

Loans to Buy Livestock—(continued)

a disappointingly slow process, I emphatically declare that this has not been because of any unwillingness of the banks to furnish credit to any men at all worthy of credit.

Because prior to the 1915 amendment to the Bank Act, banks were not permitted to take security on livestock for loans to farmers, it is true that they were hampered a good deal in granting credits to buy stock. There were many honest and industrious farmers to whom banks could not safely extend unsecured livestock credits, because of the risk of some one or other of numerous outside creditors jumping in with executions and collecting his claim out of stock purchased with bank loans. But now that banks can take security for their loans on the borrower's livestock, many intelligent and industrious farmers are able to get credit for livestock purposes notwithstanding that their financial position is a somewhat difficult one.

There are two classes of livestock credits: (1) To purchase hogs, sheep and feeder cattle—quick maturing animals which become marketable within 12 to 18 months; and (2) For breeder cattle, which involve carrying loans for two or three years until the young stock mature.

The first class has always been regarded as banking business of a highly desirable kind, and there has never been any lack of credit therefor. As to the second class, while it was not formerly regarded as the proper function of a Canadian bank to grant credits for a longer period than 12 to 18 months, in view of the needs of the western livestock industry the banks have declared it to be their policy to make loans to farmers for the purchase of breeding cattle, and, subject to reasonable conditions, to grant renewals permitting young animals to be carried to maturity.

Unfortunately, the amendment to the Bank Act requires that security for loans made against livestock shall be in the form of a chattel mortgage, and this requirement operates to deter a good many farmers from taking livestock credits. In the Western States it is the established custom for farmers to give chattel mortgage security for livestock loans, but the average Canadian farmer has a horror of a chattel mortgage. Moreover, the cost of drawing and registering a chattel mortgage is usually \$7 or \$8, which is an almost prohibitive charge for small loans. There is no reason why this security should not be taken in the form of a simple lien or pledge which a bank manager could fill up without charge and which could be registered at a charge of twenty-five cents, as in the case of lien notes. It is altogether probable that if the farmers asked for this change in the Bank Act the government would make it, and the remedy is therefore in their own hands.

Since the foregoing paragraphs were written I have read published statements of two western livestock authorities reiterating the old charge that farmers are unable to borrow from the banks to buy livestock, and one of these gentlemen advocates the formation of livestock loan companies similar to those existing in the United States. I therefore wish to emphasize what is said above by adding