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# Manitoba

This Section of The Guide is conducted officially for the Manitoba Grain Growers' Association by R. C. Henders, President, Culross, Man., to whom all communications for this page should be sent.

## ORGANIZER McCUISH REPORTS

During the past week I have called on all our branches on the Winnipeg-Brandon C.N.R. branch west of Portage la Prairie, going thru to Arizona. This is one of the best branch associations on the line and takes in a very large district. Their main activities are in co-operation in which they do a good deal in the fall of the year. After spending a day and a half at Arizona and Pratt, I called on some of the members of the Rosendale branch, which two or three years ago was one of our active associations, but outside influences with some local friction finally broke up the association. However, R. C. Culbert, the secretary, is in hopes of re-organizing this coming fall stronger than ever.

At Edwin I met L. W. Crewson, the local secretary, and made arrangements to address a meeting of their branch June 17 in Edwin school. It being a cold night the attendance was not large. Edwin branch was one of the earliest in Manitoba, it being formed in 1903 by W. Fulton, of Oakland, and some of the first members are still active in the association.

From Edwin I went to Ladysmith and Rose Hill and held an organization meeting in Rose Hill school. Here again the weather was unfavorable, only ten farmers and one lady member being present, but I gave a review of the Grain Growers' work in the past and explained the objects of the Central Farmers' Market in Winnipeg. The meeting was then open for discussion, after which E. C. Hamblin was elected president and D. D. McCaskill secretary. Another meeting was called for Wednesday, June 23, when the balance of the officers will be elected and the organization completed.

From Rose Hill I drove to McGregor to catch the train to Sydney where I met a number of farmers who did not feel like assuming the responsibility of an organization at the present time.

## AGRICULTURAL CREDIT

### The Farmer Needs More Capital

While our Western prairies were being settled the chief resources of the settler were free or cheap land, intelligence and a strong healthy body. Comparatively little capital was required.

As settled conditions developed money was needed in increasing quantities to make permanent improvements, buy machinery, etc., etc. Now we come to a time when free and cheap land can only be secured in outlying districts, removed from all transportation facilities and generally not so easily brought under cultivation as when the settler could pick and choose. In other words, a man who does not own land and wants to buy a farm of his own finds that it takes a great deal more money than it used to take to simply take possession of the land.

Gradually but surely our Western farmers are going into mixed farming and passing from extensive to a relatively intensive farming. Now, generally speaking, the more intensive the farming, the greater the cost of maintenance per acre. As a rule more implements are required, sometimes a greater investment in livestock and buildings to house and care for livestock. In order to make mixed or intensive farming feasible a substantial use of capital is necessary.

In the business and industrial world the credit form of capital is absolutely necessary in order to obtain adequate capital. Very rarely does any one think of starting in business on cash capital alone. There are always risks in making investments even in cash and there is an added risk in borrowing. The past has demonstrated, however, that generally speaking the only way to get launched on a business career is to borrow, that is to have a credit-capital. This credit may be based partly on property, partly on expected business and partly on business ability and partly on the efficiency of the borrower.

The farmer has the same needs and they are just as legitimate as in any other business. While land was cheap the farmer thought he could afford to use land lavishly and capital sparingly. The farmer is now becoming more a business man and finds it advantageous to use the

same business methods. One of these methods is to use credit-capital.

### Right Use of Credit

During the speculative craze of recent years many farmers borrowed money on land with the expectation that the land would rapidly rise in value. That is, they borrowed principally in order to secure land for selling, not for farming. This is an abuse of agricultural credit and should be discouraged in every possible way.

"Unfortunately for the West during this speculative period money lenders rather encouraged than discouraged that speculation," not because it was wrong to buy land to sell, but that a better use of credit is to make land productive.

What the country wants of land is not increase of price, but increase of productivity, that is, money should be borrowed only in order to make a farm more efficient as a producing machine, not merely to enable any one to hold his land for an unearned rise in value.

There have been so many losses on account of mortgaged farms that a great many farmers dislike to borrow, but it may be just as unwise to refrain from borrowing when capital is needed to make the farm as productive as possible as it is wrong and foolish to borrow to cover mistakes or speculate in "futures." In other words, not to borrow may be as uneconomical as to borrow for the wrong thing.

In business a certain amount of credit is considered not only legitimate, but necessary to good business. Gradually our farmers must learn the same rule for themselves, but it must be used with caution.

The "rural" credit is not, however, the same as "urban" credit, the rural people have habits of their own. The farmers' business is not in all respects like other businesses. Hence the question of rural credit calls for special attention and special institutions.

### Long and Short Terms

Agricultural credit naturally divides itself into two classes—land mortgage credit, which may be briefly defined as credit to meet capital requirements of the farmer, and short-term or personal credit, which may be defined as the money needed by him to finance his operations during the time the crops are being produced. In all countries where a system of agricultural credit is established, distinction between these two classes of credit is sharply drawn and it is quite apparent that in any consideration having to do with the providing of rural credit in Canada these two classes have got to be taken into account. In all European countries that provide agricultural banks, separate institutions differing fundamentally in their plan of organization and operation are provided to meet the requirements of the two classes.

The land-mortgage credit is invariably extended for a period varying from thirty to sixty years on the amortization system where principal and interest are paid together, usually at from four to six per cent. annually or semi-annually, payments being equal for the full period of the mortgage, thus giving the borrower easy payments at the beginning of his loan. Canada and the United States are the only countries that do not make some such provision for capital required. If this system were in force in the West instead of our present system of land-mortgage it would of itself automatically relieve the shortage in the short-time credit system, in that it would enable the farmer to use annually a large proportion of his earnings in the conduct of his usual business. Thus he would be enabled to accumulate an active bank account with which to conduct his usual operation, placing him in an independent position and with less need for short-term credit.

### A Concrete Example

A farmer in Manitoba borrowed \$4,000 last March on a land-mortgage for five years at eight per cent., payable annually together with \$300 on principal. His first annual payment is therefore \$620. If he were in New Zealand, for instance, he would get his loan on the amortization system, running thirty-six and a half

years at five per cent., making his first payment, interest and principal, \$240 as against \$620 in Manitoba, thus leaving him \$380 for working capital. In five years the Manitoba farmer pays according to the terms of his mortgage \$2,860. A New Zealand farmer during the same period, \$1,200; a difference of \$1,660. That he saved for working capital.

If the Manitoba farmer gets his mortgage renewed on five year terms (same rate of interest and payment), his loan is discharged in fourteen years. His total payment (interest and principal) is \$6,296. During the same period the New Zealand farmer pays \$3,360 on his loan. He thus accumulates during the fourteen years for working capital \$2,936.

Another element is the cost of securing mortgage loans in Manitoba. In the above mentioned mortgage the cost to borrower in solicitors' fees and disbursements was \$43.50, with valuation fee of \$7.00; total, \$50.50, and at every renewal of mortgage there is added expense. The New Zealand farmer would pay law costs for perusal of title, preparing and registering mortgage, \$5.00, with cash disbursement; search fee (with an additional fifty per cent. for every certificate of title after the first), 50c; application for loan and valuation fee, \$10.50. While the Manitoba farmer has to scratch along getting every thing he needs to produce a crop on credit from trades people, it can be readily seen the advantage the New Zealand system of land-mortgage credit would be to our farmers as compared to the methods now in operation in Canada. Instead of relying on banks for his working capital at the commencement of his year's operations, the savings in his yearly payments on his capital requirements would in most cases furnish him from year to year the necessary working capital.

### CO-OPERATION

"Every farming community should encourage the organization of an association thru which the last farmer of the district may buy and sell the articles of produce needed and produced.

"The beauty about co-operation is that it brings the farmer more satisfactory prices both in buying and selling; it delivers to the city consumers more desirable foods at a saving. Therefore, co-operation should startle no one. Just as the title implies, it is a mutual affair, injuring no one save the middlemen who have been accustomed to make a living off the farmer's dollar and the city man's income. Profitable and practical agriculture demands the elimination of every profit absorbing agent; the institution of all profit increasing elements."

### VIDIR REPORTS

The Vidir Branch of the Grain Growers' Association held a free concert on May 29. The weather being good and roads in fine shape the turnout was large. A good program had been prepared for this gathering with speeches, songs and recitations followed by a dance. The Vidir Ladies' Aid Society sold refreshments on the grounds and many thanks are due the society for its good work.

The Vidir Grain Growers are holding regular meetings having fair attendances, and are doing all in their power for the good of the community. Among other things we have been trying to get a public weigh scale in Arborg and we have good hopes of success.

R. F., Sec.-Treas.

Vidir P.O., Man.

### OCHRE RIVER BRANCH

M. McCuish, organizer from the Central Office, called on the Ochre River branch on Thursday, June 3, and addressed a meeting in the town hall in the evening. On account of its being the King's birthday many of the members were away to the lake for the day. Mr. McCuish first gave a review of the work of the Manitoba Grain Growers' Association during the past twelve years and pointed out that the Amendments that the Association has been instrumental in having added to the Canada Grain Act have saved the farmers thousands of dollars every year. There was much the Association wished to do, but could

not simply because there was not a great enough number of farmers belonging to the Association and the government counted all who did not belong as against the farmers' bill of rights. He also told of how other branches in Manitoba in the different districts secured members for their local branch.

There was a half hour given to the objects of the Central Farmers' Market and the interest taken in it by the Grain Growers and Mr. McCuish explained how a great deal of money was lost by the farmers thru not having their produce such as eggs and poultry properly packed and sent to the market in good condition.

### A WARNING

#### "The Co-operative Union" of Windsor, O.

Some person or persons has for some months past been masquerading before the consuming public under the above style. Apparently the undertaking is not incorporated; yet no information is given in the literature which is being circulated as to the name or status of the responsible party.

The concern has been warned not to use the title, as it is a colorable imitation of that of the organized co-operative movement, namely, The Co-operative Union of Canada.

While using co-operative terms in its title and its literature, there is no element of co-operation in it which will not be found in the business of any private trader.

The so-called "membership fee" is a profit charge for the privilege of buying goods from them. Any other retail firm or mail order house will be only too pleased to supply goods without making such charge.

We do not wish to go further into the question of the good faith of the people behind this concern. The financial editor of the Toronto Saturday Night occasionally deals with that feature. Our interest is confined to the duty of pointing out that the self-styled Co-operative Union of Windsor is in no sense a co-operative institution. For that reason co-operators, or people desirous of becoming co-operators, should give it a wide berth.

The above warning is clipped from the Canadian Co-operator of Brantford, Ontario.

Co-operation is in the air and many fraudulent undertakings are being imposed upon the public. Farmers need to be on their guard against all such promoters. We are induced to give space to the above article because the secretaries of Grain Growers' Associations of Manitoba have been recently circularized by the Co-operative Union of Windsor, Ontario.

### PROVENCHER DISTRICT

The Provencher District Association meeting was held in the Industrial Bureau, Winnipeg, on June 15.

A motion by E. E. Foley, seconded by T. C. Buckland, was passed expressing a hearty vote of thanks to the Central Association for a contribution of \$50 towards expenses in promoting the work of the District Association.

Reports from the various local representatives were read and a wide discussion on organization work followed.

R. McKenzie, secretary of the Central Association, was present and outlined the duties of the District Association and also described the various activities carried on by the Grain Growers' Association and the Grain Growers' Grain Company.

On motion of Mr. Houston, seconded by T. C. Buckland, it was agreed that the future meetings of the District Association for Provencher be held in Winnipeg.

It was unanimously decided on motion of Mr. Scott, seconded by Mr. Batten, that no charge for transportation be presented by members present.

### THE PATRIOTIC ACRE

One of our secretaries writes re the Patriotic Acre as follows: "Will you please send me three more pads of pledge books for canvassing for the Patriotic Acre. We have appointed six canvassers in our district. We intend giving every one in our district a chance to contribute to this fund."