

Report of the Elevator Committee

Continued from Page 28

province. At the Saskatchewan convention an official statement was made on behalf of the government that a commission would be appointed to look into the matter, while in Alberta, it was stated that as soon as a satisfactory plan was submitted by the farmers, the government would accept it.

Manitoba and Saskatchewan Plans

In the working out of these various schemes, so far as the Manitoba one was concerned, it was found that government ownership and operation of the elevators was an absolute failure, largely due to the fact that the recommendations made by the farmers for the appointment of an independent commission and the taking over of all the elevators were not accepted.

In Saskatchewan the commission appointed reported in favor of the organization of a line of elevators on a more or less co-operative basis, including the organization of locals at different points where elevators were required, the farmers subscribing fifteen per cent. of the cost of the elevator, the government advancing eighty-five per cent., to be repaid with interest out of the profits of the company during a period of twenty years, the government being secured by first mortgage against the elevators and personal property of the company until the loan was repaid. This report was accepted by the farmers and the government, the final act being accepted by the legislature in March, 1911, since which period, in all our deliberations on the elevator question, the Saskatchewan act has been accepted as the model on which the Alberta system should be based.

Farmers in Absolute Control

It will be remembered that in the report of the elevator committee, accepted by the last convention, and in the discussion which took place on that report, it was pointed out that there were a number of points in the Saskatchewan plan which were not altogether clear, and which, after careful consideration, your committee had decided were far from satisfactory from the point of view of the farmers and recommended that whoever had charge of the drafting of the Alberta act would be instructed to eliminate these weak points and provide for Alberta a system in which the absolute control and management was in the hands of the farmers themselves, with every possible chance of interference from any other source eliminated.

Your committee acted on these recommendations and the present act incorporating the Alberta Farmers' Co-operative Elevator company is based entirely on the Saskatchewan act, the only material difference being in the financing of the elevators, where, as had already been discovered, lay the chief weakness of the Saskatchewan system. In Alberta it was felt that we must provide the means for raising sufficient funds at each point where an elevator was built to finance the purchasing of grain at that point from our own resources, and at the same time provide for other business than the handling of grain at that point. It was also necessary to provide against the powerful opposition of the elevator combine, which would most certainly have to be faced. It was, therefore, essential that in drafting the Alberta act, the financial end of the business be guarded very carefully and every possible means taken to provide against any possibility of the company being held up for lack of funds. Your committee believe that the report of the work of the company and the experience the company has been thru up to date more than justify the precautions which were taken to insure the absolute stability of the company and its absolute independence from all outside interference.

Relation to Grain Growers' Grain Company

Your committee do not feel that it would be proper in this report to make any defence of the criticisms which have been levelled at them, as, doubtless, ample opportunity will be given them before the close of the convention, but in connection with the negotiations with The Grain Growers' Grain company, we wish respectfully to point out that on every occasion which this matter has been referred to during the last two years, the recommendations of the board of directors and the annual conventions have been that negotiations should be entered into for the handling of the

business of the company and that The Grain Growers' Grain company has always been specifically mentioned as being preferable to any other.

In closing this report, your committee wish to re-affirm the attitude which they have maintained in regard to the Alberta Farmers' Co-operative Elevator company thruout the year and are prepared to defend their course of action if called upon to do so, believing, as they do, that in our present act incorporating the Alberta Farmers' Co-operative Elevator company, the farmers of this province have the most effective means possible for the carrying out of their wishes as expressed at recent conventions and for the effective combatting of the false economic conditions which have proved so detrimental to the interests of the farmers up to the present time.

All of which is respectfully submitted,
W. J. TREGILLUS, J. QUINSEY, W. S. HENRY, R. SHEPPARD, E. CARSWELL, E. J. FREAM, P. P. WOODBRIDGE.

George Bevington, a member of the committee, did not sign the above report.

U.F.A. Farmers' Parliament

Continued from Page 7

to foreign markets, would be preferable. He would like to hear the question discussed. Rice Sheppard said it was not intended that the present plan should be discarded by the passing of the report, but that the matter should be thoroughly discussed at a later time in the convention. James Speakman moved that the words "As the present plan is considered inoperative" be struck out, and the report then adopted, which was carried.

Elevator Debate

The debate on the elevator question took place on Thursday morning. It was a remarkable coincidence, to say the least, that as the delegates filed into the convention hall, copies of a Calgary paper were handed to them, in which was found, under big headlines, a violent attack upon the Alberta Farmers' Co-operative Elevator company in general, and its manager, E. J. Fream, in particular. At the opening of the session, M. E. Sly, of Strathmore, asked the convention to direct that a minority report on the elevator question, which had been prepared by George Bevington, be printed, at the cost of the Association. The directors, Mr. Sly said, had been asked to have the report printed, but had refused. Mr. Bevington had undertaken that he would be ready to proceed at ten o'clock that morning, but if the report was printed, the matter would have to be left over until afternoon. The question was put to the meeting and, by a large majority, it was decided to proceed with the matter at ten o'clock as arranged, without waiting to have the report printed. A few minutes being available before ten o'clock, Mr. Fream asked to be allowed to say a few words, tho he was not a delegate from any union. On motion he was made a corresponding delegate of the convention, with all the privileges excepting that of voting.

Newspaper Slander Answered

After referring to the minority report on the elevators, which he said was directed against him personally, he said he wanted to ask the delegates to pay no attention to the report in a Calgary paper which had been distributed among them, probably free, referring to the elevator question. This statement had been handed to the Calgary paper by a dismissed employee of the Alberta Farmers' Co-operative Elevator company. It contained the statement that the man giving the information had had twenty-three years experience in a large business concern in the old country. He, Mr. Fream, had always understood that the first principle of business was that an employee should be loyal to his employers both while in their employ and afterwards. This man came to them highly recommended and was given a position in the office. He was not accustomed to the Canadian way of doing business and was slow, but they were prepared to keep him because there was a hard winter ahead. He would not, however, be controlled by any officers of the company and insisted that he should take his instructions only from the board of directors as a whole. Under these circumstances he was relieved of his position, and that was the man who had now been disloyal to the company and had given information to the Calgary papers, criticizing the business

methods of the Co-operative Elevator Company. It was stated in the Calgary paper that some applications for shares were irregular. The fact was, that some thirty applications which came in were not in order and had been sent back for ratification and in the meantime, in order that they might be given their proper number, he, Mr. Fream, had filled out a copy of each application and had marked them temporary and kept them in a separate file until the corrected applications came back. That was the explanation of the matter and he hoped the delegates would not be influenced by it.

Minority Report

When Mr. Bevington was called upon, he stated that Mr. Sorenson also had a report of his own, which he had had printed, and this was taken first. Mr. Sorenson dissented from the majority of the directors on the ground that tho the last convention had directed them to establish a co-operative elevator system, they had formed a joint stock company. His own scheme was one of municipal elevators. Mr. Bevington explained that Mr. Sorenson could not be associated with him in his minority report, because Mr. Sorenson tho a director of the U. F. A. was not a member of the committee appointed to have charge of the elevator question. The report which he read was a lengthy document and, having been prepared in haste, was not very clear in some respects.

It related the details of a number of meetings of the committee and their visits to Edmonton to secure the passage of the Co-operative Elevator Bill. Mr. Bevington, it was clear, did not agree with the rest of the committee on a number of points, and when he was overruled by the majority endeavored to induce the government and members of the legislature to change the bill according to his own ideas. In this, however, he was unsuccessful. Mr. Bevington's chief objection to the bill was with regard to the section relating to the distribution of profits, which is as follows:

The annual revenue of the company, including all monies received as a result of the operation of the elevators under its control or management, shall be distributed as follows: (a)—The annual payment, if any, due the province shall be the first part. (b)—Then all current liabilities shall be paid. (c)—If sufficient funds remain, a dividend not exceeding eight per cent. shall be declared and paid to the shareholders. (d)—If funds still remain, the directors shall set aside such sum as they deem meet as a reserve fund. (e)—If any balance remains, it shall be divided among the shareholders and patrons of the company on a pro rata basis, according to the business furnished to the company by each, and at such pro rata distribution the decision of the directors shall be final and there shall be no appeal therefrom and no action or suit in court shall be maintained with reference to the same.

This, he contended, was not true co-operation, as it gave a greater portion of the profits to a large shareholder who shipped little grain than to a small shareholder who shipped a large quantity of grain.

Neither Mr. Bevington nor Mr. Sorenson, it may be observed, outlined a plan for the co-operative distribution of dividends.

Mr. Fream's Reply

E. J. Fream, Honorary Secretary of the U. F. A., and manager of the Alberta Farmers' Co-operative Elevator company, replied at length to the criticisms which had been offered. He first read from the official minutes of the board of directors and the elevator committee of the U. F. A. to show that the plan which had been adopted by the legislature had the approval of those bodies, and that Mr. Sorenson himself had moved its approval by the directors last spring. The plan of municipal elevators now proposed by Mr. Sorenson, he said, was unworkable. By storage alone, elevators could not be made to pay. The Manitoba experiment was sufficient proof of that. Again, two or three hundred individual units, such as he proposed, would be absolutely useless in fighting a combine. Dealing with Mr. Bevington's attitude, Mr. Fream said it was true that this was the first time a minority report had ever been presented to the U. F. A., but it was not the first time the directors had failed to see eye to eye. If they did not agree at the beginning of a meeting, however, they had always agreed

at the end, for those who had been in the minority had always given way and put their shoulders to the wheel to help along the policy decided upon. Mr. Bevington, however, had refused to do this and had endeavored to hold up the whole proposition because he could not have his own way. Mr. Fream also went over the history of the negotiations with the government and said that when they discussed the question of distributing profits in proportion to patronage, they found that while they strongly approved of the principle, it would require so much book-keeping that all the profits would be used up in deciding who was entitled to them. The first principle of the co-operative distribution of profits as applied in England was that a reasonable interest should be given to the investor on his capital. The act provided that not more than eight per cent. should be paid, which he considered was reasonable in Alberta. Then a reserve fund had to be created to provide against possible future losses. This was also required by the act. The third principle was that the remaining profits should be divided to the patrons in proportion to the business done. That was a good principle and the company proposed to put it into practice with regard to other lines of goods, but so far they could not see how it could be done in connection with grain. Mr. Fream enumerated eight different ways in which the company handled grain—purchasing by wagon load, handling thru special bins, storing on grade certificate, consigning on commission, buying on track, and so forth. So far no scheme had been devised which would enable the distribution of profits on the basis of patronage, when so many different methods were employed; but if anyone could show him such a scheme that would not entail an unreasonable amount of book-keeping, he would be glad to recommend its adoption to the directors of the Alberta Farmers' Co-operative Elevator company. He believed in co-operation and had given a good deal of study to the question and he would not take a back seat to anyone on that question.

Convention Almost Unanimous

Dealing with the progress of the company, Mr. Fream said fifty locals had been organized, with 5,230 shareholders. The elevators were doing a successful business and he believed there would be a good report to make when the annual meeting was held. The farmers of Alberta, however, were already benefiting, for the presence of the company in the market had considerably reduced the spread between track and street prices. Whereas in former years a spread of six and seven cents was common, the highest spread this season had been four cents, and that on only two days. At present the spread on wheat was only two and one-eighth cents, and on oats, half a cent. He had correspondence with him to show that other firms had written, asking them to increase the spread and their own letters refusing to do so. In closing, Mr. Fream asked the convention to pass the majority report read the previous day and thus show their confidence in their directors and officers. The noon adjournment was taken immediately after Mr. Fream's conclusion. The debate came to an abrupt conclusion when the convention re-assembled after lunch. As soon as the meeting had been called to order, Mr. Shuttleworth moved that the majority report be adopted. Both sides had been heard, he said, and he thought the convention could now decide the question without further discussion. The motion was seconded from all parts of the hall and was carried by a very large majority, only half a dozen hands being raised against it. The decision of the question by a practically unanimous vote brought a welcome relief from the tension which had prevailed and the delegates cheered and cheered again.

When order had been restored, A. Dawson moved a vote of confidence and thanks to the officers and directors of the Association for the way in which they had handled the elevator question. The motion was seconded by Mr. Chandler and carried unanimously.

REPORTS HELD OVER

The report of the Women's Convention and the report of the committee on Co-operation, and a number of resolutions passed on the last day of the convention will be published in the next issue of The Guide.