

for specific purposes, including fencing, draining, purchase of live stock, farm implements, etc., to persons, who, having pre-empted land, had worked upon it long enough to secure their grant from the Crown as well as to other farmers who had already had their lands under cultivation.

The scheme was an unlimited liability scheme. The money was to be loaned to an association of borrowers, who, following the practice of the Raiffisen system in Germany, were authorized to loan money to members on the endorsement of two of their number. The Government undertook to loan to the Association at $3\frac{1}{2}$ per cent and to allow the Association to charge its members 5 per cent, the $1\frac{1}{2}$ per cent margin being allowed for expenses and to create a reserve fund for possible losses. This Act was passed as a result of a good deal of agitation, but no loans were ever made under it for the simple reason that the farmers were not prepared to accept the co-operative principle involved in it.

Later on, two special Acts affecting agriculture were passed and, with amendments made from time to time, are still in operation in the province. The first was passed on March 6th, 1915, and is entitled "An Act Respecting Agriculture and Providing for the Incorporation and Organization of Agricultural Associations and Making Provision for Agricultural Credits". It is cited as "The Agricultural Act, 1915". The other, passed in May, 1917, is entitled "An Act to Promote Increased Agricultural Production" and is cited as "The Land Settlement and Development Act". Both of these acts provide for Long Term Mortgage Credit and also for Short Term Credit under certain specified conditions.

Agricultural Act, 1915

Under this Act, there is created an Agricultural Credit Commission, consisting of a superintendent who shall be, ex-officio, a director, and four other directors, who together constitute a body corporate with the usual powers to conduct a lending business as described in the Act. The superintendent holds office for ten years, unless removed as a result of action in the Legislative Assembly. Two of the directors are appointed for a period of ten years under the same conditions, but they must be engaged in the occupation of farming; the other two directors are the Deputy Minister of Finance and the Deputy Minister of Agriculture.

All regulations made by the commission for the conduct of business, all fees payable, etc., are subject to confirmation by the Lieutenant Governor in Council. Provision is made for the usual methods of carrying on the business of such an organization.

Working Capital

The working capital of the Commission is such as is raised from time to time by the issue of securities and such money as may be appropriated from time to time by the Legislative Assembly and such money as otherwise becomes available under repayment and other funds. All securities sold are sold by the Department of Finance of the Province and are unconditionally guaranteed by the Province. The Board works in the closest possible association with the provincial authorities. It, however, is authorized to keep its own accounts and to make its own banking arrangements subject to the approval of the Government. Provision is made in the usual way for sinking funds and reserve funds to cover accruing securities.

Under the Act, the Commission is authorized to accept as security for loans first mortgages upon agricultural land in the Province of British Columbia free from all encumbrances, liens, and other interests, except where special provision is made to the contrary.