

Bank Lending

Bank lending under the guaranteed loan programs according to The Canadian latest Bulletin. advance credit under various government- now exceeds \$2 billion, Bankers' Association in its Basicly, the banks provisions of the Bank Act,

Christmas Greetings

Christmas, each year, is a wondrous occasion bringing into every home an abundance of joy and happiness for all . . . and the eternal spirit of love and peace, which is the essence of the season, never changes. It's the same feeling which makes us want to share the very best with our friends and thank you for your loyalty.

Grant	Cecil	Tom	Bev	Joan
Barb	Karen	Shirley	David	Earl
Lloyd	Frank	Marie	Linda	Tom



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and a total of \$19 billion is now outstanding, but they also make "government-guaranteed" loans under 20 or more other pieces of legislation, both federal and provincial, serving special classes of borrowers and with risks shared between the banks and sponsoring government authorities, the Bulletin says.

The first programs were introduced in the 1930's enabling farmers to borrow to buy seed grain and provide funds for home improvements. Since then, similar facilities have been opened up in many other fields, on the national level and the provinces. Also, by enabling the banks to take mortgage security, security under Section 88 of the Bank Act, on a broader range of items than was possible hitherto, these programs have opened the whole broad field of intermediate-term credit for purposes previously considered beyond the banks' areas of operation.

Varies Rates — Interest rates are determined in a number of different ways, often by a formula agreed upon in advance and related to general levels. Guarantees are not always for the full amount of the loans and frequently apply only to losses above a stated percentage of totals.

"It is important to realize, however," the CBA says, "that none of the programs has the effect of increasing the total volume of credit available. For while risks are shared to a degree, the funds advanced are no different from any others in the sense that they are entirely bank resources, not those of government. And money advanced through the medium of a government-guaranteed program is thus unavailable for allocation to other types of lending."

The programs now provide widespread credit for farm improvements and numerous other agricultural requirements, for home improvements of all kinds, loans to fishermen, small businessmen and students, National Housing Act mortgages, loans to manufacturers relating to the Kennedy Round agreements, to finance certain export sales, for engineering, advice, for tourism, to modernize dairies, to offset "adverse weather" effects and for many other diverse purposes.

Exceed \$2 Billion — Loans made by the banks under all government-guaranteed programs now exceed \$2 billion. Some are of a permanent nature which are used extensively and are of considerable social importance. Others are instituted only temporarily to meet temporary needs. Still others are in process of being phased out having served their purpose.

Other programs, while effective only for specified periods, have become well-established features of bank lending although in fact have been used less extensively than might have been expected.