

The Manitoba Co-operator

A Magazine of Agricultural Co-operation, Formerly The Scoop Shovel

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No. 2

Now is the Time

Co-operation has a two-fold appeal; the material and the intellectual. So far we have been content to rely almost entirely upon the material appeal, and to make members first and conscious co-operators afterwards. Probably this will remain the chief method of expansion in our movement, for it is the quickest means of winning the great masses. But there is no need to neglect the intellectual appeal, which in its way is far stronger, though it seems to touch a smaller number. Now, when every serious thinker is facing apparently insoluble problems, is the time to lay co-operative ideas before them and to devise educational machinery that will enable every progressive section of the public to realize the significance and possibilities of the co-operative movement.

—Miss Honora A. Enfield, Sec'y, International Co-operative Women's Guild.

Official organ of
MANITOBA CO-OPERATIVE CONFERENCE LTD.

COMPRISING

Manitoba Pool Elevators
Manitoba Co-operative Poultry Marketing
Association
Manitoba Co-operative Dairies

Winnipeg District Milk Producers
Association
Wawanesa Mutual Insurance Company
Canadian Co-operative Wool Growers

Manitoba Co-operative Wholesale Society
Manitoba Co-operative Livestock
Producers
The Co-operative Marketing Board

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NEWS and VIEWS

According to the British weekly "Time and Tide" Great Britain supplies one-third of all the world's war materials.

In 1889, according to a bulletin of Iowa Experimental Station, the farm mortgage debt in the State of Iowa was \$149,457,000; today it is \$1,082,882,000, with prices of farm produce practically the same for 1889 and 1932.

Another lesson we must teach is that a man's work is no more laborious than that of a woman, and it is probably much less monotonous. He is no more entitled to a spare evening than his wife is.

—Dr. James Fenton

"Technocracy — it promises \$20,000 a year to every man in the U.S.A."—Advertisement in United States paper. So that's why everybody has become interested in this latest economic fad.

An indestructible radio tube has been invented. Once in a radio it lasts for ever. Good news for radio fans, but just wait until the manufacturers of the present tubes get their hands on it. It will be buried for a generation.

Chancellor von Schleicher in a recent radio talk said he has only one plank in his platform—"The creation of work" for the German workmen, and he says he intends to create work even though what he does "might not be in line with orthodox economic reasoning."

Lloyds Bank reviewing things at the end of 1932 says that in many British industries feeling is more hopeful; the New York City Bank says that in the United States "business is out of the bottom of the trough;" The Bank of Montreal for Canada says there isn't a gleam of light, but German banks say the clouds are beginning to lift. Swiss banks have some hope, but in Sweden "they look in vain" for hopeful signs, while in Australia they see some improvement. And there you are!

Trade unions of Canada and the United States in 1931 paid out nearly \$40,000,000 in fraternal benefits.

The investigation into the affairs of that prominent but absent U. S. citizen, Samuel Insull, is revealing feet of clay on some much revered American big business men.

In a London public park today you can see a gun captured at the Dardanelles. On one side is a brass tablet recording the gallantry of the men who took the gun, and on the other side you can see the name of the British firm who made it.

—Lord Ponsonby

Says Roger Babson, "Salesocracy—creative selling, improved products, increased per dollar value, more scientific distribution—is the quickest and surest way to get men back to work, build up widespread purchasing power, reinvigorate business." Great Scott!

Defending Japan's policy with regard to Manchuria, the Japanese General Honjo says: "Where justice and humanity direct, the Heavens lend their hands: where the Imperial (Japanese) light reaches out there have been no mistakes." Now where have we heard something like that before?

According to figures recently given the British House of Commons by the Chancellor of the Exchequer, the cost per head of the population for past wars and preparation for future wars is approximately (at par) \$47, as compared with \$5.50 for education, 72 cents for public health, \$3.70 for old age pensions, \$1 for widows' pensions, and 90 cents for civil service administration. War, besides being the most irrational of all human striving, is apparently also the most expensive, although it would be interesting if it were possible to arrive at the cost of commercial strife in the form of competition.

In Norway the railroads, telegraphs and telephones, and electric plants are run to serve the people at cost; one hospital with 3,000 beds gives service including surgical treatment at fifty cents a day; there are no slums.

—The World Tomorrow

Seventy-five persons in the United States had a net income of \$162,997,603 in 1932. These 75 persons could have bought the entire wheat, barley, oats, rye, and flax crop of the three prairie provinces in that year and still have had \$133,000 apiece left for pocket money!

"Someone ought to do it, but why should I?" is the ever echoed phrase of weak-kneed amiability.

"Someone ought to do it, so why not I?" is the cry of some earnest servant of man, eagerly springing forward to face some perilous duty.

—Mrs. Annie Besant.

In Victoria, Australia, farmers in order to avoid eviction, are grouping themselves under the bank with which they do business and agreeing to run their farms according to instructions from the bank manager. That comes of the banks issuing so much advice to farmers!

SHEEPMEN MEET

A few days ago (on February 15, it was) W. W. Thomson, Western Manager of the Wool Pool, cropped into the office. He had come from Regina to attend the annual meeting of the Manitoba shareholders of the Wool Pool, and, also, the sessions of the Dominion Livestock Association.

A fair number of the 300 shareholders and the 670 contract signers in the Wool Pool, attended the annual meeting. All things considered, their reports of conditions in the various localities in the province were encouraging. John R. Hume, of Souris and Geo. Gordon, of Oak Lake, were chosen to represent the Manitoba members at the annual meeting of the Canadian organization in Toronto, March 23.

HOW BANKS MAKE MONEY —AND PROFIT

(By the Marquis of Tavistock
in the Glasgow Forward)

It is about time people woke up to—and ended—a scandal of exploitation far more monstrous and incredible than the fortunes of the ordinary war profiteers.

It is estimated that about eight billion pounds were raised to pay for the war. Although actual figures are carefully kept secret for fear of the scandal if they were revealed, it is fairly safe to assume that only about two billion pounds was honestly subscribed by citizens and the country out of their savings and earnings. They have a perfect right to repayment of both principal and interest, but no one else has a ghost of a right to either!

How They "Make" Money

Are people never going to get it into their thick heads that when banks make loans, either to individuals or to countries, they do not lend their deposits? They have the right to create the money they are going to lend at interest simply by writing down the figures of the loan in their books. The mere entering of the figures brings the money—"cheque" money—into existence, and entitles the bank to interest.

At the cost of a few drops of ink and the fraction of a clerk's wages they are allowed to make themselves a present of the right to demand hundreds, thousands, and even millions of pounds from hard-working people. It sounds incredible, does it not? But it is true. The backing that gives value to the money created by a bank loan is not any wealth the bank holds, or has created; it is the wealth in goods and capacity to produce wealth in goods of the borrower, be the borrower an individual or a country. At present we are paying the interest on something like six billion pounds to banks merely for writing down money figures pricing our taxable value as a nation!

Perhaps you may ask how it is that such a scheme could possibly be allowed and could continue to escape detection? These are the reasons: All the ordinary citizens of the country are grossly ignorant about finance, and so are the politicians. They know next to nothing about the way money is created and des-

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FRENCH WHEAT CREDITS BILL

A bill to provide credits for financing the wheat crop of 1932 has lately been approved by the French Chamber of Deputies. The bill places at the disposal of the Ministry of Agriculture a sum not exceeding Fr. 300 million (\$13,800,000) to be used in making advances to farmers (interest being charged at 2 per cent) and for buying up a stock of grain "to assure the supply of the people." A further Fr. 20 million (\$920,000) may be used for cash purchases and Fr. 50 million (\$2,300,000) is available for premiums to farmers in certain conditions already laid down. It is stated that no serious financial transaction is likely before September, 1933.

45 COUNTRIES OFF GOLD

The fact that non-gold standard countries now outnumber those still on gold is revealed in a review of the world monetary position just published by the United States Department of Commerce. The number of nations now off the gold standard, including South Africa, is 45. 34 have officially suspended its operation, while 11 others have virtually done so by restrictions on foreign exchange. In Europe the non-gold standard countries are: Great Britain, Sweden, Norway, Finland, Denmark, Greece, Portugal and Spain; in the Far East: Japan, India, Siam and the Straits Settlements; in America: Argentine, Bolivia, Brazil, Canada, Chile, Colombia, Ecuador, Paraguay, Uruguay, Peru, Mexico, Costa Rica, San Salvador. The other non-gold standard countries are South Africa, Australia, New Zealand, Egypt, Palestine, Northern and Southern Rhodesia, Nyassaland and Mozambique. The nations virtually off the gold standard are Austria, Bulgaria, Czecho-Slovakia, Germany, Hungary, Estonia, Roumania, Latvia, Yugo-Slavia, Nicaragua and Venezuela. Several of those countries, the report states, have their currencies tied to that of Great Britain by reason of close trade relations. These include Canada, Australia, New Zealand and the Scandinavian countries. The report concludes that the first step towards any general return to the gold standard must be taken by Great

Britain, since the other countries which trade most heavily with that country cannot afford to allow their currencies to fluctuate too widely from the pound sterling, and such a step is necessary to secure greater stability of international currencies as a factor in fighting the depression.

STAMP OUT THE DEPRESSION

The Editor.

'May I have a little of your valuable space to put forward a plan which I developed about three months ago—a plan which if put into operation would, I feel sure, get business in western Canada out of the present depression and on to its feet again.

I would say at the outset that I am one who believes that our present economic system is antiquated and should have been replaced ere this with one more in keeping with the needs of modern society. What I am suggesting is put forward only as a prop to shore up our present business structure and save us from a total collapse until we have time to examine and repair the foundations of our present system of doing business.

There is no need to describe the present situation in western Canada, though we are frequently told that we are much better off than other places. Yet the fact remains that because farm produce prices are so low the farmer has no purchasing power, and therefore, most lines of business are shrivelling up like prunes in a hot sun. Almost any business man will agree that the farmer must have more money to spend before business can get into its stride again.

At the same time it is generally admitted that nature did not throw us down. We have abundance of everything we need, but we lack the medium needed to exchange our commodities with one another. If we can agree that the present situation is man-made, we should be able to agree that it must be man-mended. I propose that instead of quietly sinking out of sight in the quicksand of the present business depression, we western farmers and business men should join forces in an effort to put an end to these intolerable conditions before

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MANITOBA POOL ELEVATORS

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JAMES O. DALEY

It is with very much regret that we announce the death of James O. Daley, who passed away on the 29th of December, 1932.

Mr. Daley was Assistant Manager of Manitoba Pool Elevators, Limited. He died at his home after a sudden illness at 4 o'clock in the morning. Only the night before he was curling in the office league, went home in good spirits and later on in the night had a sudden heart attack to which he succumbed almost immediately. He has been with the Pool almost from the beginning and his genial nature made him much liked by all in the office. He had a thorough knowledge of the grain business, and was highly respected by all who knew him.

Mr. Daley was born in Leeds, England, in 1893, and came to Winnipeg 21 years ago. He was accountant with Thompson Brothers' Grain Company for some years, when in 1915 he enlisted with the 10th Field Ambulance Corps of Winnipeg, and was overseas until after the Armistice. He was mentioned in despatches for bravery on the field. On his return to Winnipeg he was re-engaged by Thompson Brothers Grain Company until 1924 when he joined the staff as accountant of Manitoba Wheat Pool. After four years in that capacity, he was made Assistant Manager and Terminal

Manager. He was keenly interested in football, curling and other sports and assisted in organizing sports within the staff which did much to establish an esprit de corps and feeling of good fellowship amongst the employees.

He leaves a widow and three children to mourn his loss, also one sister and brother, both living in Winnipeg.

WORLD WHEAT PROSPECTS

Reports of winter wheat sowings for the 1933 crop in 15 countries total about 100,000,000 acres, or 1 per cent smaller than the acreages of the same regions last year. According to the United States Bureau of Agricultural Economics, this reduction is of considerable significance inasmuch as these countries represent over 40 per cent of the total Northern Hemisphere's winter and spring wheat crop excluding acreages of Russia and China. Furthermore, Russian sowings of winter wheat, according to recent reports, have amounted to only about 28,000,000 acres, compared with over 32,000,000 acres last year. Smaller acreages than last year have been sown in the United States and Russia, and a larger acreage in Europe, while in North Africa there appears to have been little change.

The world market, however, continues to be burdened by heavy supplies of wheat, while import takings are smaller than those of last year. The surplus of wheat available for export in the four principal exporting countries (United States, Canada, Argentina and Australia), plus United Kingdom port stocks and quantities afloat is estimated to be 1,024,000,000 bushels as of January 1, compared with 1,035,000,000 bushels a year earlier. While world shipments of wheat showed a marked rise during early January to levels higher than any which had obtained during previous weeks of the season, it nevertheless seems likely that total shipments from January to June will not be as large as those

of last year. However, shipments from Russia and the Danube basin are likely to be insignificant this year and it is possible that other countries may export about as much wheat as last year. Consequently, the reduction in surplus stocks from January 1 to July 1 of 1933 in the positions mentioned above may be about as large as the reduction was in 1932.

With an even smaller yield of winter wheat indicated in the United States than that of last year, and the probability that the unusually high yields of 1932 in western Europe will not be repeated this year, it seems quite likely that there may be some reduction in the total world crop outside Russia and China. Smaller Russian sowings and the difficulties which that country has been experiencing in making procurements and in executing its plan for the seeding of wheat in the coming season, makes it seem rather doubtful that Russian exports will be large next year except in the event of very favorable yields.

Consequently, there are a number of hopeful aspects in the supply side of the wheat marketing outlook during 1933 in spite of continued heavy stocks in accounted for positions. In view of indications of the past 6 months, both in the United States and abroad, that the declines of business activity have been stopped, there seems to be fairly good prospects that demand conditions will be no worse than in the past year. Hence there is reason to believe that conditions in the world's wheat markets may show a gradual though irregular improvement during the coming year.

WHEAT SUPPLY AND DEMAND

According to the U. S. Department of Agriculture "substantial reduction of present burdensome wheat stocks is likely to wait upon increased consumption rather than upon curtailment of world wheat area." The total

world wheat area increased, according to present estimates, by 4,500,000 acres in the 1932-33 season. At the acreage level of 1932-33 the world, excluding Russia and China, would produce with average yield crops totalling about 3,740,000,000 bushels compared with an average disappearance during the past five crop years of exactly the same amount. If consumption can be maintained at an average level of about 3,800,000,000 bushels or increased slightly, present acreage would, in the absence of material shipments from Russia, permit of a fairly rapid reduction of stocks."

APPOINTED TO MANITOBA POOL ELEVATORS



Mr. R. C. Steele has been appointed by the board of Manitoba Pool Elevators, Limited, to the operating department of their country elevator system. Mr. Steele has been with the Wheat Pools since 1924 and has had a thorough training in the operating and practical side of the grain business. He served his apprenticeship operating a country elevator before entering the grain inspection department of the Saskatchewan Pool Elevators as chief inspector at Winnipeg in 1928-29, when he was loaned as elevator expert to the Saskatchewan Royal Grain Enquiry Commission. From May, 1930 to August, 1931, he was in charge of the Coarse Grains Department of

the Central Selling Agency, and organized a retail sales policy of coarse grains with Eastern Canada and the Maritimes, making connections with the farmers' co-operatives, agricultural colleges, and departments of agriculture and opening up a very satisfactory market for coarse grains from the West with the dairy farmers in the East. With the contraction of the Central Selling Agency's activities in 1931, the Eastern offices of the Pools were closed, and Mr. Steele went back with the Saskatchewan Pool Elevators in charge of their coarse grains department until last May when he again returned to the Winnipeg office of the Saskatchewan Pool Elevators as their chief grain inspector.

A DOMESTIC ALLOTMENT PLAN FOR CANADA

The farm management department of the University of Saskatchewan has prepared for the Saskatchewan government a plan to raise the price received by the wheat grower for all wheat used within the country. Under this plan all millers supplying flour for domestic baking would be required to purchase tags from federal officials and attach them to all bags or containers of flour for domestic baking. On all the wheat used in the milling of this flour an excise tax would be paid by the millers, this tax to be the difference between a fixed price of \$1.25 and the prevailing market price for No. 1 Northern wheat at Fort William. The proceeds of this excise tax would be distributed to all prairie farmers through the municipal councils, and the University has recommended that the basis of distribution be the acreage of improved crop land, thus avoiding the discrimination between the actual wheat growers and the growers of other cereals and farm crops.

The University estimates a revenue of about \$31,500,000 from such a tax, which would give about fifty cents per improved acre or \$1.00 per acre of wheat. Thus a typical half-section farm having about 250 acres of improved land would receive from this tax \$125.00, estimated to be enough, with a little to spare, to permit, on the average, the pay-

ment of municipal taxes and thus prevent the accumulation of taxes and probably the sale of farm for the taxes. It would also give the municipality funds to meet its necessary current obligations and its funded obligations and put into circulation an amount of money which would help wonderfully in getting the economic machine off dead centre.

The advantages claimed for the plan are that it is (1) comparatively simple; (2) immediately available and effective; (3) distributes benefits evenly, not according to the yields of the year; (4) does not stimulate wheat production or tend to interfere with the farm practices generally considered desirable; (5) does not interfere with the present marketing or merchandising practices; (6) permits taxes to be paid; (7) is a temporary measure not likely to interfere with the development of a permanent policy; (8) generally restores confidence; (9) would not materially increase living costs.

In connection with the price of wheat and the price of bread the University authorities say:

With an average price of No. 1 Northern at Fort William of about 50 cents in 1932 the average retail price of the Canadian 20-ounce loaf is officially reported as about six cents. One bushel of wheat yields 42 pounds of flour (70 per cent.). Bread contains 40 per cent. moisture so the 20-ounce loaf contains 12 ounces of flour. Thus from a bushel of wheat 56 loaves of 20-ounce weight can be made.

Were there no other factors to consider the price of wheat might be raised 56 cents per bushel without adding more than one cent to the retail price of bread, or 86 cents for 1½ cents increase in bread price. A set price of \$1.25 per bushel at Fort William for wheat milled into flour for domestic consumption should not increase bread prices by more than 1½ cents per loaf.

The fluctuations in the price of wheat are only partially reflected in the price of flour and still less in the price of bread. Actually some of this increase might well be absorbed by the trade.

THE MANITOBA CO-OPERATOR

(Formerly The Scoop Shovel)

Representing the Agricultural Co-operative Movement in Manitoba.

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Editor—J. T. HULL

AS SELLER, AS BUYER — THE FARMER PAYS

It is beyond denial, as a general proposition, that the farmers of Canada are placed at a disadvantage as producers for export to those countries which have abandoned the gold standard. As long as the dollar is at a premium in countries to which we export and the price of our exports is set in the money of the importing country, the amount of the premium represents a loss to the exporter. It is not, however, so generally realized that in such circumstances what is a disadvantage to the exporter is, or ought to be, an advantage to the importer. In other words, what our farmers lose as exporters by conditions of exchange, they ought to gain as purchasers of imported goods.

By way of example: John Farmer as exporter ships to Great Britain £1 worth of wheat. If exchange were at par he would receive for his wheat \$4.86 (leaving all other factors in the transaction out of account). Today, however, he may receive say \$4.00, and so, on every £1 worth he ships, he loses about 86 cents. Now, in theory at least, Mr. Farmer ought to be able to recompense himself for his loss by purchasing British goods. He ought to be able to say to the importer: Instead of paying me in money send me £1 worth of, say, woolen goods, which of course he would get for \$4.00 instead of having to pay \$4.86. That is the economic theory and because what may be a disadvantage to an exporter may be an advantage to an importer under freedom of trade, conditions are brought back to normal, and equilibrium re-established.

But Mr. John Farmer would soon discover that he was not allowed to use this advantage as importer. He would find the Canadian government saying to him: What you actually bought in Great Britain was not \$4.00 worth of goods but \$4.86 worth and on the rate you must pay duty. Moreover as you only paid \$4.00 for \$4.86 worth of goods you must pay a dumping duty and as for dumping duty purposes we set £1 at \$4.40, your extra duty in this case is 40 cents.

If, however, it happens to be butter or eggs from New Zealand or Australia coming into Canada and into direct competition with the produce of Canadian farms, the tariff works in reverse so to speak. In this case the value for duty purposes is the value in terms of Canadian money. The New Zealand £1 stands at \$3.27, that is £1 worth of New Zealand butter is imported at a value of \$3.27, not \$4.86, as in the case of woolen goods from England. But a similar quantity of butter off Canadian farms must bring approximately \$4.86 to put the Canadian farmer on as good an economic—income making basis—as the New Zealand farmer. How

can he possibly get this price if he must compete with imported butter at 30 per cent. below his price?

That is what the tariff does for the farmer as an importer. As an exporter he is penalized by the exchange; as an importer he is as heavily penalized by the tariff. He loses both as seller and buyer, and it is neither an exaggeration nor unfair to say that he is penalized as buyer for the express purpose of preventing the Canadian manufacturing industry being reduced to the same condition as agriculture.

DEBT ADJUSTMENT

If there had been adopted in Canada say in 1926, a monetary, banking and credit system designed to stabilize prices, the burden of debt would not be pressing as heavily and as pitilessly as it is upon the farmers of Canada. In the four years 1928-1931 inclusive, the gross revenue of the farmers in Manitoba fell from \$155,452,000 to \$52,380,000; in other words the farmer's dollar fell to 35 cents. Taking field crops alone the return to farmers in Manitoba as between 1928-32, represented a depreciation of the dollar to 26 cents. What this means, taking the gross income figure is that the farmer in Manitoba today is getting 35 cents with which to pay dollar debts and when he does pay the dollar the receiver of it can today buy three times as much produce of the farm with it as he could in 1928. This disadvantage to the debtor and corresponding advantage to the creditor would not occur under any system in which money and credit are tied to prices.

The Bureau of Statistics at Ottawa maintains a standard for measuring the changes in the purchasing power of money. It is called an index number of wholesale prices. According to this index number the level of prices in Canada (502 selected commodities) has fallen since 1926 from 100 to 64. If our money, banking and credit system had been based on this standard, the number today would have been approximately the same as in 1926. In other words money would have been adjusted to the trend of prices and although that would not have secured the same price for agricultural products as in 1926 it would have meant a much closer approximation of agricultural to other prices, and a much closer relation between debts and prices.

That in turn would have prevented the excessive burden of debt and if it be just and fair to have a monetary system which prevents such a condition as we have today (and there is no doubt whatever on that question) then it would not be unjust or unfair to adjust existing debts to the index number with contingent reservation for the amount of the difference between the original sum and the adjustment. How would such a system of adjustment work?

Example: A farmer has a mortgage on his place of say \$3,000. Putting that, at the index number for 1926 means that \$3,000 is represented by 100. The index figure now is 64; the \$3,000 would therefore now be 64 per cent. of that sum or \$1,920. In terms of average prices, then, \$3,000 in 1926 is the equivalent of \$1,920 today. This would be the amount to which the debt would be reduced, but

inasmuch as prices will undoubtedly sometime go back toward the 1926 level then in justice to the creditor provision should be made for that contingency. So the difference between \$3,000 and \$1,920, namely, \$1,080 would be registered as a contingent liability on the mortgage, this liability becoming actual if, when and to the extent that prices rise. The adjustment would be made at agreed upon periods, so that if at the end of the first period the index number stood at 70 then \$180 would be transferred from the contingent liability to the actual liability, and so on. Thus if prices were to return to the 1926 level then the full amount of the debt would become payable. The device of the contingent liability gives to the creditor this right to payment in accordance with the price conditions at the time the debt was contracted. The system also works the other way, namely, if prices continue to fall, the debt continues to decrease.

This plan is fair to both debtor and creditor. No debt adjustment can be fair which does not take into consideration the past, the present and the future—the conditions under which the debt was contracted, the existing conditions and the probable future conditions. To get this fairness we must have a value measuring standard and that standard is without question the index number of wholesale prices. We get in this number a standard good for the past, the present and the future, and adjustments made in accordance with it are as near equity as it is humanly possible to get.

The fact may as well be faced frankly and candidly that existing debts, both public and private cannot be paid, at prevailing prices. Money values must be tied to real wealth—the produce of the farms, the fields and the factories—otherwise money values will inevitably swallow up all real values and mankind as a whole will simply become vassals of the money owners. Permanent debt adjustment must be on a stabilized price basis, otherwise in a few years all adjustments made today may be just as unfair as the present situation. The standard for a fair adjustment exists—the Index Number of Wholesale Prices—why not use it and make adjustments which will never create injustice?—or at any rate which contain as much justice as it is possible to get under any system of private property.

AID FOR AGRICULTURE

In this issue of The Co-operator we give a synopsis of the plan put forward by the Agricultural Department of the University of Saskatchewan for giving immediate assistance to the wheat growers, especially of western Canada. The similarity of this plan to the domestic allotment plan which has passed the U. S. House of Representatives and is now before the Senate, is obvious and, of course, the same objection may be made to it, namely that it is a tax upon consumers for the benefit of the farmers. The authors of the plan say that it should not increase the price of bread more than one cent and a half per loaf, and this increase would mean about \$31,500,000 added to the farm income, enough at least to enable the payment of farm taxes, and thus increase public revenue, save interest charges and prevent sales for taxes.

By some means the purchasing power of the farmer must be increased. It is his lack of purchasing power which is preventing in Canada and nearly everywhere the revival of economic activity. That much is conceded by all who have given thought to the causes and the way out of this depression. The plan of Mr. C. H. Burnell, which is also outlined in this issue of The Co-operator, rests entirely on this universally accepted idea that through an increase of the prices for farm produce the purchasing power of the farmer will be increased and the necessary stimulus given to a revival of general business. By Mr. Burnell's plan business voluntarily accepts a tax for the sake of increasing business; by the Saskatchewan University plan a tax is imposed which will be absorbed by the community as a whole. The one does not exclude the other; they could be worked together.

It is a peculiar thing that the domestic allotment plan for the aid of agriculture has been condemned not only by those who because of their general opposition to protection might be expected to condemn it, but by those who consistently support the policy and practice of protection. Whether or not Canada's fiscal policy should be protectionist is a question by itself and one The Co-operator does not touch; whether, given a protectionist system, one which has been in force in this country since Confederation (and even before), the principle should be applied, as a public policy, in such a manner as to aid the farmers in the existing conditions, is the real question involved in the plan. Canada has a protectionist system; in its present form it is no help to the farmers but a tax upon them; why then not adapt the principle so as to secure some advantage for agriculture? Why should agriculture be perpetually compelled to pay under a protectionist system and to receive nothing?

All over the world today nations are experimenting with alternatives to a straight protectionist tariff. These alternatives have come into existence mainly because of the monetary muddle; a tariff wall, it has been discovered, can be scaled by the simple expedient of the exporting country depreciating its currency. As a consequence our exported agricultural produce everywhere runs up against some import restrictions—tariffs, quotas, import licensing, milling regulations, and so on. No importing country wants our cheap wheat on terms that mean injury to its own agriculture. Even Great Britain, once the great bulwark of freedom of trade, has abandoned her traditional policy and has not only gone back to protection by tariffs, but is today guaranteeing to her farmers a price of approximately \$1.35 a bushel for all their marketable wheat.

As a seller in the world's market we are at a serious disadvantage with our chief competitors, Argentina, Australia and Denmark. What is a ruinous price to us is not so ruinous to them because of their monetary policies. Canadian agriculture is expected to bear with fortitude disadvantages which are not at all the result of causes beyond control. If other nations can adopt policies and measures designed expressly to help their farmers in the prevailing economic muddle, why cannot Canada do something expressly designed to aid her agriculture?



THE CO-OPERATIVE MARKETING BOARD

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SUCCESSFUL MEETINGS

The motion picture equipment of the Co-operative Marketing Board was put to good use during the week of February 6, providing entertainment at co-operative gatherings at Daly, Bradwardine, Harding and Kenton, with a total attendance of about 400. The most ambitious program was that put on at Bradwardine, on February 8, the occasion being the annual frolic and dance arranged by the local Pool Elevator Association. An address on co-operation was given at each meeting by J. W. Ward, secretary of the Co-operative Marketing Board.

CO-OP WHOLESALE

Congratulations are due to Manitoba Co-operative Wholesale, Limited, on the excellent showing which it made in 1932, as revealed in the reports made to the annual meetings held at Winnipeg last month. The success of the Wholesale is mainly due to two things: the loyal co-operation of the local associations and the hard work and sound business judgment of the president and general manager, W. F. Popple. While a great many private business concerns are understood to have experienced a decline in business and a loss on their operations for 1932, Manitoba Co-operative Wholesale did a larger volume of business than in the previous year and showed a comfortable surplus, which permitted the payment of a small patronage dividend on purchases. It is doubtful if there are many concerns in the country which handled as large a volume of business at so small an expense.

CO-OP. EDUCATION

One factor which no doubt contributes much to the success of Manitoba Co-operative Wholesale is appreciation by its members of the value of education. Hitherto this work has fallen chiefly on the Manitoba Co-op-

erative Conference and the Co-operative Marketing Board, but the members of the wholesale body in their recent annual meeting decided that it should be supplemented by local effort and should not depend wholly on the central office. The result was the passage of a resolution recommending:

1. That each local co-operative association appoint an Educational Committee, of say, three or five members, the major portion of whom should be chosen outside the members of the board of directors. This Educational Committee should be elected at the annual meeting, or, if the annual meeting has already been held, by the board of directors.

2. That a definite sum of money should be placed at the disposal of the Educational Committee for the carrying on of its work, the amount being decided at the annual meeting, or, if the annual meeting has already been held, by the board of directors. A minimum of \$50.00 a year for each local is suggested.

3. That each Educational Committee have its own chairman and secretary and have authority to expend the funds placed at its disposal, at its own discretion.

It is suggested that the work of the Educational Committee would include the following:

- (a) Arranging meetings of a social and educational character.
- (b) Obtaining and distributing co-operative literature.
- (c) Arranging for visits by outside speakers on Co-operation.
- (d) The supplying of news of the activities of the Association to local newspapers and the Manitoba Co-operator.
- (e) Correspondence with the secretary of the Manitoba Co-operative Conference, with the object of obtaining his advice and assistance in carrying on the work of the committee.

4. That the Manitoba Co-operative Conference be asked to make plans to assist local Educational Committees as above indicated.

5. That every effort be made by the locals to increase the number of readers of the The Manitoba Co-operator in their respective districts. To this end, it is suggested that those locals which have not already done so, should send to the Wholesale a list of their members so that these may be checked against the mailing list of The Manitoba Co-operator.

The carrying out of these recommendations rests with each local association, and it may be presumed that the delegates who adopted the resolution would go back to their own locals and endeavor to put them into force without delay. While the resolution of the Wholesale meeting was addressed particularly to consumers' locals, the recommendations which it contains might be adopted with profit by marketing and other co-operatives as well. If the educational committee does nothing more than arrange a few social gatherings, it will accomplish much good; if at the same time some information on the history, aims and objects of the co-operative movement can be imparted, so much the better. Books dealing with every phase of the Co-operative movement can be borrowed, by members of the co-operative associations, free of all cost, including postage both ways, from the Wheat Pool library, now operated by the Manitoba Co-operative Conference.

Possibly the members or boards of some associations may feel that they cannot afford to make a grant to an educational committee such as is suggested. Experience shows, however, that money and effort spent in this way is good investment even from a financial standpoint, resulting in increased membership and a larger volume of business.

Consumer Co-operation

Manitoba Co-operative Wholesale. Head Office: 316 McIntyre Bldg., Winnipeg.

ANNUAL MEETING

Some forty delegates, representing a score of active Consumers' Co-operative local Associations in Manitoba, convened in the annual meeting of the Manitoba Co-operative Wholesale, in Winnipeg on January 18. W. P. Popple, president of the Co-op Wholesale, was elected to the chair; A. W. Ross, of Minnedosa, acted as secretary.

The President's report was received, followed by the Directors' report, the report on Organization and the Auditor's report. Each report was, in succession, the focus of close analysis and animated discussion.

Directors' Report

The President's report was reported in the "Co-operator" of last month. The Directors' report was presented by W. J. Pollock, vice-president of the Wholesale, and covered operations for the past year.

Dwindling purchasing power and reduced prices reacted on the Wholesale's turn-over. The volume of gas, kerosene, and lubes increased, however, despite the general return to horse-power. More coal was handled by some 600 tons; but narrower margins reduced revenue therefrom. In twine, despite the early harvest interfering with supply, and reductions in commissions, a bigger handle increased earnings somewhat. Business in tires, batteries, etc., increased nicely; it is suggested that all locals give their members service in these lines—and focus on one standard brand.

Harness and farm supplies, introduced largely as an experiment, add to our service and are to be encouraged. The same is true of steel culverts, and sheet metal supplies. Volume in flour, groceries, paint, fencing, roofing and other miscellaneous lines did not increase much during the year. The report concludes: "May we point out to local managers and Boards that one of the essential principles of co-operation is service to their members. A member of one local made this comment: 'I am a half-section farmer with only a car, and lots

of wood on my own place for fuel. I may use three barrels of gas in a year and a few quarts of oil. This is all I can buy from my local as they sell only oil products and coal. I can't even get a tire for my car when I need it because they don't handle them. And these times I don't always have enough money ahead to pay for a barrel of gas when I need it, so have to buy through the Bowser of a private dealer. I would like to buy every last thing from my local—but the way it is run, it is of little use to me." Such comments stress the necessity of locals carrying the full line of goods handled by their Co-op Wholesale—and, in due course further additions, until a complete service is available to all our members.

Organization Report

The report on the Organization and field service, given by H. Hindson, secretary of the Wholesale, covered the work done in securing insurance for the locals "at cost" from the Wawanesa Mutual Insurance Co.—displays at several fairs in the province—and a good deal of missionary work.

Low prices and shortage of cash headed off the actual formation of new locals in 1932—but, nevertheless, the seed was well planted in many neighborhoods, and much work was done with co-op locals not linked up in the Wholesale, as well as with the affiliated locals. And the enterprising local launched the previous year by R. W. Johnston at Grandview got under way last spring—contributing considerably to the Wholesale's success.

Auditors' Report

In presenting his Auditor's report, W. J. Macdonald warmly complimented the organization on a fine showing achieved by close co-operation in a disastrous year. Turnover had been increased by some 18%. Earnings had been increased and expenses pared, all along the line—leaving the healthiest operating surplus in the history of the organization. After setting aside contingent reserves, as well as the 10% transferred to

reserve fund as required by the Manitoba Co-operative Act—the net unallocated surplus was five times that of one year ago. The total equity of the locals in their Co-op Wholesale was increased substantially during the year.

Important Suggestions

It was strongly urged, time and again throughout the two-day sessions, that it was necessary for the Wholesale and locals to build up substantial reserves. This was emphasized as vital to success by the representatives of other co-operatives when they met the delegates at lunch on the 18th. It was suggested that surplus be applied to shares till each member has 5 shares (or \$50.00 paid up) in his local.

The planned canvass carried out last year at Hamiota was recommended to all locals for getting new members and applying their accumulated patronage dividends on shares, thereby making shareholders of the customers.

Much discussion centred on "Education." The resolution adopted is dealt with fully on page 8.

Interest and Dividends

The following were elected to the board of directors: W. F. Popple, Minto, president; W. J. Pollock, Kemnay, vice-president; D. J. Wallace, Cartwright, secretary; R. B. Davidson, Glenboro, Wm. Robson, Deleau, R. W. Johnston, Grandview, H. A. McIntosh, Hamiota, with H. A. Fogal, Brandon and J. J. Siemens, Altona, as alternates.

The meeting decided that 5% interest be paid on paid up capital stock, and a patronage dividend of 1¼% be declared—both to be applied on shares.

The handling of tractors and farm implements was fully discussed and referred to the board for close consideration. The report submitted by H. A. McIntosh concluded that "It is up to us to study and prepare to give our people service in this line sooner or later." The erection of a warehouse in Brandon was likewise left with the board.

The spirit of the two-days session was one of hope; the outlook was one of growth and the expression of opinion centred on the determination of locals and their Wholesale to press on—until the co-operative commonwealth is brought within reach of our people in the real sense.

Co-op. Poultry Marketing

A Message from Manitoba Egg and Poultry Pool

Head Office: 85 Lombard Avenue, Winnipeg

INFORMATION TO MEMBERS

By the time this publication is in the hands of our members, the eleventh annual meeting of your organization will be completed and the delegates returned home to face the problems of producing and marketing another crop of poultry.

Every delegate in attendance at the annual meeting is bound, by mutual agreement, to hold meetings in their respective districts, as soon as convenient; and to make a full report to the members of all that transpired at the annual meeting. They should have no trouble in doing so, because every delegate is given a copy of all reports and statements and will be mailed a copy of the minutes of the annual meeting.

An uninformed member of any organization is quite often found to be dissatisfied. Lack of information breeds discontent; and conditions under which we are living multiplies and increases the feeling of discontent. We, therefore, advise all poultry producers to watch for notices advertising a Poultry Pool meeting in their neighborhood and make it their business to attend and secure first hand information from their delegates.

Do not neglect your organization. Remember if you do not attend to the marketing of your own product, no one else will do it for you (except to make a profit for themselves). Under the co-operative system, the human being becomes the dominating factor—not capital. Co-operative marketing cannot be handed to the producer by any government or even by a friendly society, it can only come by consistent, united efforts and hard work.

Re 1932 Christmas Dressed Poultry

A statement in the January Co-operator, showing that on January 1, 1933, your organization was carrying 577,000 pounds of Christmas poultry in storage will not, we hope, react too seriously on our members. This

amount has been reduced considerably. The fact that all the poultry was not sold before Christmas means a delay in sending out the final payment, as in 1931.

We believe that our 1932 storage stocks can be liquidated in considerably less time than a year ago. The financial statement which is to be presented to the annual meeting on February 15th will convince our members that a further substantial payment will be made to our shippers. Although the buying power of the consumer shows no improvement as compared with that of a year ago, the fact that storage stocks of dressed poultry in Canada at January 1, 1933, totalled 8,340,739 pounds, as compared with 13,807,721 pounds the year previous, will have a steadying effect on the market.

The fact that the Western Poultry Pools (through their Central organization—The Canadian Poultry Pool) in 1932 made an export shipment of one million pounds of your poultry to Great Britain, the same arriving in good condition and being well received by both the trade and the consumer, has opened up a new and extensive market for our next poultry crop.

The following excerpt is taken from the January, 1933, number of the "Economic Annalist," published by the Department of Agriculture at Ottawa, and should convince every poultry producer in Canada that our Western Poultry Pools are worthy of support:

"Approximately one million pounds of Canadian dressed turkeys were marketed in the United Kingdom during the past month, which returned to the producer as high a price as his domestic marketings (Note: The export price exceeded the domestic price).

"All birds were packed and graded according to National standards of quality and the shipments certified by Dominion Inspectors. The shipment consisted mostly of "A" and "B" Grades

and each bird bore an individual grade tag.

"These Canadian birds, coming from the western provinces, and shipped largely by the Canadian Poultry Pool, obtained the top market price for imported turkeys.

"Receivers and handlers of these birds in the Old Country, according to Mr. W. A. Brown, Chief of the Poultry Division, Dominion Livestock Branch, who accompanied the shipment, are prepared to take double the quantity next year."

Harken!

Here is some information that we must harken to, if we expect to hold a place on the British market: In Denmark the co-operative movement has revolutionized the whole national life of the country, partly by controlling, to a large extent, the handling and marketing facilities of the agricultural industry, but principally by establishing such a high standard of quality for products as to command the highest price and retain their hold on the world's best importing market, that of Great Britain.

Good quality birds cannot be produced by a hit and miss system of feeding, or by breeding from inferior stock. The young birds must have a constant supply of feed of the right kind.

The Manitoba Turkey Breeders' Association is doing good work and by their efforts a decided improvement is seen in many flocks. We would advise producers to support this organization. The president is Mr. John Windover, Brandon, and the secretary, Professor Herner, Manitoba Agricultural College, Winnipeg. Both these men are pleased to answer letters asking for information as to proper methods.

The dressed poultry shipments of November 8, 1932, were bought outright and paid for in full at each loading point.

Opening Egg Stations

We expect to open our egg stations at Lauder, Brandon, Neepawa, Carman and Dauphin sometime next month. The time of commencing our pooling season on eggs and opening of country branches, depends upon egg production and this will be governed more or less by conditions during the next month.

It is expected, however, that

eggs will be coming on the market in fairly heavy volume towards the end of February or early in March, and our opening date will probably be not later than March 15th.

A notice will be mailed to our contract signers ten days in advance of the date set for opening branches.

A NATIONAL MARKETING BOARD

The Saskatchewan Wheat Pool urges the following reasons for the establishment of a National Marketing Board:

1. A national agency in control of the marketing of Canadian wheat, would prevent the further disorganization of our own market. It is apparent that Winnipeg quotations reflect that disorganized condition rather than actual world values of wheat.

2. Evidence is available to show that foreign buyers of Canadian wheat, particularly millers, prefer to purchase their requirements from an organization which has control of the actual stocks of grain.

3. Market conditions in the principal wheat importing countries have undergone a complete change during the past few years, with no corresponding change in Winnipeg Grain Exchange operations. A national board with complete control over Canadian wheat stocks would provide a better method of marketing to meet altered European conditions.

Concentration of the flour milling industry under the control of a few large companies has developed very rapidly in Europe. Nearly every European country has in force heavy restrictions upon imported wheat, with the object of assisting its own farmers. These restrictions have reduced any tendency on the part of the miller to speculate, as most of them are subject to change at very short notice. Under such conditions the Winnipeg futures market has little, if any, value to the European miller.

4. The system of marketing Canadian grain should be placed on a more substantial foundation than speculation. Much of the speculative buying by importers has been withdrawn. This leaves

speculation in the hands of individuals who have no direct interest in the purchase or sale of wheat and are concerned only in making a profit in their speculative transaction. It is doubtful whether such ventures can continue unless profits are made.

5. Wide fluctuations in prices, even at prevailing low levels, have resulted in loss and actual hardship to producers. These would be eliminated if the marketing of Canadian grain were in the hands of a national marketing board.

6. A national marketing board, interested chiefly in marketing the Canadian grain crop to the best advantage in the interests of producers, would be likely to give more satisfactory results than organizations operating in all markets and in all countries, as is the case at present.

7. The proposal for a fixed price of about \$1.35 per bushel for wheat used for domestic consumption has a working model in the British Wheat Act of 1932. In Canada, a national marketing board would be the proper body to administer the details of this plan.

8. If assurance is given that a national board will operate to market the 1933 grain crop, then Canada would be in a position to participate actively in any international conference of exporting countries.

STAMP OUT THE DEPRESSION

(From page 3)

something much more serious happens.

My plan, if put into operation, would mean that the farmers, instead of talking about rebellion, strikes, or not sowing a crop, would by adopting a course of action which would be constructive and effective, and which, given the co-operation of business men, would give the needed impetus to business and thus bring benefits to the entire community. My plan provides for an equal distribution of effort in direct proportion to business transacted; it would give the farmer 95 per cent. more purchasing power and debt paying power, and at the same time would help the business man by giving him a much larger volume of business.

My plan is as follows: Let there be set up a collective Produce Clearing Association, with representative business men from the three prairie provinces on a board of five trustees. This clearing house would be properly bonded and would have a properly bonded agent in each country town. It would issue clearing house certificates and clearing house stamps. The face value of the certificate would be for double the net market price of any produce delivered by the farmer desiring to use the clearing house.

It would function like this: a farmer takes a load of wheat to

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Co-operative Dairying

A Message from Manitoba Co-operative Dairies

YOUR CAN OF CREAM

In our Annual Statement and Letter, and at our Annual Meeting, shareholders were made aware of difficult financing during recent months. We had three creameries well-equipped and comparatively little property indebtedness; yet, for a time, it looked as if we might be forced to close down our plants because of lack of operating capital. Our bank declined to provide a line of credit sufficient to enable us to operate in a way that would promise success. Our cream shippers and shareholders simply had not the money to give the required support. It was a trying time. With a feeling of real relief we announce that persistent effort has eventually resulted in a normal situation again.

We are grateful to the United Grain Growers. Ltd., and to the Bank of Montreal for the interest shown and the assistance given in strengthening our financial position. The first-mentioned company agreed that it would be bad, indeed, for the cream-shipping farmers concerned if our equipment should be idle simply through lack of operating capital, and so they came generously to our assistance. The Bank of Montreal, taking a similar view and recognizing the economies effected in our operations, agreed to give us a line of credit which should see us through alright.

Your officers and employees were forced to cut expenses in every way possible in order to enable us to stay in business: operating salaries and wages today are 40% below a year ago—although at that time a 10% reduction was already in effect. It now remains for every co-operator to do his part—to provide the best quality cream for our Co-operative plants, and promote his own interests with a little loyal, cheerful boosting.

STAMP OUT THE DEPRESSION

(From page 11)

an elevator and receives the ordinary cash ticket for the net value of, we will say, five dollars. He takes this five dollar cash ticket to the local agent of the clearing house and receives in exchange a clearing house certificate for ten dollars, which is double the amount of his cash ticket. The clearing house certificate would read "The Collective Produce Clearing Association will pay ten dollars in cash on presentation of this certificate with fourteen forty-cent clearing house stamps attached on the reverse side hereof."

This certificate would have a face value of ten dollars and would be redeemable in cash after it had turned over fourteen times and had collected fourteen forty-cent clearing house stamps. The clearing house would have the five dollars cash from the wheat and \$5.60 in cash from sale of stamps. The farmer would take the first 4 per cent. discount by signing his name and address on the back and attaching the first stamp. Everybody using the certificate would do the same until it had done \$140 worth of business. In other words, the business men who have dealt with this certificate have each taken a 4 per cent. discount in order that the primary producer may have an extra 96 per cent. more buying power, and at the same time they will have put in circulation an auxiliary currency which would be gradually converted into cash.

I have submitted this plan to a considerable number of business men and while most of them, of

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HOW BANKS MAKE MONEY —AND PROFIT

(From page 3)

troyed. Poor people think of money as consisting of coin and notes. As they have not bank accounts they are not interested in "cheque" money. They don't know that nine-tenths of all the money there is, is cheque money; they can't see how cheque money can affect their lives, as they don't sign cheques.

Banks perform two functions. They create and destroy money. Hardly anyone knows this, or takes in what it means. Banks also take care of people's money and lend money; everyone knows this. Therefore the ordinary citizen assumes that when banks lend money they lend the money (i.e. their deposits) that people have entrusted to their care. The ordinary citizen knows that he cannot make money to lend people at interest; if he tried, he would be put in gaol. Therefore it never occurs to him that banks should be allowed so extraordinary and unjust a privilege, and naturally financiers do everything in their power to encourage the ordinary citizen to go on thinking that they lend their deposits, and to prevent him from finding out how they get their money for lending.

There are various nice little bits of camouflage that help to keep the cat securely in the bag.

If anyone happens to notice that the amount of money a bank was lending was much greater

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Natural Leaf Tobacco FOR SALE

Sample package 13 lbs. good leaf tobacco, mild or strong (with a real briar pipe free) \$2.00; 50 lbs., \$7.00; 100 lbs., \$12.00. Pure Quesnel, 4 lbs. for \$2.00. Shipped Anywhere. Agents Wanted.

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Co-op Livestock Marketing

Manitoba Co-operative Livestock Producers, Ltd.
Canadian Livestock Co-operative, Ltd.

SHIPPING AND FEEDING

In comparing the volume of livestock delivered at the Union Stock Yards, St. Boniface, we find that during January, 1933, some two hundred cars less came forward than during January, 1932. The following is a statement showing the high five firms on the market during January:



Light on the Subject

1st—Can. Co-op	195 cars—23.6%
2nd	128 " —15.5%
3rd	117 " —15.5%
4th	96 " —11.6%
5th	80 " —9.7%

Producers who have cattle on feed are, naturally, anxious to know when is the best time to bring their cattle forward to market. It is difficult to estimate the best time—the condition of the stock should be the deciding factor. We find that a large number of cattle which have been on grain come forward too early. The many reasons for this are recognized wherever sufficient feed is available we strongly recommend that cattle be well finished before shipping, particularly light cattle. During the period under review, prices have remained low and draggy; and the outlook is no brighter, so far as local demand is concerned. Should export demand improve and increase it will have a tendency towards strengthening the market.

That Barter Deal

We have all been watching with interest developments relating to the Russian cattle-oil barter deal. No doubt there are a number of reasons, from a livestock production point of view, why this deal should not be approved. The reasons in favor are also numerous and we feel that producers, at meetings, should discuss the matter; registering their decision in a definite resolution; and forward their resolution to Ottawa.

In the hog division, prices

reached a new low level. At the time of writing, prices are a shade stronger, due to lighter receipts on most markets in Canada and, partly, to a shade stronger demand in Great Britain—where Canadian Wiltshires are selling at 46/ to 50/, with sterling somewhat stronger, at \$4.11. Should these conditions continue, prices should remain reasonably strong.

Democracy at Work

When the word Democracy is used it is generally in connection with the government of the country. Few of us realize that the principles of democracy have been incorporated into the constitution of many of our business organizations in this country. The word is derived from the Greek *Demos*—people, and *kratos*—power, meaning of course, that power or authority is vested in the people.

Our farmers' co-operatives have spent, and are still spending, a lot of time, energy and money in setting up democratic machinery to make sure that full authority is vested in the hands of the producers who make up their membership. Officers and field men go out to country meetings to explain the work. Representative delegates have their expenses paid into the city to consult with each other and with the staff at least once a year in order to decide on policies and to elect officers. Weekly newsletters, pamphlets, radio talks, and thousands of individual letters and interviews take up days and weeks of time during the year.

Democracy, then, is costing us a lot of money. Are we getting full value for the money we spend? In our darkest moments we wonder if our members are interested in all this work, apart from our reports on the rise and fall of prices week after week. If there is nothing of interest in this work apart from price-levels, then we might just as well cease to talk about our co-operative ideals and save our time and money.

Fortunately for this world, we are nearly always wrong when we indulge in these "dark thoughts." We really ought to know better. The consistent progress of co-operative business concerns throughout the world indicates the trend of thought in many countries. Democracy in business may be costing us quite a lot of money—but it provides the one and only safeguard which mankind has yet devised against the exploitation of the common people by the privileged few. But—and here is the rub—why do we not make more practical use of the machinery which we have created?

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HOW BANKS MAKE MONEY —AND PROFIT

(From page 12)

than the total amount of money that people had deposited in its care, he might grow suspicious. Therefore the banks have a prudent custom of including loans in the figures of their deposits. If a bank with deposits of £1,000 lends someone £100 at once its deposits are entered at £1,100. Banks have another dodge which is very helpful to the hush-hush policy. The Joint-Stock Banks usually do not create for lending (by book entry) more than nine times the amount of their cash reserves, and they do really lend a small fraction of their cash reserves to a small number of the people to whom they made loans. If some unpleasantly inquisitive person starts telling the ordinary citizen that banks can create money out of nothing to lend at interest, the banker says to the ordinary citizen, "What rubbish! Don't you know that bank loans are strictly limited by their cash reserves?" The ordinary citizen doesn't quite know what cash reserves are, but supposes them to be all cash, and the same thing as deposits (as a matter of fact they are neither); but, anyhow, limiting loans by cash reserves sounds very honest and safe, and he concludes that the banks are quite in the right, after all, and that the unpleasantly inquisitive person has been talking through his hat.

But Let us Get at the Actual Truth

Cash reserves consist of coin and notes, i.e., real cash in the bank, but they also include things that are not real cash at all, namely, cheques drawn on other banks that have not yet been cleared, and any claims it may have on the Central Bank (in England). The Central Bank, when it chooses to go off the gold standard, as it did during the war, is not limited as to the amount of money it can create by mere book entry for lending to the na-

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PERSONAL

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STAMP OUT THE DEPRESSION

(From page 12)

course, do not like the idea of departing from the time-honored methods of doing business, many of them see their business gradually departing from them and are coming to the place where they would be willing to try anything which looks like a way out.

Many of them agree that if 50 per cent. of the farmers were to accept these certificates for the grain and livestock marketed, business would have to adapt itself to the use of them. Most of these same business men also agree that if they could get almost twice as much business and twice as many debts paid as at present they could well afford a discount of 4 per cent. But in actual practice they would not likely need to stand a 4 per cent. discount on all their business because there would still be a very large amount of cash circulating. The amount of certificates circulating would only be a fraction of the cash, because they would be continually converted into cash and they would automatically pry a larger volume of cash out into the channels of trade. Some object that it would be too cumbersome, but all admit that the present situation is certainly very cumbersome. Throughout the country store shelves are literally bending with all kinds of merchandise which is not moving; farmers are unable to pay taxes, interest or debts.

Some think business would refuse to accept these certificates, but stamp and scrip money have been in use in two cities in Germany during the last six years, and in 140 places in the United States and Canada recently. In some of these cases there has been no reserve at all at the back of the issue, whereas one Winnipeg business man pointed out that in my plan there would always be fifty per cent. of actual cash value in farm produce at the back of the certificate.

My plan also embodies the principle of relating currency to commodities, which is one principle on which many of the world's best economists are agreed.

I submitted my plan to Dr. Irving Fisher of Yale, and the reply I received was very encouraging.

(Turn to page 15)

MACHINERY

Say you saw it in "The Co-operator"

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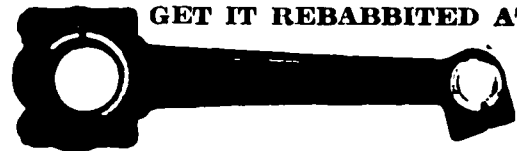
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STAMP OUT THE DEPRESSION

(From page 14)

If present conditions are allowed to continue hundreds of farmers will dispose of their livestock such as pigs, sheep and poultry. Many who are now behind with taxes and interest will, if they put in a crop at all, be still further behind next fall; thousands are now so discouraged that they are rapidly becoming a problem to our governments. It is high time that we started to do something about this situation. My plan may sound radical but the situation is so critical that a radical remedy is needed. My plan would be better than debt adjustment, because the way to adjust debts is to pay them. Anything else will be unfair and very cumbersome to carry out.

My plan would allow the farm produce to flow to market as usual without interfering with prices which are set on an export basis. It would still allow of feeding the unemployed cheaply, but many of these would be quickly absorbed by the greater volume of business which would result.

I would be very glad to have the opinions of business men and also to answer any criticisms or questions with regard to my suggestion of how to stamp out the depression.

Colin H. Burnell, Oakville.

HOW BANKS MAKE MONEY

(From page 14)

tion by anything at all except its own interests and desires.

Deposits are not the same thing as cash reserves, because, as we have already seen, deposits include bank loans.

But now let us get back to the small amount of money that banks actually do lend at times to private borrowers, never, I believe, to Governments. Banks allow private borrowers, if they wish, to have from the cash part of their cash reserves a certain amount of actual coin and notes. This is the cleverest bit of camouflage of all. The ordinary citizen sees that coin and notes can be had from the bank by a person to whom a bank loan has been made. He therefore concludes

(Turn to page 16)

MANITOBA GROWN NURSERY STOCK—Largest high-class assortment grown in the West. Write for free illustrated catalogue. Wallace Nurseries, Limited, Portage la Prairie, Manitoba.

LIVESTOCK

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NO FARMER OR BUTCHER SHOULD BE without "Curing and Care of Meats," (12,000 words). Complete instructions on killing, cutting, curing of beef and pork. How to make all kinds of smoked meats, sausages and cooked meats. Practical, simple and sound. Highly endorsed. Price 50c. E. Tinney, 1221 12th Ave. W., Calgary, Alta.

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STAMPS—110 VARIETIES. PICTORIALS, Air Mail, Savages, Faraway Lands, 25c. Premium given with approvals. Bruce, 2518 15½ Street, N.W., Calgary, Alta.

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"IT'S A CRIME TO GROW FLOWERS" like that and not sell them in the city," thus exclaimed a lady visiting our Gladstoll field last summer. Send for price list. Colin H. Burnell, Willowbrake Farm, Oakville, Manitoba.

HOW BANKS MAKE MONEY —AND PROFIT

(From page 15)

that every person to whom a bank loan has been made could, if he wished, have the whole amount of his loan out in coin and notes; that depositors have placed enough coin and notes in the bank for this to be possible; and that when a Government borrows money from a bank to carry on a war, it is also borrowing from an enormous fund of coin and notes that depositors have entrusted to the bank for safe keeping, for which reason it would be most immoral to repudiate a war debt, for what then would happen to the

money of all these poor, trusting people?

But the cold hard facts are these. The amount of coin and notes the banks have available for borrowers is only a small fraction of the total amount of money they have actually lent. If all the borrowers came at once and asked for the full amount of their loans in coin and notes the banks could not give them more than a very small percentage of the loans they were expected to repay in full, together with interest; while the amount of coin and notes they could find to give to a government to which they had made a loan would be so tiny a fraction

it would be hardly worth while for the government to take it! Banks, therefore, work on the assumption that most of those to whom they lend will be content to use cheque money, which they create in the way that has been described. Cheque money, of course, is just as good as any other kind of money for buying things. The evil lies not in the fact that there is far more cheque money in existence than coin and note money, but that private companies (banks) should be allowed to make cheque money by a few strokes of a pen and oblige a nation to pay them tribute of interest for the loan!



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