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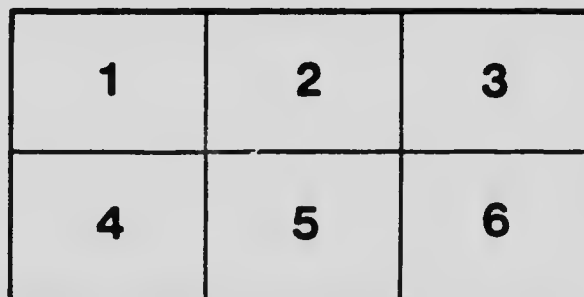
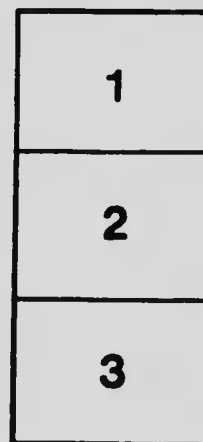
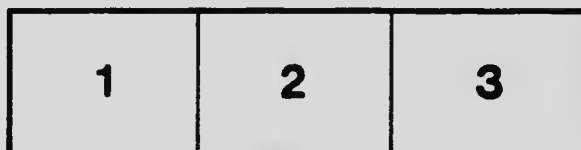
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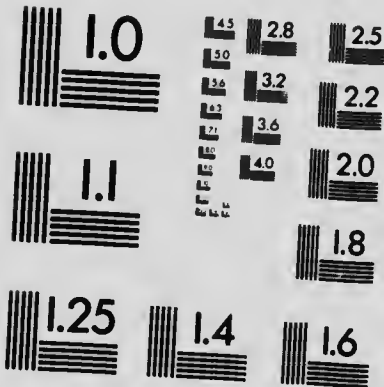
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AGRICULTURAL CREDIT

SPEECHES

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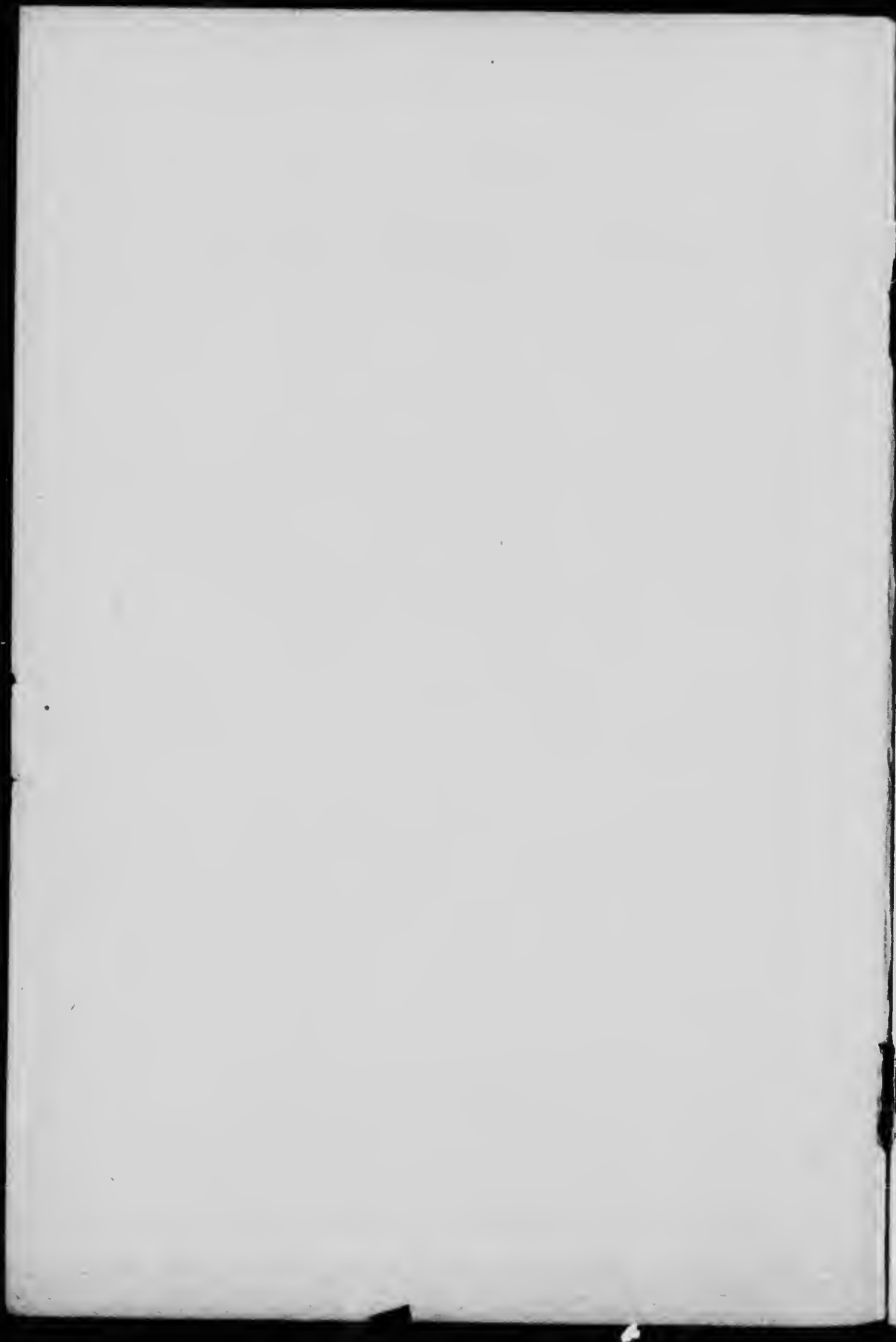
THE LEGISLATIVE ASSEMBLY OF
BRITISH COLUMBIA

on MARCH 5th, 1915, by

THE HON. SIR RICHARD McBRIDE
W. H. HAYWARD, M. L. A., and
ALEXANDER LUCAS, M. L. A.

TOGETHER WITH A SYNOPSIS OF THE PROVISIONS OF THE

AGRICULTURAL ACT, 1915



SYNOPSIS OF AGRICULTURAL ACT

(PAGE 3)

AGRICULTURAL COMMISSION AND ACT FOLLOWING ON REPORT

SPEECH BY THE HON. SIR RICHARD McBRIDE

(PAGE 10)

EVOLUTION OF AGRICULTURAL CREDIT LEGISLATION

SPEECH BY W. H. HAYWARD, M. L. A.

(PAGE 24)

A BANKING INSTITUTION FOR FARMERS

SPEECH BY ALEXANDER LUCAS, M. L. A.

(PAGE 43)

The Agricultural Act, in addition to providing credit for agricultural development, which is its main feature, is a consolidation of several other Acts formerly embodied in the "Agricultural Associations Act."

Consequently, loans may be made not only to individual borrowers but for the legal objects of various agricultural associations incorporated under this Act and public irrigation corporations under the Water Act, 1914, (including the establishment of public markets.)

The Act will be administered under a non-political Commission composed of five directors, one of whom will be the superintendent, who is to be manager and devote all his time to the work; two shall be practical farmers, and the Deputy Ministers of Finance and of Agriculture will be members ex-officio.

The three appointed directors are to hold office for ten years and subject to removal only for cause on an address from the Legislative Assembly.

The Superintendent will act solely under the direction of the Commission and will have no authority outside of his instructions.

A Deputy-Superintendent, provided for, will be appointed by the Lieutenant-Governor in Council, and will serve during the pleasure of the Commission.

(The provision that two of the appointed directors shall be practical farmers is made in order to secure the advice of men in touch and in sympathy with the agricultural interests of the Province and who are better able than men of general business or office training to estimate the justification of proposed loans.)

(By prescribing a definite period of tenure of office the Commissioners are prevented from outliving their usefulness, and by making them removable for cause through the medium of the Legislature only, they are placed, as judges are, beyond the influences or control of the Government for the time being.)

All employees are appointed by the Commission, subject to the approval of the Lieutenant-Governor in Council, and the Commission has power to make regulations, subject to necessary limitation, deemed necessary to carry out effectually the purposes of the Act.

(Minute provisions are made for the departmental administration of the provisions of the Act—as would be detailed in the organizing powers of a business corporation—not necessary to be outlined in explaining the essential features of the Act.)

VALUATION DEPARTMENT

There is provision for a department of valuation, and while the Commissioners may not act upon the valuers' report, they cannot lend in excess of the reported valuation.

(The responsibility for their actions is placed solely upon the Commissioners, who must give full publicity to all their proceedings and make an annual report.)

GUARANTEED BONDS

Working capital will be raised by the issue of securities by the Commission, which securities are to be unconditionally guaranteed by the Provincial Government.

Until further authorized by the Legislature, the aggregate amount of securities to be issued shall not exceed \$15,000,000.

The bonds are sold under the direction of the Minister of Finance, who determines the rate of interest, the term, not exceeding thirty years, and the limit of price below which the securities may not be sold.

(In this way, the details may be adjusted from time to time to take advantage of a favourable money market, thus ensuring the lowest possible rate of interest to be paid by the borrower and conserving the credit of the Province.)

RESERVE FUND

There is authority to establish a reserve fund of an amount as the Lieutenant-Governor in Council may from time to time direct, not less than \$100,000. All losses and net earnings are debited or credited to this fund.

SINKING FUND

There is provision for a sinking fund for the redemption of outstanding loans at maturity, the sinking fund to be invested as directed by the Lieutenant Governor in Council.

LOAN REGULATIONS

Loans may be made on the security of mortgages of lands held as freeholds by indefeasible title, lands held by record of pre-emption or certificate of purchase under the Land Act, and upon lands held as homesteads or pre-emptions under any Dominion Act. No loans can be made on unsurveyed land.

(Under the various safeguards provided, loans can not be made in respect of lands held for speculative purposes. Loans may be granted on the security of lands held as

emptiors and purchased from the Government under the deferred payment plan, but only to bona-fide farmers holding certificates in their own names and only for the purpose of improving the lands so held.)

Loans are only made for the purposes of increasing production, as follows: Acquiring land for agricultural use, paying off indebtedness on such land, clearing or otherwise improving such land, erecting buildings, buying lead or live stock, and, in general, for any other purpose of increasing the efficiency of farming operations; for the carrying out of the lawful objects of agricultural associations.

Loans shall be justified by the value of the security offered, by the desirability of the improvements for which the loan is desired, by the borrower's ability to make a fair living for himself and family after paying the semi-annual instalments. In the case of an association the loan shall be further justified by solvency, earning power and prospects of success.

By these provisions the main object of the Act is safeguarded. It will not be possible for any holder or owner of land to secure a loan merely to enhance the speculative value of his land.

(THE PERSONAL CHARACTER OF THE BORROWER AND HIS ABILITY AS A FARMER WILL BE MATTERS OF CAREFUL SCRUTINY, AND WILL FORM MATERIAL ASSETS OF HIS CREDIT.)

AMOUNT OF LOANS

The minimum amount of any loan to an individual is fixed at \$250 and the maximum at \$10,000.

With the sanction of the Lieutenant-Governor in Council a larger loan than \$10,000 may be made to an association.

In order to assist the small borrower, applications for loans not exceeding \$2,000 shall receive consideration before those for larger amounts.

Loans of large amounts are only granted when funds are available after applications have been considered.

Sixty per cent. of the valuation of the security, based upon its productive value, shall be the maximum loan, the valuation of land to be calculated on its value after the proposed improvements have been effected.

Loans may only be advanced in instalments in proportion as the work of improvement proceeds. It is therefore impossible for a loan to be given on any other basis than the farm value of the land in respect of which it is made, and the loan cannot be used for any other purpose than the one for which it has been granted.

RATE OF INTEREST

The rate of interest is decided by the Commission, but may not exceed by more than 1 per cent. per annum the rate actually paid on the net amount realized from the sale of bonds.

(After the system has been well established the excess of 1 per cent. over the rate paid by the Commission is considered sufficient to defray the cost of administration, to provide for a reserve fund, and to cover all losses that may be incurred. The unavoidable deficit during the first few years will have to be covered by a loan from the consolidated revenue fund, to be reimbursed when sufficient funds become available from the earnings of the Commission. In New Zealand .14 per cent. covered in 1913 the foregoing charges, and the charge of 1 per cent. gives an annual net profit of about \$350,000 on \$37,000,000 outstanding in loans. In the German Landschaften the cost of administration averages .34 per cent., and in the Danish Credit Unions it is .16 per cent.)

KINDS OF LOANS

The Act provides for three kinds of loans: (1) Long dated loans; (2) short dated loans; (3) single season loans.

The long dated loans are calculated to provide for the needs of permanent improvements, such as land clearing, draining, irrigation, etc.

The short dated loans are intended for less permanent improvements, such as erection of buildings and fences, purchase of stock, machinery, etc.

Single season loans may be advanced for the purpose of buying seed, fertilizers, and generally for financing farm operations while the crop is being produced.

(These arrangements have been devised in order to meet the various requirements for a comprehensive and flexible system of agricultural credits.)

DURATION OF LOANS

Long dated loans may be granted for 36½ years, 30 years or 20 years, and are to be repaid in half-yearly instalments of equal amount.

The amortization plan is so arranged that during the first years the charges on account of repayment of principal is very small, but increases in the same proportion as the interest decreases, so that the total half-yearly charge on account of principal and interest remains the same during the entire period.

Short dated loans may be made for a period of from three to ten years, repayable on such terms as the Commission may decide in each case. The maximum amount of short dated loans is \$2,000 to individual borrowers and \$10,000 to associations.

Interest charged on these loans, as well as security required, are the same as for long dated loans.

The requirements and regulations in respect of single season loans are the same as those for short dated loans, except that they are not to exceed twelve months, and the form of security is to be a promissory note and a mortgage in the prescribed form.

A borrower may be granted a second loan on the same security as the previous loan, provided that the aggregate amount of his loan shall not exceed 60 per cent. of the valuation.

The mortgagor may repay the full amount of his debt or any portion thereof on an interest due-date, provided the amount of such reduction shall be \$25 or any multiple of \$25.

DEFAULT

In case of failure to pay amounts due under the mortgage or to expend the loans as proposed, or to comply with any covenant under the mortgage, the Commission may take possession of the property and may dispose of it by sale or lease, or appoint a receiver, without recourse to a law court.

(It has been found necessary to give unqualified powers to the Commission in all cases of default, but being created for the purpose of furthering the interests and the prosperity of the farmers, the Commission may be relied upon to exercise its discretionary powers for the protection of the borrower, as far as consistent with its public duty.)

Section 66 makes provision for an appropriation by the Legislature of not more than \$50,000 for the initial expenses of putting the Act into effect, the same to be spent under the direction of the Government and to be reimbursed out of the earnings of the Commission.

ACT TO GO INTO EFFECT

(While it is the intention to put the Act into effect at the earliest moment that money can be raised at an economical rate, in present war conditions it would not appear to be a propitious time to go to the market with a large flotation for any purpose whatsoever.

(On the other hand, it would not be desirable to create the machinery for agricultural credit facilities without at the same time being able to supply the necessary working capital.

(Hence, the Act will be brought into force by proclamation when conditions are favourable to the flotation of bonds at a rate of interest that will not be burdensome to farmers.)

(A copy of the Agricultural Act may be obtained free by applying to the Information Bureau, Victoria, B.C.)

AGRICULTURAL COMMISSION AND ACT FOLLOWING ON REPORT

SPEECH BY THE HONOURABLE SIR RICHARD McBRIDE PRIME MINISTER

The Honourable Sir Richard McBride, Prime Minister, in moving the second reading of the Agricultural Bill in the Provincial Legislature on Friday, March 5th, 1915, said:

"The Bill now before the House, Mr. Speaker, is, in my opinion, one of the most important ever presented to the Parliament of British Columbia. The great pains and exhaustive measures taken by the members of the Royal Commission on Agriculture in connection with this work enable me to give this House every assurance that before the final determination of the provisions of this Bill, nothing will have been left undone to provide adequate credit facilities for the tillers of the soil in this Province.

A POLICY OF DEVELOPMENT

"For some years we have been busily engaged as a Legislature and as a Government in the work of large development along the lines of providing new railways, new roads, and other avenues of access to the land. The people of this Province have for years past recognized the fact that while we have large areas of prolific soil and most favourable conditions for production when this soil is made ready for cultivation, yet without railways and trunk line roads and accessory features of communication, it will be practically impossible to expect any substantial result from the possession of cultivable land.

"Now, Sir, the railways are in sight and almost in commission, or, at any rate, we have made a large advance in the direction of complete communication by both railways and highways, and we have reached the point where another and a large step must be taken that will serve to implement these avenues of communication by bringing into production many more thousands of acres of arable land. We recognize the fact that owing to the physical configuration of the Province there are peculiar difficulties in the way of settlement and production. I refer to the clearing of the timber areas, the need of irrigation, of drainage, of reclamation of overflowed areas, etc., towards which millions of dollars have already been invested in the Province. Notwithstanding, however, the obstacles which oppose themselves to easy cultivation of our lands such as exists in the prairies, we can indulge in a pardonable

pride because people of broad viewpoint have shown such confidence in our future and because the success accomplished in the past has been so conspicuous. To make the greatest possible success assured in our agricultural development there is lacking, however, a complement to the general scheme of railways and of extensive road building. The Government feels confident that in the step now proposed in the legislation before the House we shall round off, so to speak, a large Provincial policy of development, and that through the agency of this Bill we shall be able to afford to farmers and pre-emptors such financial facilities, upon sound economic lines, as will encourage them to go ahead in developing the agricultural resources of the country as never before.

"I cannot but preface my remarks upon this bill by referring to the courage and faith of our farmers—which stands out in a most flattering way in the older sections of the Province—to the good men and true who came out here in the old days of gold mining, and, in spite of the lure of gold, stuck to the soil until roads and trails, bridges and other public works, were provided for them. When one hears the stories of the old pioneers of the Fraser Valley and of the Cariboo country, it is scarcely possible to believe that under such trying conditions as obtained for years and years, these men and women remained steadfast in their faith and courage and belief in British Columbia, and that, notwithstanding the continuous hardships experienced for so long a period, they stayed by the land and cleared it, and that through those efforts many of them finally came into a comfortable competence. I speak with pride of the old pioneers, who, under almost prohibitive conditions, made good. Now, however, we have come to a new order of things, and whatever might have been the conditions which had to be cheerfully met thirty or forty years ago, under the changed order of things such social conditions and standards of rural life can no longer be tolerated.

"Today good roads are absolutely essential; bridges that will sustain heavy traffic are necessary; the farmer must have railways in order to give him a daily mail service and ready access to market towns. He could not now live on a farm but for all these conveniences. He has to compete with farmers in the neighbouring States or in the other Provinces of Canada, and has a right to demand from the responsible authorities that provision be made for facilities which exist elsewhere. So far as this Government is concerned, it has endeavoured to meet the requirements of the farmer in respect to roads, bridges, railway competition and other facilities, and in many other ways to give to them every advantage that the financial ability of the Province would permit.

"We have, Sir, as I have stated, reached a time when competition from other Provinces, States and countries makes it incumbent upon us, for purposes of future large development, to place upon the statute books such a measure as I have now the honour of moving in this House. There is nothing in the measure of an experimental character. We have had the good fortune, through the investigation of the Commission on Agriculture, to profit by the approved experience of other countries where legislation such as this, in various forms, has been in existence for some years.

COMMISSION METHOD OF INQUIRY

"Before proceeding to explain the essential features of this legislation, I want to deal just for a moment with the Agricultural Commission. Its appointment was the result of our confidence in the commission principle of providing wise legislation and systems of administration. We have appointed in the past a number of such commissions on various matters, such as taxation, insurance, forestry, water control, and so on, and in each case the result has been most satisfactory, so that we have been enabled to place upon the statute books most progressive measures of sound public policy. I do not think anyone can deny that. The Government has been liberally abused by its opponents for appointing commissions as being, it was alleged, a convenient method of shifting responsibility from its shoulders; but in adopting the commission method we have evaded no responsibility, and have followed a practice which has obtained in the Mother Country for many years. Nearly all important matters, especially in regard to domestic and economic affairs in Great Britain, are made the subject of expert investigation by independent commissions. There is but one reason for their employment, and that is efficiency of results. In every instance in this Province the report of a Royal Commission has been followed up by legislation based in the main upon its recommendations. Nor have we hesitated, in the passing of legislation based upon such reports, to incorporate suggestions from the other side of the House, whether made by Liberals or Socialists.

"Through inquiries conducted by Royal Commissions appointed in the past, this Government has obtained the guidance or information coming directly from the people of the Province, and this House has been apprised of the conditions bearing upon legislation based on the report of each particular commission. In the instance of the Insurance Act, we have obtained a fine piece of legislation as a direct result of the work of a Royal Commission. At the time of appointing the Forestry Commission the Govern-

ment was censured by its opponents for placing the inquiry in the hands of this strong Commission. The result has been a most valuable report, on which the Government has been able to base forestry legislation second to none in the world. Presently the Government hopes to submit legislation based on the report of the Labour Commission. The composition of the latter Commission has been criticized; but while we can not hope to please everybody, I am convinced that this Commission was composed of honest, able and useful men, and that the legislation which will be the result of their report will commend itself to honourable gentlemen on the opposite side of the House.

APPOINTMENT OF THE AGRICULTURAL COMMISSION

"In respect to the personnel of the Agricultural Commission, the result of whose work is now before the House, I desire to make a few brief remarks. In making the selection the aim of the Government was to obtain the services of gentlemen of representative character, long-resident in the Province, men of proved experience in the various branches of agriculture and capable of conducting an inquiry along those lines with fair prospects of success. The hon. member for Cowichan, Mr. W. H. Hayward, was selected as chairman. During the greater portion of the period I have been a member of the Legislative Assembly that honourable gentleman has occupied a seat on the floor and taken a leading part in the work of the sessions, especially in all matters relating to agriculture. Associated with Mr. Hayward as member of the Commission has been the honourable member for Yale, Mr. Alexander Lucas. Anyone having had an opportunity to observe the work of that gentleman since he began to take an active part in politics in British Columbia must have been aware of the assiduity with which he has studied the financial problem confronting the farmers of this Province, and the clearness with which he has placed the issue before this House as well as before the people at large. I have been listening to many addresses by the hon. member, of which the underlying ideas were those very principles mainly embodied in the Bill now before this House.

"Appointed together with those two gentlemen were several gentlemen not members of the Legislature: Mr. J. Kidston, of Vernon, and Mr. J. J. Campbell, of Nelson, well known fruit-growers; Mr. S. Shannon, of Surrey, and Mr. W. Duncan, of Comox, recognized dairy-men and cattle breeders.

"These gentlemen were fortunate in having as their secretary Mr. C. B. Christensen, who is well known, especially to the residents of the West Coast of Vancouver Island, and who for a

number of years has taken a prominent part in the pioneer settlement of Cape Scott and Quatsino Sound. Mr. Christensen has for many years made British Columbia his adopted home. I felt I was quite safe when I recommended Mr. Christensen to the Commission for appointment as secretary. From the chairman and from all his colleagues on the Commission, I have heard nothing but strong praise of Mr. Christensen's work. Those who have had occasion to go over the report and notice its arrangement, the clear and elaborate treatment of all the detailed matter, must have realized that it certainly is a finished piece of work on which it would have been difficult to improve. It affords me great pleasure to recognize Mr. Christensen's usefulness and efficiency in this respect.

THOROUGHNESS OF THE INVESTIGATION

"Regarding the methods of carrying out the Commission's work I shall say only a few words. I have already stated the reasons which lead the Government, following the example of the Mother Country, to approach the solution of this great public question through an inquiry by a Royal Commission. Preliminary to, and immediately after their inquiry throughout the Province and in other countries, the Commission held conferences here, applying themselves to the work in hand with the greatest energy. After several conferences, at which I was present at the invitation of the Commission, the plan as carried out was decided upon. Though I, at first, could hardly believe that an itinerary throughout all the agricultural sections of the Province, as well as visits to various other countries would be required before the Commission would be in a position to make a full report, but realizing the Commission's evident desire to do the work with thoroughness and efficiency, I finally realized that no other way to obtain direct and authoritative knowledge of the subject seemed open. So the Commission started immediately upon its undertaking. About seventy sessions were held throughout the Province, at which over six hundred witnesses gave evidence. Many of these witnesses had been elected to represent the views of Farmers' Institutes, Agricultural Associations, Boards of Trade and other public bodies interested. Not only farmers were heard, but men of various trades and business activities affected by agricultural development, commission men, wholesale and retail dealers, bankers and managers of transportation companies. From such various sources the Commission gathered direct and complete information bearing upon the condition of all branches of agriculture in the Province. Though some criticism of the manner in which the investigation was conducted has reached me, I have heard no complaint that

anyone desirous of giving evidence had not been afforded every opportunity to lay his views before the Commission.

"Having made this exhaustive inquiry throughout the Province, the course was adopted of having the members of the Commission individually visit various countries where each might be most likely to obtain first-hand information in respect of particular subjects which had there been dealt with, or for which remedies had been applied under conditions similar to our own. The member for Yale was authorized to proceed to New Zealand and Australia to observe the effects of credit legislation carried out in those countries; the member for Cowichan went to Europe and visited Denmark, France, Holland, Belgium, Ireland, Scotland and England. The other members went to neighbouring Provinces and States, mainly to study methods of agricultural education and extension works, as well as market conditions and modern methods of distribution. Each member went with a definite duty to bring back information along certain lines.

"It has afforded me a great deal of satisfaction to become informed of the generous treatment extended to the Commissioners collectively and individually, not only by the people of this Province, but by the authorities of the various countries in which this investigation has been conducted. They have been given access to all such records that might aid them in their inquiry, and given every opportunity to make a full investigation. I also feel with satisfaction that the work of this Commission has brought the people of this Province a little closer in touch with our countrymen in the land of the Southern Cross and in the Motherland. On behalf of the Government of British Columbia, I desire to express our appreciation of the courtesies to which I have referred.

"Honourable gentlemen must admit that from the viewpoint of thoroughness the Agricultural Commission has not been failing in the performance of its duty. Of all the accomplishments redounding to the credit of this Government, I know of none greater than the appointment of this Commission and the Bill now before this House. It is with a certain amount of pride that I point to the measure of which I am now moving the second reading as one which is practical and up-to-date in method and application, and which is calculated to bring new life into the rural development of the Province by giving encouragement and confidence to the settlers.

"By reviewing the Commission's report, members of the House will find that not only have the Commissioners given their findings a practical character and stated them definitely and lucidly, but they have assembled and classified the data on which they

have based their recommendation in a most useful and elaborate compendium. I am in receipt of a great many letters complimenting the Province and the Commission on the sterling quality of this report. I want to tell the members of this House and the people of the Province that they can not place too high a value on the report of the Agricultural Commission.

THE GOVERNMENT CRITICIZED

"This Government has been subjected to a great deal of criticism by gentlemen of the Opposition for the appointment of this Commission. Those gentlemen appear to think that we have been wasteful of the public funds in this respect. But I say that never was there spent a dollar of British Columbia's money to better advantage, nor one which is destined to be productive of greater returns. In this connection, Mr. Speaker, let me briefly refer to the general trend of the criticism to which at the present time the Government of which I have the honour to be the leader is being subjected. By adroitly marshalled statements, gentlemen opposing this Government are now trying to show that the present depression in all branches of business is directly attributable to the Government of the day. Recently I was quite amused by reading certain addresses delivered in the Lower Fraser Valley, in Vancouver, and in Victoria by some prominent members of the Liberal party. It is to be regretted that the present war can not be included among the things for which they blame the Government. It would, however, be quite as reasonable and sensible to have done so as it is to set forth some of the things which they are saying. I wonder to what causes they attribute the business depression in Alberta! There is a Liberal administration in power in that Province. Is Premier Sifton to be blamed for the stringency in financial conditions there? Or in Saskatchewan! The paternal aid of the Federal Government was invoked to bring that Province through a trying season. Is the Provincial Government lead by Premier Scott to be blamed for business conditions there? Or in Nova Scotia, where there also is a Liberal Government! Is Premier Murray to be blamed for the general depression in business in that Province?

"The simple fact is that a financial stringency, beyond the influence and control of any local Government, has become general throughout the Empire.

"With regard to British Columbia, I admit that we share in the general depression chiefly due to the war. We have suffered from that cause and are prepared to suffer more. This Province will make any sacrifice required to push the war to the bitter end

until final victory comes to the armies of the Allies. This is a time when it behooves us to be stout hearted and courageous, not to yield faintly or cowardly to a wave of depression, but to continue still more vigorously with plans for the development of all our resources. The measure now before this House means that we are determined to press on, that we have faith in the resources of our country. There is not a member of this House who has not given expression of this faith in the wealth of British Columbia. There is no man on the floor but is sensible that the railway policy of the Government, intending to give access and outlet for this wealth, is economically sound.

THE AGRICULTURAL ACT

"It is, therefore, the bounden duty of the Government to stand by its policy of progress and development—to make good or go under—and I offer this Bill as an earnest indication of the Government's determination to press forward with the work of development and expansion. We ask the Legislative Assembly to authorize the Government to borrow fifteen million dollars, on the credit of the Province, with which to finance the farming business of this Province. Without some such means it will be impossible to bring about that expansion of this basic industry without which the work of nation building in this part of the Empire will be ineffectual. So much care has been bestowed upon the preparation of this Bill that its purport can not fail to be immediately grasped and endorsed by this House, and by the people.

"I can not characterize the essential features of this legislation better than by saying that it is a bill under which farmers, pre-emptors and homesteaders may obtain the means of financing their business at a rate of interest and on terms of repayment consistent with their requirements. Even in times of normal growth and expansion there would be every justification for such a measure. How much greater is the need of it in a time of war, when not only individual credit, but the general credit of all countries has become seriously restricted! It is, therefore, with a strong feeling of gratification that I today find myself in a position to accept this measure giving authority to the Government to place the credit of the Province behind this sum of fifteen million dollars, so that while war and devastation is raging, we may yet do our share for the common good by placing our farmers in a position to add to the productiveness of the soil of the Province.

"Out of the funds raised on Provincial guarantee it is proposed to finance the agricultural business at the lowest possible rate of interest and over terms of years suitable to the various requirements of the industry.

"By laying the foundation of this large monetary institution for financing the farmers of the Province, the Government is not entering into competition with our chartered banks or loaning companies. From no quarter do I find that objections to this measure have arisen, but there is a general admission that the business men of our cities, our economic centres, will be greatly benefited if the farmers are enabled to make two blades of grass grow where only one grows at present. It is economically sound to finance the farming of lands now lying waste. By doing so we shall be doing a great service to all our cities. The distribution of capital, which by this means will get into immediate circulation for the purpose of increasing production, must exercise a stimulating and healthy influence on all activities in the Province.

THE ATTITUDE OF THE BANKS

"Honourable gentlemen realize that the banks of Canada are not permitted to invest money in long-term mortgage loans. I do not propose to criticize the banking legislation of the Dominion in that regard. The nature of the business of the commercial banks, and their duty towards their depositors make it incumbent upon them to invest their funds profitably and in such a way that they are kept in a fairly liquid state. Obviously mortgage loans on amortization principles can not be included among their activities.

"It has been considered a sound policy for the banks of Canada when they have large amounts of money on hand to send their surplus to New York, and our money market is therefore affected by fluctuations in Wall Street. This practice has been in vogue for a long time, and probably will be continued for many years. It is, no doubt, financially safe, but I have at times questioned whether a condition under which Canada retained at home her own funds for the financing of her own business enterprises would not be economically more stimulating. In Australia the people have found the way to handle their own finances, and propose to make every pound, shilling and penny an investment of usefulness in the development of the people's industries.

"Without criticizing the attitude of the banks in respect of the farmers' business, I find it evident that the agricultural industry can not through them be expected to obtain the financial facilities of which this industry, like any other business, is in need.

SIR GEORGE PAISH'S ADVICE TO CANADA

"The eminent statistician, Sir George Paish, editor of *The London Statist*, whose services were recently called into service by

the Chancellor of the Exchequer, was recently in Montreal, Washington and in New York in respect to the revolution in fiscal affairs which practically has been brought about by the war, and in order to define the financial situation as far as London, Ottawa and other centres are concerned. Sir George Paish has at various times given sound warning and advice to leading statesmen not only in the Motherland, but in Canada and other Dominions. In respect of Canada he said lately during an interview: 'I have no doubt as to the ability of this country to carry its existing burden of interest, amounting to nearly four pounds sterling per head, but for some years the burden will require stringent economy in national and municipal, as well as in individual expenditure.

"In brief, I am convinced that every possible effort will be made by all concerned—the Canadian Government, the Provincial Governments, the municipalities, great railway companies, bankers, traders, and others, as well as by British investors—to increase rapidly the agricultural and mineral output of the country, upon which the welfare of the Canadian people, both individually and collectively, absolutely depends, and that the effect of their concerted efforts will be so great that the country will carry with safety the burden of interest which otherwise might overtax its strength.

"It is, however, of the greatest possible importance that the work of directly increasing the productive power of the country by placing a larger proportion of population upon the land and in the mines should be carried out with the least possible delay.'

"In view of this sound and authoritative warning, what step more economically safe can this Province take than creating the financial facilities proposed by the Bill before the House?

ESSENTIAL FEATURES OF THE BILL

"In respect to credit facilities the farmer's needs are of a double character; first, he needs long term loans for permanent improvements, and secondly, he needs short loans to finance his operations while his crops are being produced. These two kinds of credit are frequently segregated, although closely associated with one another. In this Bill, provisions have been made for long dated loans, short dated loans and single season loans. The purport of the Act is so wide that provisions are made for the financing of any agricultural undertaking which can be proved economically justified, and at the same time the safeguards are so adequate that no loan can be granted without that justification; finally and above all, the aim is that of this money not a single dollar shall be available for any other purpose but to increase agricultural production.

AN INDEPENDENT CREDIT COMMISSION

"The important work of making loans and the management of the loaning business will be placed in the hands of a Commission. Honourable gentlemen will notice that the constitution of this Commission provides for a board of five directors, of whom one shall be the Superintendent and devote all his time to the duties of his office, two shall be practical farmers, and the Deputy Ministers of Finance and of Agriculture shall be ex-officio members of the Commission. The appointed members will serve for a term of ten years and be named by the Lieutenant-Governor in Council. They will be removable only for cause on an address to the Throne by the Legislative Assembly. Before making any recommendations in this respect the Agricultural Commission had closely studied the effect of the provisions for the appointment of similar Boards of Administration in New Zealand and Australia. In this connection I have lately had the advantage of conferring with Mr. W. Cairns Harper, whose father for years was prominent in public life in Australia, and who has a great deal of practical knowledge of the Australian Credit System and the constitution of administrative commissions under the Australian Acts. I believe that when this Bill is put into force it will be quick and effective in operation, but it is possible that after working along these lines a few years we may be able to improve it. No legislation can be devised, however well and carefully planned, which without change from time to time will continue to meet all the varied conditions in this Province. But I want honourable gentlemen to believe that so much care and solicitude has been bestowed on this work that there is now before the House a Bill that will not need amending for many years to come. If we do not get the results we wish and expect, we will come back to the House for power to create more practical machinery. Personally I may say that I expect a great deal from the Commission which will be created under this Act. If it grasps its functions quickly and efficiently, it will be able almost immediately to give the entire Province the full effect of the Bill. If such should not be the case, much effort would be lost. The Government must therefore be extremely careful in the appointment of the members of the Commission to see that it is composed of only active, reliable and capable men, with a special knowledge of the various phases of the work with which they will be entrusted.

LOANS FOR IMPROVEMENTS ONLY

"Honourable gentlemen will notice in the Bill very definite details concerning the raising of working capital and loaning regulations; it will give considerable gratification that it is pro-

posed to finance the pre-emptor as well as the freeholder. The purposes for which loans may be granted are clearly set forth as such that will tend to increase the productiveness of the land, such as land clearing, draining, dyking, irrigation, water storage, the erection of farm buildings, the purchase of live stock, machinery and fertilizers, acquiring farm lands and discharging incumbrances on farm land. I believe, Mr. Speaker, that the provisions of this Act completely cover every legitimate activity within the agricultural industry.

"Familiarizing further the provisions of the Bill, honourable members will find that it sets forth very distinctly the grounds on which a loan must be justified in the opinion of the Commission. Through a report of the Department of Appraisal the value of the security offered must be ascertained and estimated on the basis of productiveness. The desirability of the desired loan for any of the purposes for which loans may be granted must be demonstrated. The loan must further be justified by the ability of the borrower to make a fair living for himself and his family from the farming of the land when improved as proposed, and after paying interest and amortization charges. Any association desiring to loan money must prove its solvency and earning power. A main consideration for the Commission will be the economic benefit of the loan to the borrower.

"In section 42 of the Act are found specific provisions for the minimum and maximum amount of the loans as well as concerning the priority of small loans. Then follows various regulations dealing with the carrying out effectually of the provisions of the Act. These I shall not treat at greater length, as they will be dealt with by other gentlemen.

"In closing, I should like to refer to a matter of interest in connection with the subject of the present Bill. In 1914 the Meighen Bill was laid before the House of Commons at Ottawa, providing for the formation of co-operative credit societies, and in 1913 the Province of Saskatchewan passed an Agricultural Credit Act giving the Provincial Government power to guarantee the bonds by which it is proposed to raise the working capital for a credit system. The systems devised under those Acts are, however, connected with the creation of mutually liable credit associations. Under the conditions of rural life in British Columbia, such additional provisions would tend to frustrate the object of this legislation, and I firmly believe that the Bill before this House is more suitable under our conditions than any other plan which has been devised elsewhere.

A FEDERAL CREDIT SYSTEM FOR FARMERS

"For years I have held certain views in respect of legislation of this nature, and I have not hesitated to state them here or elsewhere. I think that the subject of credit legislation for the farmer is one that might well commend itself to the attention of the authorities at Ottawa. While there is a constitutional conflict between Provincial and Federal jurisdiction in matters affecting agriculture, yet the farmer pays the same tariff whether he lives in Nova Scotia or in British Columbia, and has the same general conditions to contend with. It seems, therefore, only fair that the farmers of Nova Scotia, Manitoba, and of British Columbia should be paying the same interest on their working capital as they are now paying the same tariff.

"It would be a great achievement if the nation at large could stand behind the farming development of the entire country and support the men who are the backbone of our progress. However, the Federal Parliament, whether Liberal or Conservative, has not seen fit to go so far.

"The advantages of such a comprehensive plan seems to me very obvious. In the first place, the borrowing capacity of Canada would give the advantage of one or two points in the selling price of the bonds, and the expense of flotation would be less; in the next place, as I have pointed out, the farmers of the various sections of the Dominion would enjoy exactly the same advantage in respect of credit facilities, just as they now bear the same share of the tariff.

"Honourable gentlemen will realize how much less satisfactory the result of isolated Provincial legislation along those lines will be. This Province is determined to proceed on the principles laid down in this Bill. I am quite satisfied that such will be the success of the system proposed that it will commend itself to other Provinces. Presently Saskatchewan will put into force the Act passed in 1913. Alberta, Manitoba, and the other Provinces may follow suit, and we will have in the Dominion four or more different systems, each with a separate administration and separate flotation charges. Who but the farmer is to pay all the various expenses? Under a national system all these costs and charges would be reduced to a minimum. I do believe that the Fathers of Confederation were so far-sighted as to have anticipated the day when our national expansion would necessitate a plan such as I have indicated. However, the time might come when a national agricultural credit system can be carried out, but this Province cannot afford to wait, and we must press on ourselves.

RETROSPECT

"At this juncture, Mr. Speaker, permit me to review our Provincial development during the past decade. So far we have been pioneering, endeavouring to get into our stride and move along with energy and steadfastness. The settler who casts his lot with us does not generally bring to the Province any direct revenue; for a long time we must expect him to draw on the Provincial treasury. The Government is prepared to stand by the settler, supplying liberally his requirements in respect of schools, roads, and bridges, in every way encouraging his endeavours to bring his land under profitable cultivation. The new settler brings immediate revenue into the Federal treasury through the tariff he pays, but with respect to the Province it is different. There is, however, nothing which has given the Government greater satisfaction or where this Government has met with greater success than in providing the means of communication and of education for our settlements. It is only within the last few years that we have been able to undertake large development and to offer the people a comprehensive railway policy. To accomplish this we have sold lands. But how have we used the money received for the lands? It has been spent in the building of roads, trails, bridges, erecting schools and numerous public works, developing an efficient forestry and agricultural expert service; in brief, this money has been expended in laying down the groundwork for large economic development. The action of the Government in disposing of these lands is readily justified by the results of its policy. We have been criticized for this action, and expect to be criticized again; we have met this criticism and have been endorsed by the people; we are prepared to meet it again and to justify our policy to the people once more.

"This policy of progress has not been hastily adopted, but has been carried out and gradually matured during the last ten or twelve years. It has led to a stage in our development where the passage of the measure now before the House has become a prime necessity.

"In every country where a credit system of similar purport has been faithfully and efficiently administered it has contributed to the prosperity of that country. The statisticians of South America, South Africa, Australasia and Europe are all of one accord in that respect. If the achievements in other countries, through the machinery of legislation of this nature have been so great, British Columbia can not help but gain similarly by a like course.

"In conclusion, Mr. Speaker, as First Minister of British Columbia, I want again to say that it affords the Government

great satisfaction, through the work of the Agricultural Commission, to be enabled to present to the House this legislation, by which the approved experience of older countries has been adapted to the conditions with which we have to contend in this Province. I appreciate the privilege and the honour of submitting for the consideration of the Legislative Assembly a Bill which can truly be designated as the last word in legislation of this character."

EVOLUTION OF AGRICULTURAL CREDIT LEGISLATION

SPEECH BY W. H. HAYWARD, M. L. A.

"It is with a great deal of pleasure, Mr. Speaker, that I rise to support, on the second reading, a Bill embodying the principle of Agricultural Credits. Before proceeding further with my remarks, I desire to congratulate the Government on its decision not only to introduce the Bill, but, in spite of the prevailing financial stringency, to recommend its passage during the present session of the Assembly.

"At this point I also desire to refer briefly to the work of the Agricultural Commission. That Commission was appointed during the last days of the year 1912, and I do not think the interval of time between that date and the completion of its work can be considered unreasonable when the Government in the early days of 1915 is able to bring down legislation dealing with such a vast subject as that covered by the Commission's report. However, I cannot pass from this matter without saying how much I, as chairman, want to thank the members of the Commission for their painstaking work during the inquiry. My friend, the hon. member for Newcastle said the other day that the Government had only appointed its supporters as members of the Commission. In this respect my honourable friend was in error. I would call his attention to the fact that Mr. Thomas Kidd was asked by the Government to serve on the Commission. Unfortunately, owing to ill health, he was unable to comply with the request, otherwise the Commission would have included other than Conservative members.

"The Commission was fortunate in the appointment of its secretary. He took an active interest in all the work of the Commission and, by his assiduity, made my life for the last two years far more comfortable than I could have anticipated with the amount of work the Commission had to face. I wish it were in my power, as I hope it will be in the power of the Government, to reward him for services so efficiently performed.

WORK OF THE AGRICULTURAL COMMISSION

"Great Britain has at various times appointed agricultural commissions, so has also New Zealand and some of the Australian States, as well as the Commonwealth itself. When this Commission started, it was decided to proceed on lines rather different from those that had been followed by similar bodies. We proposed first to look into conditions in our own Province, and, having fully grasped the difficulties and realized the weak spots in our agricultural development, then to study the effect of legislation applied in other lands to remedy similar defects.

"Though, perhaps, such a remark should not come from me, I can not help but say that I believe the Commission's report is full of meat; that, as a matter of fact, remedies for the chief difficulties of agriculture in this Province have been suggested in that report, and the Government, having brought down legislation covering those concerning agricultural credit and to a certain extent co-operation, has inaugurated a movement which, if supplemented with other measures that have also been suggested, would constitute a progressive agricultural policy. Such a policy necessarily must tend to increase our production of food stuffs, enhancing the prosperity of the Province at large, and is an absolute necessity.

"I venture to say that honourable gentlemen who have read the Commission's report will have noticed that it goes minutely into the subject of co-operation generally, and that it can not be said that the inquiry was conducted only for the benefit of the producer. The consumer should profit as well as the producer by any general plan for the promotion of agriculture; and I am convinced that not only the farmer, but also the business man and the banks will be benefited very largely when the Bill now before the House is given effect.

AGRICULTURAL CONDITIONS IN BRITISH COLUMBIA

"Considering the efforts put forth in the past in regard to the development of agriculture, we must realize that we meet conditions in this Province which make it very hard to bring our lands under cultivation. It matters not where we go, whether through

the Upper Country, with its necessity for irrigation, or in the Coast districts, with their need of clearing the bush, or along the Fraser Valley, where dykes are required, everywhere do we realize that agricultural conditions obtaining in British Columbia are very difficult, and that we have not yet reached a state of farming, but rather are making farms. There are very large areas here and there throughout the Province in a condition suitable for agriculture, but the greater part of the Province is yet in a state of nature, and as a matter of fact, is almost a terra incognita.

"It is only of late years that the Provincial Government has been able to do much for the promotion of agriculture. In days gone by, when the present Agent-General, Hon. J. H. Turner, was Minister of Agriculture, he did all that was possible with exceedingly limited means. During the incumbency of the late Captain Tatlow nearly the same condition prevailed, and it is only in recent years that comparatively large sums of money have been available for the purposes of the Agricultural Department. No doubt, owing in part to the employment of an as yet insufficient staff of departmental experts, we are beginning to realize the agricultural potentialities of the Province. It would be unjust to say, as some have done, that British Columbia is not an agricultural country. True, it is not so in a large sense, but there are throughout the Province extensive areas of fine agricultural lands; there is plenty of land to grow all the food we want and which can be grown in a temperate climate.

"We import twenty million dollars worth of agricultural products annually; consequently we export twenty million dollars in cash for these foodstuffs. The greater part of these supplies we must in future try to raise in our own country. The Bill now before the House is an effort in that direction.

"Before discussing the salient points of this Bill, I wish to make a remark in regard to its general purport. It has frequently been said that legislation of this character would eventually have the effect of a donation to the farmers. There is no such intention in the Act here presented, and there need be no fear that its provisions will ever tend in that direction. The farmers who will obtain the benefit of this Credit Act will pay back every dollar received, and will in the meantime give the finest security in the world, in the shape of first mortgages of their improved lands. While the Act permits an appropriation not exceeding fifty thousand dollars from the consolidated revenue funds for initial expenses in connection with the organization of the Commission, it is also provided that the amount thus granted shall be repaid as soon as sufficient funds for that purpose have accrued.

NEED OF INCREASED PRODUCTION

"Going through the Province and taking evidence here, there, and everywhere, we who had the opportunity of hearing the witnesses realized that without working capital supplied at a fair rate of interest, there would be very little probability that the farmers of British Columbia, within a reasonable time, could largely increase the acreage of cultivated lands by clearing, dyking, or irrigation, or otherwise extend their farming operations. The conditions obtaining in 1913 had become different from those prevailing in 1860, or even in the seventies or the eighties. In these years labour for land clearing could be had much cheaper than at present, and the tendency has for many years been to bring in a class of settlers possessing comparatively little capital, and who consequently can not afford to hire high-priced labour.

"I would further draw your attention, Mr. Speaker, to the following statistics, which clearly show that something is amiss with the present state of agriculture in the Province:

"The total agricultural production per capita in British Columbia amounted to \$39.10 in 1911, an increase of \$1.75, or 4.7 per cent., in ten years; during the same period the total production for Canada was \$92.13 per capita, an increase in ten years of \$24.18, or 35 per cent.; per capita production in the United States in 1910 was \$99.34, or \$32.44, or 49 per cent. more than in 1900. During the same period the increase in the population was 119 per cent. in British Columbia, 34 per cent. in Canada, and 21 per cent. in the United States. In view of these facts, Mr. Speaker, I think every member on the floor of this House will realize the serious necessity of measures of a definite character for the improvement of this basic industry. I would also point out that during the last few years we have been increasing our obligations, provincially, municipally and industrially, and particularly the amount of debentures guaranteed in respect of railway construction. It is important that we should rapidly develop our agricultural resources to enable the Province to carry its financial burdens. How are the municipalities, the railways and the great industrial concerns to pay the interest and principal of their increasing indebtedness if agricultural production is not developed proportionately?

"The Hon. the Premier this morning quoted some words of Sir George Paish bearing especially on this point. It is well to bear in mind that that gentleman has more than once given a timely warning in regard to financial matters, not only in Canada, but also concerning some of the other colonies. Particularly during the last two or three months has he drawn the attention

of every Canadian statesman to the fact that our indebtedness is increasing, that industrial development is growing, but that our production of foodstuffs is not increasing in the same proportion.

"There is another matter connected with the conditions of modern life which has militated more or less against agricultural production in this Province. It is not a great many years ago when every town relied on its immediate surrounding district for food supplies. That day has gone past. Rapid transportation by boat and train, and the remarkable development of cold-storage facilities have altered this. The man in the Fraser Delta who makes a pound of butter is in keen competition with the producer in New Zealand, who has the advantage of a banking system permitting long term loans at a comparatively low rate of interest, and who in many cases secures lower freight rates to Vancouver than can be obtained by the producer in the Fraser Valley living up the C.P.R. line.

"All goes to show that sufficient working capital is the great need of the farmer. Capital must be provided on terms suitable to the needs of the farmer's business. The various demands of a farmer's operations require a system of banking adaptable to those needs. Loans on long terms are needed for land clearing and other permanent improvements; shorter loans are needed till stock can be disposed of or while the crops are being produced.

LOAN FUNDS UNAVAILABLE FOR FARMERS

"It is a well known fact that a farmer can not make a loan through a bank for a long term or at a low rate of interest. The banks are under the necessity of keeping their capital in a fairly liquid state. Under the Banking Act they are not permitted to loan money on land or for long terms, because capital invested in such loans would not be available at short notice. Evidence was given by directors and managers of loan companies before the Commission to the effect that those institutions are unable to meet the demands for mortgage loans on farm lands, and that they would welcome a system of guaranteed loans to farmers.

"The inquiry conducted by the Commission has shown conditions in many countries under which a credit system suitable to the farmers' needs has been productive of the very results we are striving to bring about in British Columbia. While we have concluded that the system obtaining in Australasia, and especially in New Zealand, appears more suitable for adaptation to conditions in this Province than any other, I shall not go into the details of its effect on the development of agriculture in those countries, as

the hon. member for Yale has visited the Overseas Dominions, and consequently can give a more lucid description than would be in my power. I shall, however, with your permission, Mr. Speaker, explain some of the solutions of the credit problem in other countries where I have made personal observations.

AGRICULTURAL CREDIT LEGISLATION

"This morning the Premier mentioned the Meighen Bill, introduced in 1914 in the House of Commons at Ottawa, and, as far as I am aware, not yet passed. This Act would appear to me to have some inherent defects if it were made applicable to conditions in this Province. The system proposed is practically an extension of the People's Banks of Quebec (Caisses Populaires), which, again, were inspired by the Raiffeisen societies in Europe. Under this Act there may be formed co-operative credit societies, permitted to sell shares to members, accept deposits, borrow money, and make loans to members for farm development. No Government guarantee is provided for the obligations of the societies and members are only liable to the extent of their subscribed shares. The People's Banks in Quebec (Mr. Desjardin's banks) no doubt have done a great deal of good among small holders in need of small loans on comparatively short terms, but it is obvious, however, that such a system would be inadequate and its provisions inapplicable under conditions requiring long term loans and large numbers of depositors creating the money to loan.

"Pursuant on a suggestion made by President Roosevelt, the Government of the United States in 1913 undertook an extensive inquiry into the agricultural credit systems of Europe. That Government appointed a Commission to conduct such an inquiry almost at the same time as the Government of British Columbia appointed its Agricultural Commission. It consisted of upwards of one hundred members, and I happened in my wanderings to be closely behind them, realizing that the chances of gaining information were largely enhanced by dissolving a large investigating Commission into detached committees, instructed to report on various phases of the inquiry.

THE SASKATCHEWAN CREDIT ACT

"Following the visit to Europe of the American Commission, on which the Province of Saskatchewan had two members, and the report of the Saskatchewan Agricultural Credit Commission, there was in that Province, in 1913, passed an Agricultural Credit Act which, however, as far as I know, has not yet been put into effect.

The system embodied in that Act is a combined adaptation of the Raiffeisen societies, the Landschaften Banks in Europe, and the New Zealand system. Loans may only be granted to members of co-operative associations formed under the Act. Working capital is raised on bonds guaranteed by the Government. The liability of members for the obligations of the association to which they belong is not unlimited, as in most of the European associations, but limited to 50 per cent. in addition to the loan of each member. The Saskatchewan Act provides for an advisory board of fifteen members, and the appointment by the Lieutenant-Governor in Council of a Commission of three directors serving for three, four and five years respectively, but not removable by the Legislature, as provided by the Act now before this House.

SETTLEMENT ACT IN NOVA SCOTIA

"Another Province which has done something along the lines of farm credit is Nova Scotia. In the legislature of that Province there was, in 1912, passed a Settlement Act, under which loans have been made during a period of eighteen months amounting to about thirty-six thousand dollars. An arrangement was made with the Eastern Canada Savings and Loan Company to act as intermediary between the Government and the borrower. The money for the loans is raised by the bank on securities. The maximum limit of a loan is 80 per cent. of the valuation. Of this proportion the Government agrees to guarantee 30 per cent. in addition to the 50 per cent. for which the company assumes responsibility. Owing, however, to the fact that a private corporation has the handling of the loans, and consequently requires dividends, the rate of interest has been rather high, amounting at the present to about 7 per cent., besides the amortization charges. New Brunswick also has done something along these lines by passing an Act whereby the Government is enabled to acquire lands, and after improving them, sell the farms to settlers on long term payments, the longest term being ten years. Here, again, there is not much activity noticeable, but these Provinces have started on lines which I believe will in the end prove successful.

ATTEMPTS MADE IN THE UNITED STATES

"In the United States many attempts have been made to find a solution of the agricultural credit problem. In several states school funds are loaned chiefly on security of farm lands; under the Carey Act, Government aid is given for reclamation purposes; in California an Act was introduced in January of this year proposing to finance a colonization plan by the issue of bonds guaranteed

by the State. Prominent among the solutions attempted in that country is, however, the plan proposed in the Bill introduced in the U.S. Senate in 1914 by Senator Fletcher, chairman of the American Agricultural Commission, to which I referred a few minutes ago. This plan proposes the establishment of rural banks, between which there shall be no cohesion, and which may be either co-operative or profit seeking. The co-operative banks would be combinations of the Raiffeisen and Landschaften systems, less the organized centralization of those European banks, and less the unlimited liability. Members would be liable for the joint obligations of the association to which they belong to the extent of 100 per cent. in addition to the amount of their shares. This plan differs from the one proposed under the Saskatchewan Act chiefly by not providing for centralization of the associations and in respect to Government guarantee of bonds, which is excluded from the American system.

THE EUROPEAN SYSTEMS

"In my previous remarks about agricultural credit facilities I have occasionally referred to the Raiffeisen and the Landschaften systems. These terms refer to two leading credit systems originated in Germany, but transplanted and developed in nearly all European countries. The Raiffeisen system (started by F. W. Raiffeisen, Burgomaster in Neuwied) provides chiefly for short-term loans and is based on personal security. The Landschaften (there is one main institution for each Province, or Landschaft; hence the name) are land mortgage banks granting loans extinguishable over a long term of years (Amortization). It is well to remember in this connection that countries of comparatively late agricultural development are totally unlike old countries like Holland, Germany, France, and Denmark. In these countries, members of the same families have for many generations lived on the farms side by side. The character of every person in a community as to thrift and promptness is established and known to all. There is, therefore, very little risk connected with mutual and unlimited liability. The moral hazard is practically eliminated. In this country, residents of the same neighbourhood often belong to different nationalities, and the population is more or less in a state of migration. There is very little cohesion among the various elements, and the risk of becoming jointly responsible for the loans of all members of a credit society would be considerable. Generally speaking, there can be no doubt that under conditions as they exist in this Province, there would be an absolute unwillingness to assume any liability in respect of a loan made by even a next door neighbour.

"The moral hazard of a loan under such conditions would tend to frustrate the object of a credit plan involving mutual liabilities, and while the plans I have referred to may have many commendable features, they do not seem to be perfectly applicable to conditions as we find them in this Province.

THE NEW ZEALAND SYSTEM

"On the other hand, agricultural and social conditions in this Province are in many respects very similar to those existing in New Zealand before the introduction in that country of an agricultural credit system. The plan which it was decided to adopt there and which by over twenty years successful experience has passed the experimental stage, is based on Government guaranteed bonds. Dealing with the subject of the evolution of modern systems for mortgage credit, it is interesting to note that actually there was nothing new in the salient features of the New Zealand system, as it practically is an adaptation of the *Landschaften* and other mortgage systems in Europe.

THE LANDSCHAFTEN SYSTEM

"The *Landschaften* Banks were started as far back as during the reign of that able administrator Frederic the Great of Prussia. Again, this system was an adaptation or improvement of an older credit plan which Frederic's father, without success, thirty years earlier tried to introduce in Brandenburg. The plan was designed by a Berlin merchant by the name of Buering, and though ridiculed by Frederic's ministers, won the king's approval. It was first introduced in the Province of Silesia in 1767. This fertile Province had been devastated during the wars in which Frederic wrested it from Austria and maintained his hold. Silesia was then in much the same condition as Belgium is today, and the landed proprietors were impoverished. This credit system, based on compulsory collective security of all landowners—whether borrowers or not—proved an immediate success. Like a phoenix from its ashes, Silesia rose to become the most prosperous agricultural Province in Prussia, and consequently the system spread to other Provinces in that kingdom.

"In 1821 a new feature was added in the amortization principle, which has made the system very popular wherever introduced, and the compulsory feature has been abandoned. The bonds of these banks find a ready market. While those of the *Landschaften* banks are not guaranteed by the State, the principle of State guaranteed bonds of loaning institutions is not unknown in Germany, and has been employed to strengthen the State mortgage banks and land improvement banks during their first development.

"The system of Government guaranteed loans, combined with long term amortization, is therefore neither recent nor untried. Neither the Australian or the New Zealand plans, nor the plan embodied in this Bill, are new in their essential features, but these basic principles have been tried and found successful in countries much older than our own. The newer countries have simply adapted the successful methods of the older countries to their peculiar conditions.

CREDIT SYSTEM INTRODUCED IN FRANCE

"France has introduced and adapted the two German credit systems. Long term mortgage credit is provided for by the Credit Foncier, an institution which differs from the Landschaften in being a joint stock company. Short term loans are made through the Banques de Credit Agricole. These societies are based on the Raiffeisen principles in respect of personal security, but differ from their prototype by being more systematically organized and by receiving considerable State aid. When this system of agricultural credit was being devised, it happened that the charter of the Bank of France (a bank of issue) had just expired. Before granting a renewal the Government taxed the bank a considerable sum for the benefit of agricultural credit. By this means the State has been able to loan about thirty million dollars free of interest to the regional Banques de Credit Agricole.

AGRICULTURAL CREDIT IN DENMARK

"In Denmark there are three, or rather, four forms of farm mortgage credit. The Savings Banks make farm loans which are not amortizable. Amortizable loans are obtained through the Credit Unions, of which the Land Owners Credit Union is the largest. These unions are modelled after the Landschaften, but have features not found elsewhere. The borrower does not receive the amount of the loan in cash, but in bonds, which he sells in the open market. He can redeem the loan at any time by buying bonds in the market, which he may return to the bank. In this way he is enabled to take advantage of favourable conditions in the money market. The minimum amount of loans granted by these unions is, however, not low enough to make them useful to a large number of small holders desiring to make small loans. To remedy this defect, the Cottagers' Credit Unions were started. In the case of these unions, designed exclusively for small holders, it was found desirable to strengthen the standing of the bonds by a State guarantee. The result has been that the Cottagers' Credit Union bonds sell in the open market at about 2 per cent. higher than bonds of the Land Owners'

Union. Even this system did not appear to go far enough in aiding the numerous farm labourers to become independent land owners, and a system of direct State loans, permitting of loans up to 90 per cent. of the value of the security, has been started. This plan has achieved a great deal of good, the amount involved is being increased from year to year, and losses have been insignificant.

STRIKING EFFECTS IN IRELAND

"One of the most striking examples in Europe of the beneficial effects of co-operative credit and State aid for the farmers is afforded by the great development which has taken place in Ireland during the last few years.

"From personal observation I am able to compare conditions in that country as they existed in 1900 and again in 1913. The improvement in the condition of farm life during that brief period has been simply marvellous. The co-operative societies, based on Raiffeisen principles, besides organizing purchase and selling activities, have done considerable good by collecting the savings of the people and loaning their funds to members for farm improvement, thus rescuing the Irish farmers from the hands of the usurer. The great social change is, however, mainly due to the operation of the Wyndham Act of 1902, under which the Government is acquiring farm lands and placing them in the hands of the tenants, on a system of long term payments. This 'revolution' has involved an amount of two hundred million dollars, of which it is officially reported that losses due to default have practically been nil. The beneficial effects have been felt not only by the farmers, but by the merchants and the banks, and indeed, Ireland as a whole has been greatly benefited by this new era of agricultural prosperity.

FINANCING EXTENSIVE UNDERTAKINGS

"The most notable example of carrying out extensive improvements on collective security, financed by co-operative banks, is probably furnished by Italy. The People's Banks, which started on the Raiffeisen principles with a capital of four hundred dollars, have, by simply organizing poor peoples' collective security, become such a power that they were enabled to finance the most monumental of European irrigation undertakings, the Villoresi irrigation plant in Lombardy, by which incalculable benefits have been secured for the people of those districts.

"Thus we find the two prevailing credit systems in Europe modified to the needs of the moment in the various countries of their adoption. The Raiffeisen short loan system accepts the hor-

rower's integrity as chief security, the moral hazard is the main consideration, and the confidence the associations inspire is their source of capital. The *Landschaften* provides for mortgage credit on amortization principles, and raise their funds by bonds on collective mortgage security. Occasionally State aid and State guarantee has been added to the collective security, where this did not appear to give the system sufficient strength. It was for New Zealand and Australia to let the principle of State guarantee entirely take the place of the borrowers' collective guarantee, making this hitherto only occasional feature the basic principle of a credit system for long term loans, furnished directly by the Government through a board, as in New Zealand or as in Australia, through the establishment of Agricultural Banks.

CREDIT ACT PROPOSED FOR BRITISH COLUMBIA

"In the plan embodied in the Act now before this House, the example of other countries has been followed as far as we have adapted their approved experience under similar conditions to our needs. A salient feature in the framing of this Act has been the endeavour to obtain independence from any political influence in the making and management of loans. The Board as proposed under the Act consists of five directors, namely: the Superintendent, who devotes all his time to the duties of his office, and two practical farmers, these three members being appointed by Order in Council for a period of ten years, together with the Deputy Ministers of Finance and Agriculture, who are *ex-officio* members, and serve without other remuneration than their reasonable and actual travelling expenses when in the service of the Commission. I believe that the constitution of the Commission, the provisions for its appointment, tenure of office, and removal, together with the definitions of its powers and duties, secure this object completely. However, I agree very much with the Premier in his remarks in dealing with the composition of the Commission. It must be an exceedingly strong one. It is well for the House to bear in mind, when placing in the hands of the Commission the power to administer this Act, that a great deal of business ability and honesty of purpose will be required from the directors. I also quite agree with the Premier's remark that, if after two or three years it is found that the requirements of this Bill are not, perhaps, exacting enough, and it should be found necessary to go further in strengthening the Commission, the Act should be amended accordingly. However, I believe a Commission constituted as here provided will answer the purpose, but it all depends on the ability and honesty of purpose of the members appointed.

SALIENT FEATURES

"It is proposed to raise the money for the loans by the sale of bonds guaranteed by the Provincial Government. Authorization is provided for the issue of securities of which the aggregate amount must not exceed fifteen million dollars without renewed authorization from the Legislature. Each issue of bonds, within that limit, must, however, be sanctioned by the Lieutenant-Governor in Council. The bonds will be sold by the Minister of Finance, who fixes the interest and the price below which the bonds may not be disposed of; he also determines the period of redemption (not exceeding thirty years). A reserve fund of not less than one hundred thousand dollars is to be set aside to secure the Government against losses. This fund, and the sinking fund, are to be invested under the direction of the Lieutenant-Governor in Council. Consequently, the functions are divided so that the Commission has full control of the money to be loaned after once placed to its credit, while the Government has charge of the business of borrowing and controls the funds for the redemption of the bonds. In addition to the features already mentioned, the essential points of the Bill are the following: First, the loans are made directly to the farmers through the Commission, with no other overhead charges than the cost of administration—beyond this system there will be no intermediary bank trying to make profits; secondly, the wide scope of operation obtained by including loans for long and short periods and loans to co-operative associations; thirdly, the extinction of long term loans by amortization; fourthly, the valuation of the security is made solely on basis of productive value; and fifthly, the loans are granted only for the purpose of increasing production.

"With your permission, Mr. Speaker, I shall endeavour to explain more fully some of the points enumerated. The Bill makes provisions for three classes of loans: First, long dated loans for terms not exceeding thirty-six and one-half years; these loans are calculated to meet the farmer's requirements for permanent improvement, such as land clearing, drainage, irrigation, etc.; secondly, short dated loans for terms from three to ten years, designed for less permanent improvements, as buildings, fencing, purchase of live stock, machinery, etc.; thirdly, single season loans for a period not exceeding twelve months; the loans of this class will meet a demand that is keenly felt by many farmers. I, as well as other members of the House, am in constant receipt of letters from farmers unable to obtain seed on account of the high prices due to the war. I fear very much that unless the Government takes immediate action in that matter a large amount of land available for tillage this year will not be put under cultivation. On

February 1st of last year the price of grain was exactly half of what it is today. Under these circumstances it is not difficult to imagine the plight of the man on the farm who has neither seed nor money. This is a concrete example showing why the feature of single season loans has been included in the proposed system.

"The Bill also permits the Commission to grant loans to associations. Under the Agricultural Associations Act, as passed three years ago, the Government could grant loans to associations incorporated with share capital under that Act. The power to make these loans will, under the present Bill, be assumed, and the loans already made under the Agricultural Associations Act taken over by the Commission. From my point of view there is no doubt that an independent Commission, gathering experience from year to year, is in a better position than the Government to look properly after the interests of the borrowers as well as those of the public, in respect to these loans.

AMORTIZATION CHARGES AND INTEREST

"Under the provisions of the proposed Act, long term loans may be arranged for $36\frac{1}{2}$ years, 30 years and 20 years. These loans must all be extinguished by amortization. On all loans payable over a period of thirty-six and a half years, the amortization charge will amount to 1 per cent. in addition to the annual interest calculated on the full amount of the loan; for a period of thirty years it will be about $1\frac{1}{2}$ per cent., and for twenty years nearly 3 per cent. in addition to the interest thus calculated.

"After careful consideration it has been found that the rate of interest on loans should be fixed at not more than 1 per cent. annually above the rate of interest actually paid by the Commission on the funds raised for the loans. This charge of 1 per cent. appears sufficient to pay the cost of administration, cover incidental losses, and in the long run provide a sufficient margin for the accumulation of a reserve fund.

"I would here point out that the expense would be comparatively heavy during the first few years until sufficient loans have been made to give adequate returns. During that period it might be necessary to make advances from the consolidated revenue funds to cover deficits, such advances to be repaid as soon as funds become available. After the system has been established for five or six years there should, however, be an annual surplus to be added to the working capital. In New Zealand, accumulated profits for nineteen years amounted in 1913 to \$1,500,000.

PRIORITY OF SMALL LOANS

"The amount of a loan under this Act is limited to not less than two hundred and fifty dollars and not over ten thousand dollars to individual borrowers. With the sanction of the Lieutenant-Governor in Council larger loans may be granted to associations. It is, however, provided that applications for loans of not more than two thousand dollars shall be given priority over larger loans. It appears to me, as no doubt it does to other members of this House, that the small borrower should receive first consideration. The collective production of the many small producers is the backbone of a country. We have arcas all over this Province suitable for small holdings.

"Provisions are made permitting borrowers to repay the entire loan, or a portion thereof, on any interest due-date they may wish. Another good point in the Act is that the Commission's financial year coincides with the calendar year, and not with the fiscal year, which ends on the 31st day of March. As the Legislature generally is convened in January, this House will in this way at each session be able to receive an up-to-date statement of the activities and financial position of the Commission.

PURPOSE OF LOANS

'What I consider to be the most important point of the Act, however, is its provisions setting forth the purposes for which loans may be made, and limiting them to such as will tend to increase agricultural production. I believe, Mr. Speaker, that it is a commendable feature that the purposes for which the Commission is authorized to grant loans are distinctly defined. Among such purposes I shall mention land clearing, draining, dyking, irrigation, the purpose of buying live and dead stock, acquiring land for agricultural use, discharging incumbrances on such lands, and for all lawful objects of co-operative associations incorporated under the Act, or public irrigation corporations under the Water Act. Here it should be noted that loans may be made to associations incorporated for the purpose of establishing public markets. Thus the consumer may receive benefit from the provisions of the Act as well as the producer. Further, it is a notable provision that every loan, in the opinion of the Commission, must be economically justified. The moral hazard of the loan, and the personal equation of the borrower will be carefully considered. Appraisers will be appointed by the Commission, not by the Government. The productive value of the land offered as security will be estimated absolutely apart from any speculative value it may be deemed to have.

People who have placed a high speculative value on their properties may find that instead of being valued at five or six hundred dollars an acre, their lands may be placed at fifty or a hundred dollars an acre. A main consideration will always be the borrower's ability, in the Commission's opinion, to earn for himself and family a fair living by farming his land, after having paid interest and amortization charges.

"The extent to which the personal integrity of our farmer can be relied on as security for debts has been shown very significantly by the fact that the Department of Agriculture of this Province, through the Farmers' Institutes, has for several years distributed thousands of dollars' worth of stumping powder without losing one single dollar on account of default.

"At this point, Mr. Speaker, I would like to make it distinctly understood that every loan advanced must be only in respect of improvements made, and not improvements to be made. While a loan may be granted on land based on the value that land will have after being improved by expenditure of the loan as proposed, the amount will only be advanced in proportion as the work of improvement progresses. A farmer owning, for instance, a hundred acres of land, of which ten acres are improved, will only be able to receive an advance on the basis of the improved ten acres, while the remainder of the loan may be advanced in proportion as he increases his improvements.

SECURITY

"The Commission has power only to loan 60 per cent. of the appraised value; consequently the public has a security of 40 per cent. of the value of the improved land above the amount of the loan, in addition to the value of the raw land included under the security. It is difficult to imagine better security under a general credit system. In case of default to pay interest and amortization charges, or if in the Commission's opinion the loan is not applied judiciously or not expended for the purposes it was granted, the Commission will have power to take over at once the property securing the loan without recourse to a law court, or the Commission may, if desirable, appoint a receiver, and may lease or sell the property. The provisions in that respect are very explicit, and there is very little legal formality about the proceedings. If, for instance, it is found that money lent for clearing, dyking or irrigating lands, as the case may be, is being used for commercial or speculative purposes, the Commission can withdraw the loan, or in default, enter and take possession of the property. It has been found necessary to give these powers to

the Commission so as to safeguard the public interest; at the same time, the Commission will have complete discretion in all such matters, and may be relied on to regard it as its chief function to encourage and protect the borrower as far as is consistent with the safety of the loan.

"Considering on broad lines the structure of the institution created by this Act, I find that the Commission is given wider scope and constituted on more practical lines than any similar board of which I have heard. The administration will be conducted with the greatest simplicity. While the Commission can not borrow a single dollar without authorization of the Legislature, and issue no bonds without the sanction of the Government, it has the greatest latitude and the full responsibility in respect to loaning. A further effect of the simplicity of the proposed system is the saving of time and expense effected by placing long term loans, short term loans, and loans to associations under the same Commission.

PROBABLE EFFECTS OF THE PROPOSED CREDIT SYSTEM

"With respect to the effect the proposed credit system may be deemed to have on conditions generally in the Province I wish to say a few words.

"It is evident that one of the chief reasons why so many people have left the farm for the city is the barrenness of social life in the country as compared with the glamour of city life. I believe that perhaps the greatest effect of a credit system, as here proposed, will be a tendency to elevate the farmer's self-respect by increasing the scope of his activities and his prospects. With this will follow better conditions, better houses, more conveniences and comforts, and better living. I believe, Mr. Speaker, that we may expect to see a general change in all our conditions as an effect of this Act; people who have left the farm and gone to the city because they could not make a fair living on their land will return to the country, and instead of an exodus from the country there will be an exodus from the city back to the land. Incidentally, another effect of the introduction of this credit system will be that as far as the farm land is concerned, we will come back to actual productive values, and I believe that after ten years operation of this Act, speculative valuation of farm land will practically have disappeared.

INCREASED ASSETS TO THE PROVINCE

"I have noticed, Mr. Speaker, that fear has been expressed by some that a credit system based on guaranteed bonds, as here

proposed, would impair the Provincial credit. I am convinced, however, that the actual effect will be the very opposite. When it is realized that every dollar raised for this purpose will be secured not only by the credit of the Province, but collectively by the mortgaged lands and the improvements on the lands affected by the loans as well, and collaterally by a reserve fund, it will be evident that investors could obtain no better security. I understand that in New Zealand the bonds issued under the 'Advances to Settlers Act' are considered to be better security than the ordinary debentures issued by the Government. In every country where we have studied similar credit facilities, there has been noticeable a concurrent increase in agricultural production, in freight receipts for the railways, in bank deposits, and in the activities of commercial life generally, all of which has been conducive to a higher rating of the national credit.

"While this Act is not going to perform miracles, and when in operation, no doubt, will cause disappointment to many people, yet, I believe that its most obvious effect will be a considerable increase in the production of foodstuffs, so that we may be able to raise at home the twenty million dollars' worth of food supplies that we now import annually. In times of depression like the present, none can fail to realize how much the keeping at home of such a sum of money would mean to all.

"At this point, Mr. Speaker, I want to say, and to say most emphatically, that there is an expression which should be left out altogether of our discussions of public affairs. I refer to the phrase about 'placing settlers on the lands.' It is not desirable that this Province should agitate for land settlement; what we need is increased production. If we can adopt such an agricultural policy that those who now are on the land can make a good living, it will be the best means of inducing thousands of others to join in sharing their prosperity. In this connection, let me say that perhaps not the least beneficial effect of this Act will be that in the future, instead of farmers having to work on the roads during the season when most needed on their farms, we shall find them employed making capital for themselves and creating assets to the Province.

AN AGRICULTURAL POLICY

"In conclusion I would like to draw the attention of the House to various other matters suggested in the report, and which will require to be acted upon. Many of the recommendations made would not require special legislation, but can be carried out by departmental regulation. Considered as a whole, these recommendations actually constitute an agricultural policy which, when

carried out, will make the Agricultural Department one of great service to the Province. I shall briefly refer to two of these which I consider of the greatest importance. One concerns the creation of a Commercial Branch of the Agricultural Department. It would be the duty of such an office, or Market Bureau, to collect market news and disseminate them efficiently among the farmers; to organize the co-operative movement; to hear complaints and to adjust differences between the farmers on the one hand and commission men and transportation companies on the other, and gradually to develop a commercial or marketing service for the farmer. Another measure to which I shall here refer is a more complete organization of the Agricultural Department's educational service. The training of our farming communities for the business of farming should be systematized by district instructors, and include not only the farmers, but also the children of our high schools and common schools. Such a system should include the teaching of improved methods, as well as experimental work to try out under farm conditions the results of research work carried out in the Agricultural Colleges, and it should be conducted by actual demonstration rather than by lectures. Members of the Agricultural Commission made special observation of work carried on along these lines in the Province of Ontario, in the States of Wisconsin and Washington, and in Ireland. The uplifting influence of this educational work on the entire life of the people must be observed in order to be estimated at its full value. It is evident that it has had great influence in promoting co-operative enterprises.

CO-OPERATION NEEDED

"If there is any one thing the farmers of this Province need to realize more than anything else it is that they will have to co-operate. At present the farmer conducts his business under the most unfavourable conditions. He buys his raw material in the retail market and sells his finished product in the wholesale market. No manufacturer would dream of carrying on his business successfully along such lines, and yet this is the position of the farmers in British Columbia today. It is hoped that this Act in some measure will provide our farmers with the means of organizing a commercial system adequate to meet the demands of present market conditions.

"When I was travelling in Denmark I was greatly impressed with a motto which I noticed over all the Folk High Schools and the public schools in that country. It was this: 'Do it for Denmark's sake.' I believe that in this country we need to keep before us a motto of similar purport. I feel we have a perfect

right to say in passing this Bill that we are doing this for the Province's sake. Let us all, the members of this House, and the people throughout the country, keep in mind Denmark's motto when considering plans for the development of agriculture within our Province."

A BANKING INSTITUTION FOR FARMERS

SPEECH BY ALEXANDER LUCAS, M. L. A.

"It is not my intention, Mr. Speaker, to occupy the time of the House to any great length. The Bill before the Legislative Assembly has been carefully reviewed by the Honourable the Premier and the honourable member for Cowichan. They have gone into and explained the details of this Act very fully, and I shall endeavour as far as possible not to repeat what they have already so clearly and forcibly said on the subject. There are, however, some points of importance in connection with this Act to which I wish to refer.

"I lay particular stress on the fact that this Bill provides for the establishment of a monetary institution second to none in the Dominion of Canada—an institution of which the function will be to loan money to farmers on terms suitable to their business. It is not a makeshift intended to help poor farmers only; it is a measure to provide adequate credit for all those engaged in the agricultural industry in the Province of British Columbia.

"You will mark the difference between an institution of this kind and any arrangement or policy designed only to help the farmers and to enable them to make a living. The former is a sound business proposition calculated to enable farmers to increase production, while the latter, which has been advocated by the Liberals, partakes more of the character of charity—to use their own language, 'we will assist the farmer to enable him to make a living on the land.'

BANKS UNABLE TO FINANCE FARMERS

"It has been maintained by some that our chartered banks are in a position to extend credit to all those who have adequate security to offer. Such is, however, not the case. The chartered banks were organized for the purpose, first, of receiving and safe-

keeping the savings of the people, in the shape of deposits, and secondly, to provide credit for those engaged in the manufacturing and mercantile business. The very nature of the constitution of the chartered banks makes it almost impossible for them to loan to farmers for the purpose of making permanent improvements. The prudent bank manager must place his loans so that he may be able to call them in at any time that he is required to repay deposits. Consequently, he would not loan to a farmer for the purpose of clearing land, knowing full well that it would be several years before the farmer could repay that money from the revenue derived from the earnings of the land. Those engaged in the agricultural industry, therefore, cannot look to our chartered banks for the line of credit they require in their business.

"The institution which this Act will bring into force will in effect be a loaning company with fifteen million dollars available as needed, and with the credit of the whole Province of British Columbia behind it. It will be an institution brought into existence for the sole purpose of financing those engaged in the agricultural industry, an institution that will finance every agricultural producer who is willing to help himself, and not only help him to make a living, but enable him so to increase the revenue from his farm that he will be able to meet the payments of principal and interest of the loan and have a sufficient surplus left to justify him in adopting a higher and a better standard of living.

"If the agricultural industry is to take the place in our economic life which it should occupy, conditions must be made such that the men engaged in that industry can adopt a standard of living equal to that enjoyed by those employed in any other industry. The agricultural industry must be made as pleasant and as profitable as any other occupation. With such conditions established, there will be no need of starting any agitation to induce men to go 'back to the land,' or to persuade those who now are on the land to remain there. You will notice, Sir, that the provisions of this Act apply directly to those who are now on the land, and who are now endeavouring to make homes for themselves. It is from these the greatest immediate increase in production may be expected, but the Act also provides credit facilities for the beginner on a pre-emption or homestead.

POWERS OF THE BOARD OF ADMINISTRATION

"This monetary institution will be managed by five Commissioners appointed by the Government, but after having received their appointment they will be absolutely independent of the Government and will be subject to no political influence of any kind. The Government can appoint them but the Government cannot

dismiss them. The House can cause their removal from office on an address to the Throne, but it cannot appoint them or their successors. The Government, being responsible for their appointment, and being without power to remove the directors from office, will be very careful that only the best men are appointed. The Commission will establish a Valuation or Appraisement Board, to investigate and report on all applications and on the value of the securities offered. The Commissioners may grant the loan of the full amount applied for if passed by the appraisers, or may reduce the amount, or they may refuse to grant any loan at all; but they cannot increase the amount one dollar beyond what the Appraisement Board advises. On the other hand, while the Board of Appraisers may fix the value of the security, they have no power to grant a loan, so that every precaution for the safety of the funds that is humanly possible has been provided. The system of appointing Commissioners independent of the Legislative Assembly, but subject to dismissal for cause by that body, has proved to be the safest and wisest known, and has resulted in the most independent civil service yet evolved by any Government.

A HIGHER STANDARD OF LIVING

"While the primary object in providing this monetary institution for those engaged in the agricultural industry has been to increase production and make the industry more profitable, yet a secondary object will be achieved in the adoption of a higher and a better standard of living by those engaged in agriculture. This will make country life more attractive, and be a strong incentive to those engaged in the industry and to those born in the country to remain there and make farming their life work.

"The observations of a commission that visited New Zealand some years ago expresses very clearly my ideas of what will result in British Columbia after the introduction of this Act. This commission, after reviewing the history of the agricultural credit movement in New Zealand, says:

"With money thus available on terms suitable to the industry, the farmers have built better houses, have remodelled their homes, have brought a large acreage of land under cultivation that otherwise would be lying idle, have bought and kept better live stock, have bought and use more labour-saving machinery on the farm and in the house, have erected elevated tanks and wind-mills and laid on water in their dwellings and in their outbuildings, for irrigation for their vegetable and flower gardens around the house, and have installed modern conveniences in the houses; they have increased their dairy herds; they keep more sheep and pigs; and have so materially increased the revenue

from their farms that they are able to meet the payments on their mortgages and to adopt a higher standard of living and a better one. Throughout the whole country a higher and a better system of living is being evolved. The young men and women who are growing up in the country are happy and contented to remain at home on the farms; they have ample time and opportunity for recreation and entertainment of a kind more wholesome and elevating than can usually be obtained in the cities.'

"As I stated before, this is the condition that I hope and believe will soon prevail in British Columbia. It is exactly this state of affairs we would wish to see brought about. We have the climatic and soil conditions; we have the markets; but we have no monetary institution to enable us to carry on business on the farms.

ECONOMIC VALUE OF LONG TERM CREDIT

"Another point to which I wish to direct your attention is the economic importance of the long term credit. One of the greatest drawbacks the farmer has to contend with is the raising of money to meet payments before he is ready. It is absolutely necessary, in the interests of successful agriculture, that a farmer should not be forced to sell his live stock before maturity or be compelled to sell his other produce when the market is not at its best. Besides, it is necessary that he should be protected against payments falling due in a year when crops have failed. To be forced to meet payments under such adverse conditions simply means the ruination of the farmer. The stock that he intended to keep and build up into a first-class herd, say, of 100 cows, he is forced to sell, under present conditions, when two-, or three-year old. He is thus set back in a worse position than before obtaining the short term loan. The long term loan means more to the farmer than even the rate of interest although that is also a very important item. As has been pointed out by the previous speakers, the rate of interest under this Act will not be more than 1 per cent. more than the actual rate paid by the Government, and the terms of the loan may be anywhere from one year up to thirty-six and a half years, the borrower having the privilege to repay the loan at any time. The long term credit, the privilege of repaying when the borrower is able to do so, and the low rate of interest, are the three principal points in this Act.

A FRIENDLY LOANING INSTITUTION

"Another feature of the Bill that I wish to emphasize is that the Agricultural Credit Commission will be a friendly loaning com-

pany. The Commission is brought into existence under this Act for the purpose of accommodating with credit those engaged in the agricultural industry. It is not a profit-seeking company, but a friendly mortgagee, with no desire to foreclose or to hurry up or to embarrass in any way the borrower, provided he signifies an earnest endeavour to comply with the conditions of the mortgage.

"Provision is made in this Act so that in case of sickness, death, or for any other cause that removes the head of the family, the Agricultural Credit Commission may appoint an administrator to take charge of the farm and conduct the operations under the direction of the Commission in the interests of the widow and heirs of a deceased mortgagor, and every care has been exercised to protect the interests of those who borrow from the Agricultural Credit Commission.

"I believe that the establishment of this monetary institution in British Columbia will give to the agricultural industry such an impetus as has never been experienced in any part of the Dominion of Canada.

COMMERCIAL DEPARTMENT NEEDED

"Before concluding my remarks in respect of this Bill, Mr. Speaker, I wish to call the attention of the House to a matter not directly bearing on the subject of the Bill, but indirectly of importance as supplementary of the policy involved. I refer to the recommendation made by the Agricultural Commission to establish a Commercial Branch of the Agricultural Department. As the previous speaker, the honourable member for Cowichan, has already outlined the work to be performed by such a branch, I shall restrict myself to state my views only on a single phase of the scope of activities that should be undertaken, namely, a solution of the transportation problem as it confronts the farmer. Concerning this matter the Agricultural Commission had conferences with directors and managers of four railway companies, the Canadian Pacific, the Grand Trunk Pacific, the Canadian Northern and the Pacific Great Eastern. These representatives stated that their respective companies are quite prepared to co-operate with the Government in evolving a comprehensive plan for the promotion of interprovincial trade. About 50 per cent. of the freight carried by the railways consists of agricultural products or raw material for the farmers, and there can not be the slightest doubt that those railroad companies are just as anxious to get traffic as the farmers are to get shipping facilities. It would not be difficult to suggest practical plans for improving the farmer's position commercially by concerted action among the co-operative associations, the transportation companies, and the Government. To state the matter in concrete form, I will suppose that a co-operative selling agency should undertake to handle, for instance, apples for the producer at a charge that would leave him a fair margin of profit, say at ten cents a box. It is evident that for some time the earnings of the agency would be insufficient to cover running expenses. The expense of a selling agency with an efficient service would at the outset not be less than thirty cents a box and probably more. If the Government and

the transportation companies would contribute equally, I believe it would be possible to aid such an agency until it had attracted sufficient support to operate at a low charge. The representatives of the companies think such a plan is feasible and, in fact, the Canadian Pacific Railway Company is at present spending thousands of dollars in similar work throughout the North-West Territories.

"One of the duties of a Commercial Branch would be to bring plans of such a nature to completion.

EFFECT ON PROVINCIAL CREDIT

"And now, Mr. Speaker, in conclusion, I wish to point out to you and to this House that the credit of the Province will not be impaired by the guaranteeing the bonds of the Agricultural Credit Commission, but on the contrary, the more money there is invested in agricultural production the better the credit of the Province will be conserved, for the following reasons:

"Each dollar loaned must be represented by an increased acreage of cleared land or increased live stock or increased property of some kind to the value of two-thirds above the amount of the loan, so that the national wealth will be increased by 40 per cent. in addition to the 60 per cent. of the valuation which is the maximum limit of a loan. A further economic asset is the employment provided in producing the improvements. An increasing number of men will annually be required to cultivate the extra amount of cleared land and to care for the extra amount of live stock, and so forth, which the operation of this Act will bring into existence. Behind each six hundred dollars loan, there will be a mortgage of at least one thousand dollars' worth of improved productive farm property, and behind each mortgage stands a human being, approved of for his industrial and economic habits, who covenants that he will repay the principal and interest in full. Collateral with this security there will be a reserve fund created by the surplus of the 1 per cent. interest charged on the loans over and above the actual rate paid by the Commission. The experience of other countries where similar systems are in force has proved that this 1 per cent. will pay all cost of administration, charges and losses, and in addition create a very handsome surplus. In New Zealand in nineteen years this surplus amounted to over one million five hundred thousand dollars, and in the different States of Australia the financial result has been equally satisfactory. You will bear in mind that this one and a half million dollars is but a fraction of 1 per cent. of the extra toll of wealth derived from the New Zealand soil by means of the Government guaranteed loans to farmers. I can, therefore, truly say that behind the bonds issued by the Commission, and guaranteed by the Province, there will be a security to protect the Province amply against any possible loss, a security better than one hundred per cent. gold deposited in the vaults of the Treasury Department.

"Mr. Speaker, I shall say no more. My object in making these remarks has only been, if possible, to bring into fuller light certain facts having a direct bearing on the purport and the probable effects of the credit provisions of this Bill."

