

THE FARMER AND HIS BORROWINGS

Good Reasons Why to Borrow from the Bank is Better Than to Depend on Credit from Everyone from Whom He Purchases

"THE more you talk with farmers the more you are surprised how afraid they seem of the bank manager," says the September number of the "Teller," issued by the Sterling Bank. "One would almost believe there was a sort of conspiracy on the part of farmers to let the bank manager know as little as they possibly can about their business affairs. In fact, if a farmer finds it necessary to borrow a hundred dollars or so for a short time, he will in most cases, sooner borrow from some friend or some one who has a little money to loan rather than go to the bank for it.

"One of the most unfortunate things about farming is that so many of the purchases made are made on credit. A man will go to a sale in the spring and fall and buy a mower, or a cow, or team of horses, giving his note for six or eight months with interest. If he finds it necessary to do much buying and attends many sales, it isn't long before his notes get scattered all over the country, unless he is in the fortunate position of being able to pay cash. The farm implement dealer does most of his business, or a goodly share of it, on the credit basis, and no farmer need think that he can buy on time as cheaply as he can buy for cash. The whole farm implement business is based on credit sales, and it would be the greatest possible folly on the part of the manufacturer if he did not base his price on the manner in which the payments were to be made. John Smith goes to an implement dealer and buys a new binder, giving his note for the amount, half of it being payable perhaps after the crop has been sold in the fall, and the other half the following year. In the course of three or four years this thing becomes a regular habit, with the result that there is a constant worry on the part of those not in well-to-do circumstances about the notes that are scattered over the country.

An Example of Farmer's Credit

"The other day we met a young man who started farming for himself several years ago, and who has always done a cash business so far as the outside world is concerned, ever since he started. He believes that getting time on a thing is just like borrowing so much money from the man you buy the goods of, and he made up his mind early in the game that he would not be borrowing from everybody in the country. His method is very simple. When he first started farming he got acquainted with his banker and told him just what his financial circumstances were. He told him that he would probably find it necessary to do some borrowing from time to time, but that he wanted to do his borrowing all in one place, and that place was the bank. Ever since then he has pursued that same policy, never giving a sale note nor a note to an implement dealer. His banker knows him well and is kept posted from time to time on his financial circumstances. The farmer himself does not hesitate at any time to tell the banker just what his financial condition is, or what his prospects are. He believes that the banker is responsible for the use of the money in his care, and especially since it belongs to the depositors in the bank he must not loan it out unless he is absolutely certain that it will be repaid.

"Moreover, this farmer looks upon his banker, in a sense, as his financial adviser, although he may not trouble him for advice very often. He pays everything by cheque, and always knows where he stands. He never need owe anybody money except the bank, and if for some reason or other it becomes necessary to overdraw his account he pays the cheque and calls up his banker by telephone asking him to honor it when presented. This means that he has overdrawn his account, and must settle up with the bank by taking out a temporary loan for thirty or sixty days the first time he comes into town. This man has little patience with men who are always giving notes for whatever they

have to buy. He pays cash for everything, and his banker is the only man, apart from himself, who knows what his financial circumstances are. A great many men get angry with the banker if they ask for a loan and are requested to give some account of their financial condition. They think that is none of the banker's business, but will go out the next day and give a note for \$100, and perhaps scurry around in the crowd at a sale to get some one who will back their note, if the clerk of the sale does not happen to know and feel confident of their ability to pay.

"The Sterling Bank organization is making a special drive on farmers' business. In order to win the confidence of our farmer friends, we must show them that the bank's service means much more than a safe depository for keeping money. We must convince them that it pays to take the bank into their confidence, that it saves them time, trouble, worry and money. The farmer on his part must realize that bankers of necessity have to do things on the dot.

"Interest charges keep piling up every day the note is allowed to run, and they, therefore, expect those who borrow money from them to turn up on the very day that the note is due. If a man's credit is known to be good, however, and if the banker is on to his job, there is no reason why a note cannot be renewed. The principal thing is to remember when the note comes due and get it renewed. It is poor policy to let it run over a few days and then make some sort of a lame apology to the bank manager when one happens to find it convenient to get into town. It must be remembered that a vast share of this country's wealth is owned by farmers and a tremendous amount of the nation's business is agricultural business. As a banking organization we have to recognize that farm business is worthwhile business to handle. We can get more and more of it, the more and more we co-operate with the farmers and the more and more we show them how to co-operate with us."

INSURANCE LICENSES ISSUED

The following companies have been licensed to transact insurance business in the province of British Columbia:—

General Accident Fire and Life Assurance Corp., Ltd., to transact automobile insurance (excluding insurance against loss by reason of bodily injury to the person), head office, Vancouver.

The Liverpool Manitoba Assurance Co., to transact explosion insurance (including riot and civil commotion), head office, Victoria.

The Northern Assurance Co., Ltd., to transact accident, sickness and automobile insurance, in addition to marine insurance.

Westchester Fire Insurance Co., to transact explosion insurance (including riot and civil commotion), head office, Victoria.

China Fire Insurance Co., Ltd., to transact fire insurance, head office, Vancouver.

The Globe and Rutgers Fire Insurance Co., to transact inland transportation insurance, automobile insurance (excluding insurance against loss by reason of bodily injury to the person), and explosion insurance (except upon steam boilers, pipes, fly-wheels, engines, and machinery connected therewith or operated thereby), head office, Vancouver.

The following companies have been licensed to transact insurance business in the province of Quebec:—

The London and Lancashire Guarantee and Accident Co. of Canada, Toronto, to transact the business of guarantee insurance, accident insurance, sickness insurance, plate glass insurance, and automobile insurance has been extended to include the business of automobile fire insurance.

The Northern Assurance Co., Ltd., London, England, to transact the business of fire insurance, accident insurance, sickness insurance and automobile insurance has, this day, been extended to include the business of guarantee insurance and plate glass insurance.

The Girard Fire and Marine Insurance Co., Philadelphia, Pa., to transact the business of fire insurance, tornado insurance and marine insurance.