

The Grain Growers' Guide

Winnipeg, Wednesday, September 16th, 1914

BANKING REFORMS

The service rendered to the public generally and to the agricultural community in particular by the chartered banks in Western Canada is one of vital importance to every farmer. Many farmers in good standing know to their cost that the banks have not generally given the service which it has been expected they would render, while for those farmers whose security consists of little beyond their character the present banking system is of very little use. Two years ago the Bank Act came before Parliament for the regular revision which is made every ten years. Representatives of the farmers from both Eastern and Western Canada were called before the Banking Committee to recommend improvements. It was stated at that time by the government that the desire was to secure the opinion of all classes in order that the banking system might be made of the utmost service to the people of Canada. Almost without exception the suggestions offered by the representatives of the farmers were rejected and no attempt whatever was made to ensure better service to the public. It is true that in the revised act the banks are permitted to loan to farmers on grain stored on the farm in their own granaries. Some leading bankers and financial authorities favored this provision as a means of helping the farmers and relieving them of the necessity of throwing their grain upon the market immediately after harvest in order to meet liabilities. We have yet to learn that this amendment has proved of even the slightest relief to the farmers. Wherever the banks would loan money on grain on the farm they would also loan it to the same farmer without such security. It is certain that some improvement must be made in the banking system if it is to be of general service to the agricultural community of Canada. Up to the present time the business of banking in Canada has been enshrouded in mystery and banking authorities have discouraged any effort to acquaint the general public with a knowledge of the banking business. The banking system in Canada is a part of our national fabric and for the protection and safety of the public it should be understood as clearly as any other public business. The present tendency to discuss banks and their methods is a very hopeful sign. W. F. Maclean, M.P., is one of the few members of the House of Commons who has prepared a definite scheme for banking reform, and in this issue we publish an article approved by himself which outlines his plan. Mr. Maclean would have some of the present power withdrawn from the banks and placed in the hands of the government and would also provide a larger issue of national currency to supply the needs of the country. When the fact is considered, as Mr. Maclean explains, that \$133,000,000 of money which the Canadian people have deposited in Canadian banks is now locked up in Wall Street, New York, it indicates that there is something radically wrong with our banking system. Another large sum is tied up by the Canadian stock exchange operations. If all this money could be utilized for legitimate business in Canada it would go a long way towards easing the present financial stringency. The banking business of Canada is today practically a monopoly and the banks enjoy very valuable privileges extended to them by Parliament. Naturally such a radical proposition as that set forth by Mr. Maclean will find little favor in banking circles where it is considered that the general public should not meddle in such highly specialized matters. There is, however, a widespread opinion that some drastic reforms in our banking system must be effected,

and the more general the discussion becomes upon the subject the better for the public. No doubt Mr. Maclean's scheme will be followed by other proposals which will be laid before the public, and in the course of time these various plans of reform will result in improvements in the banking system.

WHAT THE PROVINCES CAN DO

The provincial legislatures of the three prairie provinces have been called together and will be sitting within the next few days to deal with the emergencies which have been caused by the war. The business in each of the provinces will include the ratification of the patriotic action of the respective governments in making gifts to Great Britain, Manitoba having offered 50,000 bags of flour, while Saskatchewan is giving 1,500 horses, and Alberta 500,000 bushels of oats. It is understood that in each province, also, legislation will be passed establishing a moratorium so far as agreements of sale and mortgages are concerned, which will enable those who are in arrears or have payments to make on loans or purchases of real estate to postpone payment without fear of foreclosure. In some cases no doubt this legislation will protect those who thru no fault of their own are in financial difficulties as the result of the war, and on the other hand it will also save a great many real estate gamblers, who are not deserving of any sympathy and will enable them to avoid or to delay the payment of their just debts. The most important problem to which the Western legislatures can address themselves, however, is that of providing permanent work for the unemployed who are within their borders. The problem of unemployment would have been acute in Canada if there had been no war, it has in fact been acute for many months and it will be sheer folly if our legislatures shut their eyes to this problem and leave the patriotic funds and charitable organizations to support the unemployed in idleness. The able bodied men and women of Western Canada want work, not charity. They are able and willing to earn their own living if proper conditions are created. One important step which the legislatures can take to enable the unemployed to obtain work is to compel speculators who are holding land which is valuable for cultivation or building purposes, either to make use of that land or permit some one else to use it. Large quantities of food are needed, not only in Europe, but also in Western Canada, and that food could be produced from the vacant farm lands and city lots of the West by the unemployed if speculators were not permitted to hold land out of use. The way to provide productive employment on the land and in the cities for those at present out of work, and who will still be out of work next summer, is to raise the taxes of those who will neither cultivate their land nor allow anyone else to do so, and raise the taxes so high that they cannot afford to act the dog in the manger any longer. A special provincial tax on undeveloped land would have several results, all of them for the benefit of the people at large and the higher the tax the greater would be the benefits. In the first place it would produce funds which could be used for public works, thus giving employment to a large number of men who, in Manitoba at least, have been laid off thru a cessation of work by order of the government. Then it would cause some land owners to place their vacant land under cultivation in order to avoid the tax, giving employment to more men and producing more food. Another result would be that vacant land would be forced on the market and those wishing to buy or rent land

to build upon or cultivate would be able to buy it at a much more reasonable price than they can at present. The whole community would benefit by a measure of this kind. Unemployment would be reduced to a minimum if it did not entirely disappear and business of every description would be revived. The only people who would suffer would be the big land-owning companies and other real estate speculators, who are at present preventing men from getting work and are thereby largely responsible for the poverty and misery brought about by unemployment. During the past ten or fifteen years real estate speculators in almost every quarter of the globe have been taking fortunes out of Western Canada without giving this country anything in return. Why in this emergency should they be protected and all the rest of the people be allowed to suffer?

THE WAR

After six weeks of terrific fighting the allied forces of Britain, France, Russia, Belgium, Serbia and Montenegro are gaining ground steadily against Germany and Austria. Already the German advance towards Paris has been checked and the German armies are being forced back into their own territory by the deadly onslaught of the British and French troops. Reports indicate that Austria's armies have suffered severe defeat both at the hands of Russia and Serbia and that the Russians are now forcing their way towards Berlin and Vienna. It was expected that the well organized and well equipped German armies would have the best of the struggle during the first weeks of the war, because it was the German war lords who selected the time and the place for the war. It would appear that Germany's chief part in the war in the future will be defensive rather than offensive as the combined armies of the great nations against the Kaiser are bending every effort to hold the advantages they have gained. Statements made by Premier Asquith indicate that England looks for a long and bitter struggle. The British forces already in the field, and those now being organized, are much greater than Britain ever produced in previous wars, and the same applies to both France and Russia. All the peoples of these nations realize the struggle is one of life and death and are utilizing their resources to the very utmost in self defence. Up to the present time there have been no naval engagements of magnitude. The German fleet remains in the seclusion of its fortified harbors, while the British fleet holds the North Sea and the French fleet the Mediterranean. The longer the war is continued the more certain it is that victory must be upon the side of the allies. France and Britain are able to draw upon the world for food supplies on account of naval supremacy, while the food supplies of Germany are absolutely confined within her own borders and must be exhausted within a comparatively short time. The remarkable response made by the various dominions thruout the world to the challenge of British supremacy was undoubtedly a surprise to the enemy, and the soldiers which Canada, Australia, New Zealand, India and South Africa are sending to the front, to say nothing of the gifts of food supplies and horses which have voluntarily been sent or will be sent to Great Britain to aid in the struggle, indicate more forcibly than any words that all the British dominions are in the struggle until victory crowns the efforts of the allies.

Our special offer to send The Guide to any address in Canada to the end of 1914 for 25 cents will expire on October 1. A considerable number of our readers have sent in a few new

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