

signing the first one. While the banker, in making the statement as a banker that "we do not compound interest," is probably telling the truth, I would say it is very much like compounding.

By Hon. Mr. Hanson:

Q. What you are objecting to is that he is charged interest on the interest?—A. Well, we have always thought it was unfair. If a man knew that he was not going to be able to retire this debt that he contracted until the fall, then for the love of goodness be sensible about the thing and make the note out for somewhere around the time it could possibly be paid, within a reasonable period.

By Mr. Coldwell:

Q. When he borrows this \$1,000 and he uses that credit, how much of that may he use? May he use the \$1,000 and pay the \$70 or is the \$70 deducted from the \$1,000?—A. Oh, no. The interest amount that is charged against that is for the three months. It is fairly easy to compute it. He borrows \$1,000. He is obligating himself to pay whatever the three months' interest is, and that three months' interest is deducted from the amount that he receives.

Q. Yes.—A. He receives \$1,000 less the first three months' interest.

By Mr. Cleaver:

Q. Do I understand you correctly that the banks, knowing that the loan cannot be paid in three months, will only extend three months' credit?—A. That was the usual practice.

Mr. KINLEY: Are there not six months' or four months' notes? Will they not give you a six months' note?

By Mr. Cleaver:

Q. I am referring to today's conditions.—A. Let me say this. The practice has been changed, I would say, in the last few years; and I know that you can go to a bank now, or a farmer can go to a bank now and he will say, "I want a line of credit and I will not be able to pay it until say October, October 15." Now he can get a line of credit arranged up to the date. But the general practice was, over the years that I am talking about, that nobody could get a note for any further length of time than three months.

Q. Do I understand that there is no complaint about the current practice that has been in vogue in the last few years, but your complaint is based upon past performance going back to the twenties?—A. Have you any idea—

Q. No. I am asking the question.—A. Yes. We still have complaints.

Q. What is your complaint to-day?

Mr. KINLEY: Speak to that.

By Mr. Cleaver:

Q. What is your complaint to-day?—A. We still have complaints about 7 per cent which is a higher rate of interest than the farmers can pay.

Q. Is there any complaint as to the period of credit?—A. Yes. There is one complaint that I want to make in case I may forget it. I do not want any one here to run away with the idea that we have ever had any criticism of the operation of the local banking end of it. Our criticism has been of the policy of the banks. You take your local bank: you have your manager, your accountant, your teller and so on. We have never had the slightest criticism in regard to the service we have got from them. But the bank lays down a policy to the manager and says to the manager, "When you grant a line of credit to a farmer, you must only grant it for three months."