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Further Bank Credits to Farmers

A *AMENDMENT to Bank Act Introduced—It will Permit Loans Upon Security of Live Stock—Sir Wilfrid Laurier Predicts Banks Intended Especially for Farmers—Interesting Discussion in the House at Ottawa.*

A CONSIDERABLE departure is involved in one of the provisions of the bank act amendment introduced in the House at Ottawa. The resolution, as presented by Sir Thomas White, minister of finance, reads as follows:—

"That it is expedient to amend the bank act by repealing the provision limiting the time within which chartered banks may lend money for the purchase of seed grain upon the security of the grain purchased, the crops to be grown therefrom and the seed thrashed from the crop; and also by permitting the chartered banks to lend money to farmers and those engaged in raising stock upon the security of their live stock, that is to say, upon horses and their progeny, bulls and cows and their progeny, sheep and swine."

Last year the bank act was amended by providing that banks might make loans upon the security of "grain purchased, the crops to be grown therefrom, and the seed thrashed from the crop." By the terms of that legislation the time was limited practically to last year. It was stated that it was desirable that production should be encouraged in every way and that we might for that year, on account of it being war time, enact this legislation. The legislation has given some satisfaction. It is now proposed to take away the time limit which was imposed by the legislation of last year so that this year the banks may continue to make advances to farmers to enable them to purchase seed grain, and take the security which the legislation of last year enabled them to take.

In explaining the other provision of this bill, Sir Thomas White said:—

"At successive revisions of the bank act the question has been raised as to whether a bank shall be permitted to take security upon live stock, under what is now section 88 of the act. There has been a considerable divergence of view on this point, in the past. In drafting the bill previous to the last revision of the bank act, I provided that a bank should be authorized to loan to ranchers on the security of their cattle, and also upon the security of their horses. When the matter was under consideration by the banking and commerce committee, and by the House of Commons, it was thought advisable not to enact that provision and it was accordingly withdrawn.

"The difficulty that has arisen on every occasion when this matter has been under discussion in the House, re-

specting this provision, which has been asked for by many, enabling the banks to loan upon the security of the live stock of the farmer, has been the question of notice to creditors. The House is aware that, under section 88, the bank is permitted to take security upon raw material and manufactures in their various stages of production without registration. There are thousands of transactions taking place daily throughout Canada whereby liens are given to banks upon raw material, or upon manufactures in process of completion, or upon goods, under section 88 of the bank act. No notice is required to be given to the public by registration or otherwise as to these liens. As far as giving liens upon live stock is concerned, it has been felt every time that this matter has been before the House in the past, that it was advisable, not only in the interests of the public and of creditors, but also in the interest of the farmers themselves, that such notice should be given.

"But there were difficulties in the way of giving notice by registration or otherwise. Most of the provinces of Canada have what is known as chattel mortgage, or bill of sale, legislation under which mortgages and bills of sale upon personal property which remains in the visible possession of its owners shall not be valid as against creditors, unless registered in accordance with the laws of the provinces. Most of the provinces of Canada have legislation of that character. On the other hand, there is at least one province, Quebec, in which chattel mortgages or bills of sale are not recognized, and where there is consequently no provision for their registration. The legislation that I now propose has in the past failed to become law because of the difficulties of giving notice by registration. The Dominion itself has no organized machinery for the purpose of receiving and filing chattel mortgages, liens on live stock, or bills of sale, which might be taken by banks as security. The only organization at hand is the provincial organization, and in order to draft a bill that would meet the requirements of the situation it would be necessary to name officials and offices in the several provinces and under the jurisdiction of the several provincial governments, who would receive, file, and keep records of these liens, chattel mortgages or bills of sale. Therefore, this legislation has not so far been enacted.

"Strong representations have been made to me that this legislation is very desirable. It has been pointed out, particularly from the West, that the enactment of this