

FARM.

The Rural Problem is One of Finance.

Editor "The Farmer's Advocate":

In the final analysis, the chief difficulty in getting and keeping more people on the land or enabling those at present on the land to increase production, thereby increasing the world's food supply, is that of finance. My remarks will, therefore, deal with this phase of the question, leaving to others a discussion of labor, educational and other branches of the problem. I may also state that what I have to say on the question will be based on practical experience; and further, that I write from a farmer's viewpoint, not that of a professional man, recognizing that there are at least two sides to nearly all questions.

At the outset, allow me to say that, in my judgment, under present conditions, it is not possible for a man to successfully finance the purchase of a 100-acre farm in Older Ontario, if the purchaser cannot pay more than one-third the price down at the time of purchase, unless he has other sources of revenue than that of the farm, particularly where he hires all the labor on the farm at current rates of wages. In from five to six years, under the foregoing conditions, the financial organizations will own the farm in most cases, and the purchaser will have lost what money he "paid down." There are exceptions to this general rule, as in all cases,—say where a man and his family become slaves to work, but the proposition in the main is true.

The writer is fond of making experiments. Not the least interesting have been those in farm finance. Lest some of my readers may think he is a "gambler," allow me to say that he has never taken a "fling" at the "stock market," nor any similar organization. The nearest he has come to this, is a speculation in "live stock" or other legitimate farm speculations. All farming operations are more or less in the nature of a "speculation." There is a fascination in finding out from practical experience the methods of financial experts. These men work largely in the dark. Their methods are practically unknown to the man on the farm until he comes to close grips with them. They "dig themselves in," or mask their batteries in such a way that only the submarine of experience can fathom their secrets. It is more or less an open secret that a group of financial men in Toronto control the destinies of the Province of Ontario, while a similar group in Montreal control Dominion affairs. When these men say "Thumbs up," it is so ordered. When they say, "Thumbs down," thumbs are down. So far as history has revealed the facts to us only two men, up to the present, have been strong enough in Ontario to resist the dictation of these financial groups—Sir Oliver Mowat, and the late Sir James Whitney. It is to the everlasting credit of these two great men, that they did what they believed was best for the Province of Ontario as a whole regardless of what interested parties might say. Looking to the Dominion, we find no man who has ever been strong enough to withstand the financial pressure of the Classes as against the Masses. The reason is that the Dominion of Canada is poor, in a financial sense. We are forever begging at the doors of financial magnates. "Beggars cannot be choosers." Farmers have been to a large extent the scapegoats of this policy, and there seems no redress in sight, although it looked as if there would be something done for the financial aid of farmers when Bill 194,—"An Act respecting Co-operative Credit Societies" was given its first reading on May 13th, 1914, in the House of Commons of Canada. This Bill, although a Government measure, did not become law. It would be very interesting to know the whys and wherefores of the dropping of this measure. However, because it is a more or less political question, to discuss it by farmers is "verboten."

There are three chief financial organizations to whom the farmers might look for help in the money question—Banks, Loan Companies, and Life Insurance Societies.

Owing to the limits placed on this article we shall be able to discuss these in the very briefest manner possible.

HOW THE BANKERS DO IT.

Suppose that a farmer wishes some ready money to do underdraining, improve his buildings, put up a silo, or buy pure-bred stock. He may own his farm, live stock, implements and have not a cent of debt. He feels that he would like to make a step forward, but has no ready cash. He hears that the bank in the nearest town will loan money. The banker is interviewed. The farmer states his case. The banker listens attentively and finally says, we will loan you the money, but it will be necessary for you to fill out a loan form. Before he gets through, if the farmer is an honest man, that banker will have extracted more information about the farmer's financial affairs than the farmer ever dreamed it possible for another to know. If he is dis-

honest, the banker has tempted the farmer in a most seductive manner, but the farmer is not yet done. Suppose the farmer wishes to borrow, say \$750. The banker says, all right, we'll place this to your credit in the bank and you can draw on it as you wish. For this privilege, the farmer signs a note for the amount agreed on, bearing interest at six per cent. The farmer makes the necessary expenditure, drawing on the bank to the sum stated. But one day he finds that a notice from the bank tells him he has overdrawn his account, and he must make this good at once with a deposit. What is the

at the farmer's table, and seemed to enjoy immensely the hospitality of the farmer. On making inquiry concerning these distinguished individuals, I was told that they represented a loan company in the nearby town, who had forced the farmer to make the sale to satisfy some of their claims. A few years afterwards, I had occasion to again visit this farm. The proprietor was one of the men, if I mistake not, who had represented the loan company some years previously. He lived in town and posed as a farmer. What became of the man who previously owned the farm—or was supposed to do so? The writer does not know. He seems to have dropped out of existence.

To come back to our farmer who wishes to borrow, say \$3,000 on a 100-acre farm to improve buildings, buy pure-bred stock, etc. He goes to the manager of a loan company, tells his story. The manager, in the smoothest, suavest tones, informs him that it will give them the greatest pleasure possible to accommodate him. But the farmer finds that there are a few preliminaries to be arranged. He will have to pay from \$10 to \$25 to have his farm inspected—more if the farm is some distance away. The lawyer's fees will be from \$10 to \$20 for examining titles, preparing

mortgage, etc., whereas the company could very well do this at half the cost. Why do not our legislators make this a more simple matter if they are really in earnest about getting and keeping people on the land?

He must also deliver up to the company deeds of land, insurance policy, if any; if not, it must be obtained. All these expenses are deducted from the loan, so that when the farmer gets through, he will find that out of the \$3,000, from \$25 to \$100 have been gobbled up in expenses by the hungry parasites.

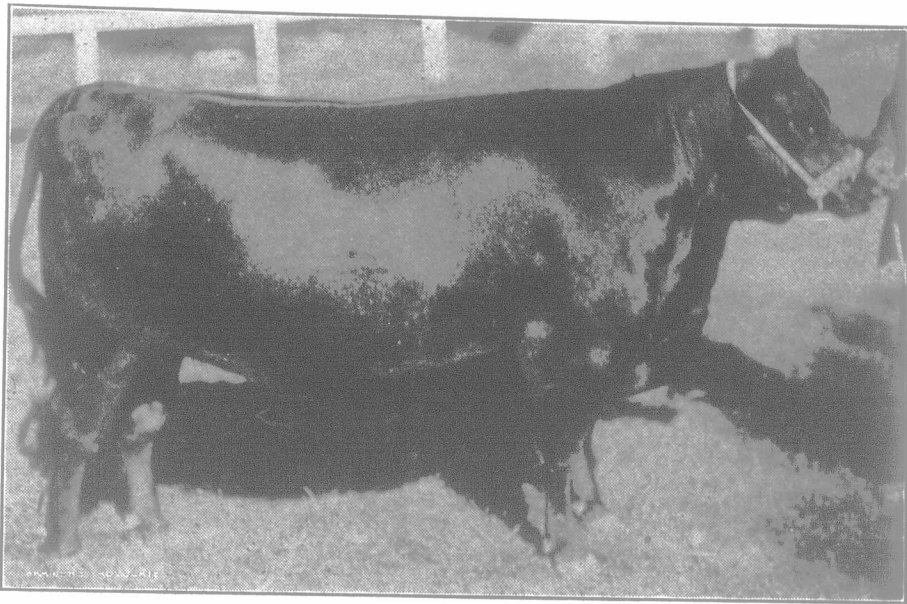
If at any time, the interest is not met on the date due, and they usually require interest every six months, the company promptly puts on a fine and charges this as "arrears." At the end of the term, if by dint of hard work, pinching and

saving, the farmer is able to pay the principal, he finds that he is not yet through. The company charges him two dollars for a discharge of the mortgage, and in addition to this he will have to pay 50 cents to get the discharge registered. This two dollars for discharging a mortgage is legalized robbery. What arrant humbug and hypocrisy that the men responsible for these things should pose as friends of the farmer, and say they are anxious to do all they can to help the farmer, and who are very much concerned about the world's food supply, etc. They may not know it, but these are largely responsible for bleeding the farmer at every turn.

One more class.

HOW THE LIFE INSURANCE COMPANIES DO IT.

A glib-talking Life Insurance Company Agent drops in at a farmer's one day and says, why not take out a policy with our company? It will be a protection to your family in case anything happens to you, and if you want to borrow money on the policy after a certain number of years you can do so; if you take out an endowment policy, we will pay you back at the end of the twenty years, all the money you have paid in together with "Profits." This sounds good to the young farmer who is just starting in life. By "hard scratching" he rakes up the first



Elm Park Pride 12th.

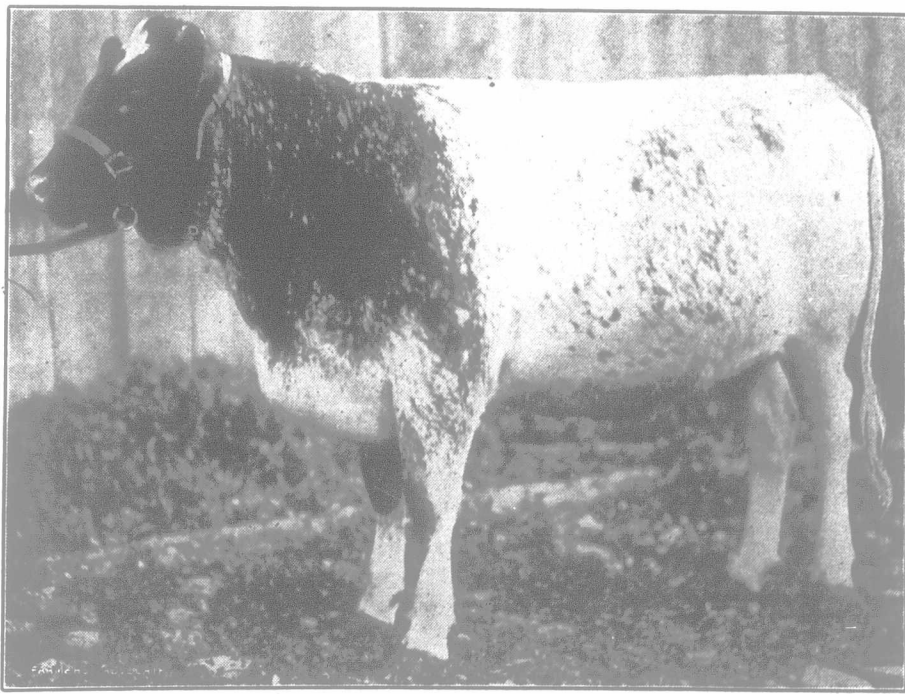
First-prize two-year-old heifer at Winnipeg, Brandon, Regina, Saskatoon, and Edmonton, and first-prize three-year-old and champion female at Toronto and London, 1914. Owned by Jas. Bowman, Guelph, Ont.

trouble? Instead of loaning the farmer \$750, the banker placed the sum of \$738.25 to the farmer's credit. This is what the banker calls "discounting a note." In all probability, "discount" was invented by the Jews, who were the first bankers. The transaction has a strong Shylock flavor.

Another difficulty with loans from banks, is the short time,—usually three months, with the privilege of renewing. As a rule, the farmer cannot get returns from their investments in three months. He then turns to the loan company and finds

HOW THE LOAN COMPANY DOES IT.

As a rule these companies loan only on real estate and first mortgages for terms of three to



Escana Cranberry.

First-prize junior yearling heifer at the Canadian National Exhibition, 1914. Exhibited by Mitchell Bros., Burlington, Ont.

five years. This longer time suits a farmer better. But it is a case of "The Spider and the Fly." A case will illustrate. Soon after the writer left the farm, and became a professional man, he had occasion to attend a sale in one of the best farming districts of Western Ontario. He had known the farmer previously in another locality where he was running a smaller farm—probably owned it. He bought this big farm, purchased pure-bred stock and in a short time—some three or four years—advertised a sale. We noticed several well-dressed, portly individuals taking a very active interest in the sale. At luncheon these men occupied the seats of honor