



Saskatchewan Department of Agriculture

How Debtors and Creditors May Co-operate

"How can a debtor make satisfactory arrangements with his creditors when the money he has to distribute is less than the amount he is expected to pay?" Many farmers and other debtors who were unfortunate last year will seek an answer to this or a similar question this year.

DEBTORS AND CREDITORS ARE PARTNERS.

Every man who gives credit to another whether it be in the form of a threshing machine, lumber, horses, cash, houses, groceries, land, seed grain or other commodities becomes through such transactions and to the extent of the credit a partner with the debtor. And the partnership imposes responsibilities on each party. It implies co-operation for the purpose of earning enough to enable the "active" partner (the debtor), to buy out in time the interest of the "silent" partner (the creditor). Creditors have for years been forming such partnerships with farmers in Saskatchewan and it is perhaps not surprising that some of the partners on both sides should have misunderstood their relations or have failed to discharge the partnership obligations. When the situation is understood clearly and the responsibilities are faced fairly the results of the partnership will be more satisfactory to all concerned.

PLAIN TALK TO CREDITORS.

Last year when a crop failure in a large part of Saskatchewan was inevitable, many creditor partners as well as many debtor partners faced a serious situation, but by concerted action the difficulties and dangers were reduced to the minimum. Your "partners" on the farms in the west and south-west struggled along through the winter, got seed for their land in the spring, and now have the prospect of a good crop. Of the difficulties many of them had in pulling through the winter you may have heard. The difficulties of others you may never know. A few left the country. Those who remain will in the majority of cases have last year's notes as well as those due this year to meet.

When they could not pay last year you got chattel mortgages and other security as collateral to your claims. You were on strictly business principles entitled to some security in cases where your former security was depreciating, but you were not entitled to a mortgage on everything visible and invisible, movable and immovable, on your debtor-partner's domain to the exclusion of the claims of other creditor-partners. Neither are you entitled to use that chattel mortgage as a club this fall to exact a larger payment than is your share. The only uses to which that "security" should be put are as collateral to strengthen your credit with your bank, and to prevent a loss in the event of your debtor-partner being "sold up" by the sheriff. Even with a good crop this fall very few of the men who were "carried over" last fall will have enough to pay all their due debts this year. The same motive—a sense of partnership—which induced you to carry them last year demands that you treat them with corresponding consideration this year. The fact that a farmer has a crop which will pay your claim in full does not justify you or any other creditor demanding full payment if, by getting it, you deprive some other creditor of a share to which he is entitled, or