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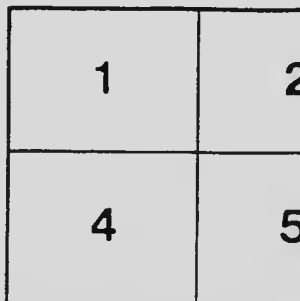
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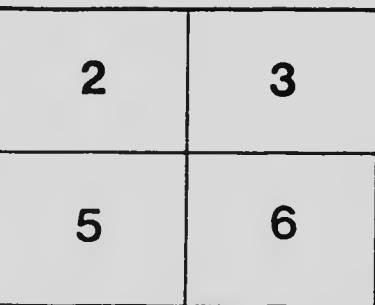
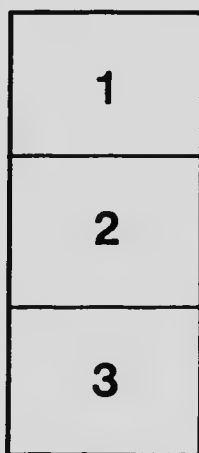
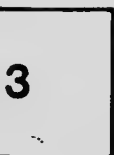
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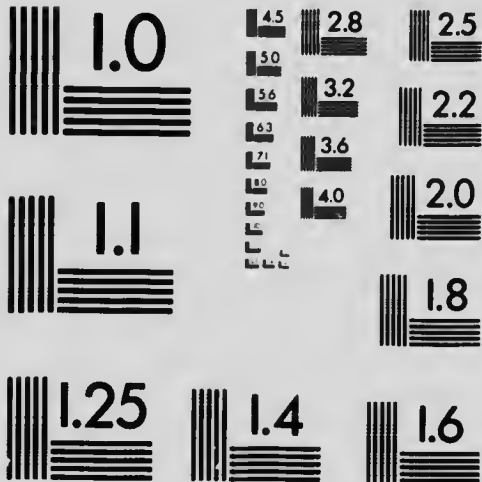
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PAMPHLET NO. 13.

*What Every
Grain Grower
Requires
To Know*



AN OUTLINE OF THE TRADING
POLICY OF THE

**Saskatchewan Grain
Growers' Association**
LIMITED

FARMERS' BUILDING
REGINA - SASK.

RE-ISSUED APRIL, 1918. ORDER BY NUMBER

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Is your Local incorporated?

Is your Co-operative Association affiliated with the S.G.G.A?

Do you understand fully about our Patronage Dividends?

Please read this leaflet carefully and then if you desire more information, write the Central Office.

FARMERS' BUILDING
REGINA

PREAMBLE

Every Grain Grower has a right to know, but it is evident that many do not know just what really is the general policy of the Central in so far as it relates to its trading activities, the raising of capital therefor, the incorporation of the Locals, and the distribution to them of its surplus earnings.

In this pamphlet the writer has endeavoured to give a concise outline of the policy of the Central, as well as to disclose the method by which this policy is being worked out.

CHAPTER 1.

Two Classes of Association Business.

As they relate to fields of endeavour and to methods of government the activities of the organised farmers may be divided into two general classes.

Class 1. There is much of the work that is carried on, or that may advantageously be carried on, by the associated farmers, which is essentially of a local nature, and which requires to be done by and under the direct control of the local unit, which for convenience we term the Local. So far as possible, all the collective activities of the farmers at each local point should be carried on by one Local rather than by several.

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The activities of the Local should include:

- (a) The work of organising the farmers.
- (b) The Local social, educational and propagandist work. (See outline in Chart.)
- (c) Securing of supplies through its Central, distributing same, and any co-operative business which is decided upon.

Very wide autonomy must be accorded the Locals, but their work should be carried on under the general direction of their own Provincial Central, through which they must be linked together as a unit, and through which they will express themselves, and deal generally with the outside world:

Class 2. Some lines of activity are only partially of a local nature. They may be carried on for the service of the members and are dependent for their success upon the support of the Local, but do not lend themselves to local control.

In this class are such branches of the organised farmers' business as:

- (a) Agricultural, Fire and Hail Insurance.
- (b) The Grain Elevator business and its attendant Grain Exchange activities.
- (c) Milling.
- (d) Manufacturing.
- (e) Wholesale assembling and distribution of supplies to the Locals.
- (f) Preparing and distributing literature, and directing the Locals along uniform lines of policy, in their trading, educational and propagandist work.

These lines of activity must come under the Central body. Many of them can be carried on as departments of the general Provincial

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Central, but for some of them special bodies with special facilities and complete self-government are required. Amongst the latter are the Grain Elevator business, the Hail Insurance business, and possibly others; but always the general body should maintain an intimate relationship to these its autonomous branches and accept a measure of responsibility for their success.

The Saskatchewan Grain Growers' Association is directing its organisation work along lines in full accord with this general policy.

1. It is our constant aim and purpose that all the activities of our association shall help to build a true democracy. Therefore, it is our policy, just as far as possible, to leave full responsibility for all local enterprise in the hands of the members at the local point.

Any form of organisation which takes from its members all direct responsibility for local enterprise, and all apparent need for fraternal collective endeavour, can never be a real help in making the farmers truly masters of their own destiny. An organisation which offers to do for the farmers those things which they so greatly need to do collectively for themselves, is tempting them from the only true path to the goal of happy, efficient and self-confident rural citizenship.

In this and in its method of distributing profits, the S.G.G.A stands unique and alone. These profits are distributed to the Locals on the basis of the business done by each Local and not on a capitalistic basis. Thus we are constantly seeking to promote true co-operation and real democracy.

The educational work of the Association has been dealt with in Pamphlets Nos. 10, 11 and 12. The succeeding chapters therefore will deal only with the trading branch.

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CHAPTER 2.

How and Why an Incorporated Local Should be Formed.

1. There are many reasons why Locals doing considerable trading should be incorporated. The method is very simple, and the cost very small indeed. Many new Locals are now being organised as Incorporated Locals from the first. Co-operative Associations were formed separately in quite a number of places, before the latest amendments to the charter of the Saskatchewan Grain Growers' Association and to The Agricultural Co-operative Associations Act were secured. Many of these have since affiliated with the Grain Growers' Association, changed their names to those of G.G.A. Locals, and are carrying on all the work of the Association under one Local organisation.

At some points where co-operative Associations comprise among their shareholders members from various Locals and when it is intended to carry on only trading activities the name of Co-operative Association is retained. They still affiliate with the Saskatchewan Grain Growers' Association, have a voice in its government, share in the profits of the Central and generally are a part of the great Saskatchewan Grain Growers' Association movement.

Affiliation of any incorporated body with the Association does not lose it any measure of its entire control of its own business or in any way restrict it to dealing with the Central exclusively. Complete autonomy or local self-government obtains.

2. As outlined in the preceding chapter there should be no duplication of organisations which is reasonably avoidable. Instead of creating in

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one district a Grain Growers' Association, a Co-operative Association, a Stock Marketing Association, an Egg Circle, a Stock Growers' Association, a Seed Growers' Association, etc., all composed of farmers, all attempting to do the farmers' business, yet by their multiplicity and lack of co-operation, weakening enormously the farmers' movement, and creating competition, rivalry, and jealousy, it is now freely conceded that all these activities can vastly better be carried on by the one comprehensive body of the farmers, the Incorporated Grain Growers' Association. This body has full power to carry on, and ought to carry on, all the activities in which any of the others or all of them together may engage.

The stock growing business of Saskatchewan has today passed very largely, and will each year pass more exclusively into the hands of grain growers rather than ranchers. The Saskatchewan Grain Growers' Association represents stock growing interests as truly as it represents grain growing interests, notwithstanding the name which was given it years ago, when its one object was to better the conditions for marketing grain.

3. Every Local which does considerable trading should be incorporated, because an unincorporated Local

- (a) Has no legal entity, and cannot carry on business in its own name.
- (b) As it can work only as a part of the Saskatchewan Grain Growers' Association, it cannot have full local autonomy in business matters.
- (c) As it cannot own property it cannot invest capital in the Central Trading Department, nor share in the distribution of its profits.

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- (d) Its members may be held individually liable for any liability it may incur.

If incorporated,

- (a) No member is liable for more than such amount as may remain unpaid on shares for which he has subscribed.
- (b) It has full power to carry on almost any business that it desires (including a retail store business), but of course it may carry on any or none as it at any time sees fit.
- (c) It can own shares in the Central Trading Department, and share in its profits on the true co-operative basis in proportion to the business it does through Central.
4. The method of incorporating is very simple, and is carried out under The Agricultural Co-operative Associations Act of Saskatchewan. Copies of the Act, all the necessary forms and suggested supplemental bylaws, together with full instructions of how to proceed, can be secured from the Central Office, free of charge.
5. An existing Co-operative Association, by the simple passing and registering of a bylaw (to be had from the Central), may affiliate and become an incorporated Grain Growers' Association, and secure full right to send delegates to the Conventions.
6. At several points there are Co-operative Associations whose members comprise members of a number of Locals. These can affiliate without change of name if they so desire, and secure the standing of Locals.

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CHAPTER 3.

Why the Trading Department Requires Capital.

1. The Saskatchewan Grain Growers' Association has now had its Co-operative Wholesale Department in operation for four years. During that time a very gratifying use has been made of its facilities by the Locals. Large quantities of various commodities have been handled, and very valuable experience has been gained. During the year 1917 the total sales of the Central Office amounted to \$1,643,000, while the first four months of 1918 show an increase over 1917 of more than 50 per cent.

2. From the beginning it has been recognised that any concerted effort on the part of the organised farmers to do their own business would meet with the bitterest of opposition, and this has been doubly true in the securing of our supplies. Quite a number of big wholesale houses which have made millions by their control of the channels of distribution, have signed a solemn compact not to sell "to Co-operative Institutions or Grain Growers' Associations." They speak of us in a circular marked "Strictly Confidential" as "Consumers who have banded themselves together with the object of purchasing their supplies outside the recognised channels of trade." To the retailer this circular says: "Can you not see the wisdom and necessity of immediately discontinuing trading with any wholesale house that is supplying Co-operative or Grain Growers' Associations? We are approaching wholesalers in all branches, also milling companies, etc." This was no idle threat. They are still pursuing this course in secret, while openly professing friendliness.

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3. Every attempt has been made to boycott the Association, without success in many lines it is true, but with a considerable measure of success in others. The large wholesale grocery house that sold us groceries at the start was forced by the organised retail dealers to turn us down.

4. The Central had many powerful enemies of its trading activities and a world of prejudice to combat. Its members expected a great wholesale service but failed to provide capital with which to carry on the same, thus adding to the task already so great. Yet the wholesale trading department has established itself beyond peradventure, is covering a wide field of service, is well established in business and financial circles and is doing a business running into millions a year.

Almost the entire capital which this department has today was accumulated from its surplus earnings, but there is need of and room for the profitable investment of much larger capital in the extensive activities of the Association than it now has.

5. We believe that there are many thousands of our members who, once they understand the great work of the Central, will be willing to invest capital in its undertakings and thus show their faith in their own movement and the truly democratic principles of true co-operation for which it constantly contends.

6. There are three ways in which capital for the Trading Department is raised. These are:

1. By the purchase of Life Memberships.
2. By the purchase of interest bearing Capital Debentures by members.
3. Investment by incorporated Locals and affiliated bodies in profit sharing Capital Debentures (Shares).

The succeeding chapters will deal with these in detail.

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CHAPTER 4.

How Capital for the Trading Department may be Contributed.

Life Membership.

1. The Co-operative Wholesale Department easily takes first place amongst the farmers' business undertakings, as showing the greatest percentage of earnings in proportion to the capital invested, but in inviting the members to contribute capital to this branch of their work, no appeal is being made to any capitalistic desire for profits made from the needs of others.
2. There is not a farmer in the west who has not profited by the work of the Association. Every time he sells a carload of grain, he is, on a moderate estimate, indebted to the work of this organisation for a hundred dollars. Every man who knows the history of its work knows that this is true. Its Trading Department has saved the farmers hundreds of thousands of dollars. It is therefore confidently believed that there are thousands of members who will be glad to take out Life Memberships for themselves and other members of their families, and let the proceeds be used to develop the Trading Department. Here is a very definite and very valuable use for Life Membership funds. They will save a member 100 per cent. each year if he purchases through this department so much as two loads of coal, or his twine, or a few barrels of apples, or a fair sized order of groceries, or one of a number of other things.
3. But best of all, the twelve dollars he puts into a life membership forms a permanent fund that will go on working for him and for his sons and daughters after he is gone. His little

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grandchildren will find life a little sweeter, the struggle for a square deal a little easier, and their own mental and moral equipment a little superior, because he refused to bow the neck to the yoke of the exploiter, because he refused to tolerate conditions which would make the next generation of farmers a generation of tenants and hired men serving city dwelling landlords.

4. It is an insurance against a condition of partial serfdom for his children and his children's children. The great Co-operative Societies of England have done more than any other force to save the producers of that country from abject serfdom. The Grain Growers' Association is doing the same here. Don't fail to do your share. The cause needs you. A beautiful and emblematic certificate intended for framing, will be mailed to every Life Member. It should adorn the home of every progressive farmer in Saskatchewan.

5. The old Life Membership Trust Fund will not be touched. Its moneys will remain where they are, in full accordance with the trust under which they were contributed.

CHAPTER 5.

Capital Debentures to Members.

1. By an amendment to its charter the Association is empowered to raise capital to any amount found expedient. It is not capitalised as a stock company, nor does it place control in the hands of the shareholders, or pay its profits on the basis of the money invested in share capital. Its system of government remains in the hands of all its members, and is

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exercised through their elected delegates to the convention. It maintains that in the councils of the farmers who are fighting for "Equity" it must be the man who counts, rather than the few dollars that he has invested. For that reason the certificates to be given for capital invested are not called "Share Certificates;" they are called "Capital Debentures;" but they give the holders the same claim upon the assets of the Trading Department as if they were shares, but voting is on the basis of membership, as above stated. These "Capital Debentures" are issued in denominations of \$25.00 each, and they will draw upon the profits of the Trading Department for at least 6 per cent. per annum before any patronage dividend may be paid.

2. The business of the Trading Department is accounted entirely separate from the old Association work. The Act of Incorporation provides that only the funds of the Trading Department are liable for its debt.

3. Capital Debentures, as described above, will be issued to all members who will invest in the same. There is no limit set to the number that a member may apply for. They must not be confounded with ordinary school or municipal debentures, which are repayable so much per year. They are Capital Debentures, and will form a permanent investment, unless redeemed by the Central, and while 6 per cent. per annum thereon is a preferred claim on the profits, a higher rate may be paid if the Association so sees fit.

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CHAPTER 6.

Capital Debentures to Incorporated Locals, and How Profits are Divided.

1. Unincorporated Locals, having no power to own property, cannot invest capital in or under existing arrangements draw profits from the Central, and this is one reason why all trading Locals need to come under incorporation. The profits of the Central should go, in the true co-operative way, to those Locals that supplied the business which made them possible.

2. Capital Debentures in denominations of not less than One Hundred and Twenty-five Dollars (\$125.00) are sold to incorporated Locals and other affiliated bodies. These are sold on terms of five equal annual payments of twenty-five Dollars (\$25.00) each, and patronage dividends accruing to the Local will be applied against any except the initial payment, which must be in cash, with the reservation that until a Local has subscribed for debentures amounting to not less than Five Hundred Dollars (\$500.00) no amount greater than 20 per cent. of the face value of its debentures may be applied thereon from the profits of any one year.

3 A trading body subscribing for say four of these debentures, face value \$500.00, would have to make a payment of \$100.00 in cash and \$100.00 per year for four years. But against all except the first payment there will be applied any patronage dividend that may be accruing to it on business done with the Central.

4. From the 1917 earnings the Executive has decided to allot to each Local or other body meeting the necessary conditions an amount

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equal to $1\frac{1}{2}$ per cent. of its purchases during that year. The conditions are that the body must be incorporated, must come into membership, and must subscribe for and pay the cash payment on one or more Capital Debentures of the Trading Department. So long as the Central is in urgent need of money with which to carry on its operations, its profits must be retained as capital, but they can be applied against the unpaid portion of these Capital Debentures, just as is done with the shares of the Co-operative Elevator Company.

5. For instance a Local purchased during 1917 \$8,000.00 worth of supplies. The patronage dividend on this amounts to \$120.00, so that when it has subscribed for four Capital Debentures and paid the cash payment of \$25.00 on each, there is at once applied against future payments the \$120.00 also. This will cover all of the second payment and part of the third, and shows an asset of \$220.00 instead of \$100.00 as invested, and the \$220.00 will draw upon the profits for at least 6 per cent. per annum for all time. Thus, by purchasing freely through its own Central, the Local may greatly reduce or fully cover its future payments. The proportion works out just as well where a Local doing only a little business subscribes for only two Capital Debentures. It could never be embarrassed for \$50.00 or even \$100.00, as it could raise such an amount in a dozen different ways should its portion of Central profits be ever so small.

GROWTH OF BUSINESS.

The year 1917 showed by far the largest growth in any year of the business of the Trading Department. The business of this Department for the year 1916 amounted to \$1,058,500.00. The total sales for 1917 amounted to \$1,643,000.00

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showing an expansion of nearly 60 per cent. over the previous year. The net profit stands at more than double that for 1916, being \$35,776.58.

A BIG AND UNITED PUSH

'The Saskatchewan Grain Growers' Association is organizing a 'Bigger Membership' campaign. This organization realizes that it should have at least double its present membership to make its work most effective. To make the campaign successful will require not only the co-operation of the central office and the provincial officers, but also the officers of every local throughout the province. The whole organization must be galvanized in an extraordinary and united effort. The record of the organized farmers is a proud one. The achievements to the credit of the organization have meant millions of dollars to the farmers of the West, and greatly improved conditions, the financial value of which cannot be measured. All of our associations have been inclined to take matters too easy. This is a great mistake. There should be an aggressive campaign carried on continuously with the aim of bringing every farmer and his wife into the organization. The benefits that have been secured through the organization are only small compared with the benefits that can be secured by a stronger and more active membership.

While our soldiers at the front are fighting to make democracy safe throughout the world, our own organizations should be fighting to make democracy safe at home."

(Editorial, Grain Growers' Guide, Jan. 23, 1918.)

The Saskatchewan Grain Growers' Assoc. Ltd.
Farmers' Bldg., Regina.

May 15, 1918.



