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CREDIT AND PRODUCTION.

There was certainly never a time when the matter of provision of necessary credits for producers of grain and other foodstuffs was of more vital importance than the present. The vigorous discussion of various aspects of a problem which is of particular moment in Canada, and the action which has been taken in various directions, are evidence of a wide appreciation of the necessity of a suitable solution. It is something to the good that there is a willingness to experiment, even if to outside critics, the direction taken by some experiments does not appear the best one. The western provincial governments are now committed to an active policy of loans to farmers as near cost as possible, and in some cases, an energetic effort is being made to raise funds locally in the interests of greater production. In view of the vital importance of an increased food supply to the British Empire and the Allies, and of the desirability of every possible development of Canada's agricultural resources, not only to meet present needs, but in the interests of the future stability and prosperity of the Dominion, it is impossible to view these various efforts without a certain degree of sympathy. At the same time, there may be legitimate doubt of the entire wisdom of the steps now being taken by the various governments. Mr. Hume Cronyn, the managing director of the Huron and Erie Mortgage Corporation, hit the nail on the head the other day, when he remarked that the most serious criticism of these schemes arises from deep-rooted distrust of the efficiency of public management of business affairs. Not a very extensive acquaintance with Canadian political and economic history is needed to show that this deep-rooted distrust has its origin in something considerably more substantial than mere prejudice. Even apart from this, the recent experience of British Columbia in lending at 6½ per cent., funds which it was found were costing the province 9½ per cent., has shown that the problem of government loans to farmers at as near cost as possible is not so easy of solution, as it seems to some people. There are other possibly unpleasant consequences of the entry of the provincial governments into this field of activity, and the attitude of the outside observer to these schemes, if sympathetic to their objects, cannot but be extremely critical, pending further evidence of their practical feasibility.

Another experiment on decidedly interesting lines is being made by the Trust & Loan Company of Canada, aimed to reach the better class of farmers for whom, it has been said, bank loans run for too short periods, other mortgage loans for too long. In brief, under this scheme, the mortgage loan takes the form of a line of credit, to which the borrower helps himself within the limits of the credit. Interest is charged either annually or half-yearly on the monthly balance. The mortgage is not made for a specific sum, but is a continuing security for the balance at debit of the mortgagor's account, not exceeding the amount of the credit granted. No specific date is mentioned for payment of the principal, which never becomes due until twelve months after demand (except in case of default), while the borrower has the privilege of repayment in whole or part at any time without notice or bonus. This scheme is also designed to meet the case of the borrower who requires, say, half of the credit as a more or less permanent loan and the balance on open account. Obvious advantages of this plan are that the borrower need not retain borrowed funds or pay interest upon them a day longer than he wishes, and that the money may be advanced as many times as desired on the original mortgage without additional expense. The plan meets the farmers' demand for a form of credit enabling them to carry live-stock until they can be marketed advantageously, and to sell grain at their convenience. In this way, it appears that this new plan constitutes an important contribution to the solution of the problem of suitable credit provision for western agriculturalists, and its development will be watched with interest. The plan is not being pushed in preference to the old plan, but farmers have their choice. It is through such experiments as these, carefully planned by those who unite an intimate knowledge of the country's conditions, with a statesmanlike breath of view, that progress with the problem of credit for production appears most likely to be made. What the Union Government intends in practice by its proposed "strong and progressive" immigration and colonization policy, with settlement inducements and aid in the development of agricultural resources, we shall doubtless learn at an early date.