

and I think this speaks volumes for the character of the Scottish people, and, indeed, were I not an Englishman, I would be a Scotchman. Now, sir, the question may very pertinently be asked: what was the security for the enormous amount of these loans in paper money? Well, sir, the Bank of Scotland looked upon a healthy, active, honest and thrifty young man as a human machine, whose energies, when properly applied either directly or indirectly to the soil—the mother of us all—could produce annual profits far in excess of the interest and sinking fund attaching to the loans—and the experience of the Bank of Scotland proved that it was right. But when the energies of the human machines were applied directly to the soil then the security became greatly enhanced and therefore the bank lent largely and freely to the farmers of Scotland, and this has been the primary cause of the success of the agricultural industry throughout the length and breadth of that country for the last two hundred years. I feel convinced that this action on the part of the Bank of Scotland was

THE SUGGESTIVE GERM

which afterwards gave birth to the Land Bank of Europe and it may be profitable to glance at the history of these land banks and the mode of their administration. In the year 1756 during the Seven Years' War there was terrible distress in the agricultural industry throughout the greater part of Europe, and especially so in Prussia and Austria. The farmers in those countries had their farms mortgaged up to the full extent of their value and were paying as much as thirteen per cent interest—in fact their position was very similar to that of most of the farmers in British Columbia in the present day. Such was the prospective ruin that various schemes were devised to remedy it, but they were all of them failures through faulty organization and mal-administration. At last one Buring, a Prussian merchant, conceived the idea of a land bank. By his system the farmers were to associate themselves together and pool all their properties into the land bank, which on its part issued accommodation paper in the form of land bank bonds bearing three and a half per cent. interest with a small sinking fund added. With these land bank bonds the bank bought up the mortgages on the farms and not only so but lent them out to the extent of half the amount of the improvements effected upon the farms after the mortgages were paid off.

THE FIRST OF THE LAND BANKS.

was started in Silesia in the year 1770 and it proved such an unqualified success that the system spread over the whole of Germany and eventually made its way into France, and these banks are in existence during the present day. It has been found that the value of these land bank bonds as a security has been maintained in Europe in a remarkable degree notwithstanding the numerous crises which have occurred whether monetary or through revolutions or through war. For example, during the revolutionary period of 1848 when the Prussian funds fell to 63 the land bank bonds in the same country only fell to 96—thus showing the confidence which was felt by the money market in this paper money

backed as it was by land under cultivation. But, Mr. Speaker, we must not lose sight of the fact that the case of the farmers of British Columbia is hardly a parallel one with that of the farmers of Europe. In the latter case the farmers are wedded to the soil on which they live—their fathers and forefathers have lived there before them; all their traditions, habits and associations are anti-migratory, while the farmers in British Columbia are, comparatively speaking,

NEW COMERS IN A NEW COUNTRY.

They have no traditions blinding them to the soil; they have numerous temptations to invest their labors, and what little capital they can scrape together in speculative undertakings; they are, in fact, plunged into the stream of a floating population and are carried away by it and they cannot therefore offer the same security which can be given by a more stable community. Hence the care and caution which will be necessary in taking up mortgages on farms in British Columbia and in lending money on improvements either through private associations or by state guarantees. It is evident that these loans cannot be placed upon a business basis except upon the good character of the farmers and also on the farms upon which the loans are made. There must be a fair ratio between the land under cultivation and the amount of the loan. The land bank system interposes between the lender and the borrower the credit of either an association or a state and it is our duty as a state to take every precaution that we have ample security for the credit we offer. But when I say this I wish it to be understood that we do not feel any cause of anxiety about overcoming the difficulties which undoubtedly exist—difficulties were only created in order to be overcome, and the seriousness of the case demands our earnest endeavors to master it. All that is required is care and caution in making the loans. We must not rush the process, but look closely into every case and judge it upon its own merits. The bill which is now before the house will at all events give the government a tentative power to make a commencement. I believe that under this bill or its amplification and with intelligent administration we can bring to bear upon the farmers of British Columbia the incentives to thriftiness and the stimulus of hope which through the medium of the Bank of Scotland has worked such splendid results upon the agricultural interests of that nation. And, sir, if we can do this, if we can relieve the farmer from the demoralizing burden of an irreducible debt, if we can place him on a fair field for fighting his battles in the struggle for existence, if we can observe the reflection cast upon our enterprise by the fact that notwithstanding the possession of a splendid climate and a bountiful soil we still import three-fourths of our annual food supply and foolishly drain away our wealth by the annual payment of hundreds of thousands of dollars in the form of duty to a foreign state—if, I say, we can accomplish all these reforms by this bill then the house will be entitled to great credit and we can rest assured that we deserve the good will of our country. I therefore wish every success to the second reading of the bill. (Applause.)