

MONEY FOR CANADIAN FARMERS.

Farm Loans—United States' Methods.

By C. J. LYNDE.

Canadian farmers, though government co-operation, could borrow money at moderate interest, which they could pay back in equal annual instalments through a long period of years. At the same time, Canadians who have been saving money to invest in Victory bonds could continue to save to invest in government farm loan bonds.

United States farmers, through government co-operation, can now borrow money at low rates, which they can pay back in equal annual instalments over a period of from ten to forty years, as they choose; and citizens of the United States can purchase farm loan bonds in denominations of \$25, \$50, \$100, \$500 and \$1,000. Similar opportunities should be open to the farmers and citizens of Canada, and in fact beginnings have been made in this direction in the four western provinces.

The table below shows the annual payments required in the United States to wipe out interest and principal on a farm loan of \$1,000 in from 10 to 40 years, at 5 per cent., 5½ per cent., and 6 per cent. interest.

Term Years.	Rate of Interest.		
	5 per cent.	5½ per cent.	6 per cent.
10	\$129.50	\$132.67	\$135.87
15	96.34	99.63	102.96
20	80.24	83.68	87.18
25	70.95	74.55	78.23
30	65.05	68.81	72.65
35	61.07	64.97	68.97
40	58.28	62.32	66.46

For example, if a farmer borrows \$1,000 at 5 per cent., he can pay back interest and principle in 20 years by paying \$80.24 per year, or a little over 8 per cent.; he can pay it back in 30 years by paying \$65.05 per year, or a little over 6½ per cent.; or he can pay it back in 40 years by paying \$58.28 per year, or less than 6 per cent.

The interest rate charged to farmers depends upon the rate of interest paid on the farm loan bonds, but in no case is it over 6 per cent.

THE UNITED STATES SYSTEM.

In 1916 the United States Government established twelve Federal land banks throughout the country, with a capital of \$750,000 cash each. These banks are simply the government machinery for bringing together the lender and the farmer. They borrow money from those who have it to invest, and give in return farm loan bonds; then they lend this money to farmers and take in return first mortgages on the farms.

A farmer who wishes to borrow money proceeds as follows: he first forms a local association with ten or more other farmers, who also wish to borrow money, or he joins one already formed. He then applies for a loan to the Federal land bank of his district. His farm is appraised by three members of the local association, who must agree unanimously, and it is then reappraised by the expert of the Federal land bank. He can borrow money to 50 per cent. of the value of his land, and to 20 per cent. of the value of the insured permanent improvements; for example, if his land is worth \$10,000 and his improvements \$3,000, he can borrow \$5,000 on the land and \$600 on the improvements, or \$5,600 in all. When he secures his loan he is required to purchase stock in the Federal land bank to the extent of 5 per cent. of his loan; for example, on a loan of \$5,600 he would be required to purchase \$280 worth of stock.

The security for each loan is: first, the farm of the borrower; second, the bank stock of all the members of the local association; third, an amount equal to the bank stock of all the stock of all the members. That is, a farmer is liable for his own loan, and for the loans of all other members of his local association to the extent of 10 per cent. of his loan; for example, on a loan of \$5,600 he would be liable for this loan, and for the loans of other members of his local association to the extent of \$560.

BENEFITS TO CANADA.

We Canadians are faced with the task of paying our war debts; to do this we must produce more and save more.

Our farmers are the great producers of the country, and if long term loans were available they would be able to increase their production. On the other hand, thousands of us have learned to save money for Victory bonds, and if government farm loan bonds were available we should be encouraged to increase our savings.

As a result of this increased production and increased saving, Canada would carry her war burdens lightly and every business in the country would prosper.

BANK OF MONTREAL

Annual Statement

Statement of the result of the business of the Bank for the year ended 31st October, 1918.

Balance of Profit and Loss Account, 31st October, 1917	1,664,892.08
Profits for the year ended 31st October, 1918, after deducting charges of management, and making full provision for all bad and doubtful debts	2,562,720.14
	\$ 4,227,613.22
Quarterly Dividend, 2½ per cent. paid 1st March, 1918	400,000.00
Quarterly Dividend 2½ per cent. paid 1st June, 1918	400,000.00
Bonus—1 per cent. paid 1st June, 1918	160,000.00
Quarterly Dividend 2½ per cent. paid 1st Sept., 1918	400,000.00
Quarterly Dividend 2½ per cent. payable 1st Dec., 1918	400,000.00
Bonus—1 per cent. payable 1st Dec., 1918	160,000.00
	\$ 1,920,000.00
War Tax on Bank Note Circulation to 31st October, 1918	160,000.00
Subscriptions to Patriotic Funds	46,000.00
Reservation for Bank Premises	200,000.00
	2,326,000.00
Balance of Profit and Loss carried forward	\$ 1,901,613.22

GENERAL STATEMENT

31st October, 1918.

LIABILITIES.

Capital Stock	\$ 16,000,000.00
Reserve	\$ 16,000,000.00
Balance of Profits carried forward	1,901,613.22
	\$ 17,901,613.22
Unclaimed Dividends	6,670.50
Quarterly Dividend, payable 1st December, 1918	\$ 400,000.00
Bonus of 1% payable 1st December, 1918	160,000.00
	560,000.00
	18,468,283.72
Notes of the Bank in circulation	\$ 34,468,283.72
Deposits not bearing interest	\$ 42,082,209.08
Deposits bearing interest, including interest accrued to date of statement	124,175,047.41
Deposits made by and Balances due to other Banks in Canada	345,552,764.55
Deposits made by and Balances due to other Banks in Canada	4,315,348.92
Bills payable	3,086,740.51
	311,894.45
	519,524,004.92
Acceptances under Letters of Credit	3,674,865.17
Liabilities not included in the foregoing	746,392.31
	\$ 558,413,546.12

ASSETS

Gold and Silver Coin current	\$ 25,492,841.03
Dominion notes	68,531,256.00
Deposit in the Central Gold Reserves	27,700,000.00
Balances due by Banks and Banking Correspondents elsewhere than in Canada	\$ 14,703,461.29
Call and Short (not exceeding thirty days) Loans in Great Britain and United States	97,029,549.19
Call and Short (not exceeding thirty days) Loans in Canada	2,371,387.74
	114,104,398.22
Dominion and Provincial Government Securities not exceeding market value	46,870,586.00
Railway and Other Bonds, Debentures and Stocks not exceeding market value	11,375,199.29
Canadian Municipal Securities, and British, Foreign and Colonial Public Securities other than Canadian	52,085,835.19
Notes of other Banks	2,767,397.00
Cheques on other Banks	21,424,138.77
	\$ 370,351,651.50
Current Loans and Discounts in Canada (less rebate of interest)	146,028,861.28
Loans to Cities, Towns, Municipalities and School Districts	15,598,069.21
Current Loans and Discounts elsewhere than in Canada (less rebate of interest)	14,647,836.95
Overdue debts, estimated loss provided for	855,445.15
	177,132,212.59
Bank Premises at not more than cost (less amounts written off)	6,000,000.00
Liabilities of Customers under Letters of Credit (as per Contra)	3,674,865.17
Deposit with the Minister for the purposes of the Circulation Fund	1,038,166.60
Other Assets not included in the foregoing	216,650.26
	\$ 558,413,546.12

VINCENT MEREDITH,
President.FREDERICK WILLIAMS-TAYLOR,
General Manager.

THE LONDON TRADE MISSION.

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time be arranged after consultation between His Majesty's Government and the Government of Canada.

"4. On questions of importance arising directly out of his Mission, the Chairman shall have the right to communicate direct with the Prime Minister; on matters of less importance, or of departmental detail, he will communicate with the head of the department or administrative branch concerned, either direct or through some member of the Canadian Mission acting as the representative branch.

"5. The Chairman shall co-operate with and request the assistance of the High Commissioner for Canada in London whenever this may be required.

"6. The Chairman shall be entitled to be informed of all negotiations and correspondence between His Majesty's Government and the Government of Canada on economic matters of the character hereinbefore indicated.

"7. The Chairman may engage such office accommodation and purchase such equipment as may be necessary, employ such staff and clerical and other assistants at such rates of remuneration as may be authorized by the Governor in Council, and the Chairman and other members of the Canadian Mission shall be paid their expenses incurred in connection with the exercise of their duties hereunder.

"8. Such expenditures and the expenses generally of the Canadian Mission shall be chargeable to the War Appropriation Vote."