

Question—It is not a fact, then, that all profits and losses must be pooled and that the supporters of a successful local will get no more than the supporters of an unsuccessful one?

Answer—It has been wrongly thought by many that all profits and losses must be pooled, and that the division of any surplus would be on the basis of share and share alike. It will have been seen from the foregoing that this is not the case, and that provision is made in the Act for various divisions of a surplus, and that the choice of which division shall be made rests with the general meeting. The earnings of all locals need only be pooled until operation and maintenance charges on all have been paid and the amounts due to the Government have been refunded. Of course, the basic principle of a co-operative enterprise is that of union for strength, and that the strong fortunate may uphold the weak and unfortunate. The shareholders are, therefore, shareholders in the Company as a whole, and are connected with their respective locals only as supporters and patrons thereof. The principles laid down by the originators of the scheme—that each shareholder should have a financial interest not in his own local, but in the Company as a whole, and that locals, instead of being independent of each other, should be inter-dependent through a system of central management—have been amply justified by the experience of the Company, and have been important factors in its success. Thus, though in unfavourable seasons the business of a few locals may be seriously affected by drought or hail, the co-operative feature of the Company's organization provides a link binding the whole together so that locals doing an unprofitable business are helped and carried over by those doing a good business. Were the affected locals owned and controlled by small independent farmers' companies, the shareholders would not only not receive dividends, but their companies would possibly be compelled to give up business owing to the financial loss of operating their elevators under such adverse conditions. The policy of share and share alike has many advantages and were it not a feature to some extent the Company would lose half its usefulness and use only half its opportunity. But, to follow that policy through thick and thin might conceivably, under certain circumstances, be almost putting a premium on carelessness and disloyalty, as some local might slacken its efforts towards success and rest on the assurance that the others were succeeding and that it would share in the profits. Therefore provision has wisely been made for several systems of distribution of profits: on the basis of the number of shares held; or on a patronage basis, that is, in accordance with the amount of business brought to the Company by each shareholder, or to the supporters of each local in accordance with the aggregate relative net financial result of the business done by the respective locals. (Section 20.)

Question—What assistance does the Government give to the Company?

Answer—The Government will advance in cash 85 per cent. of the cost of each elevator bought or built by the Company. The Government has no say as to whether or not a certain elevator shall be bought, what shall be paid for it, whether one shall be built at a certain place, or what shall be its capacity or equipment. The directors of the Company, or those appointed by them, decide these matters,