Alberta

This Section of The Guide is conducted officially for the United Farmers of Alberta by P. P. Woodbridge, Secretary, Calgary, Alberta, to whom all communications for this page should sent.

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FARM CREDITS

In my last paper I tried to make clear the foundation principles of the Raiffeisen rural credit societies. There is now a bewildering variety of these credit societies in many countries, probably over one hundred thousand altogether, with I do not know how many millions of members. The original principles have been often modified, partly on account of government interference and legislation, partly thru experience. The chief principle that has been changed in many institutions is that of the unlimited collective liability of the members. The advocates of it maintain, and I think rightly, that this principle is the very life of the co-operative society. It gives perfect security to the lender, so that the lowest possible interest can be secured; and the experience of the last fifty years has shown, in many countries, and in business turnover amounting to many hundreds of millions, that it involves hardly any risk to members. When all the rules are carried out, when the members are carefully selected, when loans are granted only for reasonable purposes and only to reliable men, when every loan is secured by two sureties, the risk of a bad debt is very small. And when every member knows that he is fully liable for his share in every loss, every member will probably take care to watch that the rules are kept, and that no wild business is done. This unlimited liability is only possible in small local units, in which members all know one another, and can all be familiar with the business done. It greatly promotes the spirit of acting together. In a large centralised business, managed by a few men, and where most of the members practically know nothing of what is going on, unlimited liability would be insane. Many rural credit societies are now organized on the basis of limited liability; these are mostly companies founded on shares, but shares are not necessary for limiting liability. It can be done by the members agreeing to give guarantees for a limited amount beyond which they cannot be called on. When a company is founded on shares, limited liability generally means liability limited to the unpaid part of the shares, no member being liable beyond the amount of his subscribed share capital; but there are societies where limited liability means that a member is liable for a certain multiple of his share, say, 5 or 10 or 20 times the amount of his shares. These liabilities are applied in various ways. As a writer says: "The liability assumed by members may be one of three kinds. Members may be made directly liable without limit to the society and its creditors; or liable without limit to the society for assessments to meet its debts but not to its creditors; or directly liable to both the society and its creditors but only for a fixed sum, not less than the face value of its shares." Obviously it is better for the members to be liable only to their own society, so that no creditor can come down directly on any member. The original Raiffeisen banks rigidly refused to organize on shares, and where enough loanable capital can be obtained without shares, I don't see much use for them. But the argument that you can run the business cheaper without shares, because you have no dividend to pay to shareholders, does not seem to me correct, because in a co-operative society the "dividend" is only interest on share capital, and if you get no loanable capital by shares, you have to borrow more elsewhere and pay interest on it. One principle of the Raiffeisen societies is, that they make and pay no profit. They have to earn and keep a reserve fund, which gradually becomes working capital and practically destroys all risk that might arise from unlimited liability, as the whole reserve fund would have to be exhausted in paying for bad debts, before any assessment could be made on the members. But the reserve fund in these Raiffeisen societies is never divided among the members; if the society is dissolved the reserve fund is kept to start another society, or for some other public purpose. The reason appears to be the determination to avoid every temptation to do business for the sake of making profits. How to obtain loanable capital would probably be the chief puzzle in our province for the first years. In other countries deposits are forthcoming, because these credit societies are regarded as perfectly safe and they generally pay a higher interest than ordinary banks or savings banks. Possibly we could borrow from a bank on the collective guarantee of the members of a society.

One very important lesson revealed in the study of these societies is, that they are successful chiefly where they are closely connected with co-operative selling and buying. They were organized largely to finance co-operative commercial transactions; to help members to sell their produce, and to buy feedstuff, machinery, live stock, etc. And that is a point for our unions and district associations, who are doing co-operative business, to consider. Our Alberta Act respecting Co-operative Associations already provides an opening in this direction. Sect. 17 (2) says: "The rules may provide for the advancing of money by the association to members on the security of real or personal property."

So that without any new legislation we could make experiments in co-operative credit business in connection with our other co-operative work.

JAS. SPEAKMAN.

OFFICIAL CIRCULAR No. 12

The harvest season is now practically over and winter will soon be on us when our unions will resume their regular meetings, which means increased activity thruout the whole Association. Let us try to throw a little more earnestness, a little more serious thought into our personal responsibility as members of the Association in all matters pertaining to the Association. There are times, I fear, when we do not realize our personal responsibility for the future of the U.F.A. We realize that the quality and often the quantity of a man's work depends on "the heart" that he puts into it, yet few of us apply that same truth to our Association. An organization is only successful, is only effective in proportion to the amount of "heart" put into it by its members. The principle of democracy or any form of co-operation is only successful in proportion to the personal interest and responsibility which each individual member or unit takes in the government received. The saddest and at the same time the most dangerous thing one can imagine is a community or organization based on democratic principles in which the individuals or members concerned do not take the personal interest and responsibility without which democracy or co-operation cannot exist except in name. Let us all give to our work this winter more serious consideration than heretofore.

The Alberta Section

The Central office has during the slack season thought out several ideas which we hope to place before our unions for their assistance this winter. On account of the expense, if for no other reason, it is necessary to use the Alberta section of our official paper, The Grain Growers' Guide, for this work. Make the Alberta section of The Guide a feature at each of your regular meetings. Pick out articles in this section as a basis for debate. Appoint a good active committee, the best you can get, to work up this feature and watch your meetings grow in interest and enthusiasm.

One Way to Help

Have you stopped to consider the significance of what happened in regard to the published intentions of the authorities in the matter of getting payment for seed grain advances, etc., after the Central office had received the necessary information to enable it to get going? Keep us informed on this and other matters of similar consequence. If given the opportunity you will find that your Association, thru the Central office when its influence is used rightly, can be of use to you in many matters of general import and defend or help you to defend yourselves from unjust oppression in many ways.

Another Way to Help

The Association has been under heavy expense this year and money is needed to carry on the work. We have considerable money tied up in supplies. For instance, we have just had to purchase a new stock of combined roll, cash and minute books. To quote you the low price of $2.00 for these books we have to buy in large quantities. We have $500 tied up in this way at the present moment. The book has been revised and we believe improved. If you want to help, send in your order for a minute book. You will need it sooner or later. Help us by ordering at once. Price $2.00 post free.

We have 1,000 buttons on hand. Your secretary has prices. Order now and wear a U.F.A. button. It will make you feel good and help you to get acquainted.

We have several hundred of those 90 page booklets, "Studies in Rural Citizenship," in stock which many of our members and unions found so useful last winter. We want to get rid of them. The book is issued by the Canadian Council of Agriculture and sells at this office for 15 cents per copy, postage paid.

The number of annual reports printed this year was considerably less than usual, but we still have many left to dispose of. You need these reports when instructing your delegates to the next convention. You can get them for the cost of postage, 2 cents per copy.

In Memoriam

On November 12, 1914, our late president, W. J. Tregillus, was removed from our midst by death. At the wish of our last annual convention a Memorial Fund was established. Special "In Memoriam" folders were prepared and have been sold at 5 cents each, the whole of the proceeds being devoted to the Red Cross Society for the endowment of beds in the Canadian hospitals in England for wounded soldiers. Four beds have already been provided in this way. We leave it to you whether the cause is worthy. The fund cannot be kept open much longer. The folders are still available if you wish them. We want to double this fund by the time the first anniversary comes round on November 12 next.

General

Enclosed herewith you will find resolution forms on which all resolutions for submission to the annual convention must be written. Clause 5 of the constitution requires that all general resolutions for submission to the annual convention must be in the hands of the general secretary not later than December 15 in each year. Remember amendments to the constitution, under section 33, must be in the hands of the general secretary at least 60 days prior to the annual convention, that means not later than November 15. Any union having already submitted a resolution which they wish to have come before the annual convention will kindly re-write same on the special form and send in to the Central office as soon as possible.

The third quarter of the year ends September 30. A quarterly report form is being sent out with this circular. Kindly fill in same and return to this office at your earliest convenience.

Yours fraternally,
P. P. WOODBRIDGE,
Provincial Secretary.

Calgary, Sept. 19, 1915.

A GOOD START

A new union has recently been organized in the Athabasca district, to be known as Poplar Ridge. W. H. Gibson, of Athabasca, is secretary-treasurer and H. C. Jenkins, president. Fourteen paid up members were secured at the first meeting and dues for these members have been sent to the Central office. The secretary asks for sample copies of The Grain Growers' Guide and states that it is the intention of every member to subscribe to the official organ.

NEW ZEALAND LOANS

It may be interesting to give a few facts about the working of the New Zealand loan system, drawn from the New Zealand Year Book.

The loans began in 1894, when £3,000,000, or $15,000,000, government stock was authorized to be floated in the London money market, in debentures of £100 each, the interest not to be higher than 4 per cent. The first £1,500,000 were sold at the rate of £94 8s. 9d. per £100; that is the government only received £94 8s. 9d. for every £100 debenture; the interest actually paid by the government for the money raised was thus about 4½ per cent. This money was loaned out to settlers on first mortgages on "first class security" for 36½ years, to be paid in two yearly instalments of 3 per cent. each, that is 6 per cent. per annum, of which 5 per cent. is interest and 1 per cent. repayment of capital. For prompt payment of the instalments 10 per cent. rebate is granted, reducing the interest to 4½ per cent., on the basis of the government paying 4 per cent. for the money. That was in 1894. In the new law of 1913 the limit of interest, which the government may pay for loans, is raised to 5 per cent., making the interest chargeable to farmers 6 per cent., with a reduction to 5½ for prompt repayment. How this works out may be seen from the fact that the net profits for the year 1913-14 amounted to about $410,000; and there is a reserve fund of $250,000.

One of the interesting things to reflect about, is the system of land valuation, on which the mortgages are based. This is a government department; there is a chief valuer, under him the necessary assistant valuers, all government employees; these have to fix the real value for land unimproved, for the improvements, and for both together, on the principle of what the property would sell for at a fair cash sale. On this valuation the percentage of mortgage is fixed. Quite a few delicate questions, with nice political opportunities.

The year book shows how much the whole loan system so far has amounted to. Roughly speaking New Zealand has two and a half times the population of Alberta, but not half Alberta's area; about 105,000 square miles against Alberta's 250,000 square miles. The system has been at work about twenty years. I said in my last article that the outstanding mortgages for the Dominion of New Zealand amounted to about 37½ millions. But part of these are on urban and suburban land. The farm mortgages amount to about 25 million dollars outstanding for the twenty years' work. How much would be needed for the province of Alberta? The first purpose for which the new first mortgage loans would have to be used would be the lifting of existing mortgages. I have no figures to show this in Alberta. But in Saskatchewan the government commission reported in 1913, that on a conservative estimate the farm mortgages amounted to 65 million dollars. I should fancy 60 million dollars in Alberta in 1915 would not be an extravagant estimate. On an average that would mean 15 million dollars annually for the next four years to pay off existing mortgages, without a dollar for new loans. In New Zealand in the year ending March, 1914, about $4,800,000 were loaned on land mortgages, of which probably less than $4,000,000 were farm mortgages.

The total indebtedness of farmers in Saskatchewan in 1913, including farm mortgages, was estimated at $150,000,000. I suppose Alberta farmers might be owing some $120,000,000. It looks as if some co-operation from banks and governments might come in quite handy. This is a big proposition; it wants careful handling.

JAS. SPEAKMAN