

it the attention it deserves. I shall consider the matter and be prepared to give an answer sometime next week.

PRIVATE BILL

SECOND READING

Hon. T. A. Crerar moved second reading of Bill F, an Act respecting United Grain Growers Limited.

He said: May I say a word of appreciation of the eloquent address delivered a few moments ago, on the occasion of St. Patrick's Day, by the honourable senator from Bedford-Halifax (Hon. Mr. Quinn), and of compliment to him on the musical interlude which he provided. I hope that some day one of our members—perhaps my honourable friend from Edmonton (Hon. Mr. MacKinnon)—will entertain us with a song like "The Road to the Isles". That is a real song.

Hon. Mr. Farris: What about the bagpipes?

Hon. Mr. Haig: No; we draw the line there!

Hon. Mr. Crerar: The bill of which I have just moved second reading is "An Act respecting United Grain Growers Limited". The explanatory notes are full and comprehensive, and, I believe, have given honourable senators who have read them a full knowledge of the purpose of the bill. However, as one who in early years had something to do with the United Grain Growers, perhaps I could usefully add a few words of explanation.

Hon. Mr. Haig: May I make a suggestion which, I think, would save some of our time? The things in the bill which bother me are the variations from the general law. I should like the honourable senator to explain why we are being asked to make them.

Hon. Mr. Crerar: I am not quite sure what the honourable leader of the opposition (Hon. Mr. Haig) has in mind when he speaks of "variations from the general law".

Hon. Mr. Haig: Well, I will discuss the matter later.

Hon. Mr. Crerar: Perhaps I may give a short sketch of the history of this company.

It was organized in 1906 under the Manitoba Joint Stock Companies Act. By 1910 or 1911 its business had spread beyond the boundaries of Manitoba, and it was thought advisable by the directors and shareholders to seek incorporation through a special Act of the Canadian Parliament.

In 1917 further amendments were rendered necessary by the fact that the shareholders of the Grain Growers Grain Company, as it was then known, had reached an understanding with the board of directors and shareholders

of the Alberta Co-operative Elevator Company that the two organizations should fuse and form one company. In 1917 the name was changed from "Grain Growers Grain Company" to "United Grain Growers Limited". Statutory authority was also obtained to increase the authorized capital to the limit of \$5 million. Another amendment approved at that time provided that the vast number of shareholders scattered over the three prairie provinces could be organized into what were known as "locals". Practically all these locals were contiguous to elevators which the company operated. The locals met regularly in accordance with the by-laws, and following the procedure therein laid down appointed delegates to the annual meetings. Delegates so appointed had all the powers of shareholders for the purpose of conducting the company's business. The company undertook to pay the expenses of the delegates to the annual meetings of the company. That arrangement has continued to the present time.

The purpose of those amendments will be obvious to honourable senators. At that time the shareholders numbered about 25,000. It was impossible to get a fair representation of all these shareholders at an annual meeting. The sponsors of the company desired to avoid any possibility of control of the company passing into the hands of any particular group of men. With that end in view, they limited the number of shares that an individual could hold, and sales of shares were confined to *bona fide* farmers.

By virtue of a further and very simple amendment, secured in 1918, the company was permitted to pay what was known as a patronage dividend. The underlying principle was that if, after payment of ordinary cash dividends and provision of an adequate amount for reserve, there remained profits in excess of the requirements of the business, the company could distribute such profits on a *pro rata* basis to all who had marketed their grain through the organization.

The next amendments were secured in 1941. These are rather important. I stated a moment ago that there were two distinctive features of the original organization. First, that only farmers could qualify as shareholders. The object of this stipulation is apparent. As already stated, it was feared that some outside interest, perhaps some competing company, by offering special inducements to the existing shareholders, would get control of the organization. There was a further limitation, namely in the number of shares an individual shareholder could own. The shares were of a value of \$25 each. A difficulty had arisen which, although foreseen in the early days by those