

Farmers Should Take All Floating Credit from Bank—(continued)

"Aim to shape your affairs so that you can obtain all necessary floating credit from your bank" should be the slogan of our farmers' associations, and until a farmer gets into this desirable position he should not take a dollar of credit from merchants and traders that he can possibly avoid. He should not let a good salesman talk him into buying a new wagon or a new binder or any other new thing when the old one still has a year or so of good service left.

I repeat that to entitle a farmer to bank credit, his financial position should be such that, confining all his floating debts to the bank, an average crop would afford him the means of cleaning up at the end of the season.

Heretofore banks have not usually held good farmers down strictly to these lines, but all interests are now working towards such a condition, and the sooner it is fully attained the better it will be for the farming community.

Branch Banks vs. Local Banks

Some western critics of the Canadian banks as regards the policy of the latter in the matter of rural credits, have discussed the relative merits of our banking system and the system of small local banks existing in the United States, always in favor of the latter. Mr. G. W. Leedy, ex-governor of Kansas but now engaged in farming in Alberta, made a notable speech at the annual convention of the United Farmers of Alberta a year ago, in which he contrasted the service given farmers by the local banks of Kansas with that of the branch banks in Alberta. But Kansas is a great deal older than Alberta, its settlement having commenced almost while buffalo were still at large in Alberta. His comparison of Kansas should have been made with the old settled province of Ontario; and for a fair comparison as to Alberta he should have taken newer states, such as North Dakota and Montana, in which the going rates for farmers' loans at small towns are at least two per cent. higher than those in our western provinces.

Read this extract from the report of the United States Comptroller of Currency for 1915:

"2,743 national banks in forty-two states, covering 98 per cent. of the total area of the continental United States, exclusive of Alaska, admit under oath that they are charging 10 per cent. or more on some of their loans; and 1,022 national banks, in twenty-five states, which include 74 per cent. of the total area of the continental United States, exclusive of Alaska, also confess that they have been charging on an average anywhere from 10 per cent. to 18 per cent. or more on all of their loans."

It is to be noted that this report does not deal with the State banks, whose showing would probably be more unfavorable than that of the national banks.

As to Mr. Leedy's own State of Kansas, the Comptroller reports 21 National banks as having admitted that on some loans they were charging 12 per cent. or more!

If the authoritative statement given above does not effectively dispose of the fallacy that local banks would or could lend to our western farmers at better rates than branch banks, then facts