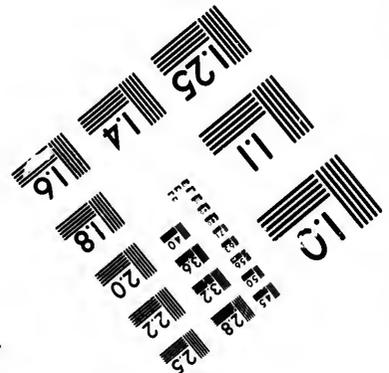
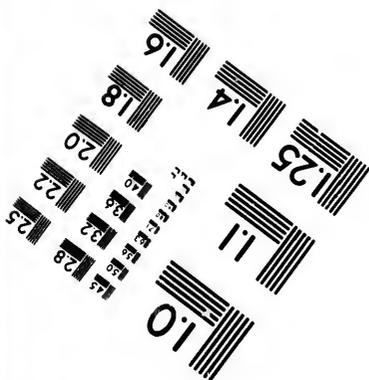
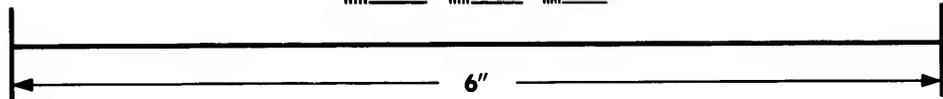
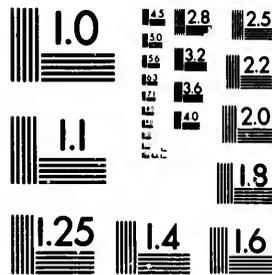


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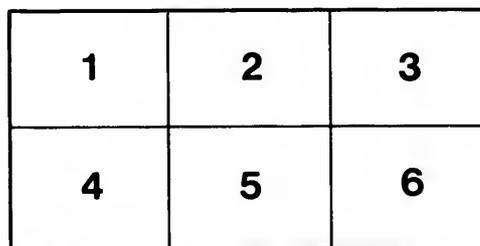
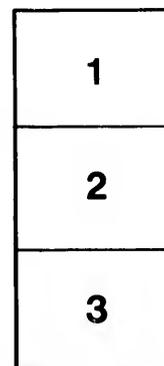
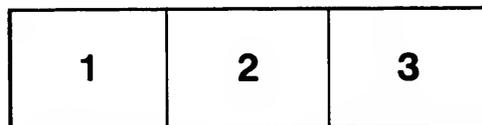
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THE
SYSTEM OF LANDED CREDIT

OR

LA BANQUE DE CREDIT FONCIER

THE WORKING OF THAT INSTITUTION IN EUROPE

THE OPINIONS OF THE LEADING POLITICAL ECONOMISTS OF EUROPE WITH
REGARD TO ITS PRINCIPLES AND ADVANTAGES, COMPILED AND
TRANSLATED FROM AUTHENTIC WORKS IN THE
FRENCH LANGUAGE.

THE INTRODUCTION OF THE SYSTEM INTO LOWER CANADA
BRIEFLY CONSIDERED.

By **GEORGE HENRY MACAULAY**



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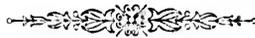
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QUEBEC
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DEDICATION.



To The Honorable ALEXANDER CAMPBELL, Q. C.,
Speaker of the Honorable The Legislative Council,

and

The Honorable JOSEPH EDOUARD TURCOTTE, Q. C.,
Speaker of the Honorable The Legislative Assem-
bly:

of Canada,

This Pamphlet is BY PERMISSION respectfully
dedicated by

THE AUTHOR.

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INTRODUCTION.

The general interest which seems to be taken by the rural population of Lower Canada, in the establishment of a Landed Credit Institution, *Banque de Crédit Foncier*, in this section of the Province, and the importance of an impartial examination of the arguments of the promoters of the scheme ; have induced the author to submit to the public a translation of the most reliable opinions which have emanated from the leading political economists of Europe on this subject. The newspapers of both Upper and Lower Canada, have, since the meeting of Delegates at the St. Hyacinthe Convention, on 17th December, 1862, treated the question with marked ability. While those published in the French language have, with few exceptions, advocated a trial of the scheme, many of those published in English, have condemned its introduction into the country with arguments which, at first sight, seem quite conclusive. This may perhaps be accounted for by the absence of works in the English language which treat of the details of the *Crédit Foncier* Institution as it has existed in several countries of Europe, under different forms, since 1770.

We are justified in thinking that it is important that the Representatives of the people of this country, who are now assembled in Provincial Parliament, should be placed in possession of something reliable in the

shape of precedents, by which their judgment can be guided in the consideration of this popular scheme. To the French Canadian Members of Parliament, or to those of other nationalities who read and speak both languages, the promised work of Monsr. George de Boucherville will supply the desideratum ; but our intention, in humbly submitting this rough and imperfect sketch of the working of the system, is to place the English-speaking Members of both Houses on a footing of equality with their French Canadian *confrères*, at the outset of the discussion which will no doubt take place on this subject. In our translation of the works of the French authors, Josseau, Wolowski, Vuhrer, Royer, &c., &c., we have closely followed the text of the French version, and in compiling the extracts suitable to each branch of the subject, we have attached less importance to style, than to a literal translation of the author's true meaning. Relying upon the indulgence of the Members of the two distinguished Legislative bodies, for whom this work is principally intended, the writer's object will have been gained, if an impartial investigation of everything relating to the subject of the *Crédit Foncier* Institution, be partly induced by a perusal of the following pages, which are respectfully submitted by

THE AUTHOR.

Quebec, 23rd February, 1863.

THE
SYSTEM OF LANDED CREDIT

OR

LA BANQUE DE CREDIT FONCIER

CHAPTER 1.



As the question of the establishment of a "*Crédit Foncier Bank*" in Canada, seems likely to attract a large share of public attention during the present session of Parliament, it may not be inappropriate to give a general outline of the nature of the system which it is proposed to introduce into Lower Canada. A scheme has been adopted by the St. Hyacinthe Convention, which met on 17th December, 1862, and we purpose analysing that scheme in all its important principles and details; we intend also to furnish to the English public a translation of the opinions of the leading political economists of Europe, who have had every opportunity of judging of its utility and practicability in all the countries where its principles have been legally

put into operation. During the last session of Parliament, members representing Lower Canadian constituencies, seemed to be intensely interested in a proposition, the object of which was evidently to relieve the "habitants" of this section of the Province from the onus of debt which weighed upon their properties. No public suggestion was made during the session, as the measure was still in a crude and undigested form, but it was very evident that something serious was on the " tapis." Mr. De Boucherville visited Europe during the recess, and, on his return, a convention was organized, which met at St. Hyacinthe, on the 17th December, 1862. The result of its deliberations will be better explained by the following translation of the petition which will be presented to Parliament during this session :

PETITION,

ADOPTED BY THE CENTRAL COMMITTEE AT ST. HYACINTHE.

To the Honorable the Legislative Assembly of Canada in Parliament Assembled.

The Petition of the undersigned

RESPECTFULLY SHEWETH :

That the circumstances in which Lower Canada finds itself, urgently demand the establishment of a "Crédit Foncier Bank" which should be formed on a solid basis, and which would meet the wants and be in accordance with the resources of the agricultural class.

That this Bank should be established with a capital subscribed by Shareholders, (*Capital Social*) to the

amount of one million of dollars, divided into ten thousand shares of one hundred dollars each.

That the Provincial guarantee should be granted to the "Crédit Foncier Bank" for an amount which should not exceed "twenty millions of dollars;" and which should only be furnished in proportion to its wants from time to time, and only on condition that the first mortgages of the borrowers for an amount equal to the said guarantee, be deposited.

That the Provincial guarantee should not involve any Government control over the operations of the "Crédit Foncier;" but simply a right of supervision, to assure that its operations are carried on within the limits of the law, and the powers which may be conferred upon the institution.

That the annuity to be paid by the borrower should include interest, sinking fund and the cost of management.

That the rate of interest to be charged should be regulated by the rate at which the "Crédit Foncier Bank" may succeed in negotiating its bonds.

That the cost of management should be fixed at one per centum.

That the amount of sinking fund to be annually paid should be optional with the borrower, and definitively settled in his mortgage or bond acknowledging the loan; provided that the amount of his debt cannot be discharged sooner than 20 years, nor later than 50 years from the date of the loan; he

should have the power, nevertheless, of paying the whole debt by giving three months notice.

That the "Credit Foncier Bank" should be invested with full power to collect outstanding debts by proper process of law.

That until the mortgage system of the country be thoroughly reformed, the "Crédit Foncier Bank" should have at its disposal the means of ascertaining what privileged claims may still exist on properties on which mortgages may be offered to it, and should also possess the right of extinguishing them, promptly, simply and economically.

And your Petitioners, as in duty bound, will ever pray, &c., &c., &c.

—
The proposal of the St. Hyacinthe Convention may be properly classed under the following heads:—

1st. The advisability of establishing a *Banque de Crédit Foncier* upon a solid basis, to meet the wants of the rural population of Lower Canada.

2nd. The nature of the organization of the proposed Bank.

3rd. Should the Provincial guarantee be granted to the Bank on the terms proposed, or if not, on what terms; or should that guarantee be refused?

4th. If the guarantee were granted, should Government be allowed the direction of its operations, or should the power reserved be simply one of supervision to keep the institution within the limits of its charter?

5th. The nature of the annual interest, sinking fund, and per centage for management, to be exacted from the borrower.

The regulation of the rate of interest.

Is the estimated per centage for cost of management (1 per cent) sufficient to meet the probable expenses of the Bank?

The conditions of loans, 20 or 50 years, with the optional power of discharging the debt by 3 months' notice. (*Paiement par anticipation.*)

6th. Should the Bank be invested with extraordinary power for collecting outstanding debts?

The mortgage system *système hypothécaire*, Reform of the system. Privileges granted to the Bank for discovering the existence of mortgages which have not been cancelled, easily, promptly and economically.

7th. A general review of the system, as it has been worked in several countries of Europe.

8th. Is the scheme practicable in Lower Canada, should it be applied, and on what principle?

In the following pages we propose to furnish to the public, the opinions of the leading political economists of Europe, under the several headings above designated, adding some of our own opinions on the introduction of the system into Lower Canada.

CHAPTER 2.



The advisability of establishing a *Banque de Cr dit Foncier*, upon a solid basis, to meet the wants of the rural population of Lower Canada.

Any calm observer, who has resided for a length of time in the country Parishes of Lower Canada, must have perceived the peculiar position occupied by the "habitants," or peasants of that section of the Province. It cannot be denied that they are healthy, active, and industrious; that they use every effort to improve the properties which have been inherited by them from their ancestors; but there are evidently some causes which produce effects contrary to those which we might expect from a class which enjoy so many natural advantages. The soil is, on an average, good, but the climate is not so favourable to agriculture as that of the upper section of the Province; the habitant farmer is naturally intelligent and active; he gains his daily bread by the sweat of his brow, and laborious exertion has no fears for him; but there is a restraining power, a something which interferes with ultimate success, and hampers the full and untrammelled exercise of his energy. He is continually accused of being deficient in spirit of enterprise; he is taunted with following too closely in the footsteps of his pre-

decessors ; he his frequently included in a comparison with the superior race of farmers in Upper Canada, the comparison resulting of course unfavourably to him, and in fact, he is the butt of every publication, whether agricultural, educational, or commercial. The sincere political leaders of the French Canadian "habitants" have long been aware of the existence of those unfortunate causes, which have restrained their constituents in their onward progress, and they now intend dealing with the germ of the disease, by the application of what they consider to be a reliable remedy, viz: the establishment of *La Banque de Crédit Foncier*. We maintain that the main causes of the want of progress among this class, have been, the weight of debt which burdens almost every farmer's property in the county parishes of Lower Canada, and the want of available means to place the repayment of that debt on such a footing that it may be easily accomplished. In addition to these, but of course as relative consequences, we find a universal system of ruinous usury, to which the overburdened farmer is compelled to resort, to save his family from expropriation ; the real cause being the want of some system through which the undoubted security he can offer, might enable him to obtain credit at a moderate rate of interest.

Mons. Wolowski, in a treatise on this subject, published in 1852, thus describes the principal object of a "Crédit Foncier Bank" in France :—

" Public opinion has been actively occupied during

“ the past few years with the question of the “ Crédit
 “ Foncier.” The published principles of this scheme
 “ are : to place landed property and capital in imme-
 “ diate and favourable contact with each other ; to
 “ remove the obstacles which prevent the establish-
 “ ment of confidence when the security is really of
 “ the most reliable kind ; to facilitate the debtor’s
 “ discharge, and to place at the continual disposal of
 “ the creditor, the funds which he may have advan-
 “ ced. We think that the principle would long
 “ since have been adopted in France, had it not been
 “ complicated by the suggestion of chimerical plans
 “ and false notions with regard to the nature and
 “ operations of the proposed issues.”

In 1853, Mons. Heurtier, French Minister of Com-
 merce and Agriculture, thus addresses Mons. J. B.
 Josseau, author of a work on the “ Credit Foncier” :--

“ The Credit Foncier Institution is still in its
 “ infancy in France ; but when its principles are
 “ understood, and it is wisely organised, the public
 “ curiosity, which its existence now creates, will be
 “ followed by a general feeling of deep gratitude to
 “ the Government, which has succeeded, by the means
 “ of this Institution, in relieving landed property from
 “ the terrible slavery of debts payable at short date,
 “ with the usual consequences of expensive renewals
 “ and costly proceedings, generally followed by
 “ ruinous expropriation. It is by this successful
 “ change in the conditions of loans on real estate,
 “ and the amendment of our mortgage system (*système*

“ *hypothécaire*), that landed proprietors, who have
“ latterly been reduced to the last gasp, find a chance
“ of recovering their lost position.”

We may well ask if the above extract is not a correct picture of the position of thousands of our country farmers in Lower Canada. In the seignories, they are oppressed with a heavy balance of arrears due to the Seigneur, through the abolition of the Seignorial tenure ; and each farm has been divided and subdivided until it has ceased to produce sufficient for the maintenance of the numerous seions of the family who have to depend upon it alone for a livelihood. The sons emigrate to a new township, without money, frequently without the materials and food which they actually require to enable them to exist during their preliminary clearing operations. If they borrow money from a capitalist to enable them to purchase what they require, he, of course, exacts a mortgage on the parent's property at a rate of interest as high as 15, 20, and sometimes 25 per cent per annum. The consequence is inevitable, the young farmer is hampered in his enterprise, while the parent is harrassed by the exacting capitalist. In many cases the ruin of both father and son is the result of this attempt at progress. This is but one of the many processes through which the lower Canadian farmer is denied fair treatment. Merchants, who settle in the country villages, are generally the bitterest enemies of the habitant. They have the advantage of a credit in the cities, they are not fettered by the difficulties

which surround the farmer, and though they have but little security to offer to the city merchant, still they enjoy a good credit, and make use of it to oppress the men who can offer more real security than they can, and who consequently better deserve to have the benefit of credit in some available form. Your country notary, too, is frequently a bird of prey. He picks up game for the city cormorant who is too indolent to search for it himself. As this notary thoroughly understands the title deeds and means of every farmer in the parish, he is in an excellent position to become acquainted with the pressing wants of Jean Baptiste, or Jean Pierre. He can, he thinks, succeed in obtaining him the money he requires, but as a great favor, at about 15 or 20 per cent. on a first mortgage, payable in a few years. Jean is in a corner; he must make a certain payment on his property, or he must send his son to the new settlements, and he requires supplies which cost money. The notary passes the deeds, and Jean, having received the net proceeds, has a millstone round his neck which will most probably drown him in a shorter time than some of our English Newspapers give to the borrower from the *Crédit Foncier* Bank. Having thus briefly described some of the evils of the present unorganized system of loan on mortgage, let us proceed to ascertain the nature of the basis upon which it is proposed to establish this *Banque de Crédit Foncier*. By referring to the petition of the St. Hyacinthe Convention, it will be found that it is proposed to establish

a Bank, with a subscribed capital of one million of dollars, in ten thousand shares of one hundred dollars each. The Provincial guarantee is asked for, to enable the Bank to negociate its bonds in England. The security offered in lieu of this guarantee is in the shape of *first mortgages (bailleur de fonds)* on the properties of the borrowers, guarded by the important condition that the Bank cannot loan in excess of one half the estimated value of the property mortgaged. We shall not now enter into the details of the working of the system, as such will come under its proper heading; but at the outset we claim that the security offered by the promoters of the scheme is sufficiently sound to warrant us in asserting that it is proposed to form a Bank upon a solid basis. The wants of the rural population are of such a pressing nature, they are suffering so severely under the difficulties which we have before described, that the establishment of some public institution, formed upon a solid basis, which would procure for the "habitants" the advantages of a moderate credit on easy terms of repayment, should at least deserve the attention of all those who take an interest in the progress of the country. We cannot do better than to conclude this Chapter with the pithy description, given by Mr. Wolowski, of the *Crédit Foncier* Institution in Poland and Germany:—"The *Crédit Foncier* Institutions " which exist in Poland and Germany, by means of " a simple but ingenious combination, permit a com- " promise between the requirements of proprietors

“ and the exigencies of capital, by marking the security with a stamp of solidity, by assuring the regular payment of interest, and by providing for the ultimate extinction of the debt incurred by the borrower, through the establishment of annuities which form a sinking fund (*fonds d'amortissement*).”



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CHAPTER 3.



The nature of the organization of the proposed Bank.

The projectors of this scheme have laid down, in clear terms, the nature of the proposed institution. They say that it should be formed “with a capital subscribed by shareholders to the amount of one million of dollars,” or in other words, that it should be based as in Germany, upon the principle of association. Josseau writes. “In the greater number of the German States, the Bank is organized (sur la base de l’association) upon the basis of association.”

In France the organization is thus described by Josseau : “The object of “Crédit Foncier” Institutions is to furnish to proprietors of immoveables, who wish to borrow on mortgage, the means of paying the debt contracted by annuities at long date.”

“In Germany, the ‘Crédit Foncier’ Institutions,” says the same author, “are divided into two groups—one kind of institution is created and managed by the proprietors themselves, who form a joint stock society to enable them to borrow without any speculative object in view, but merely for the purpose

of obtaining money at a cheaper rate with greater facilities for the repayment." The societies of Wurtemberg, Prussia, Saxony, Poland, Austria and Hanover are established upon that principle.

Another species of society has been organized in the interest of lenders as well as of borrowers. They are established and managed by financial companies, who, in serving the interests of the landed proprietors, make at the same time some profit on their operations. The mortgage Bank of Bavaria and the mortgage Bank of Brussels are on this principle. The establishment of the first group, or "Societies of Borrowers," may rather be called "Loaning and Borrowing Agencies" than Banks. They never issue notes; the only pieces of paper which they circulate, are Bonds (*Lettres de Gage*) *Pfandbriefe*. In some States, these bonds are handed to the borrowers, who have the privilege of negotiating them in the market. In others, the Society undertakes the negotiation of these bonds, and pays the borrower in money. This money is furnished by capitalists who invest their funds in the Bonds of the "Crédit Foncier" Institution

But whether they pay the borrower in money or in bonds, these institutions make no surplus profit. They are in the position of public officers, whose duty it is on the one hand to pay over to the landed proprietor, who contracts the loan, the amount which is due to him, and on the other hand to represent the capitalist who invests in stock, by carefully examin-

ing the nature of the security offered, and by taking proceedings against any defaulting borrowers. The directors of the Institution dispose of the annual receipts by payment of the interest to holders of bonds, by the proper application of the sinking fund to the credit of each borrower, and the formation of the reserve fund; and they merely keep a sufficient balance to cover the cost of management.

The establishments of the second group, otherwise called Societies of Lenders, (*Sociétés de Prêteurs*;) have on the contrary the features of Banking Institutions. They possess a capital subscribed by Shareholders. By means of this capital, they are enabled, at the outset of their operations, to pay money to the borrower. That which distinguishes the latter from the former group, is that out of the annuity paid in to the Bank, a portion is reserved for the payment of interest to the Shareholders.

Mr. Wolowski thus writes of the nature of an organization of this kind;

“ Is it not practicable for the landed proprietors of any country to form themselves into an Association, into a State Body, *Corps d'Etat*, which can offer to money-lenders a guarantee *in solido*, instead of separate individual guarantees which are all that can now be obtained? At the present moment, the lender on a mortgage is compelled to study with care the solvency of the borrower to whom he trusts his funds, and to examine both the natural and legal position of the security offered. It is a fortunate circumstance

for him if, after the most minute and careful examination of data, he does not find at a later date that his apparently undoubted security has been destroyed by the exercise of rights, the existence of which he was permitted to ignore. On the contrary, by dealing with an association of proprietors, compelled to exercise a preliminary control, and organized in virtue of a system by which they can offer the most indisputable security, capitalists lending money on mortgage would find themselves in the same position as the creditors of the State. On the same principle as the latter, they need not trouble themselves about the particular position of each borrower, or tax-payer, who may deal with the central power, the bonds would have a uniform value, they would be transferred by one capitalist to the other, in the same way as Consolidated Government Bonds, *titres de rente*."

The same author, in another part of his admirable work on this subject, thus describes the *Crédit Foncier* Institution :

" It is necessary to create a solid intermedial power
 " or body which will act between the capitalists and
 " proprietors of land, by generalising individual gua-
 " rantees, and by marking them with a stamp of
 " control previously accepted by all as the type of
 " undoubted security. This intermedial body must
 " guarantee the value of the original security, and
 " thus destroy the effect of vicious legislation re-
 " garding mortgages *hypothèques*, it must promise the
 " regular payment of interest, and must centralize the

“ moneys derived from the sinking fund, so as to be enabled to offer to the proprietor the facility of repaying the amount of his loan by a gradual scale of small contributions, and, to the lender, the power of realizing at any time on favourable conditions.”

“ This intermedial body may be the State, an Association of proprietors, or a Company of Shareholders.”

The object of these Institutions is thus described by Royer, French Minister of Agriculture, in his report of 1845 :

1st. “ To effect a general reduction in the rate of interest demanded for the use of capital.

2nd. To place capital at the disposal of agriculturists at a uniform rate of interest, frequently smaller than the rate paid by the State, by trade, and by manufactures.

3rd. To encourage and facilitate landed improvements, by placing the capital advanced to proprietors for the purpose of effecting those improvements, upon a footing through which it can be easily repaid at long date, it being impossible for agriculture to repay such advances by any other means.”

Mons. Passy, a French political economist of great note, gives his views on the subject as follows :

“ That there are many reasons which lead him to believe that landed proprietors should be enabled to borrow money ‘ on the most favourable conditions.’
“ The security offered is of such real value, that no

“ prudent lender can question its solidity as a guarantee for investment.

“ This cannot be better accomplished than by the creation of some such organisation of proprietors.”

We have not as yet been favoured with the details of the organisation of the “ Canadian Crédit Foncier Bank,” but we are justified by the Petition to Parliament in supposing that it would be based upon the principle of Association. The Shareholders to the amount of one million of dollars would select, from their ranks, the Board of Direction, whose duty it would be to conduct the operations of the Bank.

The Central Board would no doubt decide upon the nature of all applications, according to the principle adopted by similar institutions in Europe, the duty of the local agents being merely to report to the head office the details of information, and furnish the documents required to enable the Board to arrive at a decision.

Our object in this chapter has merely been to give an outline of the nature of the organisation of the “ Crédit Foncier.” The details of its probable organisation will be treated under the heads of the Government Guarantee, on which much will depend, the Interest, Sinking Fund, Period of Loans, &c., &c.,

We conclude with some general opinions given by leading political economists on the subject of Crédit Foncier Institutions :--

“ Mr. Wolowski’s idea is not a dream,” said Mr. Rossi, in concluding his report to the French Govern-

ment ; “ the system is more convenient, and presents less difficulty than the mobilization of the soil (*la mobilisation du sol*). It is a happy application of the principle of association, submitted to the management, or, at least, to the supervision of the State. In another way, many obstacles to its success are partly overcome or entirely disappear.”

A retired Minister of Commerce, Mr. Buffet, stated in the debate before the Council of State, that he was less opposed than he had been some years previous to “ *Crédit Foncier* ” Institutions. Even Mr. Thiers, in a speech made in 1848, demanded that a trial should be given to the scheme in France. Mr. Vernes, Deputy Governor of the Bank of France, also expressed his approval of the proposed system. He said : “ It is not necessary to create the ‘ *Crédit Foncier*,’ it exists ; it is only necessary to disengage it from the embarrassments which surround it, and which curb its free operation.” This assertion is well founded. “ The *Crédit Foncier* ” really does exist, based upon the guarantee of the soil. The mortgage debt (*dette hypothécaire*) which burdens territorial property is a sufficient proof of this. But it exists under unfavorable conditions ; it necessitates a very heavy rate of interest, and, in its present state, it crushes the energies of the borrower by a promise exacted from him to return the amount in one sum at a date which is too close to the date of the loan.

CHAPTER 4.



Should the Provincial Guarantee be granted to the Bank, on the terms proposed, or if not, on what terms; or should that Guarantee be refused.

In dealing with this branch of our subject, we shall commence with the words of the petition of the St. Hyacinthe Convention :

“ That the Provincial Guarantee should be granted
“ to the ‘ Crédit Foncier Bank,’ for an amount which
“ should not exceed ‘ twenty millions of dollars;’ and
“ which should only be furnished in proportion to its
“ wants from time to time, and only on condition
“ that the first mortgages of the borrowers for an
“ amount equal to the said guarantee, be deposited.”

An application is thus submitted to the Canadian Legislature, to obtain its countenance and sanction in the initiation of the enterprise. As a preliminary precaution, the guarantee of the State is asked for, to enable the Directors of the Crédit Foncier Bank to negotiate the bonds which they may issue. The projectors of the scheme have considered that the amount of capital required to carry on operations on such a large scale cannot be obtained in this Province. It is very evident that the capitalists of England must

furnish the greater part of the requisite funds. Can this sum be obtained without the stamp of security which the guarantee of the Colonial Government would, undoubtedly, give to these Crédit Foncier Bonds? We think this doubtful. The English capitalist would not hesitate to lend his money on such a reliable guarantee as that of the Province, while he would probably object to advance money upon mortgages given by individual owners of landed property. The very intention of a Crédit Foncier Bank is to give a stamp of security to these mortgages, and to convert them indirectly into a circulating medium, which would be negociable on change. This, it is proposed to effect through the issue of bonds based upon the Share Capital and mortgages; and the Government Guarantee is required, not only to make them negociable, but to render them so, at a low rate of interest. The necessity of some such guarantee must be apparent to any person versed in financial matters, particularly in the negociation of public stocks. We have read in several newspapers of the Province, that this proposed guarantee is unprecedented in financial matters; that it would involve the Province in a direct and irrecoverable loss of twenty millions of dollars, that Jean Baptiste would pocket the money, that the experience of the Municipal Loan Fund is sufficient to condemn the proposition, that the Government of Canada has sufficient work in hand to collect debts now due, and that the security offered by the projectors of the Crédit Foncier Bank

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is in reality worth nothing. That a State Guarantee in favor of similar institutions is not unprecedented, we can easily prove :

In France, by the decree of 8th July, 1852, we find that the Government, with a view of forwarding the interests of "Crédit Foncier" institutions, set apart the sum of ten millions of francs, to be invested in their bonds (*lettres de gage*). The first "Crédit Foncier" institution was formed in Silesia, a Province of Prussia, in 1770, after the seven years' war, under the auspices of Frederic the Great, who gave it Government aid in the shape of a gift of 1,125,000 francs.

Monsieur Wolowski, in speaking of a Government Guarantee, in 1852, thus expressed himself :--

"The question as to whether the State should, and in which manner it should intervene, in the establishment of *Crédit Foncier* Banks, has excited a great deal of lively discussion. A distinction should certainly be made between a pecuniary sacrifice made at the expense of all the tax-payers in favor of a certain class of proprietors, and the simple application of a financial mechanism without any direct contribution from the *Exchequer* of the State."

But the *St. Hyacinthe* Convention distinctly assert that they only want the State to guarantee the amount of their issue of bonds, to endorse their solidity, as it were, to facilitate their negociation. They purpose making their arrangements to pay the interest on those bonds without the *Government* being called upon to pay that interest ; and as security for this indispensa-

ble endorsation, the mortgages of the borrowing proprietors will be deposited for an amount equivalent to the guarantee. As the Bank cannot advance to borrowers more than one-half the actual amount of the value of the property mortgaged, the Government would find itself at all times in possession of solid security for double the amount of its guarantee.

We can find nothing very objectionable in this proposal. The Province cannot possibly risk the loss of the amount it may guarantee, as its coffers will contain first class mortgages (*bailleur de fonds*) for double that amount. We think that the Municipal Loan Fund and the Crédit Foncier Bank can scarcely be ranked in the same category, and as a comparison between the two has been instituted by Upper Canada newspapers, we may be permitted to remark that Lower Canada Municipalities did not show the same rapacity in contracting loans from that fund, as the other section of the Province. "Jean Baptiste of the village of *L'Immaculée Conception*, as the "Globe" calls the Lower Canadian borrower, was much more modest in his pretensions than James Smith or John Brown, of the cities of Hamilton and Port Hope. That the Government of Canada have quite enough to do in collecting the debts already due, we are quite aware; but the nature of the proposed guarantee cannot properly be considered as an active debt, which will become due to the Province without a chance of re-payment. The security offered by the Crédit Foncier is of the most unquestionable character.

But, on the other hand, if this demand for a Provincial guarantee were not deemed to be prudent in the present condition of the finances of the Province, could not the scheme of the St. Hyacinthe Convention be modified so as to put the principle of the *Crédit Foncier* Institution into operation without the guarantee of such a large amount.

The "*Franco Canadien*" of Iberville, and "*Le Défricheur*" of L'Avenir, both journals published in the French language, take exception to the plan of a Government guarantee, and each editor submits his own scheme to the public. It would be impossible in our limited space to give the details of these two new propositions, but there is sufficient evidence before us to justify the conviction that the scheme of a '*Crédit Foncier Bank*' is practicable, and that the subject can lose nothing by a thorough public discussion. Why then should the Toronto "*Globe*," Toronto "*Leader*," Montreal "*Gazette*," and Quebec "*Chronicle*," devote the scheme to immediate destruction without a careful consideration of the details of the principles upon which it is based?

Whether the Government guarantee be granted or refused by the Legislature, or whether the proposal of the St. Hyacinthe Convention be modified or not, there seems to be a strong determination in the minds of the "*habitants*" of Lower Canada that their representatives shall give the subject fair consideration, and Upper Canadian Members of Parliament would perhaps find it advisable to take the same course.

We had been led to believe that the scheme is exclusively of Lower Canadian origin; Upper Canada, of course, could have nothing to do with it. Public opinion has, however, already commenced to deal with the "Crédit Foncier" scheme in that section of the Province, and even the Government Guarantee is not condemned by some of the political economists of Upper Canada.

At a meeting of the Canada Landed Credit Company, held at Victoria Hall, Toronto, C. W., on the 5th of the present month, several speeches were made on the subject of Landed Credit. Mr. Symons, Secretary of the Company, in the course of his remarks, thus alluded to the Crédit Foncier scheme, and the Government Guarantee :

"Now, come what may, the farmers of Upper Canada are ready to join in any sound plan, in any well organized movement, whether it be by the 'habitants' of Lower Canada (many of whom are as good practical farmers as any to be found in this section), or whether it be a plan propounded by the Government itself, which shall have for its object the prevention of ruinous bargains in mortgage transactions. The farmers of Upper Canada will not consent to pay ten and twelve, and in many cases sixteen per cent for money, when by union among themselves, or with Lower Canada, they can get it supplied to them at six or seven per cent."

Again he says :—

“ As we have not the scheme of the *Crédit Foncier* before us, and the papers will not enlighten us on the subject, we cannot say anything about it, and all I should wish to ask the farmers is, that they should withhold their judgment till the plan is before us in its entirety.”

“ Before the newspapers venture to tell us that the country, if this guarantee is given, will be burdened with fifty millions more debt, which it will have to pay, I should like them to tell me of one of the many Governments of Europe which have given a guarantee to their Landed credit institutions, they have seen established for the last one hundred years, which has ever been called upon to pay a single fraction of that guarantee.”

He concluded his spirited speech as follows, for which he is taken seriously to task by the *Toronto Leader* :—

“ I would not wish to say a word which should grate on the feelings of those who view with self-complacency the present state of the farming community. But I say it is not satisfactory. I believe that one third are in the constant process of losing their estates, and I believe another third are always in straitened circumstances little less distressed, if any less distressed, than the ‘ habitants ’ of Lower Canada, entirely owing to the unsoundness of our loan system : and with them, they will co-operate

“ in any plan which shall give them the promise of
“ speedy relief.”

Mr. Symons' words deserve serious consideration
at the hands of the farmers of Upper Canada, while
HE deserves the hearty thanks of the 'habitants' of
Lower Canada for having thus spiritedly uttered them.

CHAPTER 5.



“ If the guarantee were granted, should Government be allowed the direction of the Bank's operations, or should the power reserved be simply one of supervision, to keep the Institution within the limits of its Charter.”

One of the most important considerations of the many which have occupied the attention of legislators with regard to the establishment of *Crédit Foncier* Institutions, is that of ascertaining to whom should be confided the duty of organizing and managing those institutions. In several countries, Russia, for instance, they have been organized by the State, and are placed exclusively under the management of Government. But in the greater number of German States, they have been established on the basis of *Association*. Josseau writes : “ When the merits of the question were thoroughly discussed in France before the State Council (*Conseil d'Etat*), it was argued that the *Crédit Foncier* Institution could not be of any real service to landed property unless its operations were controlled by the State. The agricultural interests want money, say at 3 per cent, that is to say, at a rate equivalent to the revenue derived from the soil. Now, the State has nothing to gain by speculation, and thus has the power of giving an advantage to

proprieters. Individuals will rarely loan money under 5 per cent. *Crédit Foncier* Institutions would therefore succeed but imperfectly, and they could not survive the crises which occur so frequently in this country, without some such assistance."

In an analysis of the bill submitted to the Legislative Assembly of France, on the 8th August, 1850, Mr. Dumas, Minister of Commerce and Agriculture, thus expressed himself :—

"It must be understood that the people of the country must not remain forever in leading-strings. It would be absurd to impose upon the State the duty of doing everything. The State should operate in a higher sphere; its true attributes cannot be considered as industrial or commercial, and still less should banking operations be part of its duties. The State should exercise a general supervision, and should protect every branch of labor, and the general pecuniary interests of the people.—Its control is indispensable however in the case of *Crédit Foncier* Institutions; but to give the Government the management of them, would be to impose too much responsibility upon that body."

The decree of the 28th February, 1852, thus lays down the nature of the control which the Government exercises over the *Crédit Foncier* Institutions in France :

"*Crédit Foncier* Societies, whose object shall be to lend money to landed proprietors on mortgage, with the power of repaying the loan by annuities at

“ long date, may be incorporated by a decree of the
“ President of the Republic, with the consent of the
“ State Council (Conseil d'Etat): these societies will
“ then enjoy the benefit of the special powers and
“ privileges granted to such societies by the present
“ decree.”

Count Persigny, in a circular addressed to the pre-
fets of the different departments of France, when the
decree was issued, thus lays down the nature of the
control to be exercised by the Government :

“ This decree, you will observe, does not thoroughly
organize Crédit Foncier Institutions. Its meaning is
to encourage the formation of such societies, by laying
down clear rules upon which they must be carried on,
and by removing the obstacles which they will unde-
niably meet with in our civil legislation. They are
submitted to the authority and supervision of Govern-
ment, and to facilitate their operations, the State pro-
mises its assistance, within the limits, and with the
guarantees, of the prudence and wisdom of which
you will be enabled to judge.

In the decree of the 23th February, 1852, the assis-
tance of the State is thus granted :

ARTICLE 5.—In order to facilitate the operations of
the Crédit Foncier Societies, the States and the de-
partments shall invest in a certain amount of the bonds
(titres de gage) of these societies. “ Each decree
organizing a separate society (Crédit Foncier) shall
express the amount of the share allotted to the So-
ciety, out of the Government grant of 10 millions.”

In some countries of Europe, we find that *Crédit Foncier* Institutions, in their relations with the State, exist under regulations which differ widely with each other, according to the plan of organization.

These different systems may be found in operation in Germany, Poland, and Belgium. The greater number are based upon the principle of an Association of Proprietors ; these are :

1st.—The *Crédit Foncier* Associations established in the different Provinces of Prussia (we will adopt chronological order,) in Silesia, in the electoral Duchy of Brandenburg, in Pomerania, West Prussia, East Prussia, and the Grand Duchy of Posen.

2nd.—The Credit establishments of the Kingdom of Hanover, these are : The Institution of Credit by Mortgage (*crédit hypothécaire*) of Hamburg, established at Zelle, the *Crédit Foncier* establishments for the Principalities of Calenberg, Grubenhagen and Hildesheim ; those established for the Duchy of Bremen and the principality of Verden at Stade, and those formed for the principality of West Friesland.

3rd.—In Austria, the Credit Institution of Galicia.

4th.—The Credit Institution of Wurtemberg.

5th.—In Saxony, the Association of the Kingdom of Saxony, and the Mortgage Bank of the provincial States of Hamburg.

6th.—The *Crédit Foncier* Institution of Mecklenberg.

7th.—The Credit Bank of Hamburg.

8th.—At Bremen, a Credit Institution which guarantees the issue of mortgage bonds for proprietors.

9th.—In Denmark the law of the 20th of June 1850, authorizes the establishment of *Crédit Foncier* Institutions, based upon an Association of Borrowers.

10th.—In Russia, the *Crédit Associations* of the Baltic provinces (Livonia, Esthonia and Courland) and the Peasant's Bank in the same provinces.

11th.—The Society of Territorial Credit of the Kingdom of Poland.

All the establishments, which we have named above, are in operation under the supervision of the State, some of them with its concurrence. There are many other institutions founded and regulated by financial companies for a speculative purpose, to which we need not allude at present.

It will therefore rest with the legislators of Canada to consider in the first place, whether the Government guarantee can be granted to the *Crédit Foncier Bank* according to the programme of the St. Hyacinthe Convention. Should it be decided that the financial position of this Province would justify such a guarantee based upon such sound security, then of course, the Government would be entitled to supervise the operations of the Bank. It would be manifestly imprudent in any case to allow the Government to exercise a *direct* control over the details of its operations. Such power might unfortunately be placed in dangerous hands, and a gigantic system of political corruption might be fostered through the exercise of

that power. It is fair to suppose that the directors of the institution should be shareholders immediately interested in the welfare of the Bank, and that Government control should be confined to a general supervision of its operations, so that it may be carried on within the limits of its Act of Incorporation. The conditions imposed by the Charter should be based upon strict principles. The decree of 28th March 1852, which created "La Banque Foncière de Paris," might in many respects be taken as a model, and the several decrees relating to the *Crédit Foncier* Banks of Marseilles and Nevers, both of which were incorporated with "La Banque Foncière de Paris," on the 20th July 1852, would also furnish precedents which might be advantageously applied in Canada. The Statutes of the "*Crédit Foncier de France*" of that date to be found in Mons. Josseau's useful work, give a detailed statement of the organisation of that successful institution.

We think that our readers will now be enabled to judge of the merits of the question which forms the text of this chapter. If the guarantee be granted, the nature of the control to be exercised seems to be fully laid down by precedent, and if it be refused, and a Bank is established without that guarantee, then the supervision of Government would still be a prudent measure. Of this, we purpose treating more fully in chapter No. 7, which will deal with the proposed reforms in our mortgage system (*système hypothécaire*.)

CHAPTER 6.



The nature of the Annual Interest, Sinking Fund, and Percentage for management to be exacted from the Borrower.—The regulation of the rate of Interest.—Is the estimated Percentage for cost of management, one per cent, sufficient to meet the probable expenses of the Bank?—The conditions of Loans (20 or 50 years) with the optional power of discharging the debt by giving three months' notice, (paiement par anticipation).

The annual interest, the sinking fund, and the cost of management, are called in Europe by the collective appellation of "Annuity." The amount to be paid in by the borrower as an annuity, represents these three items, and it varies in percentage in the different countries where *Crédit Foncier* Institutions are in operation. Monsieur Jousseau thus describes this annuity :---

"The annuity is the amount paid in each half year, or year, by the person who borrows from the Society. By paying in this amount for a certain number of years, he extinguishes the debt."

The *St. Hyacinthe* convention proposes to fix the rate of annual interest at the figure which the Bank will have to pay in negotiating its bonds.

The cost of management is established at one per cent, and the amount of sinking fund to be annually paid in, is to be optional with the borrower, provided

the rate of sinking fund be mentioned in his deed, and that it be according to the table of a loan for twenty or fifty years, neither more nor less.

To illustrate the working of this system, we shall give some examples translated from the memoranda of Mons. Gerdolle, the chief accountant of "Le Crédit Foncier de France." These will render all explanation on our part quite unnecessary :

A Landed Proprietor borrows from the Crédit Foncier Bank the sum of (\$100) one hundred dollars, to be repaid by annuities in 50 (fifty) years. The loan is made at a fixed rate per annum of \$5.45 (five dollars and forty-five cents) thus divided..... \$5.45

Interest.....	\$4.25
Cost of management.....	60.88 mills.
Sinking Fund.....	59.12 mills.
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Say.....	\$5.45

This apparently small sum of 59c 12m, capitalised each six months will produce in interest at the end of the first year 63m, or in all 59c 75m. This sum produces in interest at the end of the second year 2c 55m, which added to the sum of 59c 75m, paid by the borrower, gives a sinking fund of 62c 30m. Add this sum to that of 59c 75m, which represents the sinking fund of the first year, we will find at the end of the second year a sinking fund (paid in) of \$1.22c 05m, so that on the loan of \$100, the balance remaining due is \$93 77c 93m. By continuing this system of capi-

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talization, the following results can be mathematically arrived at. At the end of *ten* years, the sinking fund will have reached \$7.27c 26m ; at the end of *twenty* years, \$18.34c 73m ; at the end of *thirty* years \$35.21c 18m ; at the end of *forty* years, \$60.89c 31m ; and finally at the end of *fifty* years it will have reached \$100, and consequently the capital is paid up in full, and the debtor is free.

Mr. Gerdolle observes, on the subject of the annual interest that, " While the amount of the Sinking Fund, devoted to the ultimate extinction of the capital, gradually increases each succeeding year, the balance of that capital, subject to the payment of interest, gradually decreases."

Thus our readers will remark that, while the Sinking Fund progresses but slowly during the first few years after the loan, it increases very rapidly during the latter years.

As the portion of the annuity paid to the Sinking Fund remains at the same figure each year, throughout the duration of the loan, and as the rate charged for cost of management, and the rate of interest on the balance due, do not vary : the amount taken each half year for the clearing off or payment of this debt diminishes in proportion to the reduction of the capital itself. Consequently, the amount of annuity which is carried to the credit of the Sinking Fund increases annually by so much, and it produces by capitalization a sum of interest which also increases progressively.

As an example, let us take the sum of \$100 bor-

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rowed from the *Crédit Foncier*, at the rate of \$1.25 per cent interest, to be re-paid, in 50 years, by means of an annual contribution of \$5.45. The first year, the portion of this contribution taken for interest will be \$4 24c 37m (calculated at the end of each half year), that reserved for the Sinking Fund will be \$0 59c 75m. Let us now pass on to the 10th year, at the beginning of which there will only be a balance of \$93 60c due on the capital. The interest payable this year will only be \$3 96c, and the Sinking Fund will have increased from \$0 59c 75m to \$0 87c 13m. In the 40th year, at the beginning of which the balance remaining due on the capital will be \$42 18c, the interest will only be \$1 76, and the Sinking Fund \$3 08c. Finally, in the 50th year, at the commencement of which the balance due will be \$4 69c, the amount payable for interest will be only 15 cents, while the capital paid off will be \$4 69c.

We have reproduced these calculations which are of the most reliable description, as a reply to the vague and erroneous figures published by some of the English newspapers of the Province. One newspaper, published in Lower Canada, warned the habitant to beware of the snare which was being laid for him. He was to pay by the *Crédit Foncier* Scheme "no less than 400 per cent" for the use of money during a period of 50 years; or, in other words, that the capital would be paid to the Bank, four times over, during that space of time.

To prove the absurdity of such calculations, and

the lack of knowledge of the subject evinced by that writer, let us make a comparative statement :

An individual borrows from the *Crédit Foncier* the sum of \$10,000, payable in 20 years.

At the rate of four and a quarter per cent per annum interest, the annuity payable would be \$807 23 : what amount does he really pay into the Bank in the course of 20 years ? He pays \$16,144 75, from which sum we might fairly deduct an amount which he must have realized by the enjoyment of that amount of capital for such a length of time. Let us suppose on the contrary that the same individual borrows from an ordinary capitalist the same sum, at five per cent interest, how much must he disburse in capital and interest to obtain his discharge ? \$20,000 ! Should he select the term of 50 years ; with the *Crédit Foncier*, at four and a quarter rate of interest, by the payment of an annuity of \$544 12, he pays off the debt by a total disbursement of \$27,206. By the ordinary system of loan it would cost \$35,000 to effect the same object.

The advantages which would accrue to the borrower from such a system must be patent to every reader. The regulation of the rate of annual interest cannot be attempted until the *Crédit Foncier* Bank has attained a position of greater stability. The scheme must be brought before Parliament and thoroughly discussed in all its bearings, both with regard to the guarantee of the Province, and the nature of its organization, before any attempt can be made to fix

the rate of interest. It is currently believed however that six per cent would be the maximum rate.

We incline to the opinion that the percentage for cost of management, mentioned in the programme of the Convention, will scarcely meet the expenses of the Bank for the first ten years. It is a small commission, and the Bank would have to engage in large transactions to provide a sufficient sum for the payment of its officers. The general expenses of such Institutions are also very large. Josseau thus writes on the subject of cost of management (*frais d'administration*).

“Crédit Foncier Institutions cannot exist without the payment of their expenses. The amount of these expenses are of course regulated by the area of country over which the Bank carries on its operations. The ‘Crédit Foncier de France’ estimates the expenses at 60 cents per one hundred dollars, and the Crédit Foncier Societies of Nevers and Marseilles, 50 cents per one hundred dollars per annum.”

The loans on the continent of Europe are generally contracted for 20 or 50 years; but in Poland, as they fixed the interest at 4 per cent, and sinking fund 2 per cent, the debt is paid off in 28 years. In the Duchy of Posen they were satisfied with 1 per cent sinking fund, added to 4 per cent interest; the sum being repaid in 41 years. The system of loan for either 20 or 50 years has been adopted in France, based upon the experience of other countries.

We shall conclude this Chapter with some valuable remarks, made before the French Council of State in 1852 by Mons. Boussingault who is a good authority in agricultural matters :—“ When we generally speak of the revenues derived from agriculture, two things are included under the same title, which it is absolutely necessary to separate : the revenue produced by the soil, and the profit of the farmer’s labor. I certainly believe that, to borrow money at 6 to 8 per cent for the purpose of purchasing land which will only yield $2\frac{1}{2}$ per cent, is a bad speculation. It is to this kind of operation that I attribute the principal cause of the deplorable situation in which many of our country farmers are placed. The case would be very different if the agriculturist borrowed solely for the purpose of increasing his stock of working materials, or to improve his system of cultivation ; in this instance, he could afford to pay as high a rate of interest as any class engaged in any other industrial pursuit. We continually hear the complaint that agriculture does not prosper because farmers can only obtain money at an interest of 6 to 8 per cent, when it is notorious that the revenues of the soil rarely reach the figure of 3 per cent. It is here that we can properly apply the distinction which we have established above. There is in the first place the capital invested in the purchase of the land, and it is natural that this should yield a small revenue. The smallness of the income is explained by the solidity of the investment.

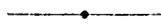
Next in order comes the capital invested in making

improvements on the property, and this speculation generally produces as much in that, as in any other industrial branch, otherwise there would be no advantage in following agricultural pursuits. This capital which is used for improvements, being small in proportion to the actual value of the land, it frequently happens that large proprietors who cultivate their own valuable farms, scarcely obtain a greater revenue than when they lease them out. It does not follow from this, that the capital invested in improvements does not give a reasonable percentage. As an example, let us suppose that a farm worth 500,000 francs, requires for reasonable improvements a capital of 50,000 francs. By leasing it out, the proprietor might realize 15,000 francs per annum: by working it, 19,000 francs might be obtained. In the first case the interest would be 3 per cent, in the second case 3 4-10 per cent. The difference is small, nevertheless it is plain that the "working capital" yields 8 per cent to the farmer. The object of agricultural speculation is not the purchase of land, but in reality the working of land; and loans for this object, can surely be effected on the same terms as for other industrial speculations. If therefore, as it is pretended, a system can be found, through which landed property obtains the facility of procuring the use of capital at a cheap rate, to be repaid at long dates; the profits of agriculture would naturally increase, and with those profits, we would find decided progress in the country."

Two important conclusions can be arrived at

through this remarkable opinion : the first is that rural improvements may become the basis of an agricultural credit, which would prove very profitable to farmers, although the rate of interest would be perhaps as high as that exacted in commercial operations.

The second is, that if the "Crédit Foncier" or the credit of the proprietor is used, not for the purpose of paying the price of the land, but for effecting local improvements, (*améliorations foncières*) he will be able more easily to meet a high rate of interest on the capital thus used, than on the capital invested in the land itself. Finally, in the mixed position in which the proprietors, who operate directly, and who owe a balance on the purchase price, find themselves; it becomes necessary to restore to the soil that sound state of credit, of which difficulties of procedure and organisation have hitherto deprived it.



CHAPTER 7.



“Should extraordinary privileges for collecting outstanding debts be granted to the Bank? Is a reform required in the mortgage system (*système hypothécaire*), to enable the Crédit Foncier Bank to discover promptly, easily and economically, the existence of mortgages which have not been cancelled?”

The protection of the State is a *sine qua non* in the formation of Crédit Foncier Societies. In a previous Chapter, the truth of this assertion has been made evident. While some doubts may arise in the minds of legislators as to the prudence of granting the guarantee of the State to the Bonds issued by the Society, no doubt can possibly exist as to the necessity of legislation, both to give it the stamp of a public institution and so to amend the defects in the mortgage system of any country in which a Bank of Crédit Foncier may be established; as to secure for the Society the means of discovering promptly, easily and economically, the existence of mortgages which have not been cancelled. To attain this object in Canada, it would be necessary to place the system of Registration of Titles on such a footing, as to secure for the Society the certainty that the mortgage given by the borrower, is in reality a (*bailleur de fonds*) first class mortgage.

In the Lower section of the Province, but little legislation would be required to perfect the system. As the proposition to establish a Bank of *Crédit Foncier* has been made exclusively for this section of the Province, we need not allude to the mortgage system now in operation in the Western Section. We shall quote from a French political economist of some note, to show the opinion in France in 1852.

Mr. Chegaray in his Report to the Legislative Assembly, thus expresses himself :

“ In July, 1839, our honorable colleague, Mr. Wolowski, submitted to the “ Academy of Moral and Political sciences ” (*l'Académie des Sciences Morales et Politiques*) an able dissertation, in which he gives to the public for the first time, a history of the working of the *Crédit Foncier* Institutions which have been established in Germany since the eighteenth century. He proposed the introduction of a similar system into France, with the proviso, that there should be Legislative Reform in the mortgage system (*Réforme de la Législation hypothécaire*). M. Rossi, who was instructed by the Academy to analyze this dissertation, gave to this apparent innovation, the benefit of all the penetrating, pains-taking, and practical attention for which he was justly celebrated.”

Josseau thus writes on the subject of the privileges granted to “ *La Banque de Crédit Foncier de France* ” :—

In the first place, the privilege of Sequestration (*séquestre*), which does not affect the revenue of the

property, except in so far as it is necessary to protect the interests of the Bank, until the debt is liquidated.

Secondly.—Special procedure in expropriation (*procédure spéciale d'expropriation.*)

The cost of this proceeding has been greatly reduced (and this is advantageous to the borrower), but the delays and formalities, although shortened, offer to the proprietor sufficient safeguards, and the necessary time to procure money, if he has not, in reality, lost all credit; and perhaps, if reduced to such a position, it were better that he should be liberated by the property passing into other hands. Besides, in fact the existence of these privileges is merely nominal. By the Statutes which incorporate the "Crédit Foncier," it is provided that the Bank shall only lend on the first half or the first third of the immoveable security, on the condition that the said immoveable produces a revenue at least equal to the amount of the annuity. By the care taken to ascertain what the actual position of the borrower is, at the time he wishes to contract a loan, the Bank finds itself but seldom compelled to resort to extreme measures. Moreover, as I predicted in 1852, the fact of the possession of these privileges has produced with us, as in Germany, the excellent effect of creating greater punctuality on the part of persons who borrow on mortgage; and at the present moment should it not be a subject of congratulation, that the Directors of the "Crédit Foncier de France," after lending more than 180 millions of francs, in eight years, can confidently assert that they

have scarcely in one solitary case, been under the necessity of putting into effect the privilege of “ special procedure in expropriation ? ”

The bonds of the Society give the same guarantee by mortgage as the contract of loan (*contrat de prêt*), but they do not contain any special mortgage on any particular property. These bonds are guaranteed by the whole of the properties mortgaged to the “ Crédit Foncier ” *in solido*. They are, in fact, a substitution of a collective pledge for an individual guarantee.

There can be no sounder security than a first mortgage, the priority of which is assured by the special privilege of (*la purge*) clearing off of mortgages. The privilege of sequestration (*séquestre*), and the rights over the revenue are thus described in the French decree :

Art. 29. In the case of the debtor being in arrears, the Crédit Foncier Society can, in virtue of an ordinance issued by the President of the Civil Tribunal to whom it shall have applied for such privilege, fifteen days after due notice, take possession of the immoveable mortgaged to the Society, all proceedings being at the cost and risk of the debtor thus in arrears.

Art. 30. During the duration of the sequestration, the society collects (all oppositions and seizures being disregarded) the amount of the revenue of the property, and applies the same to the liquidation of the arrears of annuity, and the costs incurred in the proceedings.

This privilege, however, ranks only after the claims

of those who have laboured or expended money in preserving the produce of the property, in ploughing and sowing, and all work of this description.

Right of expropriation can be exercised in each and every instance of neglect on the part of the debtor to fulfil his engagements. This rule is laid down in the 32nd article of the same decree.

“ In the case of non-payment of an annuity, or in the event of a deterioration in the value of the immoveable mortgaged, or in any other case provided for by the Statutes, through which the whole capital might be claimed, the Crédit Foncier shall have the power of proceeding to the sale of that immoveable.

If there should be a contestation, it can be heard on the merits, and decided in a summary manner by the local tribunal.

From such a judgment there shall be no appeal.

When the debtor is in arrears to the Crédit Foncier Institution, the latter has three modes at its disposal to obtain payment.

1st. To enter a personal action against the debtor for the amount due, or indirectly, by means of “*saisie-arrêt*,” to attach any funds in the hands of his debtors.

2nd. To place the immoveables mortgaged in sequestration (*en séquestre*.)

3rd. To have them sold by expropriation.

The choice of selecting any one of the three above modes of proceeding is left to the Society. There is neither limit nor condition assigned. With regard to the “*action to expropriate*,” (*poursuite d'expropriation*)

tion) Article 32 of the decree particularly specifies two cases in which that action can obtain.

These two cases are :

1st. Non-payment of the annuity.

2nd. The exigibility of the debt which may be necessitated by deterioration in the value of the immoveable, or from any other cause pointed out in the Statutes.

When the debtor is in arrears, it may be possible that a personal action (*action personnelle*) or even sequestration, would fail to attain the desired object. The only resource left to the Society, to ensure the payment of arrears, is to realize upon the immoveable which has been mortgaged to it as security.

In the Statutes which regulate the affairs of " Le Crédit Foncier de France," we find the following provisions :

Art. 74. If the borrower fails in the payment of one term of annuity, the " Crédit Foncier " have a right to claim the payment of the capital, one month after a regular notice demanding a settlement.

Art. 76. The borrower is bound within one month, to inform the Bank of:—

1st. Any deterioration in the value of his property.

2nd. Any sales he may have made to third parties.

3rd. Everything relating to his right of possessing the property, which may affect the privileges of the Bank.

If the facts are of such a nature as to compromise the interests of the Bank, that institution may, accord-

ing to Article 32, of the decree of 28th February, 1852, demand the payment of the capital.

ART. 77.—The amount of the capital would be equally exigible in case of any misrepresentation or dissimulation on the part of the borrower with regard to any other mortgages for which his property may be liable.

ART. 80.—The same would be the result in a case of damages to the property, with the reserve, that the owner can repair these damages within one year.

Should any dispute arise between the bank and the borrower, with regard to any of the points above explained, they shall be decided before the Civil Tribunal in the jurisdiction of which the properties mortgaged are situated. The case is there disposed of in a summary manner, and the judgment cannot be appealed from. This proviso is intended to save the *Crédit Foncier Bank* (which is compelled to pay the interest on its bonds regularly) from the slow and unsatisfactory proceedings which the debtor might enter upon, with a view of gaining time and preventing expropriation.

In the annual report of "*Le Crédit Foncier de France*" submitted to a meeting of the Shareholders, 29th April, 1862, we find the following allusion to the mortgage system in France :—“ Without departing from the rules of strict prudence, we have reduced the formalities and the verification of titles to a system which alone can secure a proper administration of our affairs, in the present uncertain condition of our

legislation respecting mortgages---(*législation hypothécaire*)"--With some precautions and some slight improvements, the mortgage system of Lower Canada could be brought near to perfection. The experience of the French in their management of *Crédit Foncier* Institutions clearly proves that the French law of property, to which ours bears a strong resemblance, can be made to effect the desired object, viz : " To enable the *Crédit Foncier* Institution to discover easily, promptly and economically, the existence of mortgages which would take rank before that granted by the borrower to the Society."

CHAPTER 8.



General Review of the System as it has been worked in Europe.

We have already stated that the first *Crédit Foncier* Institution was organized in Silesia, a province forming the south-east portion of Prussia, after the seven years' war, when the inhabitants were so deeply in debt that they could not meet their pecuniary engagements. Frederic the Great received with favor and sanctioned a plan (offered by a merchant named Kaufmann Buhring) which recommended the formation of a Society based upon the principle of "territorial credit." He offered to accomplish this by a compact of all the Silesian Proprietors of the soil. When this Society was formed, capitalists instantly ceased to be anxious with regard to the position of any individual. They loaned their money to the Society, which promised to pay the interest regularly, and to reimburse the capital during a certain number of years.

The uncertainty attached to individual credit immediately disappeared, and unlimited credit replaced it.

Thus was originated the Institution of *lettres de gage, pfundbriefe*.

It has been successfully worked and perfected since that time.

Other Societies were founded in Europe in 1777, 1781, 1782, 1787, 1788, 1791, 1803, 1811, 1818, 1822, 1825, 1826, 1827, 1832, 1841, 1842, 1844 and 1852, frequently at times when the people were exhausted by wars and misfortunes.

In a former Chapter we have named some of the leading *Crédit Foncier* Institutions of Europe, and we shall now proceed to add the following to that list :

1st. The Mortgage Bank of Bavaria, which carries on the joint business of lending on mortgage, discount and insurance.

2nd. The Rent Establishment (*Renten Anstalt*), of Hesse Darmstadt, which lends on mortgage.

3rd. The Credit Bank of the Duchy of Nassau.

4th. The District Bank of Wurtemberg.

5th. The Mortgage Banks of Berne and Bâle-Campagne.

6th. The Proprietors Bank and Mortgage Bank of Belgium.

The Institutions formed and directed by the State are :

1st. Hesse-Cassel Bank. The Territorial Credit Bank of Hesse-Cassel (*Landes Credit Casse*) was established principally to assist in the payment of

tithes, rents and other feudal liabilities ; it also lends on mortgage to small proprietors.

2nd. The Territorial Credit Institution of Hanover.

3rd. Several Banks of Westphalia, established with a view of relieving property from mortgage, demands or debts.

4th. A Bank established in the Duchy of Baden, with the same object.

5th. The Credit Bank of Denmark, established in 1787.

6th. The Loan Bank of the Empire of Russia.

7th. In Belgium, a project became law in 1850, to establish a *Crédit Foncier* Bank. The Chambers decided upon the establishment of the Bank as a central monopolizing power, but managed by the State. All the details of the working of this Institution are placed in the hands of a distinct management, but subject to the directions of the State itself.

The most modern Institution of any note in Europe, and certainly the most important, is "*Le Crédit Foncier de France*." It is still in its infancy, but already possesses a history. This history, remarks Mons. Josseau, (in his latest work of 1860) may be subdivided into three distinct epochs :

1st. The decree of 28th March, 1852.

2nd. The decree of 10th December, 1852.

3rd. The decree of 6th July, 1854.

The first was the decree authorizing its organization.

The second gave it the title of "*Crédit Foncier de*

France," extended its privileges to all the Provinces outside of the limits of Nevers and Marseilles, gave it the power of amalgamating with these Societies, authorized the increase of its capital to 60 millions francs, and granted to it a State subsidy of ten millions of francs payable as required, for the replacement of loans made on mortgage.

The third decree of 1854, Mons. Josseau looks upon as a period of revival in the affairs of "Le Crédit Foncier de France." It gave to the Institution an organization similar to that of the Bank of France. The Emperor appointed the Governor and two Deputy Governors of the Institution, whose duty was to represent the State in that supervision, of which we have already treated.

Some idea may be formed of the wonderful progress of this Institution, by the following figures made up in 1860.

" In 1855, the Bank only loaned 12½ millions francs, in money. In 1856, only 8½ millions. During the first half of 1857, the amount had gone down to two millions. In the second half year, the amount of loans was raised to six millions, all in bonds of the Society instead of money, and in 1858, the amount of loans effected in bonds, reached the enormous figure of 30 millions !

The general transactions of the Bank during those years increased as follows :—

1857.....	francs	73,254,953
1858.....	"	241,853,504
1859.....	"	1,200,000,000

The latest Report of "Le Crédit Foncier de France," published in April, 1862, is well worthy of serious consideration. The amount of annuities on loans made by the Bank, due at the end of the year 1861, was :

	Francs. c.
	11,331,510 02
The Bank had collected on the 31st December, the date at which this amount was due.....	10,853,850 02
	477,660 00
Leaving a balance still due of..	477,660 00

This balance was, by subsequent payments, in a few weeks, reduced to the small sum of 127,130f. 06c., or about ONE per cent. on the total amount of annuities which had fallen due in the course of that year.

In another branch of the operations of the Bank called in France "Prets Communaux," "loans to Municipalities on the security of the Commons, or pasture grounds"; we find a result equally if not more satisfactory.

The Bank had to collect in annuities from this source during the year 1861, 652,015f. 48c. This sum had been paid up, IN FULL, on the 31st December, 1860. The amount of annuity due for the half-year expiring on the 31st January, 1862, reached 1,033,356f. 23c. At the date of Report (29th April, 1862), this amount was also paid up IN FULL.

Such results should naturally induce us to believe

that the system, as in operation in France, must be based upon sound principles, and must be conducted in an able manner.

The success of all the Institutions of this kind which are in full operation throughout Europe, from which “La Banque de Crédit Foncier de France” borrowed its model, is clearly proved by the most reliable authors. Mons. Royer’s voluminous Report to the French Government, after a visit paid to all the countries of Europe in which the system was in operation, leaves no doubt upon this subject.

CHAPTER 9.



“Is the scheme practicable in Lower Canada, should it be applied, and on what principle?”

CONCLUSION.

We feel that it would be imprudent to approach this important branch of our subject without extreme caution. So much has been written through the press, in favor and against *Crédit Foncier* Institutions, that we are compelled, in deference to the contradictory opinions which have been expressed on both sides, to refrain from offering any very positive opinion with regard to the principle upon which it should be introduced into Canada. The opinions of the leading political economists of Europe, which we have quoted in former chapters, and the details of the working of the Landed Credit System in France, as late as 1862, abundantly prove that the Institution of *Crédit Foncier* might be advantageously put into operation in this Province. It is very evident that the Provincial guarantee asked for by the St. Hyacinthe Committee, has been the main cause of the opposition which has been manifested, and the objections which have been raised to its introduction into Canada. Twenty mil-

lions of dollars is no trifling sum to add to the Provincial liability, and a demand for an equivalent of twenty millions for some purpose, in the Upper Section of the Province, would inevitably be made the principal condition of a grant to the Lower section.

Although we do not share the fears expressed by the opponents of the scheme with regard to the risk which would be incurred by the Province, in giving such a guarantee, still, we fancy that the St. Hyacinthe Convention have aimed too high at the outset of the enterprise.

It might, perhaps, have been more in accordance with the rules of political economy, to have commenced with a smaller demand. There is a wide-spread feeling of alarm throughout the country at the prospect of the guarantee of twenty millions of dollars, and in the present state of the Provincial finances, it might be prudent to moderate the demand. Above all, the movement, whatever phase it may assume, should be joined in by all political men, regardless of the lines which divide political parties.

It should be viewed as a question purely of political economy; it should be treated on its merits, without prejudice and with neither fear nor favor. Members of Parliament will, we are convinced, give the subject an impartial and unbiassed consideration. By such a proceeding they will aid in throwing new light upon the working of the system of Landed Credit, and they will not fail to discover whether it be appli-

cable to the position of Lower Canada, and how it should be applied.

The question of introducing a system of Landed Credit into Canada, was first seriously broached in 1852. A. E. Kierzkowski, Esq., of St. Charles, then one of the Directors of the Lower Canada Agricultural Society, now member for the County of Verchères, published a pamphlet with the title "The Question of the Seigniorial Tenure of Lower Canada, reduced to a question of Landed Credit."

In the preface of this interesting "*brochure*" we find the following opinion :

"The cause of agricultural progress is impeded by
" an obstacle which, so long as it is not removed,
" will render the efforts of Agricultural Societies, for
" the most part, fruitless.

"The absence of capital, of which farmers might
" dispose. is the obstacle to which I allude. The rota-
" tion of crops, the use of manure, drainage, arti-
" ficial meadows, &c., &c., although undoubtedly
" great improvements and excellent things in them-
" selves, will always be for the majority of Canadian
" farmers theories of a difficult application so long
" as the pecuniary means are wanting for the outlay
" which such improvements render necessary."

The plan of the writer at that time was to abolish the Seigniorial Tenure through the establishment of a Landed Credit Institution, and he expressed his firm opinion that, "Agriculture would receive vigorous
" impulses from the establishment of such Institutions

“ which the Seigniorial Tenure question is alone
“ sufficiently powerful to create in this country.”

Mr. Kierzkowski's proposition was to form a compact society composed of the censitaires, and to convert the debt due to the Seigneurs into an amount borrowed from the Landed Credit Society, payable through a Sinking Fund, at long date. He further remarks that, “the plan of which we give the principal features, is the faithful application of the principles followed in several parts of Germany and in Poland, modified and ameliorated to suit the political and social constitution of Canada, and we are satisfied that such a system would be in many respects more advantageous to Canada, that it has been to the above mentioned countries.” Further on he says :—“ The system has been recently introduced into Belgium and France, and it will depend entirely on the manner in which it will be received in Canada, to give life and motion to public or private credit, or prove its death blow,” And :—“ The Institution of Landed Credit established at first with view of the commutation of the Seigniorial dues, might at the same time serve to provide Farmers in Lower Canada with the capital which is necessary to them in order to improve the present condition of their lands which are exhausted by a long and improvident cultivation.”

If these words were true in 1852, they are of equal importance in 1863. The lands of Lower Canada are certainly not improving. The want of available capital is sadly felt throughout the country villages,

and a Landed Credit Institution would be hailed with satisfaction by the whole rural population. Its establishment, though on a small scale at the outset, would sound the death-knell of usury and extortion.

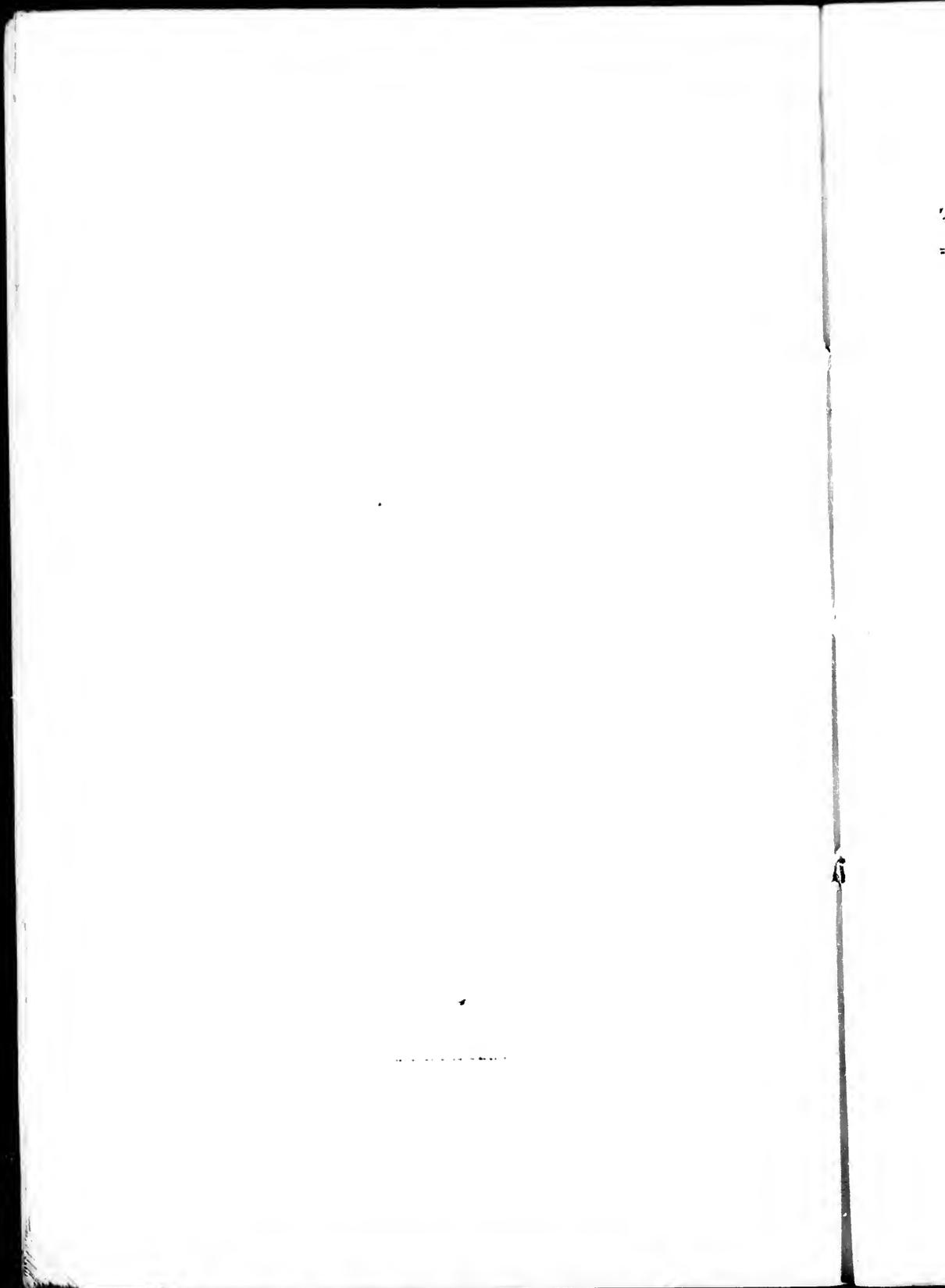
The establishment of a Bank, with a Capital subscribed by Shareholders to the amount of even \$400,000, would be a favourable commencement of operations. We apprehend that no objection would be then offered to the Government guarantee for a similar amount. As the Society would conduct its operations with the strictest precaution, it is highly probable that no dangerous loans would be made. The limited capital at the disposal of the Bank would naturally lead to limited and safe operations which would increase from time to time, as circumstances might justify.

The discussion in Parliament will more amply develop the details of the introduction of the system into Canada. That it is practicable and highly desirable, no one, we venture to assert, will for one moment question.

We therefore trust that the establishment of a Banque de Crédit Foncier will receive that attention which its importance deserves.

In conclusion, we have to ask the indulgence of the reader for the many imperfections which this little work contains.

If it can serve, however, to impart some useful information on the subject of Landed Credit, its object will have been amply attained.



TABLES OF THE SINKING FUND OF "LE CREDIT FONCIER DE FRANCE."

Table 1.—Repayment of a Capital of \$100 on loans for 20 to 50 years,
Interest at 4½ per centum per annum.

Duration of Loan.	Annual Sinking Fund.	Total Amount of Annuity.	Half yearly instalments.	
			Number.	Amount.
Years.	\$ c m.	\$ c m.		\$ c m.
20	3.22, 2374	8.07, 2374	40	4.03, 6187
21	3.99, 6114	7.84, 6114	42	3.92, 3057
22	2.79, 1676	7.64, 1676	44	3.82, 0838
23	2.60, 6206	7.45, 6206	46	3.72, 8103
24	2.43, 7322	7.28, 7322	48	3.64, 3661
25	2.28, 3028	7.13, 3028	50	3.56, 6514
26	2.14, 1628	6.99, 1628	52	3.49, 5814
27	2.01, 1682	6.86, 1682	54	3.43, 0841
28	1.89, 1956	6.74, 1956	56	3.37, 0978
29	1.78, 1382	6.63, 1382	58	3.31, 5691
30	1.67, 9036	6.52, 9036	60	3.26, 4518
31	1.58, 4116	6.43, 4116	62	3.21, 7058
32	1.49, 5916	6.34, 5916	64	3.17, 2958
33	1.41, 3816	6.26, 3816	66	3.13, 1908
34	1.33, 7270	6.18, 7270	68	3.09, 3635
35	1.26, 5796	6.11, 5796	70	3.05, 7898
36	1.19, 8960	6.04, 8960	72	3.02, 4480
37	1.13, 6382	5.98, 6382	74	2.99, 3191
38	1.07, 7716	5.92, 7716	76	2.96, 3858
39	1.02, 2652	5.87, 2652	78	2.93, 6326
40	0.97, 0916	5.82, 0916	80	2.91, 0458
41	0.92, 2254	5.77, 2254	82	2.88, 6127
42	0.87, 6440	5.72, 6440	84	2.86, 3220
43	0.83, 3270	5.68, 3270	86	2.84, 1635
44	0.79, 2554	5.64, 2554	88	2.82, 1277
45	0.75, 4124	5.60, 4124	90	2.80, 2062
46	0.71, 7820	5.56, 7820	92	2.78, 3910
47	0.68, 3504	5.53, 3504	94	2.76, 6752
48	0.65, 1044	5.50, 1044	96	2.75, 0522
49	0.62, 0320	5.47, 0320	98	2.73, 5160
50	0.59, 1220	5.44, 1220	100	2.72, 0610

Interest at 3.70 per cent.

Duration of Loan.	Annual Sinking Fund.	Total Amount of Annuity.	Half yearly instalments.	
			Number.	Amount.
	\$ c m.	\$ c m.		\$ c m.
50 years.	0.70, 4332	5.00, 0000	100	2.50, 0000

Table 2.—Anticipatory payment in full on a loan of 100 Dollars.

Interest at 4½ per centum for a 50 years loan.

Years expired.	Years to run.	Product of the Sinking Fund.				Amount remain- ing due after each yearly instalment.	Indemnity 3 p. 0/10 allowed to Society on the sum paid beforehand.	Total amount to pay by the system of anticipatory payment.
		At the rate of \$0.59, 1220 yearly.	Interest coming due 4½ p. 0/10.	Total amount reimbursed the borrower.				
1	49	\$ c. m. 0.59, 1220	\$ c. m. 0.00, 6282	\$ c. m. 0.59, 7502	\$ c. m. 99.40, 2498	\$ c. m. 2.98, 2075	\$ c. m. 102.38, 4573	
2	48	1.18, 2540	0.03, 8227	1.22, 0667	98.77, 9333	2.96, 3380	101.74, 2713	
3	47	1.77, 3660	0.09, 6938	1.87, 0598	98.12, 9402	2.94, 8882	101.07, 3284	
4	46	2.36, 4880	0.18, 3565	2.54, 8445	97.45, 1555	2.92, 3347	100.37, 5102	
5	45	2.95, 6100	0.29, 9306	3.25, 5406	96.74, 4594	2.90, 2338	99.64, 6932	
6	44	3.54, 7320	0.44, 5412	3.99, 2732	96.00, 7268	2.88, 0219	98.88, 7487	
7	43	4.13, 8540	0.62, 3188	4.76, 1728	95.23, 8272	2.85, 7148	98.09, 5420	
8	42	4.72, 9760	0.83, 3994	5.56, 3754	94.43, 6246	2.83, 3087	97.26, 9333	
9	41	5.32, 0980	1.07, 9248	6.40, 0228	93.59, 9722	2.80, 7992	96.40, 7714	
10	40	5.91, 2200	1.36, 0429	7.27, 2629	92.72, 7371	2.78, 1821	95.50, 9192	
11	39	6.50, 3420	1.67, 9081	8.18, 2501	91.81, 7499	2.75, 4825	94.57, 2024	
12	38	7.09, 4640	2.03, 6814	9.13, 1454	90.86, 8546	2.72, 6056	93.59, 4602	
13	37	7.68, 5860	2.43, 5306	10.12, 1166	89.87, 8834	2.69, 6365	92.57, 5199	
14	36	8.27, 7080	2.87, 6308	11.15, 3388	88.84, 6612	2.66, 5398	91.51, 2016	
15	35	8.86, 8300	3.36, 1646	12.22, 9946	87.77, 0054	2.63, 3102	90.40, 3156	
16	34	9.45, 9520	3.89, 3223	13.35, 2743	86.64, 7257	2.59, 9418	89.24, 6675	
17	33	10.05, 0740	4.47, 3026	14.52, 3766	85.47, 6234	2.56, 4287	88.04, 0521	
18	32	10.64, 1960	5.10, 3126	15.74, 5086	84.25, 4914	2.52, 7647	86.78, 2561	
19	31	11.23, 3180	5.78, 5684	17.01, 8864	82.98, 1136	2.48, 9434	85.47, 0570	
20	30	11.82, 4400	6.52, 2952	18.34, 7352	81.65, 2648	2.44, 9379	84.10, 2227	

81 12.41, 5620 7.31, 7282 19.73, 2901 80.26, 7099 2.40, 8013 82.67, 5112
 90 1.12, 5201 19.73, 2901 78.89, 2039 2.36, 4661 81.18, 0700

21	29	12.41, 5620	7.31, 7282	19.73, 2901	80.26, 7099	2.40, 8013	82.67, 5112
22	28	13.00, 6840	8.17, 1121	21.17, 7861	78.82, 2039	2.36, 4661	81.18, 6700
23	27	13.59, 8060	9.08, 7030	22.68, 5990	77.31, 4910	2.31, 9447	79.63, 4357
24	26	14.18, 9280	10.06, 7672	24.25, 6952	75.74, 3048	2.27, 2291	78.01, 5339
25	25	14.78, 0500	11.11, 5827	25.89, 6327	74.10, 3673	2.23, 3110	76.32, 6783
26	24	15.37, 1720	12.23, 4397	27.60, 6117	72.30, 3883	2.17, 1816	74.56, 5699
27	23	15.96, 2940	13.42, 6405	29.38, 9345	70.61, 0655	2.11, 8320	72.72, 8975
28	22	16.55, 4160	14.69, 5005	31.24, 9165	68.75, 0835	2.06, 2525	70.81, 3360
29	21	17.14, 5380	16.04, 3487	33.18, 8807	66.81, 1133	2.00, 4334	68.81, 5467
30	20	17.73, 6600	17.47, 5282	35.21, 1882	64.78, 8118	1.94, 3644	66.73, 1762
31	19	18.32, 7820	18.99, 3969	37.32, 1789	62.67, 8211	1.88, 0346	64.55, 8557
32	18	18.91, 9040	20.60, 3280	39.52, 2320	60.47, 7680	1.81, 4330	62.29, 2010
33	17	19.51, 0260	22.30, 7108	41.81, 7368	58.18, 2632	1.74, 5479	59.92, 8111
34	16	20.10, 1480	24.10, 9511	44.21, 0991	55.78, 9009	1.67, 3670	57.46, 2679
35	15	20.69, 2700	26.01, 4723	46.70, 7423	53.23, 2577	1.59, 8777	54.89, 1354
36	14	21.28, 3920	28.02, 7162	49.31, 1083	50.68, 8918	1.52, 0668	52.20, 9586
37	13	21.87, 5140	30.15, 1431	52.02, 6571	47.97, 3429	1.43, 9203	49.41, 2632
38	12	22.46, 6360	32.39, 2336	54.85, 8636	45.14, 1304	1.35, 4239	46.49, 5543
39	11	22.05, 7580	34.75, 4884	57.81, 2464	42.18, 7536	1.26, 5626	43.45, 3162
40	10	23.04, 8800	37.24, 4301	60.89, 3101	39.10, 0899	1.17, 3207	40.28, 0106
41	9	24.24, 0020	39.85, 6036	64.10, 6056	35.89, 3944	1.07, 6818	36.97, 0762
42	8	24.83, 1240	42.62, 5773	67.45, 7013	32.54, 2987	0.97, 6289	33.51, 9276
43	7	25.42, 2460	45.52, 9439	70.95, 1809	29.04, 8101	0.87, 1443	29.91, 9544
44	6	26.01, 3680	48.58, 3216	74.59, 6806	25.49, 5104	0.76, 2093	26.16, 5197
45	5	26.60, 4900	51.79, 3551	78.39, 8451	21.60, 1549	0.64, 8046	22.24, 9595
46	4	27.19, 6120	55.16, 7169	82.36, 3289	17.63, 6711	0.52, 9101	18.16, 5812
47	3	27.78, 7340	58.71, 1083	86.49, 8123	13.50, 1577	0.40, 5047	13.90, 6624
48	2	28.37, 8560	62.43, 2607	90.81, 1167	9.18, 8833	0.27, 5665	9.46, 4498
49	1	28.96, 9780	66.38, 9370	95.39, 9150	4.69, 0850	0.14, 0725	4.83, 1575
50	0	29.56, 1009	70.43, 9000	100.00, 0000	*	*	*

20 | 30 | 11.82, 4400 | 6.52, 2952 | 18.34, 7352 | 81.65, 2648 | 2.44, 9579 | 84.10, 2227

TABLES OF SINKING FUND.

No. 3.

Anticipatory payment in part, on a loan of 100 dollars,

With a proportionate reduction of the annuity on loans from 20 to 50 years.

Loans at $4\frac{1}{4}$ per cent. interest.

Years to run.	Sum to be paid in for capital and indemnity 3 per cent.	Sum to be deducted from the first annuity.	Years to run.	Sum to be paid in for capital and indemnity 3 per cent.	Sum to be deducted from the first annuity.
		\$ c. m.			\$ c. m.
49	103.00	5.47, 0320	24	103.00	7.28, 7322
48		5.50, 1044	23		7.45, 6206
47		5.53, 3504	22		7.64, 1676
46		5.56, 7820	21		7.84, 6114
45		5.60, 4124	20		8.07, 2374
44		5.64, 2554			
43		5.68, 3270	19		8.32, 3912
42		5.72, 6440	18		8.60, 4950
41		5.77, 2254	17		8.92, 0708
40		5.82, 0916	16		9.27, 7706
			15	103.00	9.68, 4200
39	103.00	5.87, 2652	14	103.00	10.15, 0812
38		5.92, 7716	13		10.69, 1422
37		5.98, 6382	12		11.32, 4544
36		6.04, 8960	11		12.07, 5420
35		6.11, 5796	10		12.97, 9386
34		6.18, 7270			
33		6.26, 3816	9		14.08, 7484
32		6.34, 5916	8		15.47, 6280
31		6.43, 4116	7		17.26, 6080
30		6.52, 9036	6		19.65, 7402
			5	103.00	23.01, 1174
29	103.00	6.63, 1382	4	103.00	28.04, 9246
28		6.74, 1956	3		36.45, 5934
27		6.86, 1682	2		53.28, 4184
26		6.99, 1628	1		103.79, 8672
25		7.13, 3028	0		0.....

TABLE OF CONTENTS.

	PAGE.
CHAPTER 1.—The plan of the St. Hyacinthe Convention..	1
“ 2.—The advisability of establishing a B. de “Crédit Foncier” upon a solid basis....	6
“ 3.—The nature of the organisation of the Bank..	13
“ 4.—The proposed Provincial Guarantee—Terms the Guarantee.	20
“ 5.—Government control.....	28
“ 6.—Interest, sinking fund and cost of management, their nature, and the conditions of loans.	34
“ 7.—Privileges to be granted to the Bank—Reform of the mortgage system.....	43
“ 8.—A general review of the working of the system in Europe.....	51
“ 9.—Conclusion. The practicability of the scheme as applied to Lower Canada, and the prin- ciple upon which it should be applied...	57

APPENDIX.

1.—Table of Sinking Fund.....	63
2.— do of Anticipatory payments in full.....	64
3.— do do do in part.....	66

