Alberta Elevator Scheme

The following is the Report of the Elevator Committee, presented to the Fifth Annual Convention of the United Farmers of Alberta, at Calgary on January 21

Gentlemen:—Your Elevator Committee beg to submit the following report:

Your committee have given the subject of an elevator policy for Alberta considerable thought during the last few months, as it has been found that many questions have arisen concerning same which were not thought of one year ago.

The first development in the elevator situation in Alberta was the combination of a number of the grain firms and elevator companies into one large company, a combination which was arranged by some of the best known financiers and grain men in the country. The immediate result of this combination was, to a large extent, the elimination of independent storage facilities at the initial points, and the reducing to a minimum, at a large number of shipping points in Alberta, the elevator competition.

Another factor which required consideration was the low price of grain, and the fact that in many instances the price which could be obtained by the producer was hardly sufficient to meet expenses. The reason for this might be traced to the fact that last season Western Canada had an enormous crop, and, coupled with this, the fact that conditions were such that the farmers were compelled to rush their grain on the market, in fact it is estimated that in the rush of the season the amount of grain being offered daily was about 1,600 cars, while the quantity which could be properly absorbed at that time was only about 800 cars. The natural result of this was that prices were dropped to their lowest limit and conditions were therefore not at all satisfactory. The reason of this can no doubt be traced to our present economic conditions which are such that the farmers have been forced to rush their grain on the market as soon as it is threshed in order to meet their obligations, and until some method is devised whereby this kind of thing can be prevented, it is possible that conditions similar to those which prevailed during the past few months will have to be faced again in future seasons.

Profit By Experience

Your committee believe that in the formulating of a definite policy for Alberta it is only right that we should take advantage of the work done by the other provinces in this direction, and in thus looking over the situation it is quite possible that some plan may be provided which will give to Alberta a system that can have the merits of the other plans without any of the weaknesses.

To review the elevator situation of the Prairie Provinces during the past few years, it is recognized that the stand taken by the farmers today can, to a certain extent be called a departure from the policy laid down in Regina in November, 1908. At that time the representatives of the organized farmers of the three Western Provinces were in consultation with the three premiers and made the request for government ownership and operation of all line elevators, the reason given being that if a government system was to be a success the chief essentials to secure same was first the operation of all such facilities as a public utility, and second a complete government monopoly of the storage, under the control of an impartial and independent commission.

The premiers took the matter under consideration and finally answered that this was not a question which could be handled by the three provinces acting together, but that each province must act alone, and must decide upon some plan for the solving of the situation. After this developments in the two eastern provinces proceeded quickly. At the next annual convention of the Manitoba Grain Growers' association the statement was officially made by a member of the government that the Manitoba Government was prepared to provide a system of government owned elevators. At the Saskatchewan convention a statement was made to the effect that a commission would be appointed to consider the question of government ownership of elevators and if the report of the commission was accepted by the farmers it would be accepted by the government, while at the Alberta convention a statement was made by the premier that, as soon as a satisfactory plan was submitted by the farmers it would be accepted by the government.

Results in Manitoba

In the working out of the schemes already in force it was soon found that in so far as Manitoba was concerned the policy in force was a failure, and this can no doubt be traced to the fact that the recommendations made, for a monopoly of the business and an independent commission, were not accepted. From the start there was a heavy deficit to meet yearly from the revenue of the province and, without going into any reason for the same, it is sufficient to state that eventually the government decided to abandon the scheme and it looked as if the elevators would once more go into the hands of private companies. At the last moment, however, a deal was completed whereby the farmers' commercial company, the Grain Growers' Grain Co., leased the elevators at a stated price, and this company has been operating the past season, and, from the present outlook, the company will make a success of the enterprise. In this connection it might not be amiss for your committee to refer to another feature which has developed in Manitoba since the above company has taken over the government elevators, and that is the securing of flour from one of the largest milling firms in Western Canada at a price which means a considerable saving to the consumers who are taking advantage of the offer.

The Saskatchewan Scheme

In Saskatchewan the commission appointed for that purpose presented a report which was accepted by the farmers of that province, and which provided for organization of a line of elevators in Saskatchewan on a more or less co-operative basis, and which provided for the organization of locals at different points where the elevators were required, the farmers being required to subscribe sufficient capital stock to provide for the building of the elevator and pay fifteen per cent. of the subscription in cash, and the balance of the subscription is paid from the profits of the elevator company.

The money required to build the elevator, above the fifteen per cent paid in by the shareholders and after the cost of organization is deducted from same, is advanced by the government upon mortgage secured against the elevators and personal property of the company.

Provision is made also for the division of the profits of the company by payment to the government of the interest and instalment of principal due upon the amount borrowed from the government on the security of the elevators, together with the cost of operation and maintenance, including salaries, by payment of a dividend of six per cent. per annum on the paid-up capital (but your committee have been informed that steps will be taken to change this rate of dividend, presumably to make the rate higher). If, after these charges are met there should be further profit, then this can be divided by the company as follows: Fifty per cent. of this balance on a co-operative basis to the shareholders, each shareholder being entitled to receive such sum as shall be proportionate to the volume of business he has brought the company, or the same amount to the supporters of the locals on the basis of the aggregate relative financial results of the respective locals; or the same amount may be divided between the shareholders and supporters in accordance with these terms mentioned, or, the fifty per cent. may be applied for the general purposes of the company, and provision is made further for the establishment of an elevator reserve fund to be used only in case the receipts of the company are not sufficient to pay operating and maintenance expenses in one year.

Provision is further made for the appointment of local committees or boards of management at each elevator point, to assist in the work of the company at that point.

In reviewing these two schemes your committee felt that several questions should be answered, and taking these separately the only conclusion that could be arrived at was that with the system of government now in vogue, and with the example of the Manitoba plan before them, it was impossible to recommend the establishment of a line of elevators along the lines of the one first adopted by the Manitoba Government.

It was felt that the Saskatchewan plan was a distinct improvement, but certain parts of the scheme were not altogether clear, and after asking certain questions, and being satisfied with the answers received, your committee had to face the problem of deciding whether the plan could be improved, and in so doing the conclusions arrived at were that the first requisite for a system of elevators in Alberta was the absolute control and management by the farmers themselves, with the very slightest possible chance for interference eliminated.

A Strong Farmers' Company

Your committee believe that this can best be met by the business being handled by a strong farmers' company, one controlled entirely by the farmers and thereby working in harmony with them generally, and having the strength to hold its own in any fight which may be forthcoming, not only in Alberta, but in the three Western Provinces. Your committee believe that to a large extent the solution of our co-operative efforts will depend entirely upon the building up of such an enterprise and therefore beg to recommend that for the elevator policy in Alberta, the provisions of the Saskatchewan plan, in so far as the subscribing for stock and for local assistance in management be adopted, but that in the matter of financial arrangements it would be better for arrangements to be made whereby the full control and responsibility would rest with the farmers themselves. In making this recommendation your committee believe it is to the interest of this Association that assistance which should be forthcoming is that of providing the capital for the building of elevators and therefore would suggest:

Committee's Recommendations

That the government be asked to guarantee the bonds of a company for the erection of a line of farmers' elevators in the Province of Alberta, this guarantee to be on such terms and conditions not inconsistent with the provisions of the act which would be passed for that purpose, and the amount of the guarantee for each elevator not to exceed a stated sum.

That the province should be secured by deeds of trust or mortgages covering such elevators and plant, payable in from twenty to thirty years, in accordance with the terms of the debenture issue.

That the conditions under which an elevator could be erected at any point would be for the farmers in that district to subscribe for sufficient stock to build an elevator, and for the subscribers to have an annual crop average of 2,000 acres for each 10,000 bushels of elevator capacity.

That the subscribers be required to pay not less than twenty per cent. of the value of the shares subscribed and that the balance be paid in equal instalments at one and two years (or, one, two, and three years) with the privilege to the shareholders of ordering a deduction to be made, over and above the ordinary handling charges, upon their grain passing through the elevator, until such time as the capital stock is paid for in full.

That the company should make arrangements for the handling of all other lines of farm produce, and that the Board of Directors be authorized to negotiate with any existing company whose character may be wide enough to permit of this line of business being handled, preferably with the Grain Growers' Grain Co., and with the government to secure the adoption of the assistance necessary.

All of which is respectfully submitted.

Report Adopted

After thorough discussion the report was adopted and the Board of Directors was instructed to work out the scheme with the government with power to vary the terms as needed.

WHAT THE LOCALS ARE DOING

The annual meeting of the Hillsdown Local, No. 59, was held in the schoolhouse on Saturday December 14. The meeting was not as well attended as was hoped for, but considerable discussion took place. Much interest was shown in regard to the flour proposition. The next meeting is to be held on the second Friday in January, to be followed by a social evening. Messrs Fisk and Gilbert were appointed delegates to the convention.

J. H. MITCHELL,
Sec.-Treas.

The annual meeting of Gleichen Union No. 96 was called to order by J. E. Ostrander in chair immediately following the meeting of the agricultural society. Upon roll-call being read, all officers and 22 members were found present. The names of four applicants for membership were presented and accepted. The following officers were elected: President, N. N. Hayes; Vice-President, H. W. Lee; Secretary-Treasurer, J. C. Buckley, his duties to commence upon his return from Ireland next spring. Messrs N. N. Hayes, H. W. Lee, L. A. Moore, J. E. Ostrander and W. D. Trego were elected delegates to the Calgary convention.

WILL HELP A DISABLED BROTHER

Amunson branch, No. 413, held a meeting on December 19 with the President, Herman Morrow in the Chair.

The question of fireguards was discussed at considerable length.

The advisability of amalgamating with another union nearby was brought up and rejected by majority vote. Elections for 1913 then took place. Geo. Price was elected president by acclamation. Herman Morrow was elected vice-president. The secretary was also re-elected. The six directors were also re-elected by a strong popular vote. During a short recess, instrumental music was provided by Peter Sylvester. The case of Fred Bixley was then introduced. Mr. Bixley had been disabled by an unfortunate accident, and it was decided to help him by making a presentation. A committee of three was appointed to receive assistance from those willing to assist in a financial way. After an interesting discussion it was resolved that we consider the advisability of leasing a coal mine for the benefit of the farmers.

W. E. SIMPSON,
Sec.-Treas.