

ALBERTA FARMERS' UNION

"Parity Prices for Farm Products"

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JUNE 21st, 1944.

Mr. Norman JAQUES, M.P.,
House of Commons,
Ottawa, Canada.

Dear SIR:—The Alberta Farmers' Union is in favour of not longer than yearly renewals of Bank Charters, and thinks the following questions are worthy of consideration.

1. Would the Banks' policy of writing down the value of their assets provide them with a reason for "deflation"?
2. Would the Sun Life be considered more credit worthy after they had "written up" the value of their securities than they were before? (Allowed by Bennett Government.)
3. Would such action make a merchant or farmer more credit worthy?
4. Would it be right to say that a merchant was not credit worthy because he could not sell his goods to people who were not buying merely because they lacked purchasing power?
5. If farmers were not credit worthy because they were unable to sell their goods at such prices as would warrant them getting credit, where did the trouble lie?
 - (a) Was their produce not good?
 - (b) Did they not produce enough?
 - (c) Did they produce too much?
 - (d) Was there no market at all for their goods?
 - (e) Was there a market at a very low price level?
6. Is it not true that with the advent of war, money was put into circulation, unemployed people got jobs, pay rolls increased and effective demand caused by increased bank loans created a market for farm produce at remunerative prices?
7. Is it not true that owing to the action of the Government in issuing Bonds for the purpose of carrying on the war merchantable documents were thus made available to the chartered banks by which they could increase their loans (deposits) enormously. These documents had a tremendous appeal to the people because they were told that it meant the earlier winning of the war if they sacrificed everything else to buy them. Thus the buying of necessary goods was sacrificed to buying bonds.
8. Did not this action show a preference to the banks at the expense of all other business?
9. Could not the Government have avoided "playing favourites" by transacting all its necessary borrowings with the Bank of Canada and made the necessary adjustments to avoid inflation?
10. If not, is this an admission by the Governor of the Bank of Canada that he does not know how to use the powers of the Bank of Canada without causing inflation?