

ties, including mortgages on farm property, chattel mortgages, lien notes against machinery or implements, amounts due the bank or other parties is also given. Statements as to the amount of fire, hail and life insurance are included, though these do not figure in the amount of assets and liabilities. This statement, made out by the applicant, is carefully scrutinized by the board, and revised if necessary.

The excess of assets over liabilities or surplus assets, as they are called, represent therefore the farmer's net financial worth. Some interesting facts may be brought out by such statements. A man starting up conservatively for instance will usually be found to have small assets and also small liabilities, while the plunger will show large assets but also heavy liabilities.

Before a loan is approved it must be passed by a majority of the full board of directors. If only seven of the nine directors are present the votes will have to be five to two in favor of the loan before it is granted. Loans mature on December 31 of each year, but if the money is required for such purposes as the purchase of cattle to be carried over, or breaking which will not yield a return until the following season, notification that a renewal will be requested accompanies the application for a loan. The loan may then be renewed on the following December 1, and mature a year later. In approving the application, the directors specify the purposes for which the loan is granted, and it is the policy that where any doubt exists as to the use that will be made of the money, it may be held over until the operations for which it was granted have been completed.

It would scarcely be possible to overstate the fine spirit of enthusiasm and confidence which the scheme has developed in this neighborhood of still greater agricultural possibilities than the splendid record it has already established.

The secretary has made it his business to visit the farm of practically every man who has borrowed, and finds that all hands are working hard and faithfully with a deep-seated sense of their responsibility.

The society does not handle the money loaned. All loans granted are guaranteed by the society, by the president and secretary's signature on the credit granted, and the money is therefore paid by the bank direct to the applicant. Seven per cent is the rate of interest charged, one per cent of which goes to the credit of the society, being credited to its account in the bank, the other six per cent being the amount allowed the bank on the loans.

How the Loans are Used

The use to which the loans secured from the society are being put is indicated in the following statement of the loans passed during the season of 1918:

For putting in and taking off crop	\$16,496
For new breaking	10,335
For purchase of machinery	3,050
For improvements	3,505
For cattle, horses, etc. ..	9,205
For floating liabilities ...	1,650
Total	\$44,241

It will be noted from the above statement that the largest item is for running expenses during the season, such as, paying wages, store bills, blacksmith bills, purchase of twine, oil, etc., and the thousand and one items which creep into the farmer's account during the summer season, when he has no income to speak of. Next in importance comes new breaking, for which \$10,335 has

in their plans, and, if necessary, these changes may be required to meet the approval of the board of directors.

How the Loans are Secured

As stated above, the security of the loan is a lien on all the surplus assets of the applicant. The credit, however, is on a strictly productive basis, and the directors look in most cases to the product of the operation for which the loan was granted for repayment. For instance, if \$1,000 was borrowed for putting in and taking off a crop, it is expected that the first charge on this crop will be the repayment of the loan. In this case, the security of the loan is really a charge on future assets.

As soon as the loan is granted a certificate is filed in the registry office. No charge is made for filing the certificate. The farmer's business is not tied up in any way by this transaction. He is at liberty to dispose of his stock or crops in the usual way. All that is required is that when the transaction is completed he is under obligation to settle with the society and retire his loan. As soon as the loan is repaid the clerk of the county court is notified by the secretary of the society that the certificate has been discharged.

The Father of the Scheme

While the Province of Manitoba will always enjoy the distinction of being the bell-wether in this thoroughly businesslike



George W. Prout, M.P.P. Kildonan and St. Andrews, "father" of the Manitoba Rural Credits Act

conditions in other parts, and believing thoroughly in the soundness of his scheme, he pursued it "unhasting yet unrelenting"—to a finish.

In all, 17 societies are incorporated under the Manitoba Rural Credits Act. Ten of these are loaning money. In speaking of the attitude of the government towards the scheme, Hon. Edward Brown, in his address at the banquet tendered to the visiting party from Winnipeg, stated that the act had been placed on the books with much hesitancy on the part of the government, and that had it not been for the persistence of Mr.

Prout, who is at present looking after its administration, it might not have become law. However, such satisfactory progress was being made that the government was looking forward to the time when there would be a rural credit society in each of the 150 municipalities of the province and when they would have \$5,000,000 lent out to the farmers to materially aid in production.

The 64 loans which have been approved and taken up amount to \$44,241. In the vast majority of cases, the loan is a bagatelle compared with the net worth of the farmer who secured it. Besides, the certificate which is filed, constituting first charge not only on the products of the operation for which the loan is secured, but also on the total surplus assets of the borrower. If that is not gilt-edged security, what is?



And this is the magnificent firstfruits of what is seen on opposite page

been granted. It is estimated that well over 2,500 acres have this year been prepared for crop, which could not possibly have been so prepared but for the credit granted by the society. It is the men who have secured credit for this kind of work who seem to be loudest in their praises of the society's activities.

Farmers securing loans are supposed to notify the secretary of the organization of any change

method of financing the farmer, the greatest credit is due to the man who introduced, matured and then by sheer persistence engineered the measure through all kinds of vicissitudes until it finally became law. This is George W. Prout, M.P.P. for Kildonan and St. Andrew's. The subject of short-term loans for farmers had long engaged his attention; he had made a careful study of their operations under similar