

# The Chronicle

## Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

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Annual Subscription, \$3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, FEBRUARY 11, 1916.

### WESTERN RURAL CREDITS.

The Western advocates of Government rural credits, co-operative land banks and similar schemes would receive a more sympathetic hearing in the East if they were less obsessed by fantastic ideas and more awake to the realities of the financial situation. A Winnipeg daily newspaper recently suggested that a large American immigration would be assured to the prairie provinces if prospective immigrants could be told that they could borrow through the provincial Governments at 5 per cent. No doubt it would. But what is the use of talking about the Governments of the prairie provinces lending money to farmers at 5 per cent., when they could not borrow funds themselves at the present time at less than that rate. Unless indeed the suggestion is for a Socialistic scheme by which the inhabitants of the provinces—farmers included—would have the pleasure of paying the piper for cheap money to be lent to new immigrants, and possibly other particularly favored individuals. For any schemes of this kind, the Governments would necessarily have to borrow funds; they could not be secured in the prairie provinces. A country where a few years ago, as Sir Edmund Walker has pointed out, deposits in banks were in the ratio to borrowings from banks of \$1 to \$5—and that ratio has probably not since widely changed—is scarcely a promising field for co-operative banking experiments.

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In this matter, reference is constantly being made to the success of similar schemes in Western Australia and New Zealand. It would be exceedingly interesting to know what has been the rate of development in those countries in comparison with the rate of development in Western Canada during, say, the last twenty years. We strongly suspect the rate of development to have been much slower abroad. Just at present, it is the fashionable thing among Western Canadian politicians to blackguard the banks, the loan companies and the other lending institutions, but the fact remains that there would have been no

developed West as we have it to-day had it not been for these same institutions. But for the capital which they have supplied, some of the politicians who are now so noisy might still be sawing wood in the backyards of old Ontario. The country would have developed much more slowly, with possibly, but not certainly, slightly lower interest rates to individuals, but decidedly with a considerably less collective capacity to pay those rates than the present collective ability to pay existing rates.

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The present agitation is reminiscent of the United States senator who on being assured that something or other was due to the law of supply and demand, promptly rose to move the repeal of that law. The advocates of cheap money schemes in the West apparently overlook the fact that the price of capital is governed by the demand for it and that no amount of legislation will make capital as cheap in a newly-settled country where practically everybody is a borrower as in an old-settled country, where a substantial proportion of the population have accumulated capital which they are ready to lend to others. It may be possible to evolve some plan of Government rural credits in the West, but in view of the particular conditions there existing, it may be doubted if any scheme of this sort would more than touch the fringe of the problem of supplying the West with capital adequate to its needs.

### THE DOMINION'S DEBT.

*(Continued from front page).*

statements appear, and the reports regarding Canadian finances sent out from time to time by the Ottawa correspondents of the daily press lack a good deal in clear presentation of essential facts. What we would suggest is wanted is simply-written and briefly worded leaflets, their arguments linking together the facts of the war expenditure and the consequent need for persistent personal economy. Great care should be taken that the presentation of facts is such that he who has little learning or wealth can profit thereby. A phrase such as "millions of dollars" conveys little or nothing to ordinary folk—the amount represented is so far outside the range of their experience that the phrase is meaningless. Facts and statistics should, therefore, be given in terms which are within the experience of the folk who read them. If they can be represented graphically so much the better. These leaflets should, we suggest, be widely distributed through the branch banks, post offices, insurance agents—particularly industrial agents, and the co-operation of the popular weeklies and of the newspapers in the smaller centres secured. The various agencies named would doubtless be very willing to lend their aid in a patriotic movement of this kind. Told in the manner suggested, the facts of expenditure would add point to the moral of economy, and a result possibly be obtained in the lessening of useless expenditure which a less apt preaching would not realise.