

## Interest on Deposits at Government Banks

J. A. Macdonald, Carleton Co., Ont.

**T**HE lowest price at which the Dominion Government can get money to-day is about 4½ per cent, or very nearly that. Why does not the Dominion Government borrow the money needed or at least a large part of it, from the Canadian people through the Government savings banks?

Money has seldom or never been worth so much in Canada or elsewhere as it is today, and yet all the Government pays for at the savings banks is a pittance of three per cent. Three per cent. might have been warranted many years ago when the Government could borrow in London any amount at less than three per cent. Conditions have long since changed. The Government cannot now borrow at four per cent. and yet the Government goes to London and borrows almost 4½ per cent., while all it will pay at home is three per cent. As a result of the low interest paid at the savings banks, people deposit very little in these banks in late years.

But that is not the worst. The chartered banks, following the lead of the Government, also pay only three per cent., and which they immediately lend out at eight per cent., if not, in many cases very much more. Is it, then, to favor the banks the best of the people who deposit that the

rate of interest has not been raised in the Government savings banks? Undoubtedly this is the reason.

The banks, which really are the manufacturers, control the Government as they control almost everything here in Canada today. Six Canadian banks control, at the present time, the ready money of the nation, and they can wreck any enterprise that refuses to do their bidding, including probably the Government itself. We have the abuse of interlocking directors. Prominent bankers are interested in business undertakings, and naturally extend credit to these enterprises in which they are personally concerned.

The Canadian depositor to-day is the real victim of the present banking system. Surely it is time the Government broke from the shackles of the Canadian bankers' trust and set about paying depositors at least four per cent. on their savings accounts. The chartered banks like the express companies and parcel post would all have to follow and the hundreds of thousands of us who have a little money in these banks would benefit. It looks as if the Canadian octopus was the banks of the country with its tentacles reaching out everywhere, but most firmly planted at Ottawa.

## A Treatise on the Unearned Increment

E. A. Parsons, Ottawa, Ont.

**A** MATTER that I have been following in *Farm and Dairy* editorials, is the matter of land values increasing. That much used term, "unearned increment," seems to roll out from your pen with as much ease as from the tongue of the Socialist orator. After all, what really determines the market value of all commodities in practically all cases except the law of supply and demand? In the city when it begins to get crowded so that say 10' men are after a certain lot that I might own, where formerly there was only one inquiry, why is it not natural that I should raise the price? Is this not the same principle as the farmer who, instead of marketing his produce as soon as harvested, keeps it in his barn until the following spring or summer, in the hope that when the supply is smaller and the demand fully as great that he will receive a lot more for it? I think it is; and you know this is done every year; you know also of whole sections holding back their hay for a few months, with the expectation and very often the realization of 30 to 50 per cent better prices being obtained; this is all "unearned increment"; it is simply the same material held long enough, till some one will want it had enough to pay higher prices. And we are all in business, for all the money we can honestly make out of it.

How about the report of the Western Grain Growers' Association, in which they brag of the thousands made by them in buying a certain lot in Winnipeg? More unearned increment! But this time it goes to the benefit of the farmer, so we have not heard them kick. Really Mr. Editor, it seems to be all because some one else has made the money that we hear all the kick from the farm journals. To be frank, I venture to state that if you felt sure that a certain piece of land in your town would bring you in five years 100 per cent profit or more, if you had the price, you would jump at it, and would not feel that you had in-

creased the cost of living to any one or made it any harder for the farmer to make a success of his calling.

Did you ever know of farmers who owned farms, which, when the city grew out near them, were able to sell out, for market gardening or dairy purposes, at five times the original cost, and this after a big good living out of the land? Is this unearned increment? Should this not be allowed? Did you ever hear of the farmer, on whose property, or that of his neighbor, some mineral was discovered? Should he be expected to sell out at about the original cost, plus a good interest? I think not, and this in spite of the fact that he never owned the minerals at all. Do not farms now sell for from three to four times what they did 10 years ago, and still being used for farm purposes?

Are not all these the same as the cases you have been repeatedly referring to with the exception that the unearned increment in one case goes to the farmer and the other to the city man? It is all off one piece to me. In what class would you put the farmers who, on account of a change in the tariff in a foreign country, have been able to realize a tremendous price from their cattle and dairy stock? Has anyone been hawking about the principle of this and terming the farmer an unscrupulous speculator, living on the unearned increment, at the expense of the poor beef-eaters of the city?

Now, Mr. Editor, I guess you will say that I must feel a great deal better after getting all this of my system and probably I will; you can print this letter or throw it into the waste basket. Yours for a bigger, better, more progressive, more united country.

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Mixed breeding is careless breeding and never gets the dairy farmer anywhere, unless it be to the poorhouse.

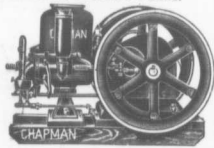
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