

ment of the farmers' co-operative movement so long as it proceeds on sound lines. If it should be found feasible to effectively organize farmers' co-operative credit associations, and provided it was clear that the collective obligation of such an association afforded added safety, the banks would undoubtedly be prepared to recognize this fact by according a reduced rate of interest.

4—Managers acting as agents for insurance and mortgage companies, grain commission firms, etc.: The possibility of abuses arising from bank managers acting as agents for fire and hail insurance companies, mortgage companies, grain commission firms, etc., to which attention was drawn at the last meeting of farmers and bankers, is fully appreciated by the banks, and such action will be discouraged.

Extension of Note Period.

After the reading of the above statement, a general discussion occurred. The bankers asked that the farmers follow a general practice of arranging for their season's credit early in the year, but pointed out that they could not grant floating credit on notes of nine and twelve months. They were quite willing to carry farmers in good standing until their crop was taken off and marketed, but to be consistent with sound banking principles, and because of the fact that most of the money in the banks was deposited on demand, it was necessary to review the securities throughout the year. On general principles, however, it was agreed that the notes where the standing of the farmers was unquestioned, would be for a somewhat longer term than had been usually practised, depending upon the merit of the individual cases.

A second form of credit was that for the marketing of the grain so that the farmers would not be compelled to throw it on the market as soon as threshing was over and thus force lower prices, as has been the custom for years past. This, the bankers readily agreed to, and it will be their practice in the future where individual merit warrants it to assist the farmers in carrying their crop so as to market it throughout the year in order to maintain prices at a uniformly higher level.

The third form of credit discussed was that for the production and feeding of livestock. It was pointed out that the banks could not grant credit for two and three years on straight notes, but they are quite prepared to assist in every way in the development of the livestock industry and would grant such credit on notes to be renewed from time to time to assist industrious farmers to get into the livestock business as quickly as possible. On the question of livestock credit associations it was pointed out that this would largely be a matter of development. There were several associations already organized in the West which were securing a reduction in the ordinary rate of interest, and the bankers were prepared to follow this practice where the organization was of a kind that gave added safety to the security of the loans granted.

Co-operative Buying.

The question of co-operative buying as is practised by local farmers' co-operative associations was also discussed, and it was pointed out by the farmers that such local associations frequently had difficulty to secure credit at the banks for the purchase of cars of twine, coal and lumber, and the farmers asked whether it was the policy of the bankers to discourage such co-operative purchases or to assist. The farmers showed how by such co-operative purchases they were able to reduce the cost of living, and the cost of farming, and the bankers declared themselves heartily in accord with the ideas, and that it would be their policy to assist the farmers in such business transactions. The bankers declared that they were in the

banking business only and were not interested in any lumber combine or any organization to force the distribution of goods through what are called "legitimate channels of trade." They considered it the proper function of a bank to assist in every way to put trade on a cash basis.

In connection with loans on livestock, which are now permitted by the amendment of the bank act made at the last session of parliament, it is provided that the security taken should be in the form of a chattel mortgage, which must be drawn by a lawyer at a cost of \$5 or more, and must be registered at an additional cost of several dollars. The farmers were not favorable to this form of security, as a chattel mortgage has an odium attached to it, and it is generally considered that when a farmer has a chattel mortgage his finances are not in the best shape. It was therefore agreed that it would be desirable to have an amendment to the bank act by which this security for loans on livestock could be taken in the form of a livestock lien in accordance with statutory provisions, so that it could be drawn by the banker and the farmer together without any cost, and could be registered at an expense of from ten cents to twenty-five cents. It is the intention to bring this to the attention of the minister of finance and, if possible, to secure the amendments necessary, both to federal and provincial statutes, and thus to prevent the stigma of the chattel mortgage in the development of the livestock industry.

Bankers as Insurance Agents.

There was discussion as to local managers acting as agents for various kinds of insurance and also for grain commission merchants and mortgage companies. All the superintendents of the larger banks stated that their managers were prohibited from carrying on this kind of business, as they regarded it not only as injurious to standard banking principles and policy, but injurious to farmers as well. It will, therefore, be their policy to see that this is prohibited, although it is understood that some of the smaller banks have not entirely prohibited the practice on the part of their managers.

It was urged on the part of the bankers that all complaints be sent in to the head office for adjustment. They stated that they did not hear a fraction of these complaints that were made to the organized farmers, and if such were sent to the superintendents they would be adjusted promptly and the difficulties cleared away.

The question of rates of interest was also discussed. The bankers said it was purely a matter of the volume of business and the security offered. The best farmers, whose business was always in good shape, secured a lower rate of interest than that generally prevailing, the rates running from 7 to 10 per cent. It was stated that it was a matter of indifference to the banks whether a note was discounted or whether the interest was paid at maturity. This was a matter of arrangement between the farmer and the local bank manager at the time of securing the loan.

Changes of Managers.

The question of the frequent change of managers was also discussed and the bankers said that it was impossible to improve this situation at the present time on account of the difficulty in securing a sufficient supply of managers. A large number of their local managers had gone to the war, and this fact formed one of the chief difficulties in the banking business to fill the vacancies of those who had enlisted. The rapid growth of Western business, necessitating rapid expansion by establishing many new branches, had also been difficult to keep pace with.

Further conferences will be held from time to time to take up other problems that may arise.