

## Hasten Slowly

AT a luncheon given in London on Thursday to the representatives of the Dominions, Sir George Perley, the acting High Commissioner for Canada, made a speech, the general sentiment of which may be all right, but which, nevertheless, is open to the objection that it contains a demand which is advanced at a most inopportune time, and the meaning of which Sir George would have much difficulty in explaining. "Canadians," he said, "had been looking to a time when they might have something to say regarding matters of common interest to the Empire, such as peace, war and foreign relations." Having stated the desire that all have for the promotion of the best interests of the Empire, he said "the time has come when these sentimental ideas should be translated into concrete action." General expressions of this kind, when made in academic discussions or by unofficial personages, may pass without much notice. But when such words are used by men in official representative positions they have to be more seriously considered. One may well doubt the wisdom of a Canadian official in London, in a matter of the gravest importance, undertaking to lay down a policy which has never got far enough

to be seriously discussed in the Parliament of the Dominion, and upon which the Canadian Government have never even asked Parliament to make a pronouncement.

Sir George Perley has not been in Canada for a couple of years. Evidently he is not well informed as to the state of Canadian public opinion. He can be assured that the attitude of the Canadian Government, in not inviting any Parliamentary action on the subject, correctly exhibits Canadian opinion. Nobody in Canada is now worrying about the things concerning which Sir George says the time has arrived for "concrete action." The Canadian people are perfectly content to leave all the questions concerning the reorganization of the Empire to the future, in the fullest assurance that all Canadian interests will receive sympathetic consideration from the Imperial authorities at the right time. The Canadian people are giving their minds, not to the questions which Sir George thrusts to the front in London, but to the serious matters at the front on the Continent. It is "concrete action" to win the war that the people want. Sir George will be well advised if he gives the other questions a rest until a more convenient season.

## Didn't Want the War

A BURLY ruffian brutally assaulted a child in the public street. Several onlookers took him in hand and administered severe punishment. Then, suffering from his well-deserved treatment and seeing more of it to come, he set up a whine. "I didn't want this fight," he cries. "I am willing to have peace, but the other fellows keep on thumping me. I am as innocent as a babe. The other fellows are the ones to blame."

This, in brief, sets forth the substance of Herr von Bethmann-Holweg's speech at Berlin several days ago. "We didn't want this war," he said. In a sense he is right. He didn't want the war that he has had to meet. He wanted to bully and crush the child (Belgium) without interference from any quarter. It is true that the bully has already been severely punished, and cries for peace. But a peace that would leave him in a position to repeat the brutal assault at any time would not be a satisfying peace. The onlookers, having taken up the cause of the injured one, must now see that the bully is thoroughly punished and crushed.

## Cattle Loans versus Grain Loans

By H. M. P. ECKARDT

When the Finance Minister, a short time ago, sent out queries to the different banks in connection with the matter of authorizing farmers' pledges of cattle under Section 88 of the Bank Act, half of the bankers in replying are said to have expressed the opinion that the departure would have considerable effect in stimulating the progress of mixed farming in general and cattle raising in particular, while the other half were apparently doubtful whether the change in the law would make it appreciably easier for farmers to get funds from banks for this purpose. The experiment is now being tried, and soon we shall have data available as to the effects produced. In view of the extravagant expectations held in certain quarters it is perhaps well to emphasize some of the points which may stand in the way of the banks making a very extended use of the new authorization to lend.

### Cattle and Grain Pledges.

Some observers appear to think that from the banking point of view the loans to farmers on pledge of cattle will be on "all fours" with the loans to farmers on pledge of wheat stored in their own granaries. This, however, is a misconception — there are certain respects wherein the grain pledges, as banking collateral, have a distinct superiority over the cattle pledges. In the first place the loan against grain is short date. The farmer may borrow on his stuff in October, but in April, six months later, at the outside, the grain will have been shipped out and the loan, in the ordinary course, liquidated. Thus the banks can undertake the business without violating their well known rule re keeping their assets in liquid form. In the case of cattle loans on the other hand the farmer cannot accomplish much unless he is permitted to retain the money from one to three years. Considering that bank depositors can demand their funds on 15 days' notice, one can understand that many of the bankers would be reluctant to undertake important loans running for two or three years.

### The Element of Risk.

Then it is to be remembered that in case both grain loans and cattle loans, the security remains in the borrower's possession, and unless such loans are backed up by the highest moral qualities in the borrowers and by business ability and capital worth as well, bankers always feel that they are venturing outside the limits of sound practice when making them. Since the lender has not actual control of the pledged goods, the great risk is that when the time for requiring payment of the advance arrives the

goods representing the security may have been taken away. In regard to this, different degrees of risk attach to different commodities or goods pledged. Here again the advantage is with the grain loan. The dishonest or hard pressed borrower, wishing to take away his pledged grain unknown to the bank would have to take it away himself; but, as Mr. George Hague states in his work on banking, the pledged cattle "can walk off by themselves and need neither trunks, wagons nor carts to transport them." For this reason Mr. Hague maintained that the pledge of live animals herded or yarded, given by a dealer, was of a weak description. The objection possibly would not apply so forcibly in the case of a farmer.

### Natural Restrictions on Loans.

These considerations and others of a similar nature indicate that a number of the banks in making loans to farmers on their own pledges of grain or cattle will probably confine the transactions largely to the best class of agriculturists—men in strong financial position to whom loans could almost be made without any security at all. Other banks, judging from the replies sent to the Finance Minister, will undertake to lend moderate amounts to farmers in good standing whose financial position is not as solid as that of the class above referred to. Even these banks, however, in view of the long term of the average cattle loan, will perhaps be obliged to keep the aggregate of loans on this security within certain strict limits. Anyway it seems clear that there will be a considerable increase during the next few years in the bank loans designed to stimulate cattle production, and the amendment re cattle loans will therefore have beneficial results.

### Other Creditors Not Affected.

On the other hand it does not seem that the fears of country storekeepers and dealers, that the new law will give the banks an undue preference in connection with debts owed by weak farmers, will be realized. We have seen that the banks are likely to confine their cattle loans, as they do their grain loans, to the better class of farmers—men who as a rule settle their accounts at the stores without being pressed. In making these loans on borrowers' own papers, bankers generally are careful to see that the borrower has small outside liabilities. This is necessary for their own protection, as a man with oppressive debts is under more temptation to fraudulently make away with the security than would be a borrower whose general liabilities were small. Thus it is easy to see that this common-

sense precaution taken by the banks has a marked effect in obviating conflict of interest between banks and other creditors of the farmer. Of course, there will be instances where the other creditors, on seeking to realize their claims, will find themselves cut out by the secret lien given to the bank, but in all probability these cases will be the exception. The proviso in the Bank Act requiring that pledges under Section 88 must be taken prior to the first loan, is a preventive to improper or unfair practices in this connection.

### Cattle Loaning Companies.

According to an article published in the Monetary Times on March 24th, some of the big American packing houses recently endeavored to induce several of the leading Canadian banks to establish cattle loaning companies in western Canada similar to the companies operating on the other side of the boundary line. The loaning company advances funds to enable the farmer to purchase cattle up to the number which they consider he is able to handle advantageously. The company takes a chattel mortgage on the cattle, which mortgage by the way is registered. Then the loan company sells the paper either through a bank or through a bill broker. It should be said that the cattle are branded to afford better protection to the lenders.

The American beef packers wished the Canadian banks to institute loan companies of this description, but at that time the banks were not empowered to take producers' pledges in this form. By the recent amendment to the Bank Act this obstacle has been removed. There remains the difficulty in connection with the length of the term for which the advances are made. It is advisable that the local managers of the banks in the various localities perform the work of selecting the farmers in the district eligible for cattle loans. These managers know, better than other parties, the financial standing and responsibility of the farmers in the district. They have perhaps the best knowledge as to the men who would be most likely to put the proceeds of such loans to good and profitable use. In case the banks are not disposed to lend a sufficient amount under the new amendment to meet the full demands of western farmers, it might be practicable to organize a subsidiary loaning company with capital of say \$1,000,000, to supplement the regular loans of the bank. On a capital of that amount perhaps \$4,000,000 or \$5,000,000 of cattle loans might be swung; and operations could be expanded if it was seen that results were decidedly good. The recent conferences between the representatives of the farmers and of the banks in western Canada show that every effort is being made to stimulate the production of cattle; and no doubt in the course of half a dozen years striking results will be shown.