

President's Annual Address

In reviewing the business of the past year I shall do so as briefly as possible, touching only upon the points which I consider are of most importance. It affords the directors much pleasure to see so many of our shareholders present here this morning. It indicates an interest in the business which I trust will always be maintained.

Conditions During Past Year

At our annual meeting a year ago, the prospects for the growing crops over practically all Western Canada were very poor, caused by the dry weather prevailing previous to that time. Rains, widely distributed over the Prairie Provinces during the latter half of July, a year ago, improved matters very greatly. Even then many thought there would only be half a crop. Out of last year's crop, however, up to July 30, last, 105,067,000 bushels were reported as having been inspected, as against 121,828,970 bushels in the corresponding period of the previous year. Thus, roughly speaking, the return from last year's crop in yield was about 20 per cent. less than the year preceding it.

During the past year the strong hostility to the Company on the part, particularly of the strong elevator companies, was very clearly shown, and as in previous years, every effort was made to prevent grain coming to the Company. I have before frequently pointed out that the possession of the country elevators gives the elevator companies a very strong lever in working against us. It is common knowledge that in order to get the handling of a farmer's grain, country elevator operators, acting no doubt under instructions from their superiors, will offer every inducement possible. I might instance as chief of these the loading of grain through their elevators into cars free of charge, and the holding of it—often for considerable periods—free of storage. There is here a direct monetary advantage which the farmer sees, and which he frequently accepts, often with the excuse that the Company will get enough grain without his, and that he needs the immediate advantage that he thinks he is getting. He wants the Company to remain in business, but he leaves it to others to maintain it by sending their grain to it while he reaps any benefit he can get from the elevator companies through increased prices or better terms of storage, and frequently blames the Company because they cannot do as well. This can be overcome only by persistent education. All will agree that such generosity upon the part of the elevator companies was never known of before the Company commenced to do business.

Southern Alberta, which grows the chief amount of grain produced in that province, suffered severely from the drought of last year. Whole districts from which we received support the year previous had nothing to ship last year. In face of this, it is not surprising that our Calgary office showed a considerable loss last year. We are, nevertheless, fully confident for the future at this point, and have promise of a good year's business in the year just entered.

Buying Through Elevators

As you will recall in the year previous to the last, we did business with a number of farmers' elevators. While this business has never been very profitable, it nevertheless we believe aided in the developing and strengthening of the organized farmers' movement, which if permanent success is to come, must be co-ordinated and cemented, rather than allowed to proceed on different lines. This business was continued during the past year, and owing to the partial crop failure improvement over the previous year's business was quite impossible. In addition, last fall we entered into an arrangement with the Manitoba Government Elevator Commission to buy grain through quite a number of their elevators. This, owing to the partial crop failure, and the exceeding keen competition of competing elevators, was unprofitable. The elevator companies naturally do not want to see us get grain at any point. Through

T. A. Crerar, President of the Grain Growers' Grain Co., reviewed the progress of the Company to the Shareholders at the Annual Meeting on July 14. The report indicates that a most successful year's work has been conducted, and that the Company is able to take care of itself against all its enemies. The outlook for the future is very promising, and if the farmers of the West continue as they have been doing, conditions will steadily improve.

the possession of their terminal elevators—to which I will refer later—they can handle grain in their country houses apparently at a loss, and taunt farmers at these points with the charge that the Farmers' Company will not do as well for them as the elevator companies can do. It appears to be a favorite game of our competitors, through the superior opportunities they have to offer to do better for shippers than we apparently can do, and endeavor in this way to leave the impression that "Their Grain Growers' Grain Company is no good."

As you are perhaps aware, a bill is now before the Dominion Parliament, dealing with terminal elevators. I refer to this matter, because of the advantage the ownership of the terminal elevators gives our competitors in business. It is quite possible for them to conduct their business at country points through their country elevators at a loss and still recoup themselves very handsomely from the profits at the terminal elevators. This they can do without in any way

During the year considerable business has been done by our Winnipeg office in seed and feed. We handled a great many cars of seed oats and brought in several cars of seed flax from Ontario, which we sold from twenty-five to forty cents a bushel less than regular seed companies were selling at. Even then we were unable to fill all the orders that reached us for this grain. The matter of gathering and distributing good seed is one which I think could profitably be taken up, not only for the financial benefits that might come to the Company, but also in the way of doing a genuine public service. To do this, however, it is necessary to have some sort of an elevator—preferably at Winnipeg—to commence with with the most modern cleaning machinery. This, I think is a matter that should engage the attention of the directors at an early date. A considerable amount of feed oats was also sold to those who had been unfortunate through the failure of their crops.



Homesteading in the Nut Mountains

resorting to making profits by improper practices, such as mixing of grades and so forth. The charges for storage at the terminal elevators are very high. A company operating country elevators and owning a terminal elevator—as they nearly all do—can buy a farmer's car in the country, apparently without profit, by giving him free storage on it, or by permitting it to pass through their elevators free of cost, and ship it down to their terminal elevators for storage. The spread in price between the cash month in which they buy the grain, and, say the May price, is usually from a cent to a cent and a quarter per month between the time they buy and May. For instance, they buy a car of Northern wheat in December, say, for eighty cents. They can sell it at once for, say, eighty-five cents for May delivery. The car thus purchased is sent down to the terminal elevator, and stored there till spring. The rate of insurance is very low; the only charge they have against the five cents spread at which they sell is the interest and insurance charge, which is low enough to give them a handsome profit on their turnover. This enables them, as I have already said, to at times offer prices or inducements at country points for car lots, that apparently is difficult to understand; or at points where we are buying street grain, to offer prices that we cannot pay unless we buy at a loss. If some way is not effected whereby the elevators will be taken out of their hands at the terminals, it seems absolutely necessary for the Company to secure its own terminal elevator as soon as possible, and thus be in a position to meet our opponents on equal grounds.

for our Canadian Western oats. There was every indication that a great many of them would be wanted, not only in Great Britain, but in other European countries, owing largely to a smaller crop of this grain in Europe than for several years previous. The indications all were that a large export business would be done in this grain. On the 26th of January the reciprocity agreement reached between the Canadian and the United States governments was announced, and immediately following this announcement it was apparent that an effort was being made by certain grain interests to depress the price of grain with a view of creating the impression that the mere mention of reciprocity affected business in the way of lowering prices. Feeling that a special effort was being made to lower prices, and realizing at the same time that the export demand for our oats had never been better, our manager, without the knowledge of the board of control, and in their absence, decided to buy May oats freely with a view of selling them for export later on, and thus endeavor to keep prices at the level which in his judgment should be maintained. While the motive was the very best, the course was one which should not have been entered into. When it became known in grain circles—as it could not help becoming known—every effort was made by the grain interests opposed to us to load the Company down with as much May oats as possible, in the expectation that financially we could reach a point where we could not carry them. This would mean that they would be sold by the clearing house, breaking the market thereby, in all likelihood, several cents a bushel; and these oats at this lower price would be bought back by those who had sold them to us, after, as they believed, they had accomplished our ruin. This was the position the Company found itself in.

Company Had to Fight

There was only one thing to do, and that was to fight it out, and the ability of the Company to fight was once more demonstrated. We sold them for export as rapidly as we could. It was freely reported that the Company had bought anywhere from five to eight million bushels more than it had sold. This was a gross misrepresentation. The largest amount that the Company had at any one time more than its sales made was a little over a million bushels. Later on, when the grain interests learned that we were selling these oats for export very rapidly through the splendid connection we had established in the Old Country, and that we were likely to get out of it with very little if any loss, they immediately set about on the most despicable attempt that has ever been made by any commercial interests—namely, to undermine our credit, and if possible, prevent us in this way from paying for the large quantity of oats we would have to take delivery of on the first day of May for completing export sales made to the Old Country throughout the winter, to be filled on the opening of navigation in the spring. To this end we believe a certain Winnipeg journal was influenced to print several articles against the Company, and we are told that thousands of copies of this paper were sent broadcast all over the land. The rapid increase, however, in our paid-up capital was a factor not reckoned with. We were also able to arrange for money outside of Winnipeg.

Enemies Routed

The result was that on the first day of May we had delivered to us over 2,200,000 bushels of oats, every bushel of which was paid for on that date, and within a few weeks half of them were on vessels on the way to the Old Country to fill part of the sales we had made; and it might be interesting to add that within a few days some of the companies who had sold the oats to us were trying to buy them back from us again. It is only fair to say that there were several grain in the city, who while they recognize us as keen com-

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The Oat Situation

The following are the facts in connection with the matter:

Some little time after the New Year opened a strong export demand arose