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The Grain Growers' Guide

Winnipeg, Wednesday, April 30th, 1913

AMENDING THE BANK ACT

The Banking Committee at Ottawa has heard a great deal of valuable evidence on the banking question during the past few weeks and their recommendations will be presented to the House very shortly. It is reported in the press that there will be practically no changes made in the act as a result of the evidence heard. This will cause no surprise to those who know the political power possessed by the bankers and the allied interests. It was proven to the Banking Committee beyond a shadow of doubt that several of the large banks were plundering the western farmers in a shameful manner, by exacting 10 and 12 per cent. interest as a regular thing and with much higher charges upon short loans. The western witnesses favored having the rate of interest restricted to seven per cent. with penalties attached for charging higher interest, but even if it were made eight per cent., and rigidly enforced, it would be a great relief. Of course, the bankers who are plucking 10 and 12 and 15 per cent. out of the farmers immediately declare that if they are restricted to eight per cent. they cannot afford to do business in many parts of the West and will be compelled to close their branches. Then, they say that the farmers will be left to the mercy of the money lenders who will charge 20 and 24 per cent. interest. They also point out that in the same stage of development in the Western States the farmers paid just as high rates of interest as in the Prairie Provinces today. It is time this bluff was called and called hard. If our much-praised banking system cannot improve on conditions in the Western States twenty years ago, then where is its superiority? If the banks are restricted to eight per cent. they will never dare to close their branches and quit the West. If they do they will find that public opinion will teach them a lesson they sadly need. There are several of the banks in the West that practically never charge over eight per cent. while there are others that are veritable blood suckers. Even the Minister of Finance declared 12 per cent. to be extortionate. The western farmers are not always going to be so helpless politically as they are at present and the bank that today is taking 10 and 12 per cent. interest will have its directors and managers to blame if there comes a day of reckoning. How can the general extortionate interest charges in the West be lowered if the banks, instead of protecting the people, lead the way in robbing them?

There is a crying need for more publicity in connection with our banking system. The entire system is founded upon a highly valuable franchise granted by Parliament, for which the banks pay not one cent in return, and the public are therefore entitled to the fullest information in connection with it. At present there is practically nothing known about the actions of the banks in handling over \$1,000,000,000 of the people's money which has been deposited with them for safe keeping. The result has been several failures resulting in heavy losses and in some cases utter ruin to depositors whose funds had been squandered by dishonest managers. The fact that the managers were sent to the penitentiary did not help the victims, but the whole situation shows the great need of publicity. It is generally believed that those corporations whose directors or large shareholders are directors of the chartered banks are able to secure very large loans from the banks at very low rates of interest. It is also believed that several of the large banks have loaned immense sums of their depositors' money for the de-

velopment of big enterprises in Mexico and South America, and that some of the banks have met with heavy losses in this connection. The public should know about these things. They cannot find out now by any possible means. There should be a report issued each month by each branch bank in Canada giving full information as to the business done by that branch and posted up where the public can see it. There is nothing equal to publicity for correcting abuses.

The present centralized banking system certainly must be more economical from the standpoint of management and operation than a system of unit banks, provided the aim in each case is to serve the public interest. It should also be far safer from the standpoint of the depositor and noteholder, provided there is rigid inspection and proper safeguards. But the centralized system tends towards bringing the control of the money power of the nation into the hands of a very few men, such as is generally believed to be the case in Canada today. Of course the bankers will deny this, but does any person for one minute expect they would admit it even if true. Publicity will assist towards providing a remedy for this evil.

The public also have a responsibility in connection with the banking system. Many a farmer whose credit is bad at a bank has no one to blame but himself, because he has not treated the bank squarely. One thing that a farmer should tend to religiously is his obligations at the bank and see that under no circumstances are they allowed to become overdue. The farmer, however, who is industrious, temperate, saving and engaged in developing his farm and building a home for himself and his family should be able at all times to secure from the chartered banks on proper security reasonable loans to carry him over till his crop is marketed. The aim of every farmer should be to make himself independent of the bank, and by so doing he will solve at once the question of high interest rates and unfair treatment. But in the meantime the banks must be made more serviceable to the general public.

CLOSURE AND POPULAR WILL

Premier Borden deserves to be congratulated for his courageous action in establishing the closure rule in the House of Commons. For years the closure has been needed to curtail useless debate and needless obstruction and now the Canadian Parliament has adopted the British and American method of expediting public business. The principle of the closure is absolutely sound and the rule is a necessary one in this day of wide publicity with its excellent opportunities for "talking to the galleries." Probably three-quarters of the speeches made in the House of Commons consist of mere partizan criticisms or eulogies, many of them being insincere and practically all intended to create party capital. It is a huge and unjustifiable waste of the public monies to keep Parliament in session simply to fill up the pages of Hansard with volumes of useless drivel that the two political parties have been responsible for. If the government can go further and provide a rule that will compel a member of the House to talk sense or keep silence an even greater boon will be conferred upon the public, but such a rule we fear is beyond the range of Parliament. The Government assumes considerable responsibility in establishing the closure, but there is no more likelihood that the closure will be abused than there is that many other privileges enjoyed by the party in power will be abused. But the rights of the general public would be better conserved if, in ad-

dition to the closure, provision were made that twenty-five per cent of the members of the House by petition could compel any proposed legislation to be submitted to an actual referendum of the people. Such a provision would expose spurious opposition, would make Parliament more nearly a mirror of public opinion and would protect the public from many of the iniquities they now endure at the hands of the party politicians. Here is an opportunity for Premier Borden to make a step towards popular government.

EXPRESS RATES REDUCED

The first instalment of the relief which the people of the West are demanding from the unjust burden of freight and express rates is ordered by the judgment handed down by the Railway Commission on April 23. By this judgment the express companies are ordered to prepare new tariffs reducing express charges in the Prairie Provinces and British Columbia by 20 per cent. and to put these into force on or before July 15 next. This is a signal victory for the West, and is the result of the pressure of public opinion which the organized Grain Growers have done their full share in creating and expressing. Certain powerful interests in the East are very fond of condemning the "agitators" of the West because they claim that the people are being unfairly treated by the railways and other plundering corporations, but we can well afford to be the subject of such condemnation when such results as this are the outcome of agitation. At present express rates are based on the principle that when an express parcel is carried a certain distance in Eastern Canada for \$3, the company may charge \$5 for carrying the same parcel the same distance in the Prairie Provinces. As a result of this decision the charge in the West will be reduced to \$4, so that in future the discrimination against the West, as compared with the East will be 25 per cent. instead of 66 2-3 per cent. The effect will be to reduce the cost of many things which are consumed in the homes of the people and which are carried by express, and thus to some extent to reduce the cost of living. This instalment of relief, however, must not cause us to rest content. The agitation should be continued until the West receives equality of treatment with the East and until express rates in both East and West are brought down to a fair basis. The Railway Commission, and particularly the new chairman of the board, H. L. Drayton, K.C., is to be congratulated on this decision. It is the first substantial relief which the Railway Commission has given to the people in the way of a reduction in transportation charges, and it is to be hoped that it will be followed by still further action in the interests of the public.

LLOYD GEORGE'S TRIUMPH

The genius of David Lloyd George, the radical Chancellor of the British Exchequer, was never more strikingly demonstrated than in the budget which he presented in the House of Commons at Westminster last week. Increased armaments, the insurance bill, improved education and other social reforms made it necessary for the Chancellor to raise \$30,000,000 more than the revenues of last year, the total estimated expenditures amounting to the enormous sum of \$978,200,000. Apparently he was faced by the problem of either devising new ways of raising money or increasing existing taxes. Those on whom the new burden fell might naturally be expected to resent the encroachment on their resources, and the