press, 1932), 46. The Dominion built and operated one small 3,250,000 bushel terminal in 1913.
this problem. The directors, however, were not reckless in expanding the services provided by the Co-op. A proposal that the SCECo enter the milling business was turned down by the directors due to the large capital requirement of the project.\(^6^5\)

A majority of the Co-op's business was special binning grain. The Elevator Commission had suggested that an elevator could not be operated cost effectively on a storage and handling basis alone, and the experience of the Co-op proved it correct. In its official publication The Co-operative News, the SCECo explained that: "If an elevator were dependent upon the handling charges for the payment of its operating expenses, almost every elevator in the province would show a loss at the close of the year."\(^6^6\)

Under the Canada Grain Act, the Board of Grain Commissioners were given the authority to establish maximum charges for storage and handling of grain. In the period 1911 to 1917, this charge was fixed at 1.75 cents per bushel. The Co-op reported that during the 1913-1914 crop year, the average cost for this service was 2.26 cents per bushel.\(^6^7\) Moreover, at the November 1914 meeting of the Board of Grain Commissioners, several line companies

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\(^6^5\) SAB, SCECo Minutes, November 21, 1917, 72.

\(^6^6\) The Co-operative News, April 1916, 5.

\(^6^7\) Ibid., 6.
reported costs ranging from 3.20 to 3.25 cents per bushel.\textsuperscript{68} As anywhere from two-thirds to three-quarters of the Co-op's business was specially binned grain, the losses incurred in this line of the company's business had to be made up elsewhere.

One area where the Co-op recouped the losses of its storage and handling operations was the Commission Sales business. The rules of the Winnipeg Grain Exchange ordered that a one cent per bushel commission be charged on all grain sold for a customer by an exchange member. Although this rule was later waived, most exchange members continued to charge the one cent rate. The actual cost to the Co-op of performing this service was only 0.21 cent per bushel.\textsuperscript{69} Thus grain specially binned in a Co-op elevator and then consigned to the SCECo for sale resulted in a net profit to the Company of 0.28 cent per bushel after the losses in storage and handling had been deducted. While there was no requirement that farmers specially binning grain with the Co-op use the SCECo Commission Department, the practice was encouraged. Dunning emphasised this policy in a letter to shareholders:

\textbf{PLEASE REMEMBER THAT IT IS VITAL TO YOUR COMPANY THAT YOUR SPECIAL BINNED GRAIN BE CONSIGNED TO IT, AND REMEMBER, WHEN YOU ARE APPROACHED BY OTHER CONCERNS WHO WISH TO HANDLE YOUR CONSIGNMENT, THAT}

\begin{itemize}
\item \textsuperscript{68} Ibid., 7. International 3.20, British America 3.23, and National 3.25.
\item \textsuperscript{69} Ibid., 6.
\end{itemize}
THEIR OBJECT IN DOING SO IS TO CRIPPLE YOUR OWN COMPANY.\footnote{SAB, Maharg, Dunning to Shareholders, August 13, 1914.}

The Commission sales were so important to the Co-op that even encroachments by the GGGC were strongly criticised.\footnote{QUA, Crarar, J.A. Maharg, Maharg to Crarar, May 12, 1913.}

As the Company's reserves increased, it took steps to encourage farmers to use the Commission Department. The directors cautiously instituted a policy of advancing money on grain consigned to the Co-op for sale despite the risks it entailed. Farmers sending car lots to the SCECo Commission Department could receive 75 percent of the estimated value of the grain in the form of a cash advance.\footnote{The Co-operative News, August 1916, 8.}

To qualify, the shipper had to turn over the bill of lading to the Co-op and provide selling instructions for his grain. The Co-op took the grain as security on the advance. The SCECo agreed to sell the grain whenever requested to do so by the producer, but reserved the right to sell the grain without permission should prices drop such that the advance was no longer adequately protected.\footnote{Ibid., April 1917, 17.}

The directors stated that the advances were possible only under these conditions because:

\begin{itemize}
\item in some cases when car lots have been sold, and they have not cleared the amount of the advance,
\end{itemize}
we have experienced considerable difficulty collecting the balance due, and occasionally a shipper has purposely tried to evade his liability.  

The risks involved in the advances were a calculated attempt to ensure that the Co-op Commission Department was used. The directors, nonetheless, refused to advance money on grain in storage without consignment considering it the role of banks.

Despite the losses incurred by the Co-op in special binning grain, several farmers were not satisfied with the Co-op's performance on storage costs. During the 1915-1916 grain year several line companies reduced their storage and handling charges to 1.25 cents per bushel. The shareholders suggested that the Company either extend the period of free storage -- generally fifteen days -- or reduce its charges to compete with the line elevators.75 The directors responded that the line companies used a special 'hybrid storage ticket' to special bin grain instead of the special bin ticket issued by the Co-op.76 Storing grain subject to grade and dockage on the hybrid ticket, the line companies did not guarantee the identity of the grain as the SCECo

74 Ibid., April 1917, 17.
75 SAB, SCECo Minutes, 1915, 56; SCECo Minutes, 1916, 62.
76 SAB, SGGA Reports 1916; Guide, March 15, 1916, 32. The Co-op and the GGGC referred the hybrid ticket to the Board of Grain Commissioners who ruled that it was illegal. The Companies then worked through the CCA to ensure the ticket was not reapproved. PAM, CCA Minutes, April 27, 1916.
did. Rather than reduce the charges, the directors attempted to play on farmer loyalty to the Company.

We are expecting our competitors to continue their attempts to discredit the Company in every possible way, and they may, on occasion, go so far as to offer higher prices than your own Company is able to pay. We have dealt with this subject so often that it is needless to again impress upon you the necessity for continued loyalty to this institution, and we feel satisfied that you will not be deceived by any bait which may be held out to you.\footnote{SAB, Maharg, Dunning to Shareholders, August 13, 1914.}

The directors continued to advocate loyalty in the face of criticism. In 1915, Dunning wrote "CRITICIZE THE MANAGEMENT IF NECESSARY BUT DON'T DESERT YOUR COMPANY FOR THROUGH IT THE FARMERS HAVE THE POWER TO CONTROL THE GRAIN BUSINESS."\footnote{SAB, Dunning, Dunning to Shareholders, August 16, 1915, 44269.}

The Company directors also maintained a firm policy on the purchasing of street wheat. The philosophy of the Co-op was to avoid losing money, while at the same time provide farmers with the best possible price. The Winnipeg Grain Exchange stopped trading at noon of every week day. The Co-op office in Winnipeg immediately wired the closing price to its buyers throughout Saskatchewan. The buyers would then purchase wheat from the farmers at street prices -- the closing price of the agreed upon grade with transportation and handling costs deducted and a spread to cover price reductions. The money used by the SCECo was usually drawn on the Company's line of credit with the banks. The banks
in turn demanded that the SCECo hedge the money used to purchase street grain by selling future delivery contracts. The morning after the purchases were made, the Co-op sold a contract to deliver grain in the amount of the previous days' purchase at a fixed price on a future date. By limiting purchases to the period immediately following the close of the market, and selling future contracts the next morning, the Co-op did not openly speculate (sell grain it did not have) yet still protected itself from falling prices. Despite pressure from shareholders, the directors refused to provide street purchasing at locals with no wire service or during periods when the Exchange was closed. 79 Indeed, when prices began to fluctuate drastically in 1917, the SCECo ceased purchasing street wheat.

The directors' willingness to use the Company's powers to buy and sell grain translated into profits and benefits for farmers. The directors estimated that the Co-op improved prices for grain by as much as two cents per bushel. 80 As well, the SCECo, after making payments on its loans and paying taxes during the war years, built a substantial reserve fund and paid high dividends to its shareholders. A surplus was still available following these allocations, and after an amendment to the Act of

80 SAB, Dunning, Co-op Report 1913. Saskatchewan Department of Agriculture 1914, 206.
Incorporation in 1913, it was distributed by adding to the paid up capital of the shares. This call on the unpaid balance of each share increased the capital base against which the Company could borrow money to purchase grain. Farmers also benefited from the policy, as a share purchased in 1911 for $7.50 was worth $27.00 by 1917. The large reserves the Company built encouraged a motion in 1917 calling on the Co-op to cease borrowing money from the government and use its own funds to build new elevators. The directors, however, opposed the idea arguing that no request for such action had come from the government and the loans were not a burden upon the Company. The motion was defeated and the relationship between the Co-op and the government maintained.

The Co-op, besides expanding into the largest grain elevator company in the country and turning a profit, became a significant voice within the farm movement. C.A. Dunning stated:

The Association has its great work of organization, education and agitation, and the company the equally great work of giving practical effect to the commercial and co-operative ideals of the Association, both institutions being branches of one united Farmers' Movement having

81 Statutes of Saskatchewan 1913, c.42. SAB, SCECo Minutes, November 19, 1913, 33.

82 SAB, Newspaper, The Province, November 20, 1913.

83 SAB, SCECo Minutes, November 21, 1917, 71. For information regarding the amount of the loans to the SCECo by the Saskatchewan Government see Table 2.
for its object the social and economic uplift of
the farming industry. 84

Three of the key leaders within the Saskatchewan farm
movement, Maharg, Dunning, and J.B. Musselman, rose
simultaneously in both the SGGA and the SCECo. As Maharg
was the president of the executive in both organisations,
the affairs of the two 'branches' were often interdependant.
Moreover, SGGA directors Langley, Hawkes, and Robinson were
also Co-op board members. From the Co-op origins through
1918, at least five of the Co-op directors were also SGGA
board members. 85

As profitable companies, the farmers' commercial
concerns provided operating grants to the advocacy organ-
isations and devoted their publishing arms to propagandising
farmer concerns. The SCECo donated money on behalf of the
farm community, to the Patriotic Fund, the Belgian Relief
Fund, and the Red Cross. Moreover, at the Company's annual
meeting, issues of interest to the farm movement were
discussed. The SCECo advocated direct taxation to meet war
costs 86 and demanded that the government get out of the
business of dispensing liquor. 87

The executive of the SCECo and the GGGC also often

84 Hopkins Moorhouse, Deep Furrows, (G.J. Macleod,
1918), 225.

85 See Table 3.

86 SAB, SCECo Minutes, November 17, 1915, 54.

87 Ibid., November 22, 1916, 63.
participated in the Canadian Council of Agriculture as guests. They represented farmers’ economic interests and provided expert assistance on issues such as nationalisation of terminal elevators or the creation of a sample market. Indeed, the interlocking directorate of the SGGA and the SCECo often resulted in Saskatchewan’s representatives at the CCA being entirely Co-op men. The contributions of the farmers’ commercial companies, as they were sometimes called, were recognised in February 1914 when Chipman, Dunning, and Crerar were made honorary members of the CCA. In 1916, the SCECo, the GGGC, and the Guide, became official member organisations of the CCA joining their voices with those of the farmer advocacy groups — the SGGA, MGGA, UFA, and Ontario Grange.

The priority of those men serving on both the SGGA and the SCECo directorate appeared to lay with the elevator company. The first sign of this came in 1912 when Dunning resigned from the SGGA to concentrate on running the

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88 PAM, Canadian Council of Agriculture Minutes, December 29, 1912. Crerar and Kennedy of the GGGC and Langley from the Co-op were granted visitor status at the meeting.

89 Ibid., July 24, 1914; November 2, 1915; November 9, 1915. The representatives at the meeting usually included Maharg, Dunning, and Musselman, with A.G. Hawkes and T. Sales as well as J.F. Reid of the GGGC making occasional appearances.

90 Ibid., February 14, 1914.

91 Ibid., April 27, 1916.
SCECo.\textsuperscript{92} Then in 1917, Langley resigned from the SGGA due to increasing controversy about the interlocking directorate.\textsuperscript{93} Moreover, Maharg showed less interest in the affairs of the SGGA\textsuperscript{94} as he assumed more responsibilities in other organisations.\textsuperscript{95} He resigned as president of the SGGA in 1918, but maintained his active role within the SCECo.

During this period, the concept of federating the various provincial farmer organisations into a single prairie-wide farm group was discussed. The concept, first raised by Dunning in association with Crerar and Chipman,\textsuperscript{96} was suggested at the MGGA convention in January 1914.\textsuperscript{97} Dunning's objectives were:

To form a complete system of co-operative collecting and distributing institutions from the material at present available, i.e., the present separate units: The Grain Growers' Grain Company, The Alberta Co-operative Elevator Company, The Saskatchewan Co-operative Elevator company, and such of the Associations as are carrying on co-operative distributing work; the ideal being to evolve a system having sufficient local control of

\textsuperscript{92} SAB, SGGA Report 1912.

\textsuperscript{93} Ibid., 1917, 18.

\textsuperscript{94} Interview with Harry Marsh, November 20, 1975, in Fairbairn, \textit{From Prairie Roots}, 7. Marsh recalled that Musselman came to dominate the affairs of the SGGA while Maharg "sat there like a bump on a log."

\textsuperscript{95} By 1917, Maharg had served three years as president of the CCA, was president of both the SGGA and SCECo, was Social Services Council of Saskatchewan president, and was the new Member of Parliament for Maple Creek.

\textsuperscript{96} Dixon, "Dunning", 82.

\textsuperscript{97} SAB, SGGA Report 1914, 42.
the integral parts to take care of diversity of local conditions all through the West, but at the same time to arrange that all such parts shall be cohesive and bound together in a great whole on broad lines of policy. 99

The federation idea was greeted postively in Saskatchewan and negotiations began. 99

The prospect of federation dominated the meeting of the CCA in 1915. The CCA decided that a committee composed of Dunning, Crerar and Chipman would examine the concepts. The discussions, however, soon reached an impasse over the marketing of grain. Both Chipman and Crerar believed the powers of the umbrella company should include the selling of grain for the provincial elevator companies. Dunning, on the other hand refused to accept any solution which removed the lucrative grain marketing business from the Co-op and connected it to the exporting company. 100 The Co-op, after all, subsidised its grain handling business by marketing grain.

A second committee, composed of Musselman, W. Moffat of the GGGC, and C. Rice-Jones of the AFCECo, had no greater success. "We arrived at a basis of federation and passed on the memorandum then submitted, with the exception of the

98 SAB, Dunning, Memorandum, October 19, 1914, 50052.

99 SAB, SCECo Minutes, November 17, 1915. SGGA Report 1914, 42.

100 SAB, Dunning, Dunning to Chipman, December 19, 1914, 50064 and Memorandum on Federation, October 19, 1914, 50053; UGG, GGGC Annual Report 1916, 38.
clause in reference to handling grain in Winnipeg," Moffat wrote.\textsuperscript{101} A concession he offered -- that a subsidiary company independent of the export firm be the grain marketing agency -- was turned down. The SCECo "will never go back to being merely a grain forwarding body or to being a buying agent for some other concern," Musselman stated.\textsuperscript{102}

The impetus for federation within the GGGC and AFCECo was much greater than in the Co-op. While the Co-op took advantage of Saskatchewan's rapidly expanding agricultural frontier, the GGGC found the opportunities for expansion in Manitoba's already well-developed agricultural regions drastically reduced. Able to build large cash reserves because of the expansion, the SCECo surged ahead of the AFCECo which was financially dependant upon the older farmer co-operative. These other two companies had little faith in Saskatchewan's desire for a federation acceptable to Manitoba or Alberta.\textsuperscript{103} Thus, in 1916 the GGGC and the AFCECo announced their amalgamation into the United Grain Growers. Even though the SGGA and SCECo annual meetings had approved the concept of federation, the Saskatchewan representatives in the actual discussions -- all Co-op directors -- refused to enter the final amalgamation.

\textsuperscript{101} SAB, SGGA Executive Minutes, Letter from Moffat to Musselman, August 3, 1916, 98.

\textsuperscript{102} SAB, Musselman Papers, Undated Speech.

\textsuperscript{103} UGG, GGGC Report 1916, 38. SAB, SGGA, Amalgamation, C. Rice-Jones to Musselman, January 17, 1917.
Although the influence of the Co-op directorate extended beyond the Company's elevators, it was the effect of the SCECo upon the grain trade which was most significant. Operating in an era of rapid growth in the trade, the Co-op, under the guidance of the commercially minded directorate, had answered several complaints against the initial elevator system. Proper weights for grain, operators answering to a farmer controlled company, and improved special binning of grain were especially important. While the Co-op needed to supplement its money losing storage and handling business with grain marketing profits in much the same manner as the line companies which farmers had criticised, it avoided the corrupt practices at the heart of the farmer complaints. By 1917, the SCECo, financially successful and accepted by the farm movement, was the largest grain elevator company in Canada. With a highly centralised system of management, its main office was located in Regina and it operated a Commission office in Winnipeg, a terminal elevator at Port Arthur, and elevators throughout Saskatchewan. The Regina Leader reported:

Whatever may be said of the other acts of the Scott Government no one but a man sadly lacking in wisdom or blinded by extreme partizanship would attempt to deny that the Ministry's course in putting on the books the legislation creating the Co-operative Elevator Company has been justified in the most conclusive fashion by the results which have followed that enactment.104

104 SAB, Newspaper, Leader, November 12, 1913.
Chapter 5
"Expectations Unfulfilled"

Farmers expected that elevator reform would result in extensive changes within the grain handling, grain marketing, and credit systems. The limited mandate of the SCECo, however, prevented it from dealing with the marketing and credit problems. Instead of changing the marketing system which farmers blamed for the suppressed prices every fall, the Co-op operated within it. The Company had no authority to institute the desired sample market nor could it refuse to abide by the Canada Grain Act sections dealing with the grading of grain. Moreover, the SCECo could do no more than pressure the government for solutions to the credit problem. Co-op General Manager, C.A. Dunning was a key member of the Saskatchewan Agricultural Credit Commission (1913) which recommended banking reforms be considered. The SCECo, nevertheless, had no power to change the credit system. But the Company could have provided leadership in an area unrelated to the selling of grain. At the insistence of the SGGA, the Government had included in the SCECo charter the power to purchase and distribute farm input commodities. Yet the Company was reluctant to enter the trading business. Alternative

reforms such as the SGGA Trading Department, co-operative banks, and the wheat pools were implemented to fill the void left by the Co-op. As a result, farmers were willing to express criticism of the Company's centralised management and lack of co-operative principles.

Early criticism of the Co-op had focussed on the failure of the Scott administration to provide government elevators. At the height of the agitation for government elevators in 1909, farmers published a list of the benefits they expected from elevator reform. According to the IPC, if the government owned an elevator line:

The backbone of the grain combine would be broken. The general level of prices would be raised. The creation of a co-operative agency for the disposal of farmers' grain at cost would be made easy of accomplishment. A scientific classification of grain according to its intrinsic value or the requirements of the millers, by the operation of a sample market under the most favorable circumstances would be made possible. The creation of storage in the interior where weight and grade certificates could be obtained would permit the borrowing of money by the farmer to discharge his pressing liabilities at an early date, benefitting all who have business relations with him, except the grain dealer who formerly 'cinched' him. His ability to finance on the security of his grain would permit the farmer to market gradually, so that his offerings kept step with the milling and export demands, making the price received higher for the farmer, though not necessarily for the consumer, since the farmer would only obtain the benefit formerly absorbed by the speculator.2

The critics correctly claimed though that these expectations could not be met within the SCECo's limited mandate.

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Although the SGGA convention gave its unanimous approval to the scheme in 1911, E.A. Partridge, the primary advocate of government ownership of elevators, was extremely dissatisfied with the concept. Following the 1911 convention, he argued that the SCECo was simply competition for the GGGC; it solved none of the major marketing problems. "Perhaps ... the better sense of the farm population," he wrote, "will revert to the original idea of government ownership of storage facilities as being an essential part of the wider program for the establishment of an ideal market at Winnipeg." SGGA past-President F.M. Gates also chastised farmers, referring to the "unfortunate position taken by the convention." He believed that the Co-op could not fulfill farmer desire for total reform of the grain industry.

The provisional Secretary of the Co-op directorate, F.W. Green, had defended the Company against these critics. He did not suggest that their statements were false, but rather censured them for refusing to accept the decision of the majority at the 1911 SGGA convention and cast doubt upon their motives. He recognised, however, that the farmers' expectations of the reforms possible through the Co-op may have been unrealistic. In 1912, Green warned farmers not to

3 Grain Growers' Guide, "Difficulties Multiplied", March 8, 1911, 32.

4 Ibid., April 5, 1911, 20.
expect too much from the new company.

But do not run away with the idea that that [the Co-op charter] is going to help very much, because you can avoid most all of these extractions [elevator charges] by loading over a loading platform. If we owned all the elevators in the country today it would not solve the car shortage, neither would it give farmers control of the legislatures that they ought to have, neither would it adjust the inequalities that exist in the relative exchange values between the goods the farmer produces and the goods he has to sell.5

As chartered by the Saskatchewan Legislature, the SCECo was only an elevator company. It could perform all services normally carried out by the line elevators. The agents could purchase grain directly from the farmer or take grain into storage upon the payment of fees. They had no authority, however, to act as official weighmen or inspectors. Under the Canada Grain Act, the official weighing and grading of grain was performed by inspectors at Winnipeg.6 What is more, the Co-op was chartered to operate within the existing marketing system and had no method for instituting a sample market. Premier Scott explained the situation to officers of the Royal Elevator Company in 1911. Since the bill allowed farmers only to compete with the existing line elevators, the Co-op was nothing more than a "legitimate competitive force."7

5 Ibid., SGGA Section, May 1, 1912, 20.
6 Statutes of Canada 1912, c. 27, sec. 91.
7 SAB, Walter Scott Papers, IV.86., Scott to Royal Elevator Company, 40011.
Farmers were thus forced to find other methods of meeting their expectations, and several reforms were secured independent of the Co-op. New legislation recommended by the Agriculture Credit Commission in 1913 gave farmers the opportunity to experiment with co-operative banking, thereby relieving some of the difficulties faced financing the farm.\(^8\) Moreover, the grain blockade, a major problem in 1908, ceased to be as serious by 1912.\(^9\) Farmers had hoped that the increased access to internal storage in the Co-op elevators, together with improved availability of credit, would reduce the need to market their grain immediately following the harvest. While the blockade was eventually resolved, the Co-op could not be credited. Improved availability of boxcars and greater mileage of rail lines had reduced the strain upon the transportation system. The majority of Saskatchewan grain was still shipped to market soon after the harvest.

The Co-op did not address the hostility that the farmers felt towards the futures market either. They believed the price of wheat was manipulated by speculators in order to ensure low fall prices. The farm movement sought a solution to the marketing problems through the lobbying of the CCA. They were rewarded in 1916 with the

\(^8\) Statutes of Saskatchewan 1913, c. 61.

\(^9\) Saskatchewan Department of Agriculture 1915, 11. The grain blockade was nonexistent from 1912 to 1914 and became only a moderate problem during the record 1915 harvest.
appointment of a Dominion Royal Commission to examine the grain marketing system.\textsuperscript{10} Furthermore, in 1917, as the Winnipeg Grain Exchange failed to cope with wartime demand for grain, the government regulated grain marketing. The Grain Exchange closed and a Board of Grain Supervisors was created to set prices and market grain.

When the Grain Exchange reopened in 1919, the price for grain rose out of control. The Dominion government again responded with the creation of the short-lived Canadian Wheat Board. The Wheat Board was simply a government-sponsored wheat pool.\textsuperscript{11} All grain delivered for sale at the country elevators became the property of the Board which paid all farmers an identical price. The Wheat Board then sold all the grain and, when the grain year was complete, averaged the price obtained for the grain on the domestic and world markets and returned the surplus to the farmers. As all farmers received the same price for their grain regardless of when they marketed it, the need to rush the grain to the elevator before the volume of sales pushed down prices was eliminated. The Canadian Wheat Board was abolished in 1920 as the price of wheat stabilised; but the experience with pooling would result in the formation of a

\textsuperscript{10} Grain Growers' Guide, May 17, 1916. The Commission was composed of members of the Board of Grain Commissioners. It never filed a report.

\textsuperscript{11} Garry Fairbairn, From Prairie Roots, (Saskatoon: Western Producer Prairie Books, 1984), 12.
farmer sponsored wheat pool -- the Co-operative Wheat Producers.

On the whole, farmers soon realised that the Co-op's mandate was limited. They recognised that it was beyond the power of the Company to reform the market system or to solve the credit problem. Nevertheless, they believed that the Co-op should address their problems with high farm input costs. The SGGA, led by Green and Langley, had forced the government to include in the Co-op charter the power necessary for the Company to enter the business of trading agricultural commodities. The cautious approach of the directorate and its insulation from the membership, however, kept the Co-op from utilising its mandate. Thus several SGGA locals began experimenting with co-operative purchasing without legal status. At the 1913 SGGA convention Green reported:

All over the country hundreds of our local Associations in some form or other are trying to put into practice the spirit of co-operation, in their endeavour to reduce their expenditure and thus in the general inter-change of commodities secure a larger proportion of the wealth they create...Our Association, however, is not a legal trading channel and trading can not be carried on legally in its name. This is why we expect so much from the Saskatchewan Co-operative Elevator Company and the Grain Growers' Grain Company.

For its part, the Co-op recognised that it had the authority

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12 Grain Growers' Guide, March 22, 1911, 3.
13 Saskatchewan Department of Agriculture 1914, 189.
14 SAB, SGGA Report 1913, 12.
to conduct trade in Saskatchewan and used this to gain the support of the province's farmers. "[The Co-op] may do anything -- carry on any business -- incidental to the production of grain," it wrote in 1915. "[O]n account of the wide powers given to this Company it will never again be necessary for the organised farmers to ask for assistance of this kind from the Saskatchewan Government."15

In 1913, Dunning, apparently responding to shareholders' demands, developed a plan for the beginning of co-operative trading by the Co-op.16 His plan demonstrated the elevator company's reluctance to assume any financial liability for the trading. Dunning informed the shareholders that if twenty-five locals would organise separately constituted companies, provide their own warehouse facilities, and conduct all business in cash, the Co-op would act as purchaser and auditor. With this power, the Company could focus the small co-operative sellers into one large buyer. But since few of the locals could meet the capital requirements of such a scheme, the Co-op never implemented the proposal.

On the recommendation of the Agricultural Credit Commission, the government legalised the trading practices of the SGGA locals in December, 1913. The Saskatchewan Agricultural Co-operative Associations Act allowed farmers

15 SAB, SCECo, G33.7, Co-op Elevator Act Explained, 4.
to form co-operative associations for the purpose of wholesale distribution of farm inputs.\textsuperscript{17} In 1915, the Saskatchewan government granted the SGGA power to act as the marketing and purchasing agent for the new co-operative associations.\textsuperscript{18} As a result, there was no reason for the Co-op to enter the trading business at that time. The new SGGA Trading Department was soon providing co-operative distribution of twine, flour, building supplies, and feed.

During this period, farmers discussed a federation of the commercial arms of the grain growers' movement. Because the SGGA now operated a trading network it was a part of the negotiations. In 1915, it appeared that a federation was a distinct possibility and, in the spirit of the negotiations, the SGGA began discussions with the GGGC.

The GGGC also operated as a co-operative wholesale firm in Saskatchewan. To avoid competing with the older farmer co-operative, the SGGA Trading Department decided to negotiate an agreement with it. By February 1915, the two organisations had ended any overlapping of services in Saskatchewan.\textsuperscript{19} The SGGA agreed to purchase all supplies available through the GGGC and, in return, the GGGC promised to sell goods in Saskatchewan through the SGGA. Individual

\begin{itemize}
  \item \textsuperscript{17} Statutes of Saskatchewan 1913, c. 62.
  \item \textsuperscript{18} Statutes of Saskatchewan 1915, c. 36.
  \item \textsuperscript{19} SAB, J.A. Maharg Papers, SGGA, Memorandum of Agreement between the SGGA and the GGGC, February 1915.
\end{itemize}
orders made to the GGGC by Saskatchewan farmers would be filled, but the purchaser would be encouraged to use the SGGA for future needs. All profits made in the province would be split evenly between the two organisations. The GGGC would finance purchases and the SGGA guaranteed payment on all orders. The SGGA, however, profitted far more from the arrangement than did the GGGC. Crerar reported that although profits were divided equally between the two organisations, the SGGA Trading Department had contributed only $8,390 of the $37,879 profit made on trading in Saskatchewan.\textsuperscript{20} Since the federation talks were stalled and the GGGC was losing on the agreement, the relationship was not renewed.

The SGGA, therefore, was left to conduct its trading operations on its own extremely limited resources. Then at the February 1917 convention of the SGGA, Langley surprised the delegates by announcing that the SCECo desired to assume the trading business from the SGGA.\textsuperscript{21} The offer by Langley came in response to the formation of the United Grain Growers. The Co-op directors appeared to be worried that the SGGA Central, with its small capital resources, would be unable to compete with the UGG in the co-operative wholesale business. The new interprovincial UGG, offering the same elevator services as the Co-op and extensive trading

\textsuperscript{20} UGG, GGGC Report 1916, 11.

\textsuperscript{21} SAB, SGGA Report 1917, 17.
resources, might be more attractive to Saskatchewan farmers. Furthermore, the directors may have shared one Co-op shareholder's opinion that the UGG would coerce the SCECo into the amalgamation by building in direct competition with it.22

The Saskatchewan farm leaders resented the manner in which Alberta and Manitoba blamed them for the failure of the federation talks. At the GGGC meeting in 1916 Crerar complained that Saskatchewan's refusal to compromise with the other two prairie provinces had forced Alberta and Manitoba to amalgamate the farmer companies into the UGG without Saskatchewan.23 Musselman wrote to C. Rice-Jones, the former president of the AFCECo and first vice-president of UGG, complaining that articles in the press following the GGGC meeting in 1916 were grossly misleading. These articles, he continued, which have "belittled and so palpably attempted to compromise and cheapen in the eyes of the general public the Saskatchewan institutions have aroused a measure of resentment amongst us."24

Those members of the SGGA executive unconnected to the SCECo were unaware of Langley's intentions for an SCECo takeover of the trading business. J.F. Reid, SGGA vice-president and UGG director, resigned because he was not

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22 SAB, Newspaper Clippings, Agriculture, Leader, February 1, 1917.

23 UGG, GGGC Report 1916, 37.

24 SAB, SGGA, Amalgamation, Musselman to C. Rice-Jones, January 8, 1917.
informed of the plan. Maharg replied that the proposal was made by the elevator company and was not an Association matter. He felt that Langley's statement was only an offer by the Co-op to assume the business, and that it was now an SGGA decision to accept or reject the offer. When SCECo director A.G. Hawkes was elected to replace Reid and a motion of support for the UGG was tabled, the Saskatchewan farm movement seemed to be isolating itself from the other provinces.

Musselman became the central figure in the attempt to transfer the trading business to the Co-op. He insisted that the plan was not to replace the existing trading associations but only to have the SCECo takeover from the SGGA Central as wholesale distributor. He issued pamphlets to SGGA members and gave several speeches in support of the plan. He argued that it was necessary to use the capital machinery of the Co-op to assist in distributing supplies to the SGGA locals. From his position as Secretary of the SGGA, he was directly responsible for the SGGA Trading Department and had tremendous influence within the executive.

The SGGA executive wasted no time in outlining the

26 Ibid., 21.
27 SAB, SGGA, G34.22, The Association as a Co-operative Body and How the Co-operative Elevator Company can assist it, 4.
conditions for transferring the trading activities. Since Maharg, Hawkes, and Musselman were all SGGA executive members and Co-op directors, the terms were quite amenable to the Company. The SCECo was required to honour all existing contracts, maintain the existing local trading associations, continue to employ the current staff of the Trading Department, pay dividends on a patronage basis through the SGGA, and accept investment of the capital of the SGGA Trading Department at a rate of interest determined by the Company.28 The Co-op quickly agreed to the conditions and a motion transferring any co-operative wholesale business which the SCECo chose to undertake was passed.29

Approximately seven months later at the October 9, 1917 meeting of the SGGA executive, Maharg announced that the Co-op would not enter the trading business. Maharg gave the SGGA several reasons for the Co-op's decision. The war, he stated, had dried up most sources of capital to finance the takeover and the war tax made it impossible for the Co-op to increase its reserve capital quickly. Furthermore, labour and materials were in short supply and should be used in the war effort rather than an extensive undertaking which could easily be postponed. While the war-related arguments seemed convincing, the fear of the UGG had proved to be

28 SAB, SGGA Executive Minutes, March 16, 1917, 9.
29 Ibid., March 19, 1917, 11.
unwarranted, and that fear was what had supplied the momentum for the proposal. The SGGA locals had responded positively to the creation of the UGG by utilising the streamlined SGGA Trading Department's services.\textsuperscript{30} At the November 1917 annual meeting of the Co-op, Langley stated "Mr. Musselman has assured the Company that his organisation was in better shape than ever to conduct the trading activities of the Association for the farmers of this Province."\textsuperscript{31} The financial outlook of the SGGA Trading Department had improved in 1917 and the volume of business increased.\textsuperscript{32} Moreover, in 1917 the SCECo further increased its share of the Saskatchewan grain business to 20% and no cutthroat competition with the UGG developed. The trading reform within the farm industry consequently remained independent of the Co-op.

In the years following its creation, the Company had faced only isolated criticism. For example, the Regina Province, a newspaper supportive of the Conservative party, reported in 1914 that "no one can be found to back up the so called success of the Co-op"\textsuperscript{33} Excessive dockage allowances, a large spread between street and track prices, and the high charges for handling grain were cited as

\textsuperscript{30} Ibid., October 9, 1917, 27.

\textsuperscript{31} SAB, SCECo Minutes, November 21, 1917, 73.

\textsuperscript{32} SAB, SGGA Reports, 1918.

\textsuperscript{33} SAB, Newspaper, The Province, March 12, 1914.
evidence of its failure. The Co-op, it concluded, was a line company making profits for its shareholders. The Province was an isolated voice, however. Within the farm community the original resistance to the co-operative elevator scheme had dissipated as new issues -- Reciprocity and the Hudson Bay Railroad -- occupied the interest of the farmers. Within a few years though, new farmer critics of the Co-op appeared as reforms independent of the Company were secured. The reduced dependency of the farm community upon the Co-op made farmers willing to express dissatisfaction with the inability of the SCECo to meet their expectations. The focus of farmer discontent was the failure of the Co-op to pay patronage dividends.

Patronage dividends were a troubling issue with all the farmers' commercial companies. The GGGC had been refused membership upon the Winnipeg Grain Exchange in 1906 because of its promise to implement the dividend. It was forced to back down from its plan and later attempts to institute the dividend because it was not permitted under the Company's federal charter.\textsuperscript{34} The SCECo had no similar problem however, since it could pay patronage dividends according to its charter granted by the provincial authorities.

The issue of patronage dividends inspired a lengthy debate at the 1914 annual meeting of the Co-op. When the

\textsuperscript{34} Colquette, \textit{The First Fifty Years}, (Winnipeg: the Public Press, 1957), 198.
directors suggested that the profits for the year be dispersed by adding three dollars to the unpaid balance of the shares in the Company, many delegates demanded a patronage dividend instead. Dunning responded that no system which provided an equitable distribution of profits could be economically instituted. The great variations in shareholders' business -- street selling, track selling, commission selling, and special binning -- made the bookkeeping necessary more expensive than the dividend.

The farmers accused the directorate of a cold commercial attitude. John Campbell of Lloydminster complained:

The commercial [success] of those undertakings and the undoubted general benefit they have rendered to all farmers of the west should not blind us to the fact that they lack the one essential that would make them truly equitable as well as increase their efficiency and commercial success, that is co-operation.36

Another farmer, N.J. Kerswell of Manitoba, referred to the farmers' companies as "capitalist concerns under a co-operative banner."37

As the 1915 Co-op annual meeting approached, the call for patronage dividends intensified again. Lewis Gabriel, the farmer who moved that the SGGA accept the co-operative

35 SAB, SCECo Minutes, November 11, 1914, 42.
36 Grain Growers' Guide, Campbell to Editor, February 11, 1914, 11.
37 Ibid., Kerswell to Editor, March 25, 1914, 8.
elevator scheme in 1911, argued against the commercialism of the SCECo management. More local control and a patronage dividend, he suggested, would encourage more farmers to use the Company. Gabriel failed to understand how the Co-op management could object to patronage dividends as too much bookkeeping. At the 1915 meeting, a motion calling for patronage dividends -- even if only street purchases -- was passed. Dunning agreed with the intent of the motion, stating that the plan was feasible, but he made no promise to implement it. As the Company consistently avoided instituting the dividends, the shareholders became bitter. By 1917, the Dafoe local stated the word co-operative was out of place in the Company's name.

Saskatchewan farmers continued to search for reforms that would improve the viability of farming on the prairies following the creation of the Co-op. The total reform of the grain trade they had visualised in 1908 could not be achieved within the SCECo's limited mandate. Moreover, the commercial attitude of the Co-op directorate kept the Company from implementing even those reforms which were possible. As new reforms were secured and new institutions developed to deal with problems in the farming industry, the

38 Ibid., Gabriel to Editor, November 10, 1915, 9.
39 SAB, SCECo Minutes, November 17, 1915, 55. The payment of patronage dividends only on street purchases was the system finally adopted by the UGG in 1924. Colquette, 198.
40 Ibid., November 21, 1917, 74.
farmers depended less upon the SCECo for fairness in the grain trade. They soon realised that the SCECo was an elevator company operating to make a profit for its shareholders. Farmers were therefore prepared to criticise the Company's management and press for better expression of its co-operative principles. The diversity of reform institutions, the lack of reliance upon the Co-op by the farm community, and the non co-operative nature of the Company's management were key reasons why, ten years later, farmers were willing to sell their Company to a more extensive reform institution -- the Co-operative Wheat Producers better known as the Wheat Pool.
The desire for reform of the grain trade came from the unrealistic expectation that overnight prosperity awaited farmers moving to the Canadian prairies. Settlers believed the rhetoric of the Dominion government about the unlimited potential of the land. Farming in western Canada, however, was much more difficult than had been portrayed. Most new farmers found that the opportunities for financial success were limited. Unwilling to accept that their expectations of farming may have been exaggerated, farmers blamed the grain traders and merchants for reaping profits from the labour of farmers. They formed farmer organisations to secure reforms in the grain trade which they believed would improve the returns from farming and, prior to 1908, several changes were won. As the prosperity they were promised did not materialise, however, the organised farmers turned their attention to the internal elevator system.

The one sector of the grain trade with which farmers were in continuous contact was the local elevator. They witnessed first-hand the corruption and cheating which occurred in the system. They came to believe that the ownership of the elevator network by the companies which marketed their grain was the key problem in the entire grain trade. In the existing system, the elevators were both grain handling facilities and grain buyers. Because the
profits in grain buying were much greater than those of grain handling, the farmers believed that the elevator companies refused them storage space to force them to sell their grain at the elevator. The grain growers' movement thus demanded that the government own a system of grain handling elevators — elevators which were not involved in the purchasing of grain — so that they would not be forced to deal with the line companies. By separating the marketing of grain from the local elevator, farmers felt that changes would occur in the grain handling, grain marketing and transportation systems.

The farm movement received a sympathetic hearing from the provincial governments on the prairies. In Saskatchewan, however, Premier Scott's sympathy did not extend to the farm movement's demand that the government own and operate the interior elevators. Scott understood that the problems in the internal elevator network had to be corrected. Like many Laurier liberals though, he rejected the principle of government-ownership. His search for alternative solutions led him to believe that government assistance to a farmer-owned system would be a better solution.

Nevertheless, the need to have farmers support his concepts forced Scott to set up a Royal Commission in 1910 to study their grievances. He selected the personnel for the Commission carefully to ensure that they were not wedded
to the scheme of government-ownership. To Scott's delight the report of the Elevator Commission recommended against government-ownership. The Premier quickly prepared legislation to enact the government supported Co-operative Elevator Company which the Commission had considered preferable.

The SGGA convention of 1911 hotly debated the issue. Several prominent farm leaders, among them E.A. Partridge, were critical of the co-operative scheme. They wanted nothing less than a government-owned and operated elevator system. Yet a large majority of the delegates voted in favour of the Commission's recommendations because they perceived co-operative reform as preferable to the system as it existed. The Saskatchewan Co-operative Elevator Company commenced business in July 1911 with the support of both the provincial administration and the organised farm community.

The timing of the SCECo startup could not have been better. New regions of Saskatchewan were being settled and a decade-long wheat boom was just beginning. The 1911 crop, the first the Co-op handled, was large and strained the capacity of the elevator network. Moreover, the Co-op subsidised its unprofitable storage and handling business with grain purchasing and selling operations. Under these conditions, the SCECo was successful as an elevator company. It generated large profits which were distributed amongst its farmer owners and the farmer advocacy
associations rather than eastern entrepreneurs.

Expanding into all regions of Saskatchewan, the Co-op provided competition for the privately owned line elevator companies. The conservative directorate kept the Company from overextending and centralised the Company's operations to improve efficiency. Because the elevator operators answered to a farmer-controlled company, the problems with corruption were reduced and the prices paid to farmers increased. Furthermore, the Co-op fulfilled its major objective of increasing special binning facilities in Saskatchewan. By the end of its second year, it operated more elevators in the province than any other company, and it soon grew to be the largest grain elevator company in Canada. That over two hundred applications for elevators were on file with the SCECo in 1916 is recognition that it was accepted by the grain growers of the province.

Nevertheless, the farm movement had desired more than just grain handling reforms in 1908. They had perceived elevator reform as the key to changing the entire grain trade. Even a strong proponent of the scheme, George Langley, conceded this with his speech to the 1911 SGGA convention. He stated the Co-op was the nucleus of "greater things in the future." Rather than change the marketing and transportation system, however, the SCECo acted like the

1 Saskatchewan Department of Agriculture 1912, 216.
2 SAB, SGGA Report 1911, 27.
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1 *Saskatchewan Department of Agriculture* 1912, 216.
2 *SAB, SGGA Report* 1911, 27.
line elevator companies operating within them. As the limited mandate of the Co-op could not bring about total reform, farmers were willing to criticise the Company for its failings. The centralised management, the failure to pay patronage dividends, and the continued marketing problems farmers faced were all areas of discontent, and farmers sought alternative solutions.

The history of the Saskatchewan Co-operative Elevator Company is a small segment of the long struggle by farmers for an end of the quasi-colonial status granted to the West in Confederation. Created in 1911, the Co-op was one of a variety of changes in the grain trade secured by farmers during the settlement era. Yet the elevator company was unique amongst the reforms. Within its charter was the recognition that agriculturalists represented a class distinct from the rest of Canadian society and it represented one of the major co-operative responses by grain growers to the unique conditions of prairie agriculture. Moreover, it was a political solution to an economic problem. Only when faced with political consequences if he failed to act did Premier Scott agree to assist the farm movement.

The farm movement regarded elevator reform as a panacea for the problems they faced in grain handling, grain marketing, transportation, and credit. The Co-op as it was created by the Scott government, however, could never
fulfill these expectations. Only through changes to both the grain handling and marketing systems could the prosperity sought for by the farmers be secured. The SCECo represented a significant grain handling reform, but when in 1926 a grain marketing institution, the Saskatchewan Wheat Pools, offered to buy the elevators and finally combine both marketing and handling reforms into a single institution, the shareholders of the Co-op could not refuse.
### TABLE 1
General Statistics of the SCECo

<table>
<thead>
<tr>
<th>Elevators owned</th>
<th>Average Handle per Elevator (bushels)</th>
<th>Percent of Total Crop Handled</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911-12</td>
<td>46</td>
<td>70,891</td>
</tr>
<tr>
<td>1912-13</td>
<td>137</td>
<td>94,153</td>
</tr>
<tr>
<td>1913-14</td>
<td>192</td>
<td>101,382</td>
</tr>
<tr>
<td>1914-15</td>
<td>215</td>
<td>65,546</td>
</tr>
<tr>
<td>1915-16</td>
<td>230</td>
<td>170,000</td>
</tr>
<tr>
<td>1916-17</td>
<td>258</td>
<td>125,425</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Profit (dollars)</th>
<th>Dividend (percent)</th>
<th>Amount Paid Upon Shares (dollars)</th>
<th>Elevator Reserve Account (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911-12</td>
<td>52,462</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>1912-13</td>
<td>167,926</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>1913-14</td>
<td>285,181</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>1914-15</td>
<td>133,745</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>1915-16</td>
<td>557,795</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>1916-17</td>
<td>350,752</td>
<td>8</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Values are rounded to the nearest dollar After Payment of the Business Profits War Tax Represents the closing of the Trading Reserve Account as authorised at the November 19, 1913 annual meeting.

**Source:** The Reports of the Annual Meetings fo the SCECo.
### TABLE 2
Statement of loans from the Saskatchewan Government to the SCECo at July 31, 1917.*

<table>
<thead>
<tr>
<th>Year</th>
<th>1911</th>
<th>1912</th>
<th>1913</th>
<th>1914</th>
<th>1915</th>
<th>1916</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>309,306</td>
<td>665,595</td>
<td>409,444</td>
<td>161,197</td>
<td>106,199</td>
<td>200,374</td>
</tr>
<tr>
<td>b.</td>
<td>40,318</td>
<td>63,458</td>
<td>25,384</td>
<td>4,875</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>c.</td>
<td>268,988</td>
<td>602,137</td>
<td>384,060</td>
<td>156,322</td>
<td>106,199</td>
<td>200,374</td>
</tr>
<tr>
<td>d.</td>
<td>12,307</td>
<td>27,550</td>
<td>17,572</td>
<td>7,152</td>
<td>4,859</td>
<td>6,588</td>
</tr>
<tr>
<td>e.</td>
<td>281,295</td>
<td>629,687</td>
<td>401,632</td>
<td>163,474</td>
<td>111,058</td>
<td>206,962</td>
</tr>
</tbody>
</table>

* All values rounded to the nearest dollar.

**Source:** The Co-operative News, December 1917, 27.

### Index to Table
- **a.** Construction Period
- **b.** Amount of loan
- **c.** Principle Paid
- **d.** Principle Unpaid
- **e.** Interest due August 31, 1917
- **f.** Total Liability.

### TABLE 3
Directors of the SCECo

**Provisional Board 1911**

<table>
<thead>
<tr>
<th>Name</th>
<th>Name</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>J.A. Maharg</td>
<td>C.A. Dunning</td>
<td>F.W. Green</td>
</tr>
<tr>
<td>A.G. Hawkes</td>
<td>J. Robinson</td>
<td>Dr. T. Hill</td>
</tr>
</tbody>
</table>

**Board of Directors**

<table>
<thead>
<tr>
<th>Year</th>
<th>Name</th>
<th>Name</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911-1912</td>
<td>J.A. Maharg*</td>
<td>C.A. Dunning*</td>
<td>G. Langley*</td>
</tr>
<tr>
<td></td>
<td>J. Robinson*</td>
<td>N.E. Baumunk</td>
<td>W.C. Sutherland</td>
</tr>
<tr>
<td></td>
<td>A.G. Hawkes*</td>
<td>Dr. E. Barrick</td>
<td>J.E. Paynter</td>
</tr>
<tr>
<td>1912-1913</td>
<td>J. A. Maharg*</td>
<td>C.A. Dunning*</td>
<td>G. Langley*</td>
</tr>
<tr>
<td></td>
<td>J. Robinson*</td>
<td>N.E. Baumunk</td>
<td>W.C. Sutherland</td>
</tr>
<tr>
<td></td>
<td>A.G. Hawkes*</td>
<td>Dr. E. Barrick</td>
<td>J.E. Paynter</td>
</tr>
<tr>
<td>1913-1914</td>
<td>J.A. Maharg*</td>
<td>C.A. Dunning</td>
<td>G. Langley*</td>
</tr>
<tr>
<td></td>
<td>J. Robinson*</td>
<td>W.C. Mills</td>
<td>J.B. Musselman*</td>
</tr>
<tr>
<td></td>
<td>A.G. Hawkes*</td>
<td>Dr. E. Barrick</td>
<td>J.E. Paynter</td>
</tr>
<tr>
<td>1914-1915</td>
<td>J.A. Maharg*</td>
<td>C.A. Dunning</td>
<td>G. Langley*</td>
</tr>
<tr>
<td></td>
<td>J. Robinson*</td>
<td>W.C. Mills</td>
<td>J.B. Musselman*</td>
</tr>
<tr>
<td></td>
<td>A.G. Hawkes*</td>
<td>Dr. E. Barrick</td>
<td>J.E. Paynter</td>
</tr>
<tr>
<td>1915-1916</td>
<td>J.A. Maharg*</td>
<td>C.A. Dunning</td>
<td>G. Langley*</td>
</tr>
<tr>
<td></td>
<td>J. Robinson*</td>
<td>W.C. Mills</td>
<td>J.B. Musselman*</td>
</tr>
<tr>
<td></td>
<td>A.G. Hawkes*</td>
<td>Dr. E. Barrick</td>
<td>J.E. Paynter</td>
</tr>
<tr>
<td>1916-1917</td>
<td>J.A. Maharg*</td>
<td>C.A. Dunning</td>
<td>G. Langley*</td>
</tr>
<tr>
<td></td>
<td>J. Robinson*</td>
<td>W.C. Mills</td>
<td>J.B. Musselman*</td>
</tr>
<tr>
<td></td>
<td>A.G. Hawkes*</td>
<td>J.E. Paynter</td>
<td>T. Sales</td>
</tr>
</tbody>
</table>

* denotes members of the SGGA directorate.

**Source:** The Co-operative News, December 1917.
TABLE 4  Wheat Shipments from Saskatchewan (bushels)

<table>
<thead>
<tr>
<th>Crop Year</th>
<th>Through Elevator</th>
<th>Accross Loading Platform</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911-1912</td>
<td>57,415,813</td>
<td>16,632,337</td>
<td>74,048,150</td>
</tr>
<tr>
<td>1912-1913</td>
<td>61,271,478</td>
<td>22,926,897</td>
<td>84,198,375</td>
</tr>
<tr>
<td>1913-1914</td>
<td>81,956,320</td>
<td>23,186,002</td>
<td>105,142,322</td>
</tr>
<tr>
<td>1914-1915</td>
<td>u.a.</td>
<td>u.a.</td>
<td>70,339,500</td>
</tr>
<tr>
<td>1915-1916</td>
<td>u.a.</td>
<td>u.a.</td>
<td>211,748,400</td>
</tr>
<tr>
<td>1916-1917</td>
<td>u.a.</td>
<td>u.a.</td>
<td>116,790,550</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Saskatchewan Department of Agriculture.

Grain Shipments from Saskatchewan (bushels)

<table>
<thead>
<tr>
<th>Crop Year</th>
<th>Through Elevator</th>
<th>Accross Loading Platform</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910-1911</td>
<td>45,952,191</td>
<td>22,496,759</td>
<td>68,448,950</td>
</tr>
<tr>
<td>1911-1912</td>
<td>80,521,205</td>
<td>22,627,745</td>
<td>103,148,950</td>
</tr>
<tr>
<td>1912-1913</td>
<td>100,498,883</td>
<td>36,805,142</td>
<td>137,304,025</td>
</tr>
<tr>
<td>1913-1914</td>
<td>123,224,833</td>
<td>35,187,637</td>
<td>158,512,470</td>
</tr>
<tr>
<td>1914-1915</td>
<td>u.a.</td>
<td>u.a.</td>
<td>87,329,100</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Saskatchewan Department of Agriculture.
### TABLE 5
The Original 44 locations of SCECo Elevators.

<table>
<thead>
<tr>
<th>Local</th>
<th>Railway</th>
<th>Elevators at Point</th>
<th>Purchased or Built</th>
<th>Capacity (bushels)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Indi</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>2 Tantallon</td>
<td>CPR</td>
<td>3</td>
<td>P</td>
<td>30,000</td>
</tr>
<tr>
<td>3 Dundurn</td>
<td>CNoR</td>
<td>4</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>4 Vanscoy</td>
<td>CNoR</td>
<td>3</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>6 Goodwater</td>
<td>CNoR</td>
<td>2</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>7 Colgate</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>8 Baildon</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>9 Tilney</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>10 Briercrest</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>12 Lampman</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>13 Cupar*</td>
<td>CPR</td>
<td>5</td>
<td>P/B</td>
<td>40,000</td>
</tr>
<tr>
<td>14 Estevan</td>
<td>CPR</td>
<td>6</td>
<td>P</td>
<td>40,000</td>
</tr>
<tr>
<td>15 Browning</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>17 Duval</td>
<td>CPR</td>
<td>4</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>18 Cymric</td>
<td>CPR</td>
<td>2</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>19 Govan</td>
<td>CPR</td>
<td>4</td>
<td>P</td>
<td>30,000</td>
</tr>
<tr>
<td>20 Waldeck</td>
<td>CPR</td>
<td>3</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>21 Wilmar</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>40,000</td>
</tr>
<tr>
<td>23 Rosetown</td>
<td>CNoR</td>
<td>4</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>24 Hanley</td>
<td>CNoR</td>
<td>5</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>25 Stockholm</td>
<td>CPR</td>
<td>2</td>
<td>P</td>
<td>30,000</td>
</tr>
<tr>
<td>26 Parry</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>40,000</td>
</tr>
<tr>
<td>27 Hearne</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>28 Ituna</td>
<td>GTP</td>
<td>2</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>29 Sutherland</td>
<td>CPR</td>
<td>2</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>30 Avonlea</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>31 Swanson</td>
<td>CNoR</td>
<td>2</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>32 Conquest</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>33 Juniata</td>
<td>GTP</td>
<td>3</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>35 Brooking</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>36 Waldron</td>
<td>GTP</td>
<td>3</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>37 Bangor</td>
<td>GTP</td>
<td>3</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>38 Oban</td>
<td>GTP</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>39 Unity</td>
<td>GTP</td>
<td>4</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>40 Tugaske</td>
<td>CPR</td>
<td>5</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>41 Senlac</td>
<td>CPR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>42 Salvador</td>
<td>CPR</td>
<td>2</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>43 Perdue</td>
<td>CPR</td>
<td>3</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>44 Radville</td>
<td>CNoR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>45 Ernfold</td>
<td>CPR</td>
<td>2</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>46 Stasbourg</td>
<td>CPR</td>
<td>3</td>
<td>P</td>
<td>30,000</td>
</tr>
<tr>
<td>+ Reinzi</td>
<td>CPR</td>
<td>1</td>
<td>B</td>
<td>30,000</td>
</tr>
<tr>
<td>+ Stevens</td>
<td>CNoR</td>
<td>2</td>
<td>B</td>
<td>30,000</td>
</tr>
</tbody>
</table>

* Cupar has two SCECo Elevators.

+ Some locals of the SCECo were named for districts. No local name matches the railway sidings of Reinzi or Stevens.

MAP  The Spread of Railways and the Original 44 Locations of SCECo Elevators.

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V. Books and Articles


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