

The Extension of Livestock Credits

What the Bank and the farmers have done at Elfros, Sask., in both distributing and buying. Details of the organization and its workings. Extension of the idea on a large scale

To overcome local prejudice between farmer and bank, to secure the united co-operation of widely divergent racial sections of the community, to increase the livestock holdings of a district 100 per cent. in three years and reduce the cost of buying the stock 15 per cent., as well as the cost of carrying it two to three per cent., are accomplishments that any rural community may well feel proud of. Such have been some of the outstanding features of co-operative effort at Elfros, Saskatchewan.

Necessity bred this at Elfros, but fortunate circumstances furnished the solution. We have a few cases now where city men have realized the infinitely greater return from farming the farmers' trade

izing and propaganda work in the neighborhood to get the farmers to seriously consider the matter.

However, in September, 1914, a charter was obtained for a joint stock company, capitalized at \$40,000, i.e., four hundred shares at \$100 each. Twelve thousand dollars of the stock has been subscribed and \$600 paid up. And here let it be said that the bank was the prime mover in this project and virtually carried the scheme to the farmers instead of the farmers organizing and coming to the bank. Now, since the scheme is working out and the security is perfectly good, the bank has reduced the rate of interest from 8 per cent to 7 per cent. This same reduction has been made at Lethbridge on a somewhat similar scheme. The same bank stands willing to back other like organizations, offering equally good co-operative credit.

Every Member a Practical Farmer

The company began with fifteen charter members. There are now over sixty. Every member must own one share, and cannot own over five. Each member must be a practical farmer. This has been rigidly adhered to. The company has twelve directors located as nearly as possible to cover the different localities included in the district. The Elfros district is about 18 miles east and west and 30 miles north and south, or the size of the banking district of that branch. The system followed in locating directors enables them to not only assist in deciding on the suitability of applicants to handle livestock allotted them, but to inspect such from time to time if necessary. Each applicant for shares must be approved by this board of twelve directors and also by the financing bank.

When a farmer takes stock in the company he pays down five dollars on each share bought, which amount is to form a reserve fund to cover any possible loss. When he makes application—a regular form is provided—for livestock, purchasing power is granted him up to the aggregate par value of the shares held, i.e., livestock up to \$100 in value can be bought when one share is owned, twice as much for two shares, and so on. One member said: "I have two shares and got seven head, three heifers and four calves. The heifers cost \$35 each, and two were in calf. I am well satisfied." When enough applications are received to fill a carload, a regularly appointed buyer of the company proceeds to purchase the stock. Sometimes he goes to Winnipeg, sometimes to neighboring points and sometimes to local bona fide sales. All stock is purchased outside the community if possible, as the company is organized to increase the stock in the district, not to facilitate trading therein. Only when female stock is actually about to be shipped out is such stock purchased, and the company absolutely refuses to facilitate by its endorsement any trading amongst its members. Thus no fictitious values are created and no opportunity given for graft. Each applicant must bind himself to accept the stock bought for him.

Kinds of Stock

The company can deal in cattle, sheep and hogs, but not horses. So far operations have been confined to cattle. The females have been Shorthorn grades and the bulls all pure-bred Shorthorns. Thus community breeding is being established, and hav-

ing all purchases pass thru the hands of one buyer tends to unify and standardize the type in the district. All cattle are branded with the association's registered brand. A monthly report must be sent to the secretary-treasurer, and if such is not forthcoming an inspection is made, and the expenses of such are charged up against the man. Enough applications for sheep or hogs have never been received to warrant a shipment in, and there are practically no sheep locally. Next year will probably see something done in hogs. Feeders have been brought in and handled with good success. An application is made for these on the same form as for breeding stock, but not over one year is given to fit them for market. Payment is made at the time of selling, and notes are drawn for one year at seven per cent.

Payments for Stock

When the buyer for the association, who is also a member, goes out to purchase, the association borrows on a demand note which is paid as soon as the stock is delivered to the various applicants. The buyer only buys stock for which there are applications on hand. He cannot buy cattle on the expectation of being able to dispose of it. As the buyer does not usually know exactly where to purchase good stock, to avoid his carrying a large amount of cash he is authorized to make drafts on the association at Elfros thru the bank nearest to the point of purchase. If a whole carload is purchased at one point the draft is drawn with the bill of lading attached. When the farmer receives the stock he gives his note to the bank for the value of such stock. This note before being accepted by the bank must be endorsed by the Elfros Livestock Association. The purchaser also gives to the association a chattel mortgage on the livestock, to run until stock is paid for. The mortgage is not and should not be made out to the bank. It is assigned to the bank, however, by the association as security on the livestock. All chattel mortgages are registered. Payment for stock is to be made in from two to three years, but not later than three, one-third each year. At first the notes to the bank were drawn for six months and had to be renewed at the end of that time. Now they must be renewed every four months. If the note is not renewed promptly the association must assume responsibility. So far the association has only found it necessary to discipline one member. As stated previously, the interest rate was 8 per cent., but has now been reduced to 7 per cent. The one and the essentially important thing to farmers about this reduction is that the bank considers the security on these loans plenty good enough to warrant the lower rate.



Money is loaned out only for good grade breeding stock and pure-bred bulls but also for feeders and steers. The latter leave calves over one year and furnish the opportunity to utilize much of the Alberta unseeded rough feed.

rather than the farmer, and have thrown out a rope to the farmer struggling amidst a constantly increasing slough of debt by guaranteeing credit at the bank. Had all towns developed as the land speculators assured us they would, we might have had enough to go around, and such linking up of town and country might become an accomplished fact. As it is, however, the number of towns large enough to furnish such credit to farmers is small, and instead of the farmer placing dependence on the town or city man to furnish him credit for stocking his farm, he should furnish his own credit, because the collateral of his industry must ultimately furnish the credit in either case, and the scheme of furnishing his own is perfectly practicable. This method is also much more desirable. It is needed by and applicable to the settlers all over the West, and will substitute for "territory" closely drawn communities. The solution in this case lay in the readiness of the farmers to co-operate, to the practical knowledge of co-operation and intense interest in agriculture of the local manager of the Bank of Commerce, H. H. Hammer, and the support of head office in the scheme.

The Starting Point

In the fall of 1913 a hard-working, competent grain grower farming three quarter sections of his own and one quarter rented on half share terms, and with no stock but horses, came in to furnish to the bank a new statement. The crop he had just harvested was a fair one, quite as good as, if not better than, that of most of his neighbors. Yet he showed a deficit on the year's operations of \$2,000, and could not pay all his store bills. Here was the opportunity for the bank to administer some good advice, yes, even to offer a solution; and let it be said it was quite alive to the job and immediately suggested the usual patent remedy, "Get into livestock." This farmer being a native of Missouri, and claiming all the rights to actual demonstration peculiar to such natives, the bank manager had thus furnished himself with what looked like a fairly permanent job for evenings, holidays and Sundays.

When a man, in addition to having the name Hammer, has the initials H. H. in front of it, and is born in Denmark, the home of co-operation, we do not need to be told that he started out to "drive" something. One thing was patently plain, that money was necessary, and no one but the bank could supply it. Furthermore no one but the bank believed or knew it would supply it, and no one seemed disposed to take active steps to find out. The popular attitude toward the bank was what it unfortunately is in many places—about as friendly as two Irishmen from opposite ends of Ireland are to one another. This was the great handicap, and it required a lot of earnest discussion, circular-



Part of a carload of hogs forming the third co-operative shipment from the Elfros Livestock Association Ltd. The association expects in time to handle most of the shipments from this point.

When farmers pay before due date they are only charged interest up to the time of payment. The directors also have power to allocate to the bank as security any or all unpaid portions of the capital stock subscribed. This has not been done, however.

Influence of Exemptions Act

The scheme of chattel mortgage security worked satisfactorily up to the time of the adoption of the Saskatchewan Exemptions Act, by which exemptions of six cows, six sheep, four hogs and any animals chosen for food purposes are allowed. Thus a chattel mortgage is now of no use unless a man already owns over and above the amount of legal

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