

multitude of details which it has not been considered necessary to place in the act itself, and when these are published it will be seen that the government has taken every necessary precaution in the premises, and as the credit of the government is to some extent at stake in undertaking what has been considered by many a very bold and forward movement it has not accepted the responsibility involved without taking into careful consideration and providing for the possible exigencies that will arise under its operations. The passing of this bill by the house will be of great assistance to agriculture. The very fact of having some means of bringing the farmers together is desirable, for it would serve to give them common interests and to teach them the value of co-operation in other things as well.

#### COL. BAKER.

Hon. Colonel Baker said: If the bill which is now before the house matures into such a form as to bring financial relief to the farmers of British Columbia it will, I think be one of the most important measures which has ever been passed by the legislative assembly. But, sir, we must not blind ourselves to the fact that the subject is surrounded by many complications as well as difficulties and it is well to look them straight in the face to analyze the nature of the case; to compare it with pre-existing circumstances in other countries and with the remedies which have been applied—yes, and successfully applied—for the amelioration of agricultural districts in past times. We know that, notwithstanding the fact that our very existence is dependent upon the cultivation of the soil, the pursuit of agriculture carries with it smaller profits than almost any other branch of industry, and it is therefore the least able to bear the heavy strain of a high rate of interest upon the capital invested in it. Yet the position of three-fifths of the farmers in British Columbia to-day may be fairly described as follows: When the introduction of international gold monometallism brought down the level of prices and produced the wave of commercial depression which flooded the civilized world during the past decade, the farmers of British Columbia were forced to mortgage their farms at about half their mean value and at a high rate of interest. But, sir, the level of prices continued to fall and with it the value of real estate, which dropped to fifty per cent. of its value at the times the mortgages were contracted, so that the position of most of the farmers in British Columbia to-day is this—their properties are mortgaged to the full

extent of their value at a high rate of interest while the prices of the products from their farms have fallen considerably. The result of such a combination of adverse circumstances can be expressed in one word—ruin—and the question arises as to what remedy can be found to relieve the farmer from the burden which is crushing him and to place him in a healthy financial position so that his natural energies may expand for the benefit of himself as well as the community at large. In order to fully understand the position and the remedy to be applied to it we must fall back upon experience and the legislation which has been enacted in other countries for the amelioration of agricultural distress in past times and to do this we must go back to what may be called the grandfather of agricultural loans—the institution of

#### THE BANK OF SCOTLAND

in the year 1695—a time when banking was in its infancy in Great Britain, for it was unknown in that country prior to 1640. It was a period when the commercial interests of the British race were expanding and vivifying into active operation and the institution of the Bank of Scotland brought about a novel and important change in the system of banking because whereas generally speaking a customer lends money to a bank and receives interest upon it, the Bank of Scotland inverted this and lent money to the customers and charged him interest upon it and it did this with accommodation paper of its own bank notes which it was allowed to issue to an unlimited extent. The bank lent out money in this way at a very low rate of interest and repayable by easy instalments to almost any one who could find two well known as sureties—or “cautioners” as they were called—as to the integrity, industry and thriftiness of the borrower. Why, Mr. Speaker, such was the temerity of this bank that it actually had the hardihood to lend out money on the personal security of lawyers! but mark you, only to young lawyers, before they had become case-hardened. So after some years it came about that there were tens of thousands of these sureties or cautioners scattered over Scotland whose duty and interest it was to watch over the honesty and thriftiness of thousands of borrowers and this produced a most beneficial effect upon the national character. Now, sir, some idea may be formed of the

#### MAGNITUDE OF THESE LOANS.

on personal security when I state that one branch of the bank alone in the course of twenty-one years lent out ninety millions sterling in its own bank notes and the only loss it sustained through these extended transactions—and by losses I do not mean on profit and loss account, but the only amount which was not faithfully repaid out of this enormous sum of ninety millions sterling was twelve hundred pounds,