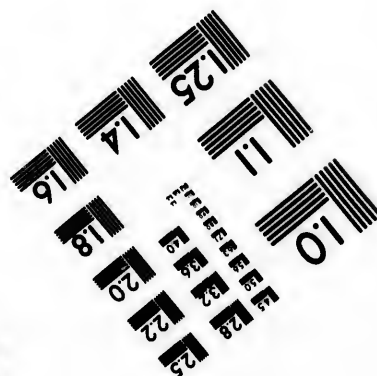
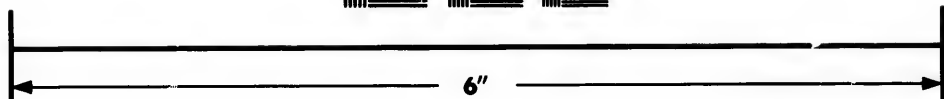
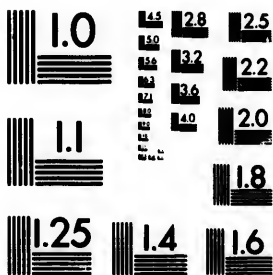


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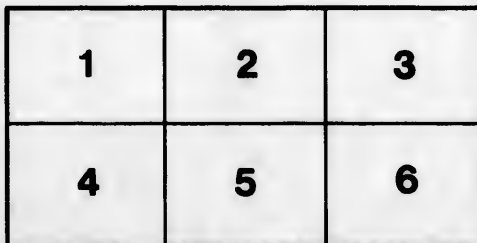
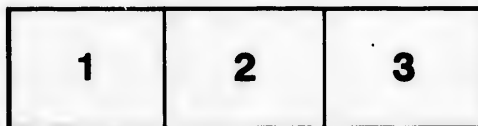
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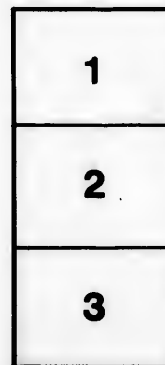
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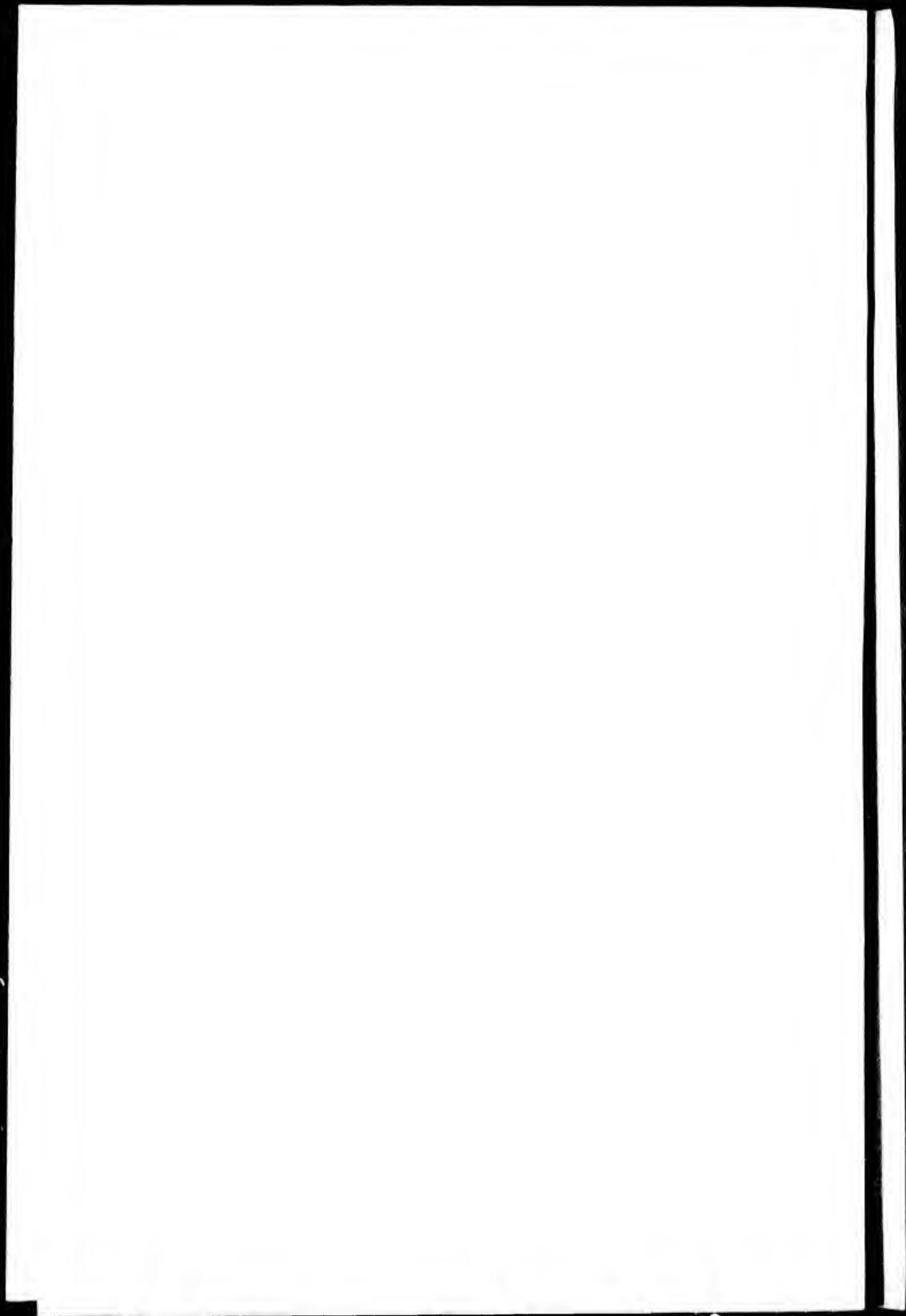
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THE QUESTION
OF THE
SEIGNIORIAL TENURE OF LOWER CANADA,
REDUCED TO A QUESTION
OF
LANDED CREDIT,

BY

A. KIERZKOWSKI,

ONE OF THE DIRECTORS OF THE LOWER CANADA AGRICULTURAL SOCIETY.



MONTREAL :

PRINTED BY JOHN LOVELL, AT HIS STEAM PRINTING ESTABLISHMENT, ST. NICHOLAS STREET.

1852.

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*To Messrs. the President and Directors of the Agricultural
Society of Lower Canada.*

GENTLEMEN AND COLLEAGUES.

The cause of agricultural progress, to which you devote both your observations and your labours, is impeded by an obstacle, which, so long as it is not removed, will render your efforts for the most part fruitless. The absence of capital, of which farmers might dispose, is the obstacle to which I allude. As is shewn in the following pages, the rotation of crops, the use of manure, drainage, artificial meadows, &c., &c., although undoubtedly great improvements and excellent things in themselves, will always be for the majority of the Canadian farmers, theories of a difficult application, so long as the pecuniary means are wanting, for the outlay which such improvements render necessary.

I felt this, even before I took a share in your labours.

Another question, which to Canada is of equal importance to the improvement of agriculture, and which has taken a still stronger hold of the public mind, has been discussed with great violence for several years past, and does not appear to have made any important advance towards a desirable solution; the want of capital which paralyses agriculture, proving also an obstacle to any progress in this direction.

In the present state of opinion in Canada, the Seigniorial Tenure can no longer subsist. We have now reached that point when it is the mutual interest of the Seigniors and of the Censitaires to bring the question to a final adjustment.

This has been for a long time admitted by every one; but

what progress has the question of the abolition of the Seigniorial Tenure made since it has been agitated, or what progress is it likely to make hereafter, so long as the eternal obstacle, caused by the want of capital with which to redeem the Seigniorial dues, has not been removed?

I willingly leave to others the task of pointing out, with more or less impartiality or passion, the evil consequences flowing from the Seigniorial Tenure. I say, like every one, let us do away with it, and my attention is exclusively directed to the means which are proper and necessary to secure the object.

The question being considered in the light I view it myself, there will be found, in the observations which I submit to the public, neither that selfishness which perhaps still influences the inmates of some old *Manoir*, nor the invidious declamation of some of those who have pursued the abolition of the Tenure, nor, on the other hand, can they be attributed to a seeking after popularity which has actuated others. I am altogether free from the passions which have mixed themselves up with this important question.

Justice is not circumscribed by the limits of any state or country, but belongs to all. The cause of justice and progress I admire and endeavour to further as well in the land which has given me protection for the last ten years, as I did in my own sacred and unfortunate country where I defended it at the price of exile.

I have thought, Gentlemen, that I could serve this cause of progress to which we have directed our common labours, by that experience which is only acquired by the person who has intimately associated himself with the life itself of the different nations, which he becomes in consequence enabled to compare with regard to their social and political condition. I flatter myself that I offer to the equally exalted and important question

of renovating the social condition of nearly all the inhabitants of this Lower Province—a mode of solution which, at the same time that it conciliates jarring interests, can operate without violating the laws of justice.

Agriculture alone, however great its importance may be, would perhaps have failed for a long time in drawing the attention of the public to those powerful means of regeneration, and in disposing it to receive favourably a plan as vast in its consequences and its results as that which I submit. But the Seigniorial Tenure, the abolition of which can no longer be delayed, would become a source of incalculable prosperity, should it be the means of bringing those powerful means of regeneration into play.

The question of the abolition of the Seigniorial Tenure, considered with regard to the mode of solving it in the above light, ceases to be the cause of the Censitaires alone, and becomes the cause of all those interested in the welfare and prosperity of their country of all those who truly consider agriculture to be the most solid foundation of the wealth of a nation.

You, Messrs. the President and Directors, who direct your studies more especially to agriculture, will set a greater value than would many others on this new agent of agricultural progress, and I trust that, like myself, you will see that such an agent exists in the formation of Financial Institutions which place at the reach of the farmer capital and funds which he can return and reimburse with facility and ease. You can understand what vigorous impulse agriculture can receive from the establishment of such Institutions which the Seigniorial Tenure question is alone sufficiently powerful to create in this country. Agriculture indispensably requires this new source of strength, this new nerve; and if the abolition of the Seigniorial Tenure should be the cause of it, let us take advantage of it and thank God that an antiquated and *fated* institution should

serve to the rehabilitation of the rural population. From the greatest evil can thus result the greatest good and the Associations of Landed Credit, after causing the last signs of feodality in Canada to disappear, may long subsist for the advantage of agriculture.

Convinced, as I am, Messrs. the President and Directors, of your ardent wishes for the amelioration of the condition of the agricultural classes, of the zeal and disinterestedness which you carry in your labours, I have considered it an honour to submit my remarks to the public under your auspices. The call I make to all serious men attached to their country to turn their attention towards the two important questions of Agriculture and the Seigniorial Tenure, will, I am satisfied, by being encouraged by you, partake of that patriotic ardour for which you are so distinguished.

I have the honour to be,

Messrs. the President and Directors,

With great respect your obedient servant,

A. KIERZKOWSKI.

ST. CHARLES, RIVIÈRE RICHELIEU, June, 1852.

THE QUESTION
OF THE
SEIGNIORIAL TENURE OF LOWER CANADA,
REDUCED TO A QUESTION OF
LANDED CREDIT.

Among the numerous political and commercial reforms, which the interests of the inhabitants of Lower Canada demand, few equal in interest, in importance and in urgency the reform of the old Seigniorial Laws.

The necessity of getting rid, as soon as possible, of this Seigniorial *Régime*, which exercises its baneful influence both on past, present and future, is felt by every one, and the urgency of reform in this direction is the greater, that time which, according to an old saying, has a cure for all evils, seems in this particular instance to have quite a contrary effect.

A great deal has been said and written in the way of enumerating the wrongs, the abuses and the obstacles in the way of general progress, of which this Tenure has been the principal cause; but those writings, for the most part, have only had the effect of giving a bold relief to the evils of this system, while some of them were mere recriminations, more proper to excite passion than to enlighten reason, and serve as a guide to the solution of the problem of the Reform of the Seigniorial Laws.

The following remarks are not embarrassed by those vexed questions, and the author considering only the principal and the most important part of the problem, that which relates to

the most convenient and the most practicable mode of obtaining the abolition of the Seigniorial laws, thought it unnecessary to give any attention to the questions which are now in dispute, such as the passing of a new law, the fixing of a uniform rate of rents, &c., in all Seigniories, the mode by which the *lods et ventes* should be paid, the question of *banalité*, &c., questions to which the real or pretended abuses, or incorrect interpretations of the law, have given rise after centuries, and the discussion of which will have no other effect than to cause precious moments to be lost, and to render more difficult a question already sufficiently intricate.

The author, addressing himself to all the inhabitants of Lower Canada, has had for object to be understood by all, and his remarks will be found to be concise and to the point.

The question of the Seigniorial Tenure is now fairly before the public; it has been taken up by Parliament at its last Session and by the Censitaires, whom the Convention of Delegates represent. But we want the help also of those who make political economy, public administration, and law their studies, for their experience and their learning would prove of great benefit to all those interested in the question.

But let every one remember that, in a question like the present, in which the points at issue affect interests to a certain degree diametrically opposed, we should avoid appealing to the passions, and guard against creating prejudices. But as it must sometimes happen that individuals, influenced for the most part by personal interest, popularity, or even hatred, should attempt to excite the minds and to create prejudices, it is the duty of all just and intelligent men not to allow themselves to be carried away by words, or by writings, the pretensions of which are unbounded, and which are often immoral as to their means of persuasion, though they may be pleasing to a great many.

Reason alone, supported by justice and equity, should pre-
side in all our public acts.

To those who should fear that I have viewed with too great partiality the bright side of this reform, and that I resemble many others who always deem the object of their studies the most important in the world, they may listen to me distrustfully, but, however, let them listen to me for the subject is far from being devoid of interest.

In this pamphlet, I intend shewing by what means the Seigniorial Tenure, far from being an embarrassment in the present state of the country, might become, on the contrary, a lever with which to give an impulse to agriculture, industry and commerce, and, in consequence, become a source of general prosperity to the mass of the population of Lower Canada; and no one doubts, that a rational and practicable solution of this question would not only prove a real benefit to the country, but would moreover entitle the statesmen, who would give their attention to it and divest it from the political passions which agitate the country in opposite directions, to public gratitude.

The author does not presume to enlighten their wisdom, but his object is to help all those whom a high public trust, or their own personal interests, oblige to take a part in it.

Most of the ideas which he expresses have already been realised in other countries—the original discovery does not belong to him, but he will deem himself happy, should he happen to succeed in this humble but less dangerous undertaking.

He only aims at compiling, classifying and indicating a system, the advantages of which have already been proved by long practice.

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 than it has been to the above mentioned countries.

There is no danger in this case, that we should be exposed to the shortcomings and errors to which newly broached theories often give rise to; we only copy a system which is in operation elsewhere, and the details of which have been tested by time. There is, in consequence, no occasion of fearing a hazardous innovation, and we are happy it is so, for fear in such cases is often well founded.

If the natural philosopher, or chemist, are at liberty to make and repeat experiments on inert matter, the legislator is bound to be more prudent, his operations are performed on a living body, and society bleeds at every unsuccessful attempt.

The question of the Associations of Landed Credit, and that of the old Seigniorial Laws, are two very distinct questions, but considered with reference to their application, and their naturalization in Canada, they are, in our humble opinion, so happily joined and combined, that we are perfectly convinced, that if they are considered in their proper view, they will render inevitable their natural and respective advantages; the Seigniorial Laws, which are still in force, will ensure the success of the Associations of Landed Credit, and the latter, in their turn, will be the means of redeeming in an easy and convenient manner the old servitudes or seigniorial rights.

But in order that Associations of this character should produce all their advantages of which they are susceptible, it is necessary that the hypothecary system in force in this country, should be, if not entirely remodelled, at least considerably modified; this system is one which professional as well as business men have pronounced to be extremely imperfect. As it exists in Canada, it meets with an unanimity of votes for its abolition, seldom to be met with. But in this case, again,

as in many others, the fear of hazardous innovations keeps us in *statu quo*, but at the risk of appearing prolix, we repeat, that by adopting principles already tested by experience, we cannot be exposed to the evil consequences of wild theories.

The imitation of a system, which is in operation in other countries, cannot be attended with the same dangers as the application of what is simply and purely a theory.

Now, as we have said, this system is in operation in different parts of Europe, as well with respect to mortgages as to landed property; and it has been recently introduced in France, and in Belgium, 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.

From the foregoing remarks, we are led to divide the subject, which we have undertaken to treat in three distinct chapters.

In the first chapter, we will glance at the defects in the hypothecary system in force in this country, and we will point out the inferiority of Landed Credit, compared to Commercial and Manufacturing Credit.

In the second Chapter, we will explain the nature of Institutions of Landed Credit, and we will show their salutary influence on the happiness and prosperity of the masses, and more particularly of the agricultural classes.

In the third Chapter, we will show what facilities the Institutions of Landed Credit would give to the Censitaires to commute the Seigniorial Dues, to which the Seigniors are still entitled in Lower Canada.

CHAPTER. I.

HYPOTHECARY SYSTEM.

What are the reasons which, changing and inverting the natural data of the problem, have placed Landed Credit in such inferiority, when considered relatively to Commercial and Industrial or Manufacturing Credit?

This is easily answered, and we have only to draw attention to the defective legislation which governs loans secured by mortgages, and to the nature itself of those loans, contracted in the present ordinary manner.

That the hypothecary laws are vicious and imperfect, is now considered an axiom among lawyers and professional men.

Therefore the true, the essential cause of the inferiority of hypothecary credit, is to be found in the want of real security, which investments, secured by mortgages, offer to capitalists, for it very often happens that the purchaser is not sure to be the proprietor, and the person who lends upon a mortgage is not sure of being paid.

We direct our attention at this moment, however, to the lender alone, and we say, that, however prudent and cautious he may be, he has reason to fear that hidden rights, the existence of which it is always difficult and sometimes impossible to discover, should turn up and endanger his capital.

Whatever security his mortgages may give him, he cannot be sure to be paid when the day of payment comes unless he has to deal with a man willing to pay, and every one knows that the number of them is small. Should the borrower show the least unwillingness, or should there be any embarrassment, however unimportant, in his affairs, the costs and the delays attending a Sheriff's sale cause an everlasting interval between

the stipulated day of payment and the effective realization of the security. Hence arises a mistrust and feeling of insecurity which are expressed by the increased rate of interest. The want of punctuality in the payment of the interest is then to be added to the want of punctuality in the payment of the capital. This neglect, which is often the necessary cause of the debtor's affairs being embarrassed, has now become a habit with the most solvent debtors. The capitalist finds in it a new cause of mistrust, a new reason for increasing the rate of interest.

Capital returns with difficulty to the soil from which it originally came, and, without capital, how is it possible to give fertility to the soil, how can a vigorous impulse be given to agriculture? For this reason many persons in Europe have devoted their attention to the problem of bringing back capital to the soil on favourable conditions.

This social problem, as soon as it had acquired a certain degree of maturity, attracted immediately the general attention for the reasons above stated.

Two modes of solution, very different in their nature and their consequences, offered themselves.

Some sought to *mobilise* immovable property, others were satisfied with what they called *mobilisation* of Landed Credit.

To mobilise immovable property, that is to say, to render it as easy and convenient an article of commerce as movables which pass from one person to another, is a dangerous undertaking. In such a system, the ideas as well as the words themselves are contradictory—the thing is impossible.

Immovable property has its peculiar features, which cannot be considered apart from it; it will never have the legal nor the economical advantages of movable property.

The soil is productive *sui generis*: capital becomes incorporated with it, but of itself it can never become capital, and in fact what advantage would there be if it did?

In the second system, the mobilisation of Landed Credit, it is only sought to procure to landed property on account of the value of its security, capital at a low rate, and on conditions which may allow it to be turned to advantage to the improvement of the soil.

Three points are here to be considered :--1st. The conditions of the contract between the borrower and the lender. 2nd. The mechanism of the operation. 3rd. The security offered by the borrower to the lender.

The last point is the principal one, for the favour of the terms will be in proportion to the value of the security given, and *vice versa*. Let us therefore consider the security offered by immovable property.

Here the system of *droits réels* (rights founded on immovable property,) inappropriately called the hypothecary system, there being other real rights than those enjoyed by hypothecary creditors, reverts to the mind.

This system is imperfect, since by it the speciality and the publicity of mortgages exist but in an imperfect manner.

General mortgages are admitted : legal *hypothèques* produce in part their effect without enregistration, and fully without speciality.

Among those who have endeavoured to procure to the soil the support of capital, some submitted themselves, however, reluctantly to this disadvantage ; they proposed to establish institutions which would take upon themselves the risk of the system.

There is something plausible, and even correct, in this operation, which consists in dividing, as is the case in Assurance Companies, the individual risk on an Association more or less numerous. But in that case it becomes necessary that a premium of Insurance should be paid by the landed proprietor, and consequently loans at a low rate of interest become impos-

sible. Such a system endangers the success of the institution. For the premium is either very low, and in that case the whole system will tumble down, for it rests on a hollow foundation ; or it is large, and in that case its effects on Landed Credit are injurious.

But it must be considered that if we must submit to evils which human foresight cannot prevent, and accidents at sea, hail and fire are evils belonging to that class, the case is very different when the evil arises from a defective legislation, which it is in the power of the legislator to improve.

But the Associations of Landed Credit of Poland and Germany are conducted on very different principles. To place landed credit on a new basis, to make it share in the advantages of public credit, and by that means to draw it from that inferiority in which it stands when compared to Commercial Credit, to provide capital to those who are in want of it, and to furnish them with an easy and convenient mode of investment, such is the object they proposed to themselves, and this object, we must say, they have completely attained.

Why should not Canada embrace such a system, and, moreover, what prevents it from obtaining foreign capital? All that is wanting or necessary is to establish a good hypothecary system, and to give a more simple form to investments on immovable property.

It is clear that the defects in the hypothecary system are the cause of the increase of the *premium of assurance* which must be added to the rent or sum paid for the use of capital, for the first is in proportion to the risk run by the lender, and the second to the profits he could make on the money lent, did he retain it. These vices in the legislation thus prevent the establishment of Institutions of Landed Credit, which are founded with no view of profit or speculation, and which are always secure from loss, because they never can realise any profits.

But the attempts made in France to this day, with the view of benefiting landed proprietors, and which have proved unsuccessful, might create an unfavourable impression on those who are not familiar with the mode of operation of Institutions of Landed Credit.

If the *Banque Territoriale* and the *Caisse Hypothécaire* in France have failed, it is owing to the incorrect and incomplete application of the principle of the *mobilisation* of landed credit; they have failed because they have endeavoured to convert immovable property into a medium of exchange of the nature of coin, instead of making a consolidated rent of immovable property.

The principle of the Institutions of Landed Credit is very different from that of those institutions, which can only be remembered with regret.

To this day the loans on mortgages have been viewed unfavourably, because it was endeavoured to assimilate them to commercial loans. In order that they should be considered at their proper value, it is first necessary that they should fall into their natural condition.

Agricultural industry absorbs entirely the whole of the capital invested in it, and it is only by means of small instalments at distant intervals, but instalments which are paid regularly, and which we might call continual, that it causes this capital to return.

Therefore, if you oblige the proprietor to pay the whole amount of the loan at a fixed period, and at a short delay, it will be with good cause that he will give up all ideas of improving his land, for, in order to do so, it is required that he should have a long delay and great facilities and advantages for the payment.

The ameliorations introduced in agriculture, such as the clearing of wild lands, the drainage of marshes, and the forma-

tion of artificial meadows, eat up, so to speak, the capital employed to further and increase the natural fertility of the soil.

There will not be found here any of those rapid transformations of capital which give such activity to commercial transactions; the profits which in this case are more certain than those of the manufacturing enterprises seldom reach the rate of the latter.

In consequence, the rate of interest which merchants can pay without inconvenience, would crush landed proprietors, and the returning of the capital, which is easy to the merchant or the manufacturer, is but too frequently a cause of ruin for the landed proprietor.

But let us suppose the same conditions on which Government obtains credit to be given to the landed proprietor, that he borrows with a distant term of payment, at a low rate of interest, and that he only repays the capital by successive fractions by means of a moderate sinking fund *amortissement*; then would the capital, which runs exclusively into the channel of commerce, and very often is lost in unproductive speculations, contribute to give fertility to the soil and rapidly cause the rate of interest to lower; then, and in that case, Canada could produce as cheap as the neighbouring countries, and could wage with them a successful industrial war.

To pretend giving to Landed Credit the advantages enjoyed by commercial credit is not a *utopia*—far from it. The actual superiority of the former over the latter should be better understood.

Does not the soil offer the best security that can be had? And does not the very regularity in the profits of agriculture furnish a certainty of the regular payment of interest.

The moral security offered by Government itself, is not greater than the real security offered by immovable property, and as to the entire and immediate payment of the capital Government never obliges itself to it.

A combination as simple as it is rational, will be sufficient to render the engagement of the landed proprietor as secure and as strong as any security, whatever it may be.

The exact payment of interest.

The security of the investment.

The facility of the transfers.

The voluntary division of capital.

All those advantages are found in Institutions of Landed Credit.

But in order that these institutions should have a chance of success, a reform in the hypothecary system is necessary; but it is an important undertaking and one which demands that much time should be devoted to it, and which may meet with many obstacles and be long delayed.

On the other hand, the laws on the subject of immovable property in Lower Canada, require an immediate reform with regard to its present situation.

In the meantime, and until the hypothecary system is modified, it would be desirable to make special enactments in favour of the institutions, the introduction of which in this country we are advocating.

These enactments are few in number, and they relate to the publicity of hidden claims and to the sanction which should be given by law to these institutions for the purpose of ensuring the exact fulfilment of the obligations contracted by the proprietors in their favour.

The legal and undetermined *hypothèques* are at the present day one of the most serious obstacles to the development of Landed Credit. The legislator has discovered one way, the *purge*, to make them appear at the time of the sale of the immovable property. The same advantage should be extended to Associations of Landed Credit, which would thus be enabled

to know exactly the value of the security offered, and to determine the amount of the monies to be lent on the same.

The *purge* of legal *hypotheques* is attended with costs and formalities which it would be necessary to diminish and simplify.

Some will say, "why not in the same manner allow the *purge* on contracts of loan, rather than make it an exclusive privilege in favour of the Associations of Landed Credit." We say in answer that the respect due to the rights of the *incapables* would prevent this being done. When the question is as to a loan of a particular nature, which is to affect at most, and in favour of a society established by law in this Province, one fourth part of the immovable property of the tutor or of the husband, and which necessitates the annual payment of small sums without exposing to the total payment of the capital, the want of registration in favour of the minor or of the husband, cannot prove to them as injurious as if it was sought to mortgage at their prejudice the whole of the property on which their recourse is to be exercised.

A due regard to public interest renders necessary a measure which the *incapables* could not find fault with, and which could not be to them an occasion of serious loss. Let us therefore use transitory means, and let us guard from trespassing on the general domain of laws, in a case like this in which it is only sought to place on a secure and solid foundation an institution which is to save immovable property in Canada.

The same will be said as to the mode in which the contract is to be executed. One will easily understand that in the case of an ordinary loan, in which the borrower must pay at a short date the whole of the capital, which to him is often impossible, however well disposed he may be to do so, the legislator has thought it proper to give him delay which sometimes is endless, to moderate the progress of the sale, and to delegate

to the Judge great powers with regard to the interpretation of the laws.

Certainly it must be admitted that Landed Credit has been much injured by those pretended favours showered on immovable property, and which necessarily cause an increase in the rate of interest for the premium, for the risk run increases and swells the amount of the sum paid for the use of the money.

The exactitude and the security of the execution on the one hand, and the delays and dangers attending the execution on the other, such is one of the principal causes of the great difference placed between commercial and Landed Credit, to the great injury of the latter, which is thus deprived, on account of a defect in form, of the natural superiority over the former, which the imperishable nature of the security should secure to it.

But from the moment that Institutions of Landed Credit are introduced, the question appears in a very different light. The proprietor, no longer threatened by the necessity of the payment of the whole of the capital at a fixed period, is merely bound to pay regularly small annual instalments, which we can fix at most at 8 per cent. the interest, the sinking fund, *amortissements*, and all the other costs included, and which only affect one fourth of the value of property. To oblige the landed proprietor to be strictly exact in his payments is doing him service, and, at the same time, it is giving to Landed Credit that which it lacks at this moment, that is to say, that mathematical regularity from which commercial Credit derives so many advantages.

It would therefore become necessary to give to the Society, as it has been done elsewhere, all the rights of action which would be necessary to secure the regular payment of the instalments.

The delay in paying those instalments can never be consid-

erable, if care be taken to fix the period of those payments at two or three months before the time of the payment of the interest and of the successive obligations above mentioned—and it will be very seldom that it shall be necessary to have recourse, even in a temporary manner, to stringent steps against debtors in arrear.

By this system, the sale always caused by the impossibility of paying up the capital, and never by a protracted neglect in paying the interest, becomes a threat which the Institution is seldom obliged to execute ; but if this should become necessary, then the delays attending the present proceedings must be changed, and a prompt and unexpensive execution must be secured to the Association, which would be the case if the power should be given to the Association of proceeding to the sale *par voie parée*, which consists in a stipulation to the effect that, should the contract in its favour not be fulfilled, it may cause the property mortgaged to be sold without being bound to comply with and follow the formalities prescribed in the case of a seizure of immovable property.

Vested with such powers, the Institution of Landed Credit would work with ease, with a regularity which would entitle it to the confidence of capitalists, and would clear landed property in the Province from old debts and from the Seigniorial Dues.

Such powers should be granted to an Institution of this kind without hesitation, because there is no question here of a speculation for the advantage of shareholders, who try to make large profits, but it is a guarantee in favour of the borrowers themselves, who will profit by the terms of the loan being made still more favourable.

The possibility of thus discovering hidden rights on a mortgaged property would secure the Society from any mistake, and the exactitude in the performance of the obligations contracted,

protected by the salutary coercion of a prompt and expeditious execution, would place private credit on a level with public credit.

By this system, the happy interposition of the Institution of Landed Credit between the proprietor who would borrow, and the capitalist who would lend, would improve the condition of both.

The proprietor would see the rate of interest diminish on account of the security offered. He would have his choice between the whole number of capitalists instead of having to deal with one particular isolated lender, who imposes on him his conditions, and would, in consequence, be secured from any exaction. Instead of keeping inactive, or depositing in an unsafe place the sums destined to pay up the capital, and to meet the maturity of the obligation, he would pay off annually and insensibly a part of his debt and enjoy the powerful advantages arising from compound interest which would operate in his favour, and bring nearer the day of a complete liberation.

Besides, as will be seen afterwards, the borrower retains the power to liberate himself, either partially or totally, before the period of maturity, according to the means he has acquired. Being a free and voluntary contributor to the Society of Landed Credit, he gets into the habit of discharging, with punctuality, the annual instalments which he pays to this Central Bank.

The creditor, on the other hand, transacts only with the Bank, which, instead of giving him a mere hypothecary contract which is of difficult and expensive realization, delivers to him a real inscription of territorial rent which bears interest payable regularly, and he is assured of a reimbursement in full of his capital at par.

This new Institution would therefore unite all the advantages to be found scattered in the different modes of investments.

We have, we believe, sufficiently explained the most striking points of the defects in the hypothecary system, without going into minute details which the plan of this pamphlet does not admit of, and of which besides the development belongs to professional men and lawyers; we have also sought to point out the causes of the inferiority of Landed Credit, which are a consequence of the defects in the hypothecary system, and after having made a few remarks beforehand, and furnished a few data by which its present condition might be improved, we will pass to the second Chapter, the object of which is the description and the constitution of Societies of Landed Credit, and their beneficial influence on landed property and on the agricultural classes.

CHAPTER II.

INSTITUTIONS OF LANDED CREDIT.—THEIR ORIGIN.

The first Institution of Landed Credit, established in Germany, was that of Silesia, and it dates from 1770.

We see them afterwards introduced in :

<i>La Marche de Brandebourg</i>	in 1777.
In Pomerania.....	in 1781.
At Hamburg.....	in 1782.
In Western Prussia.....	in 1787.
“ Eastern Prussia.....	in 1788.
“ the principality of Lunebourg.....	in 1791.
“ Esthonia and Livonia.....	in 1803.
“ Schleswig and Holstein.....	in 1811.
“ Mecklenbourg.....	in 1818.
“ the grand duchy of Posen.....	in 1822.
“ the Kingdom of Poland.....	in 1825.
“ the principalities of Kalenberg, Grubenhagen and Hildesheim.....	in 1825.
“ the duchies of Bremen and Verden.....	in 1826.
“ the kingdom of Bavaria.....	in 1826.
“ the kingdom of Wurtemberg.....	in 1827.
“ the electorate of Hesse-Cassel.....	in 1832.
“ Westphalia.....	in 1832.
“ Galicia (Austria).....	in 1841.
“ Hanover.....	in 1842.
“ the kingdom of Saxony.....	in 1844.
“ the kingdom of Belgium.....	in 1852.
“ France, in March last.....	in 1852.

This table, which shows the slow but uninterrupted progress of those institutions, is a strong proof of their usefulness.

In Great Britain and Ireland no Institutions of Landed Credit, properly so called, exist. The banks in England, as well as those in Ireland and Scotland, advance money to agriculturists, manufacturers and merchants, but the principal object of these institutions is to benefit private and agricultural credit.

The English government has granted large sums to be em-

ployed in improving the cultivation of the soil, and more especially for drainage.

HISTORY OF THE INSTITUTIONS OF LANDED CREDIT.

After the peace of 1763, Frederic the Great, king of Prussia, with a view of improving the miserable condition of the Silesian proprietors, whose debts were enormous, and who were daily threatened with the sale of their lands at the suit of their creditors, by an edict of mercy, gave them a delay of three years for the payments then due and exigible. This measure of course was a total disregard of the interests of the creditors, but no other plan at first offered itself to that Prince.

The necessary effect of such a measure was that it should ruin, and in fact it did ruin, the private credit of all those who took advantage of it.

Capital was altogether withdrawn from the soil—usury alone remained to hasten its fall.

Some proprietors borrowed at ten per cent., and apart from this perpetual interest had to pay 2 or 3 per cent. premium. It was under those circumstances, and in order to stop those disastrous effects, that Frederic the II, on the proposition of a merchant of Berlin, named Kaufmann Buring, adopted the idea of Collective Credit by means of intermediary agents.

This Silesian association, which at first was very imperfect, was improved in course of time, and greatly ameliorated by the most important reform of all, the payment of the debt by means of a sinking fund.

The Society of Landed Credit of Poland has nearly the same origin as that of Silesia. It was established for the purpose of clearing the landed property of the mortgages which had accumulated on it, in the Grand Duchy of Varsovy, in consequence of the wars of the French Empire.

But in most of the German states, the Associations of Landed

Credit had a different origin. In Hanover, the institute of Hypothecary Credit of the Duchy of Lunebourg, established at Zelle in 1791, was founded with the view of providing proprietors with capital at a low rate of interest, and to apply to the liquidation of debts, the system of sinking funds imported from Great Britain, both countries at that time being governed by the same sovereign.

Another Hanoverian Association, that of Landed Credit, for the whole kingdom, founded in 1842, took the place of the establishment which had been founded for the redemption of tithes, servitudes, &c., &c.

This institution, after having cleared the land of the seigniorial or fental *charges*, has provided the capital necessary for its cultivation and for its other wants.

Such also is the origin of the Caisse of Territorial Credit of the electorate of Hesse-Cassel, founded in 1832.

In the other states of Germany, but especially in France and in Belgium, advantage has been taken of the successful experiments and trials made in Prussia, Poland and Hanover, to establish similar institutions in which new combinations were introduced.

MECHANISM AND FUNDAMENTAL PRINCIPLES OF THE INSTITUTIONS OF LANDED CREDIT.

The institutions which are not under the direction of government are formed by a society of proprietors or by an association of capitalists.

In the first case, they are loan agencies which, in exchange of hypothecary contracts, issue bonds, the negotiations of which cost nothing, and which bear small interest, and are payable every six months by shares.

In the second case, they are created for the advantage of the borrowers, by means of a banking organisation combined with

the operations of hypothecary loans. Such is the Bank of Bavaria, the German associations for the most part belong to the first class.

ENTRANCE IN THE ASSOCIATION.

So long as the proprietor has not borrowed, it is optional for him to become a member of the association or not, but this option ceases the moment the loan is made.

Eastern Prussia is an exception to this Rule. Every proprietor is a member of the association. In consequence, he can claim as a right his share of credit.

DEMAND OF CREDIT.

Whoever wants to borrow is bound to present to the Director of the Association the certificate of the mortgages on his property which have been registered. The valuation of the property is then made.

VALUATION.

In order to arrive to as correct and impartial a valuation as possible, distinct and different principles of valuation have been established for each District, and these principles agree with the distinctive character of the locality. As a general rule, no consideration is paid to floating and variable elements of property, such as *Cheptel*, utensils, &c.

Loans are obtained with more difficulty on buildings than on landed property.

OPENING OF ACCOUNT.

When the average price of the immovable is once found, the Association grants to the borrower credit which usually does not exceed one-fourth, one-third, or at the very most half of the value of the immovable. In general, money is lent only on a first mortgage.

When a prior mortgage exists, it must be first cleared or converted into *lettres de gage*, if the creditor consent.

LETTRES DE GAGE.

In order to do this an hypothecary bond, called *lettre de gage*, (Phand Brièffe,) signed by the Director in the name of the Association, is given to the borrower.

In some countries *lettres de gage*, or hypothecary bonds, endorsed with the words "not convertible," cannot be negotiated. By these simple words the proprietor can guard against the consequences of a fraudulent substruction.

The *lettres de gage* give the privilege of summary execution. They are made payable to bearer.

Their nominal value varies from 20 to 2000 thalers, (75 to 7,500 francs).

Political changes influence them less than other negotiable paper. One of the most admirable effects of the Institution is, that, while it facilitates the buying and the selling of the bonds it has created, it very seldom gives an occasion to speculation.

The mode of issuing *lettres de gage* varies in the different countries. In some States the Association delivers those letters to the borrowers, who have to negotiate them themselves.

In others the reverse is preferred, that is to say, the Association places itself directly between the capitalist and the proprietor. It becomes the immediate creditor of the borrower; it gives to the lender the bond which represents his investments, and pays the interest accrued, and it attends to the payment of the capital by the debtor.

Nearly all the modern Societies have thought proper to adopt this latter system. It is certain that an Association constituted with all the guarantees imaginable, is in a better position to find capitalists disposed to change their specie for *lettres de gage* than private individuals.

It is for this reason that one of the Rules of the Bank of Bavaria is that, "all loans made by the Association are to be in cash," and we will show in the following chapter that it is not only the best mode applicable to Canada, but that it is the only one calculated to draw foreign capital in the Province.

LIBERATION.

The borrower liberates himself by an annual or semestrial instalment in which is included the interest, the cost of administration and the sum affected to the sinking fund which in Germany varies from one $\frac{1}{2}$ to 2 per cent.

He can also liberate himself by payments in account, which he can make either in cash or in bonds.

When one-fourth part of the debt is discharged, he can demand the partial radiation of the mortgage.

PAYMENT OF THE BONDS.

The payment of the bonds cannot be demanded by the lenders.

The experience of the dangers which simultaneous demands of payment have caused to the Institutions, has brought on this improvement in their statutes.

The bonds are paid, in general, by the *tirage au sort*, at the rate of the value of the stock paid up, or amount of sinking fund.

SECURITY.

Their security consists, apart from the immovable property mortgaged, and the other property of the debtor, in the mutual responsibility of all the members of the Society, and, in some countries, in the guarantee of the State, or that of the Provincial States.

But the precautionary measures prescribed by the Rules and

Statutes of the Institutions, as observed by the Directors, are so great that this recourse is never exercised. The right of the bearer in this respect is a dead letter, which serves only to increase the confidence inspired by the Bonds issued by the Society.

RIGHT OF THE BEARER.

In order to obtain the payment of the interest, the bearer does not call on the borrower himself personally; he is paid by the Association, whose duty it is to discharge it by means of the payment of the instalments due by the proprietors.

RIGHTS OF THE ASSOCIATION.

The Associations cannot force any of the members to refund the sums lent, so long as the interest is punctually paid, but as the exactitude of the operations and the maintenance of their credit depends on the regular payment of the interest, the Law gives the Associations the right of proceeding rigorously and summarily against debtors who fail to execute their obligations.

As soon as the term has expired, and a repeated request to pay has had no effect, the Association enters into possession of the property mortgaged, and cause a guardian to be named to it.

The seizure holds good until the debt in interest, capital, and costs is totally discharged, unless the Rules should order the sale of the property at a period fixed beforehand, or should give to the proprietor the right of liberating himself by farming his lands.

The Society besides is authorized to contract, in the name of the proprietor, a loan, secured on the immovable property seized in the interval, and until the period of the sale and the payment of the debt.

However, it would be unjust to enforce such strict rules,

when great misfortunes, which it is impossible to foresee or guard against, prevent the proprietor from paying regularly the instalments in arrear. In such a case, after notice has been given of the accident to the Directors, and an enquiry instituted, the latter, according to the circumstances, do not hesitate to grant to the debtors a further delay, and even advance further sums of money, in order to prevent the total ruin of the land in cultivation.

RESERVE FUND.

In order to meet accidents and unforeseen casualties, each Institution has a Reserve Fund. This Fund is composed of different elements, principally of a small proportional contribution paid once for all at the time of the loan. The reserve is placed in such a manner as to be available for use.

PRIVILEGE.

The Associations enjoy important privileges. In Bavaria the notes of the Society have a legal currency, but to a fixed amount, and with very wise precautions. These Institutions are exempted from all Registry Fees, from costs of Deeds, &c., &c. They are authorised to use as Bonds the Capital of Towns, of Tutorships, of Corporations, of Savings Banks, &c., &c.

HELP FROM THE STATE.

Besides most of these Institutions receive grants from Government.

In this way Frederick the II. advanced to the Silesian Association the sum of 300,000 thalers at 2 per cent., which, by means of an investment of 5 per cent., produced a nett profit of 3 per cent. On account of this grant, Mr. de Strœnsée, Minister of State, in his Treatise of Landed Credit, puts down

the rough profits made by the Associations at 69,650 francs, and the nett profit at 37,500 francs, yearly. In consequence, says he, "if the Berlin Bank continues to discount the large bonds, 10,000 francs will be sufficient to the Association to pay the small bonds which will be presented to it, which will allow it to place at least 26,000 francs, yearly, at compound interest, which in 20 years constitute a fund of 1,339,421 francs, and in 99 years, 38,278,190 francs."

Grants have also been made to the Associations of Galicia, Saxony and Posen.

ADMINISTRATION.

The direction of the Institutions of Landed Credit is usually composed of a Board of Directors, charged with the ordinary business of several clerks, and of a Committee which meets at certain times, of special Commissions in the different Districts in the Province, and finally of all the members of the Association.

Government keeps a very scrupulous watch over all the acts of the administration, but all the Institutions, of which the foregoing pages contain an analysis of the rules, have been founded by private industry.

Those founded and controlled by Government, such as the *Caisse*s of Hesse-Cassel, Denmark, and Belgium, are based upon a similar combination.

We will not allude to an establishment of this kind which exists in Prussia, and which is happily framed to work in connection with the Landed Associations of that country. It is the Royal Institution of Landed Credit, which was founded in 1835. The following is the object of that establishment:—

It had been observed that the proprietor members of the Association, when the half of their immovable property was

mortgaged on bonds, found difficulties to borrow new sums on favourable conditions.

It was in order to remedy this inconvenience, and to increase the credit of the farmers, that the Prussian Government organised a Bank, to which it made a grant of 1,125,000 francs. The mortgages which it gives, and which are secured by the guarantee of the State, extend to the third-part of the value of the immovable property, and take rank immediately after the Provincial Bonds.

Such are the general principles on which the different Associations of Landed Credit in Europe have been founded.

RESULTS OBTAINED FROM THE ASSOCIATIONS OF LANDED CREDIT.

If the Associations of Landed Credit cannot create capital, they at least caused it to circulate and produce a more even division of it, and induce foreign capitalists to invest in countries in which a want of it is felt.

Considered in this view, they have the effect of real circulating machines. Collective Credit can more easily than individual Credit diminish the evil consequences arising from a crisis, if it cannot altogether prevent it.

Wherever they are established, they clear property from mortgages, they provide to the soil instruments for its improvement, and they stop excessive division.

In Germany, as well as in certain parts of Poland, the lands of the agriculturists were encumbered with an immense quantity of feudal charges, as well real as personal in favour of the nobility. Since 1815, divers laws have authorised the redemption of the greater part of those incumbrances.

The Banks of Landed Credit have made this redemption possible and extremely easy, the payments being made at a distant term, and by means of small instalments.

These operations, though they are not yet completed, have,

nevertheless, already in general, freed the land, and the farmer, while he gets richer, has rendered the soil more productive.

We will now sum up the advantages which the Associations of Landed Credit offer as well to the borrower as the lender and to the countries in general, in which they are established.

First to the borrower :

1. They cause him to find capital without his being obliged to go to third parties.

2. They secure him from unforeseen demands of payment.

3. They furnish him the means of paying by small instalments.

4. By obliging him to pay regularly the interest, they inspire him with a system of order which becomes an advantage to his general habits, for the association indeed is inflexible, and should the debtor allow his instalments to run in arrears, the seizure follows immediately.

5. They give increased value to immovable property.

To the Lender :

1. They offer to him a secure investment and a regular payment of the interest.

2. They render unnecessary on his part any attention to the property mortgaged.

3. They save him the trouble of complicated proceedings, the bond being *titre paré*.

4. They save him the costs of brokerage and other sundry expenses, which always accompany the payment of the interest, the refunding and the investment of his capital, &c.

5. They allow him the facility of realising at all times his capital, by the facility of the transfer of the bonds which are always easily cashed.

Here is the general effect of these Institutions :

1. They diminish the general rate of interest paid for the use of money.

2. They are more efficacious in preventing usury than the most stringent laws with respect to it.

3. They place agriculture on the same footing with industry and commerce.

4. They turn capital in the direction of the soil, and prevent farmers from leaving the country.

5. They oppose to the cutting up and division of property, an efficient obstacle.

6. They render possible the conversion of old debts contracted with unfavourable conditions into a new debt with much more favourable conditions, and which give to the debtor the means of acquitting himself of the capital, by continuing, during a certain number of years, the payment of the instalment, which, under the operation of the old contract, would, at most, enable him to pay the interest, and would keep him saddled with the whole of the principal.

7. They render the production of agricultural products easier and cheaper, and without injuring agriculture ; they diminish, for the common advantage, the costs of the alimentary products.

CURRENCY OF THE BONDS.

In order to have a correct idea of the success of the Institutions of Landed Credit in Germany, it is interesting to be acquainted with the rates at which the bonds have been negotiated at different epochs, and more particularly during the period following the Revolution of February, 1848, in France, and during the agitations it had produced in all Germany.

The report of Mr. Royer, the inspector of agriculture in France, made by order of government in 1845, makes us acquainted with the rates of the different associations from 1808 to 1843, that is to say during three periods.

1. The period of depreciation caused by the wars with the French empire.

2. That of prosperity after the wars and before the conversion.

3. That which followed the conversion of the bonds, that is to say, the reduction of the interest at $3\frac{1}{2}$ per cent., and the suppression of the right which the creditor had of exacting the payment in full of the capital.

During the first period, the depression has been smaller than it was for the public funds and other stocks.

During the second, the bonds have in general been negotiated above par.

Finally, the conversion this capital measure adopted in 1839, has not had a material effect on the rates, and the bonds, after a momentary depression, have quickly risen above par.

In February, 1848, the French Revolution has depressed the value of all kinds of property ; in consequence, the average rate of bonds, bearing $3\frac{1}{2}$ per cent., was :

In Silesia and Pomerania, 93.

“ Western Prussia, 83.

“ Eastern Prussia, 96.

But in order to judge rightly of those rates, they must be compared to the rates of the other kinds of public property which had experienced a frightful fall since the 24th February, 1848.

The Prussian rents were quoted at an average of 63 p. cent.

The shares of the Prussian Bank at an “ “ 63 p. cent.

The Railroad shares from 30 to 90 per cent.

The comparison is therefore altogether favourable to the landed bonds, especially if regard be had, in the consideration of the rates of these landed bonds, to the different public loans which have successively been made in Prussia.

In 1850, the comparison can be made with as much advantage. For instance, while the public debt of Prussia ($3\frac{1}{2}$ per cent.) was at $86\frac{1}{2}$ (rate of the 30th April, 1850), the landed

bonds of the different Prussian bonds ($3\frac{1}{2}$ per cent.) were quoted at from 95 to $95\frac{3}{4}$ per cent; the landed bonds of Posen (4 per cent.) were negotiated last year at 102; those of Mecklenbourg at 103; and notwithstanding the opposition which the loan of 70 millions contracted at Hamburg after the fire of 1842, makes to the latter, they are eagerly sought for.

The amount of Landed Bonds in circulation by the principal Institutions of Landed Credit in Germany is another conclusive proof of the advantages which they procure to immovable property.

The preceding statements, and those that follow, have been collected by order of the French Government, and were published last year in the Report of Mr. Josseau.

COUNTRIES.	POPULATION.	YEARS.	AMOUNT OF CIRCULATION.
PRUSSIA.			
Provinces of:			
Silesia, Provincial Association.	3,065,809	1839	133,232,218 fr.
Silesia, Royal Institute.	"	1858	5,337,500
Brandebourg Provincial Association.	2,066,983	1837	44,537,339
Pomerania, do.	1,165,073	1837	55,602,844
Western Prussia do.	1,019,105	1837	38,836,359
Eastern do., do.	1,480,318	1837	42,164,250
Posnania, do.	1,364,399	1844	50,802,500
Westphalia, do.		Unknown	
OTHER STATES.			
Hanover, all the Associations together.	1,758,477	1844	34,000,000 about
Mecklenbourg, do.	624,477	1846	15,043,680
Saxony, do.	1,836,433	1846	3,750,188
Bavaria do.	4,504,874	1849	30,000,000
Wurtemberg, do.	1,725,167	1846	11,930,930
Hesse-Electoral, do.	754,590	1841	37,988,254
Baden, do.	1,335,200	1840	1,342,910
Nassau, do.	421,817	1840	6,420,000
Hamburg, do.		Unknown	
Galicia, (Austria) do.	4,702,388	1843	11,414,016
Total.....	27,827,990	Total....	540,423,163

Therefore it is perceived that on a population of about 27 millions of inhabitants, the circulation of Landed Bonds exceeds half a billion. These tables are the best proof which can be adduced of the services the Establishments of Landed Credit have rendered in those countries.

CHAPTER III.

REDEMPTION OF THE SEIGNIORIAL RIGHTS IN LOWER CANADA
BY MEANS OF AN INSTITUTION OF LANDED CREDIT.

The number of *Concessions* in Lower Canada, in Fiefs and in Seigniories, made by the French and English Governments, is about 250.

Taking the average value of those Seigniories, we will be very near the mark if we state it to be £5000, which would give as the total value of the Fiefs and Seigniories in Lower Canada $(250 \times 5000) = £1,250,000$. It is this sum which it would be necessary to the *Censitaires* to pay to the Seigniors of Lower Canada.

Two difficulties here offer themselves :

First, the difficulty the *Censitaires* would find to pay up at once the whole of the capital, of which the legal interest alone would exceed the fixed sums they now pay, besides the capital which it would also be necessary to pay by a sinking fund.

On the other hand, if the proprietors of the Seigniories are to be subjected to a forced expropriation, it is evident that the whole amount of the capital, which represents the total value of their property, is to be refunded to them.

These two difficulties altogether disappear, as will be seen below, if an Institution of Landed Credit is established, for the Seigniors will at once receive the capital which represents the present value of their property, and the *Censitaires*, by paying the legal interest of the capital which they have to refund to the Seigniors, will find themselves clear in a limited period of time of all charges whatsoever, as well in interest as in capital, by the following means :—

Let us suppose an Association of Landed Credit composed of all the *Censitaires* in Lower Canada with a view of

redeeming these dues, the amount of which we set down at £1,250,000.

To obtain this sum, the Canadian Institution offers as security landed property, of which the contemplated loan constitutes but a small fraction of the total value of the property mortgaged.

Besides this immense security, the Association might obtain that of the Provincial Government: the latter would in reality only be a nominal one; it would, however, contribute to inspire greater confidence to the capitalists who would feel disposed to place their stock in the Institution.

With such security and a good constitution, the Canadian Association of Landed Credit might contract in England a loan on conditions at least as favourable as those obtained for the great line of Railway on the Continent of British North America, that is to say, $3\frac{1}{2}$ per cent.

If such should be the case, as every thing seems to show, we would have $2\frac{1}{2}$ difference, that is, between that rate of $2\frac{1}{2}$ per cent., and the legal rate of this country, which is 6 per cent.

These $2\frac{1}{2}$ per cent., used as a sinking fund of the capital, would pay the latter by means of the well known operation of compound interest in 25 years and 4 months, supposing that the Crown would give up its claims to the right of *Quint*, and to the Seigniories which actually belong to it. The value of the latter would serve for a grant made by Government to the Canadian Association of Landed Credit, which would be used as—

1st. A Reserve Fund for the Society. 2nd. To pay the expenses of administration. 3rd. To pay the difference of exchange between England and Canada.

The difference in the interest $2\frac{1}{2}$ per cent. (from $3\frac{1}{2}$ to 6 per cent.) would be a gain to the Censitaires, that is to say, admitting the capital borrowed to be £1,250,000, their annual

gain would be £31,250, which sum, placed at compound interest in their favour, would pay this capital in 25 years and 4 months.

The following table gives an exact idea of the diminution of the capital, by means of the payment of yearly instalments of $2\frac{1}{2}$ per cent., 100 being taken as the principal.

The first year	Capital	100	Instalment of	2 50	paid in worth	97 50
2	"	"	97 50	"	2 59	94 91
3	"	"	94 91	"	2 63	92 28
4	"	"	92 23	"	2 77	89 46
5	"	"	89 46	"	2 87	86 59
6	"	"	86 59	"	2 97	83 62
7	"	"	83 62	"	3 07	80 55
8	"	"	80 55	"	3 18	77 37
9	"	"	77 37	"	3 29	74 08
10	"	"	74 08	"	3 41	70 67
11	"	"	70 69	"	3 53	67 14
12	"	"	67 14	"	3 65	63 49
13	"	"	63 49	"	3 78	59 71
14	"	"	59 71	"	3 91	55 80
15	"	"	55 80	"	4 04	51 76
16	"	"	51 76	"	4 19	47 57
17	"	"	47 57	"	4 34	43 23
18	"	"	43 23	"	4 49	38 74
19	"	"	38 74	"	4 64	34 10
20	"	"	34 10	"	4 80	29 30
21	"	"	29 30	"	4 97	24 33
22	"	"	24 33	"	5 15	19 18
23	"	"	19 18	"	5 33	13 85
24	"	"	13 85	"	5 51	8 34
25	"	"	8 34	"	5 71	2 63

Now 2 63 is the Instalment and the Interest of 4 months.

We perceive at once the immense advantage for immovable property in Lower Canada, and the influence such a system would have on the general prosperity of Canada, by the introduction of foreign capital to the amount of half a million pounds, at a rate of interest much lower than the gain which would result from its use in the Province, apart from the increase in the value of the property *en roture*, which would soon follow the total abolition of the Seigniorial Laws.

This Institution of Landed Credit, established at first with the view of the commutation of the Seigniorial Dues, might at the same time serve to provide to farmers in Lower Canada 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.

The agricultural societies now existing in the Province, are no doubt calculated to point out the defects of the system of agriculture followed in this country, but they cannot in any way provide the farmers with the means of reforming it.

What advantage can there be in speaking about the different systems of rotation of crops, of the improvement of stock, of a profitable system of draining, of artificial meadows, of the use of manure, and of a multitude of other modes, all of greater advantage than the others, to improve the present system of agriculture if farmers have not the pecuniary means necessary to put into practice all those ameliorations.

The most favourable time when the inhabitants of Lower Canada could have easily made those ameliorations, and redeemed the Seigniorial Dues, is past. If a provident legislation had applied itself to modify the tenure of property in Canada, at a time when it had attained its highest point of prosperity, it would have then been easy; the agriculturists were rich, and their wealth was caused in part by the cultivation of a virgin soil, and consequently a fertile one. On the other hand, their products obtained a much higher price than they do now, and will probably ever obtain.

But at present, the lands in the Seigniories of Lower Canada are exhausted, and they will go on losing more and more of their fertility, unless the farmer receive help from a new and powerful quarter. On the other hand, the new system of political economy of Great Britain, "Free Trade," having caused the price of our agricultural products to fall with-

out any compensation whatever, it is evident that the prospects of the Canadian farmer are darkening, and all the classes of society in Canada will suffer, unless an antidote, as powerful in its effect as prompt, can be found.

In Lower Canada, it is equally important to abolish the Seigniorial laws as to improve the agricultural condition of the Province ; now the system of Associations of Landed Credit provide the means of doing so, and it only depends on us to profit from the abundance, or rather the excess, of specie in England, where capitalists are at as great a loss to find good investments as we are to find the capital we are so much in want of, and there is no doubt that the moment we can give satisfaction to the capitalists on the three following points :

1. Security of the investment ;
2. Regularity in the payment of the interest ;
3. Refunding of the capital at the expiration of the term, we can obtain, not only the capital necessary to the redemption of the Seigniorial rights, but also that we want for landed and agricultural improvements, and we believe the mode proposed by us amply unites these three conditions.

As a last analysis, we believe that the establishment of an Association of Landed Credit in Lower Canada, would have the same effect as to its prosperity, as the Seigniorial Tenure in its origin had as to its colonisation.

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