

Do You Want to Know More About The Grain Growers' Grain Company?

[This article is written for those who want more information about the Farmers' Company before purchasing Stock]

During the past few months we have received a very large number of inquiries regarding our Company. Many who have been thinking of purchasing stock have been asking how, when and why the Grain Growers' Grain Company was started, what it has done, what it is aiming to do, how it is run, how it differs from other grain companies, and other such questions. They want to be perfectly clear on all these points before they decide to invest their money, and in this they are quite right. There are, no doubt, many others who have not written us but who are just as anxious to learn more about this great co-operative Company. We are taking this opportunity, therefore, to give the readers of The Guide in a plain and simple way as much information on this subject as we possibly can.

HOW THE COMPANY CAME TO BE ORGANIZED

Many do not understand the difference between the Grain Growers' Grain Company and the Grain Growers' Association. Some think they are one, while others are not aware of any connection whatever. Of course neither of these views is correct. The Grain Growers' Associations were organized in Saskatchewan and Manitoba in 1903, and a little later similar societies were organized in Alberta. These Associations, which were quite open and voluntary, had for their object the protection of the farmer's interests. It was hoped that a few thousand farmers working together in an organized body could do much that no individual farmer working alone could do. It can well be remembered that the conditions under which the farmer was compelled to market his grain about 10 years ago were anything but just. He was practically at the mercy of a few dealers, who were backed by the railways, and he had to take pretty much what was offered him. The Associations did much to improve these unjust conditions, but there was still a great deal of dissatisfaction among the farmers as to the treatment they were receiving.

In 1905 a committee was appointed by the Grain Growers to look into the situation and, if possible, to suggest some way to remedy matters. The committee soon saw that the grain trade was being dominated by a few powerful elevator companies who were running things very much to suit themselves. The farmers and the independent grain dealers in the Grain Exchange had little or no influence. The committee saw that the most effective way to improve conditions was for the farmers to form a joint stock company and to get into the marketing business themselves. Through this company the farmers could place their grain on the market and not be subject to the heavy profits which the elevator companies had been taking. They would thus force these companies to give better terms; they would, by co-operation, reduce the cost of marketing their grain to the lowest point; and they would be in a better position to see any improvements that could be made in

the marketing system that would benefit the farmers.

During the summer of 1906 stock was subscribed from among the members of the Grain Growers' Associations and other farmers, and the Grain Growers' Grain Company was organized. While this Company is an outgrowth of the Association, it is a separate institution, and is working under a government charter like any other joint stock company. Many of its shareholders are members of the Association, but there are many who are not, and many who are members of the Association are not shareholders in the Company. They are in this respect quite distinct. The Company was so organized that only farmers and members of their families could purchase shares. No one could purchase more than four, and each person had but one vote. This has kept the Company strictly a farmers' concern and prevented any one person getting undue influence. The farmers' Company received its first car of grain on Sept. 5th, 1906.

DIFFICULTIES TO OVERCOME

As could only be expected, a company starting out with the objects in view which this young Company had, received considerable opposition. Shortly after it was started, when grain had begun to flow in freely, the Elevator interests, who were the controlling factors in the Grain Exchange, took objection to a clause in our constitution which they claimed was contrary to the rules of the Exchange. The result was that the Grain Growers' Grain Company were expelled from the Exchange. Through the sacrifice of two or three of the leading farmers who came to the rescue of the young Company and pledged their personal property as security, the Company was enabled to carry on its business, although with considerable difficulty. The objectionable clause in our constitution was altered, but still we were kept out of the Exchange. Pressure was brought to bear upon the Manitoba Legislature by the Grain Growers' Association, who had by this time become a strong power at the polls, and the Legislature ordered the Exchange to reinstate the Farmers' Company on penalty of losing its charter. The Farmers' Company was reinstated.

This was only one of many difficulties which had to be overcome, but space will not permit us to discuss all. Suffice to say that nothing can testify so much to the permanent strength of the Grain Growers' Grain Company than the difficulties which it has had to overcome in gaining its present strong position in the Grain Trade. Those who hesitate to invest in the Company today would have no fears if they knew more of the struggles which the Company passed through successfully in the first few years of its career. Let it also be said that the loyalty with which the farmers of the West have stood by their own Company has done much to make it what it is today. The greater the opposition, the stronger they have rallied to its aid.

HOW THE COMPANY HAS SUCCEEDED

How has the Company succeeded? The first year, in spite of losing its seat on the Grain Exchange, it handled 2,500,000 bushels of grain. It cleared a profit of about \$800.00 and paid a cash dividend of about 8 per cent. The second year (1907-8) 5,000,000 bushels of grain were handled and a profit of over \$30,000.00 cleared. That year all who had \$7.50 paid on stock received enough dividend to pay up their stock to \$17.50. The third year the receipts of grain increased to 7,500,000 bushels. The profits were over \$52,000.00, and all who had their shares paid up to \$17.50 received a certificate for a fully paid up share, the last \$7.50 being paid from the \$52,000.00 earned. Besides applying this \$7.50 on each share there was enough profits left over to form a small reserve fund. While the dividends for these two years were exceptionally high, no money actually left the Company, all being applied on the stock, and the credit of the Company was not weakened. Last year (1909-10) the Company doubled the business of any preceding year and handled more 16,400,000 bushels. The profits amounted to \$95,000.00, \$50,000.00 of which was added to the reserve fund, and the balance paid to shareholders as a 15 per cent. cash dividend. This year, in spite of poorer crops, the Company will exceed the record mark reached last year, and its total receipts of grain before the year closes June 30th will have run close to the 20,000,000 bushel mark. The number of farmers holding stock in the Company has been doubled every year, and at the present time about 17,000 shares have been sold, which represent about 8,000 shareholders. Most of the first shareholders took one or two shares; they are now taking four for themselves, and four for every member of their families. The Farmers' Company is to-day one of the most powerful factors in the Grain trade in Western Canada. Through this Company the farmers are now marketing about one-quarter of their grain, and this large amount passing through the one channel enables them to exert a strong influence in their own interest.

PROFITS AND DIVIDENDS NOT THE ONLY AIM

Although the Grain Growers' Grain Company has always cleared a large profit and paid a good dividend on capital, and while it always hopes to do so, it has had another object in view, namely, to improve market conditions and enable the farmer to get more for his grain. Through the influence of their own Company in the Grain trade the farmers are now able to get a much better deal. If they can't get a square deal from the elevator man, they have always their own agency to fall back on. The result is plain. Many farmers have written us stating that they have got from \$25.00 to \$50.00 a car more for their grain on account of the Farmers' Company being in the business. Many who for certain reasons could not ship to their own Company have written to tell us that through the indirect influence of this