

BANKING FACILITIES.

Such changes in the banking system of Canada as will permit of the establishment of local agricultural banks in close touch with local conditions and with the needs of the farming industry.

One of the greatest needs of our agricultural industry is a system of banking credits suited to its particular needs, just as the present system of chartered banks meets the needs of the manufacturing and mercantile industries.

Two forms of credit are needed by farmers in order to successfully meet the situation.

One form is that of long term farm mortgage credit to enable the producer to spread his capital investment over a long period of years at a low rate of interest. This form of credit has now been provided for by The Saskatchewan Farm Loans Act, which was passed at the last session of the Legislature.

The second form of credit required by farmers might be described as seasonal credit. From the time the farmer commences his preparations for seeding in the spring he is investing money in the production of that year's crop, which he cannot possibly realise upon until the crop is marketed in the fall. He needs money to pay for labour and the hundred and one other things which are necessary in order to produce that crop.

A manufacturer can secure money under our present banking system wherewith to pay the costs of manufacture, etc., which moneys are repayable when the articles manufactured are marketed, but systematic short term credits at reasonable rates are not available to the farmer, and hence the farming industry is seriously handicapped. The real reason for this condition is that the present banking system was devised to meet the peculiar needs of manufacturing and does not fit the requirements of the farming industry at all.

The present system of branches of chartered banks in rural communities managed often by men of very limited knowledge of agriculture, and with very limited powers of lending, at high rates of interest, is seriously hindering agricultural development.

Let a farmer go into any bank in Saskatchewan to apply for a loan of over \$500, and he will find,—no matter how secure his financial standing may be,—that the manager can do nothing for him without referring his application to his head office, which is generally in Toronto or Montreal, and never nearer than Winnipeg.

Short term agricultural credit at reasonable rates of interest has been made possible in other countries by means of the establishment of local agricultural banks, which by reason of purely local management, instead of management a thousand miles away, are able to adequately deal with the problem.