

AGRICULTURAL CREDITS

Organization is a Necessity to Farmers—Preliminary Report of Investigation

Mr. G. Jones, of Denver, has presented to the house of governors, Colorado, a preliminary report of the investigation of rural credits and agricultural co-operation conducted by the American commission in fourteen European countries. The statement was presented in the absence of Senator Fletcher, of Florida, chairman of the commission. It says:—

"It seems quite well established that economic evolution has made organization a necessity to farmers. Co-operation is suggested as a form of organization which would secure for them at once the highest business efficiency and the greatest social strength. Co-operative organizations should be formed with a view, first, to improving their credit facilities, secondly, to increasing their control over the marketing of crops and to strengthening their position as buyers and sellers, and thirdly, to establishing a channel whereby educational propaganda and work for the improvement of country life conditions may be effectively brought to the individual and his co-operation and participation in that work secured.

"Organization along co-operative lines has been demonstrated to be of great value to the farmers in European countries and well-directed work of that kind ought not to be delayed or meet with difference in the United States. Our rural population needs a financial plan or system separate and distinct from a commercial banking system, to meet their requirements. They should have facilities for short time cash accommodations at reasonable rates which can be had by co-operative institutions and they should have a plan or means for obtaining long-time loans at low rates of interest with sinking fund or amortization feature."

Systems of Short Time Credit.

Senator Fletcher said that the most highly-developed systems of short-time agricultural credit were found in Germany. "They are," he said, "in the form of a pyramid composed of local co-operative credit societies, central societies operating generally over a province or administrative district and a main central society, as the apex, at Berlin.

"Every farmer joining a local society assumes liability for its debts. In other words, he signs over his credit to the society and with this collective liability or credit as security the society contracts loans and solicits saving deposits. There may also be a cash capital subscribed or a cash reserve built up to serve as security in addition to the collective liability, but it is the liability which forms the chief security. The funds thus secured, are loaned by the society to its members. A rate of interest is charged members on such loans sufficiently above the rate paid by the society to creditors, so that the margin will cover the expenses of the bank and leave enough over for reserves or other purposes.

"In their operation it is necessary to insure two things, first, that creditors shall be protected in their loan, and second, that members shall be protected against the losses to which their liability subjects them.

Repayment of Loans.

"The members are protected by placing every possible safeguard about the loans to ensure their repayment. This is done, first, by admitting to the society only persons of good standing. Then it is provided that loans shall be made only for productive purposes the borrower being required to state for what purpose he desires a loan. Further, the territory of operations for each society is limited to an area wherein every member knows every other member and is in position to find out whether the borrower is living up to the promises he has made to the society.

"The liability assumed by members is depended upon to keep them watchful of the affairs of other borrowers and in a rural community this check is extremely effective. Also, profits are either prohibitive or so strictly limited that there is no incentive to speculation as a means to swell the income of a society. The officers of the society are so chosen that one set or board keeps check on the other. The liability of all officers insures their watchfulness. The general management of the affairs of the society are left in the hands of the general assembly of all members.

"No matter what stock membership a member may have he is entitled to only one vote. His stock ownership is generally limited to a small amount. In this way these societies are insured a conservative management and maintain a surveillance over all loans made to members far closer than that maintained by the average commercial bank.

Central Bank Principle.

"All such local societies within a certain territory are combined to form a central society. A central bank is established which has, first, a small cash capital subscribed by the local societies, and secondly, the collective liability of its constituent banks as capital. These central banks receive

as deposits the surplus funds of local societies and loan them in turn to other local societies. In other words they equalize supply and demand between the local banks. They are hardly more than paper institutions. Their management is undertaken through officers chosen by the local societies through a representative system.

"The main central banks act as equalizers for the central banks above mentioned. The effect of this pyramiding of the societies is to concentrate all of the borrowing and investing for a system in one big institution. The deposits, of course, are taken in by the local societies and as the societies develop these form the bulk of the system's resources. In Germany, such deposits have at times formed over 90 per cent. of all funds required for loans by an entire system."

Four Canadian provinces were represented on the commission.

INDUSTRIAL MOOSE JAW

The locating of several industries and the establishment of an industrial centre at the present time, are problems which must engage the serious attention of the citizens of Moose Jaw, as much of the future development depends on the spirit exhibited at the present time, is the remark of Mr. B. C. Crichton, president of the Moose Jaw board of trade, in his annual address.

The progress made by this growing city is shown in the following paragraphs:—

The new industries which located in Moose Jaw during 1912 were: Dominion Electric Company; Directoyou Company, Limited; Moose Jaw mattress factory; Princess sash and door factory; Kasow Electric Company, Limited; Western Canada Brush and Broom Manufacturing Company, Limited; Moose Jaw Tile and Pottery Company; Canadian Standard Auto and Tractor Company.

The following will locate during 1913:—

Railway Accessories Company, manufacturers of rail joints and electric railway supplies. When completed, this company will employ 50 men to start; when in full operation, 125.

Chemical Soap Company, manufacturers of soap, also chemicals. When completed, this plant will employ 40 men to start and within two years 250.

Incandescent Gas Light and Stove Company, manufacturers of gasoline gas manufacturing machines. They will employ 40 people to start and go when in full operation.

The International Linseed Company are to erect a twenty-four press linseed oil mill. This will employ at the start, 75 hands.

Negotiating for Future Factories.

The city is now negotiating with the following class of factories: Gasoline tractor factory, oatmeal mill, threshing machine factory, gas engine plant, paint works, binder twine factory, stove works, Pneumatic tool company, biscuit factory and cooperage.

Moose Jaw's electric power plant is municipally owned, and power is distributed to the manufacturer at the lowest cost. The electric power is generated by coal brought from Alberta, and is supplied to the manufacturer at 1¼ to 2 cents per kilowatt.

The board of trade has approached the railway commission to have a track laid to the coal fields, some twenty miles south of the city, where there is an abundant supply of lignite coal. When this source of power is developed it will greatly decrease the cost of electricity, which is at present manufactured from coal costing \$7.00 per ton.

With low tax rates and its other existing facilities, Moose Jaw offers the manufacturer an opportunity, full particulars of which Mr. C. E. Brown, Industrial Commissioner, will supply.

CENTRAL RAILWAY'S FRENCH BONDS

In consequence of the uneasiness that is being displayed on this side of the water, says a despatch from London, regarding the position of the French bondholders of the Central Railway of Canada, the London representative, on behalf of the president of the company, says that there appears to be no doubt that all coupons of French bonds have been duly paid except the last, and that the delay which has arisen is entirely due to the voluntary liquidation of La Banque Alsacienne de Paris. It is, however, definitely stated that this coupon, which fell due in July, will be paid on or about the 15th of this month.

Ronuk, Limited, has also been authorized to do business in Quebec and its chief place of business will be at Montreal.

The capital stock of the Guarantee Realty Company, Limited, has been decreased from the sum of \$5,000,000 to \$2,000,000, the decrease consisting of 30,000 unissued shares of \$100 each.