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A THOUGHT FOR THE WEEK

If now and again some man had not decided to stop drifting and take hold of things and reshape them, there would have been no discovery, no invention, no art. He might have said, as many like to say: Why not let my big idea rest quietly? There is time enough in the long future. Why be in a hurry? But again he said: "Now is the time and the place is here to bring my idea into action. I insist on being heard. Here is the plan. We will not postpone it until next century. We will try it now." It is our business to make our ideas prevail. We are not to go silent, not to retire from activity, believing that our nation is long lived, and that our thought has an eternity in which to come to pass. We must speak up. We must strike early and strike hard. The time is short. It is right to wish to get something done in our own lifetime. (Selected.)

MARQUETTE DISTRICT ACTIVITIES

The secretaries of Marquette district have been sent the following letter by the district secretary, Bert McLeod, of Shoal Lake:

Dear Sir: The Marquette District Grain Growers' Association will hold a convention in Pearson's Hall, Minnedosa, on Wednesday, July 21, at 2 p.m. Each local Association is entitled to send delegates at the rate of one to every five paid up members for the year 1914. Representatives from the Central will be present. The secretary of each Association is especially requested to attend.

When buying your ticket be sure to get a standard certificate so you can get reduced fare on the railways.

Hoping that you and your full number of delegates will be present. I remain, Yours truly,

BERT McLEOD,
Sec. Marquette Dist. Ass'n.

SHOAL LAKE PICNIC

The Shoal Lake Grain Growers' Association is holding a picnic on Wednesday, July 7, at Shoal Lake. Come and enjoy a good outing.

HENDERS BRANCH

At a meeting of the Henders Branch of the Grain Growers' Association, held on Wednesday, June 2, at Willowview school, Prof. J. W. Mitchell, B.A., and Instructor E. H. Farrell, of the Manitoba Agricultural College, were present and lectured on dairy farming and butter-making.

The president was in the chair and after the ordinary business had been dealt with called upon Instructor Farrell, who spoke upon the subject of butter-making, and we feel sure that a great many of the pointers he gave us will be very useful to all who were present. Prof. Mitchell spoke upon the subject of dairy farming, touching upon the many points which are of interest to those who are owners of dairying cattle or those who are intending buying cattle for dairying purposes.

Most of the families in the district were represented at the meeting and the audience was very appreciative.

Before the meeting closed a resolution of thanks was tendered the speakers for having dealt with the subjects so thoroughly.

The next meeting is to take the form of a social evening and will be held at Nevgton school, on Thursday, June 17.

H. DEWAR,
Sec.-Treas. Henders Branch.

HOLLAND PICNIC

The basket picnic held at Holland under the auspices of the Extension Department of the Agricultural College, the Agricultural Society, and the Holland Grain Growers' Association, on the beautiful and spacious grounds of Thos. Sanderson, two miles north of Holland, was certainly the biggest picnic of the season, there being about 600 present.

The roads were good and the weather was perfect and as a consequence there was the largest and finest lot of carriages and motors that we have yet seen in the Holland district.

Manitoba

This Section of The Guide is conducted officially for the Manitoba Grain Growers' Association by R. C. Henders, President, Culross, Man., to whom all communications for this page should be sent.

FRANKLIN GRAIN GROWERS

The Franklin Grain Growers had a very interesting meeting recently. A good program of music and recitations had been prepared and a special feature was the address of L. V. Lohr, B.S.A., the recently appointed district representative of the Department of Agriculture. It is expected that the movement in the direction of extending the work of the college to the country districts will result in time in advantage of a very practical kind to the farmers.

A UNION AFFAIR

The Grain Growers of Clegg, Dunston and Thornhill held a plowing bee recently and from both the social and the financial point of view the match was a success. Good prizes were given in the different events. A baseball tournament was also held, Dunston winning the first game and losing the second to Thornhill. Supper was served by the ladies and enjoyed by all present.

AGRICULTURAL CREDIT

(Continued from last week)

In the issue of June 30 reference was made in this page to the advantage farmers would enjoy under a long term credit system of land mortgage as compared with the present method of securing capital requirements for farming.

Beginning in Germany during the reign of Frederick the Great a special system of banks which gradually grew into mortgage institutions has been organized by authority of law in practically every European state. These institutions do not conform to the same methods of organization nor does there exist a uniformity of detail in operation. The banks in one country may differ widely from banks in another country, the carrying on exactly the same character of business.

A careful study of European experience with mortgage banks forces the conviction that the basic principle of mortgage banks is well adapted to meet the needs of Canadian agriculturalists. Within our own Empire the Dominions of Australia and New Zealand have made a practical application of these basic principles. Their experience affords a splendid example of what can be done to assist agriculture in providing capital at a low rate of interest and long terms of payment by the issue of mortgage bonds. It is a question of wisely applying well established principles rather than of copying methods of organization.

One general principle which underlies all mortgage banks of Europe is the issue of bonds which are based on the collective values or securities of many individual mortgages on real estate. It is the merging of the credit demands and the property resources of many individuals somewhat similarly situated into one financial transaction. In Australia and New Zealand in addition to the security offered by the individual mortgage, the bond issue carries the additional security of government guarantee. In Canada public improvements of all kinds are almost invariably constructed by proceeds of bonds issued against the total taxable wealth of a municipality. The sale of bonds has enabled many a struggling municipality to provide roads, schools, etc., and made possible the construction of many mighty works of civilization.

Chartered banks in Canada carry on their business largely thru the power conferred upon them thru legislation to receive deposits and issue loans. Their share capital, provided by the shareholders of the bank, that is provided by the owners of the bank, practically provides none of their working capital. Similarly, almost all our industrial institutions provide their capital by the issue of bonds. One of the chief advantages which corporate laws have conferred is the cheap credit which the concentration of resources has made possible and accounts principally for the marvellous growth during the past few decades of lines of business which can be pursued under a corporate organization.

The laws making possible cheap credit to municipalities and other political

communities and that have been an outstanding factor in organizing corporations conspicuous for the creation of monopolies, trusts and mergers have been of no advantage to agriculture. It is not therefore surprising that agriculture should languish in comparison with the growth of these other lines of human endeavor, but it is strange that as a people we have neglected to extend the scope of these laws that have proved so successful in so many other lines of endeavor so as to meet the business requirements of farmers whose calling prevents them from adopting corporate methods of transacting business. A passing reference may be made to the fact that the larger part of the money loaned farmers by mortgage companies in Canada is obtained by the sale of bonds issued by these corporations and sold on the money markets of Great Britain and other European countries on the security of mortgages obtained on farm property.

The United States commission appointed to investigate and study co-operate land mortgage banks in European countries has the following to say on land mortgage banks:

"All loans exceeding five years are classified as long term loans, the principal sum being repayable in small annual or semi-annual payments. The latter method of repayment is technically known as 'amortization.' The issue of land mortgage bonds and the method of amortization payments are the distinctive features of European long-term mortgage credit which should be preserved in any American system of land-mortgage banking. Under this plan the duration of a loan is determined by the rate of amortization, while the interest charge is fixed by the market value of the bonds and the bank's charge for administration. If 4 per cent. bonds are selling at par and the bank charges thirty-five one-hundredths of 1 per cent. for administration, then an amortization rate of fifty one-hundredths of 1 per cent. will extinguish the debt in 54½ years; that is to say, the borrower will pay the bank a rate of 4.85 per cent. on the sum borrowed for 54½ years. The bank divides this payment into three parts: 4 per cent. goes to pay the interest due on the collateral trust bond which the bank issued to secure the money which was loaned to the farmer; fifty one-hundredths of 1 per cent. is applied towards the payment of the principal, and the bank receives thirty-five one-hundredths of 1 per cent. for expenses and profits. If the bond sells below par, either the farmer must pay a commission to the bank or the discount must be met by the bank from its administration fund; on the other hand, if the bond sells above par, the premium may go to the borrower or to the institution in the form of profit. Generally speaking, the interest rate to the borrower is determined by the market value of the bank's collateral trust bonds, generally referred to as land-mortgage bonds, the rate to the borrower rising as the bond falls below par, and lowering as it advances above par. If the rate for amortization is higher than fifty one-hundredths of 1 per cent., the loan will necessarily be extinguished in a shorter period than 54½ years.

"A limitation as to time is usually fixed by law as well as to the rate which the bank may charge for administration. In actual operation in Europe the time limitation varies in general from 30 to 60 years, and the charge for administration varies from fifteen one-hundredths of 1 per cent. in a purely mutual association of borrowers to thirty-five one-hundredths of 1 per cent. in joint stock banks. The French law allows a margin of sixty one-hundredths of 1 per cent., as does the recent Spanish law. This charge is computed on the principal sum remaining unpaid, and in long-time loans it is therefore a constantly decreasing charge to the borrower.

"These rates of payment for interest, amortization and administration are definitely fixed in the terms of the mortgage and cannot be changed by the bank. The borrower, however, is always given the right to discharge his obligations at any interest period after a fixed time. This

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period is commonly designated in Europe as 10 years. This right is a double protection to the borrower. First, it protects the debtor against any demand for payment of his entire debt or an increase in the annual interest charges; second, the provision for repayment at pleasure gives the borrower complete protection against a general fall in interest rates. This will be a very important feature to American debtors, since the tendency in the United States will be toward lower rates for farmers. Under such a contract a borrower could safely assume a liability maturing regularly over a long period of time, because if interest rates were to fall he could borrow money elsewhere at the lower rate of interest, discharge his obligation, and thus secure the advantages of a cheaper rate on money."

FRUIT BULLETIN

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