

In deciding upon the number of Rural Credit companies it was thought that one company could operate in each of the Western provinces as it was not assumed, in view of the small demand for farm loans in the Eastern provinces, that there would be petitions presented for the organization of companies.

The Bill presented to Parliament, a copy of which is attached hereto, provided for advances being made by the Dominion Government to the extent of not more than \$10,000,000 to the provinces for the purpose of enabling them to make loans to farmers. The Bill provided for the issue by the provinces to the Dominion of provincial bonds to the amount of the advance, the bonds to call for repayment over a period not greater than thirty years. The province is further obligated to provide by law a summary means of collecting both interest and principal, and also that no charge, loan or other encumbrance should rank ahead of the mortgage taken as security for the loan made from the Dominion advance. These advances having been made, the provincial governments would, through their own loaning organizations, make loans in the ordinary way on the principle of individual liability to farmers in the province, subject to restrictions as to the amount of the loan, the value of the security and the purpose to which the loan might be applied.

It might be well to summarize the provisions of the United States Act and the results of the operation of the Farm Loan Board, as revealed in the eight annual reports of the Board, from the year 1917 to 1924.

1. The Act provided for the creation of a Federal Farm Loan Board, having general supervision over the administration of the Act; for the organization of twelve Land Banks to which the Federal Government was authorized to contribute as initial capital an amount not exceeding \$9,000,000; for the organization of national farm loan associations, each composed of ten or more persons owning and cultivating land; for the making of loans through the Federal Farm Loan associations to their members, each of whom was required to subscribe for stock in the association to the amount of at least 5% of the amount of the loan which he obtained; for the guaranteeing of each such mortgage by the association through which the loan was made, and for the issue by the Federal Farm Land Banks of farm loan bonds secured by the pledge of mortgages taken as security for the loans under the system.

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