

FARM LOANS AND RURAL CREDITS

Must be Given Wider Scope by the Government—Help Farmers by Restraining Interest Rates

"The time has arrived when the government must give wider scope to the Farm Loans and Rural Credits Measure," was the statement made by the Hon. Edward Brown, provincial treasurer of Manitoba, at the annual convention of the Manitoba Grain Growers. He addressed the delegates on January 10th. He said that it was inconceivable that any government could set up an act designed to help the farmers by restraining interest rates and not be subject to hostile criticism. Manitoba was the first province to attempt the plan. He eulogized George W. Prout, M.L.A., for first bringing in the bill, which was given a trial in his, Mr. Prout's, constituency. In view of the success which had attended the measure, Mr. Prout's name would always be inseparable from it. There was a two-fold purpose in the Rural Credits act. First, it was intended to set up a restraining influence not only upon rates but upon the measure of credit which the bank would give. The United Grain Growers of Alberta had passed a measure urging the formation of unit banks to furnish credit to farmers. They memorialized the Dominion Government to give the provincial parliaments power to deal with deposits. The Manitoba government thought this unwise, as the Dominion Government could not delegate its powers to the provinces and the procedure of going to Great Britain for an amendment to the British North America act was a very slow one. Even if the Dominion government did delegate its power the move meant the setting up of new banks and consequent engagement of more officials and overhead expense. They had already the co-operation of the banks, but the time had now come when they must have something to take the place of that co-operation, if at any time the banks thought fit to withdraw it. The bankers' association had said it was an unsound principle to fix a specific rate of interest. He thought the bankers' argument sound, that the rate of interest should not be fixed owing to conditions which might arise from time to time. But, he urged, if the government could lend the farmer money at 6 per cent. for quicker development, why should they pay the banks any more.

To Amend Act

Mr. Brown said that they intended to amend the act to permit the government lending money direct to the societies so that they could get a working capital which would enable them to steer entirely clear of the banks if they wished to do so. Bonds would be authorized at the next session of the legislature for this purpose. Secondly, they intended to grant loans in a larger measure than could now be secured from the banks and thus put the farmers in a position to consolidate their associations. At present banks might loan a man \$200, which was entirely inadequate to allow him to get along comfortably. The society would be able to step right in and grant him \$1,500 to \$2,000, as the case may be, if the circumstances would warrant it. Thus the farmer was being placed in an independent position and there were many of them there who knew what an asset that was. The whole aim of the Grain Growers' association was to secure reduction of the tariff and the provincial government was solidly behind the farmer or the Grain Growers' association, although there might be a difference in judgment as to when their influence should be applied. "You have within your reach," he said, "the power to effect economy by paying cash for your goods and being in the independent position I have alluded to. One implement company manager in Winnipeg had told me that the expenses of collections was 15 to 20 per cent. That is a pure waste. The Rural Credits act provides the means to pay cash and to buy in the lowest markets. This is real independence and real prosperity.

Co-operative Feature

The co-operative features of the act show that the government and municipality were brought together to do business.

Farmers who did not need the help of the measure had come forward to help those who were not so fortunate and were doing good work as board members. So much was this spirit in evidence that they now had in Manitoba eighteen of these societies. They had one paid organizer and by the end of the next session would appoint two more. Before the end of 1919 they would have 75 municipalities organized, and by the end of the next year they hoped to have the whole of the 150 municipalities equipped with societies. It would mean the lending of between \$2,000,000 and \$3,000,000 to be used for the actual development of the province and the placing of farmers in an independent position.

Farm Loans

Touching on the Farm Loans act, Mr. Brown declared this also was a two-fold measure. The great feature here was also to restrain mortgage companies in so far as interest rates went. He pointed out that while only a few farmers took advantage of the 6 per cent. offered by the government, the larger number benefited also by the fact that such a rate was set. The mortgages were for 30 years. The government had been strongly criticized for lending money at 6 per cent. when money was so dear; but, despite war conditions they had secured sufficient at 5 per cent. to keep on loaning it at 6 per cent., and they had no fear of the future. He urged the farmers not to listen to criticism which was never made in the open. Banks and mortgage companies would not openly criticize it, and the eastern financial papers' criticisms should be taken with the proverbial grain of salt. He urged that the government had every right to expect the support of the farmers, the very men whom such legislation was intended to benefit.

The second feature was that the long term allowed the farmer time to make other improvements on the farm, such as building himself a new home. Under the government scheme a man paid 7.265 per cent. for the thirty years and at the end of that time principal and interest had been paid, not like the mortgage companies who wanted 8 per cent. and the loan remained to be discharged at the end of the term. They had 91 loans in 110 municipalities after being in operation 21 months, three of which were spent in organization. They had made loans to over 800 farmers to the extent of an aggregate of over \$2,000,000 and only 9 loans were in arrear, to the total extent of \$1,200, and this would be liquidated very shortly. The plan was now on a paying basis and would show a profit at the end of this year. They had arrived at a basis of operating expenses and now knew that for every future million they loaned they would make an approximate profit of \$10,000. If they could do that in war times, surely they could look for success now that peace and normal times were coming. Mr. Brown refuted the allegation that they were out to crowd the loan companies out of business. There was over \$75,000,000 invested in farm loans throughout the province. "We want the loan companies to remain, but we want to restrain them. Any farmer in a sound position should be able to borrow money for current expenses at 7 per cent.," he said. The relations with the loan companies were entirely satisfactory but had it not been for his act many farmers during the war would have been paying 8, 9, or 10 per cent. in place of being able to get money at 7 per cent. "We have improved the relationship between the farmers and the loan companies, because the companies know that if they do not treat the farmer reasonably he can get his money from the government," he said. As to management, the government took no part in that whatever. It was entirely divorced from the political arena.

COBALT ORE SHIPMENTS

The following is a statement of the shipments of ore, in pounds, from Cobalt Station, for the week ended January 17th, 1919:—

O'Brien Mine, 74,500; Buffalo Mine, 110,000; Dominion Reduction, 63,800; McKinley-Darragh, 65,471; total, 333,861.

The total since January 1st is 954,678 pounds, or 477.3 tons.