



A Lincolnshire Quartet Getting Ready for the Show.

### Ontario Farmers and Finance.

By C. F. Bailey, Assistant Deputy Minister of Agriculture, Ontario.

In these troublous times, when the British Empire is engaged in her supreme struggle for liberty, the nation will naturally look to Canada to supply a larger share of foodstuffs than she has heretofore, due to the fact that England can no longer look to her European markets for usual food supplies. It is to be hoped, therefore, that the farmers of Canada will respond to the urgent call and show their loyalty to the Empire by making an earnest effort to increase the acreage under crop, eliminate waste in every possible degree, and make the most of every opportunity to increase the output from their farms. It naturally follows that increased production will require more capital to finance farming operations than has been necessary during the past few years. Are the farmers of Ontario prepared to meet the demand? This is the question in the minds of a great many people at the present time.

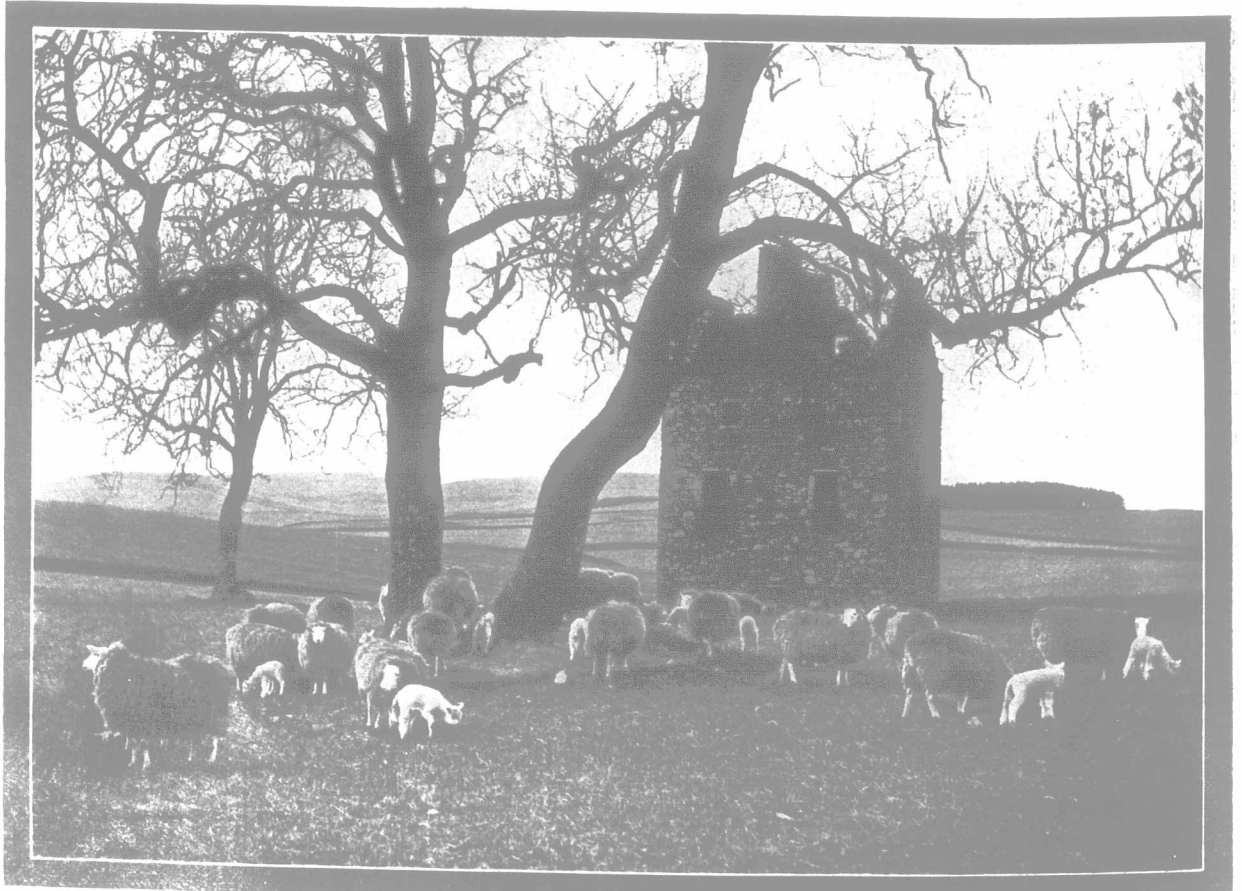
Fortunately, the farmers of Ontario have passed through a period of favorable seasons, fair crops, and good prices. From a recent investigation into the financial status of Ontario farmers, conducted by the Department of Agriculture, it is gratifying to learn that during the fall of 1913 farmers had on deposit alone in the banks \$100,000,000. This investigation also showed that 45% of the farms of the Province were mortgaged, to the extent of one-third value, which means that only 15% of the total value of Ontario farms was covered by mortgages, and of this latter amount 7% was held by farmers themselves. It is also pleasing to know that farmers of good standing had no difficulty in securing money at current rates of interest. Knowing all this, and having some idea of the comfortable homes and the apparent satisfactory conditions existing in rural Ontario, one would at first be led to wonder why there should be any sound argument in favor of rural credit in Ontario. However, while we speak in a general way of the prosperity of the average farmer, it is undoubtedly true that there are farmers who would welcome a credit system whereby money could be easily secured at reasonable rates. In many instances, these men are farmers' sons who have taken over the homestead or who are anxious to make a home, but have very little capital. We also must not overlook the fact that during the next few years there will, no doubt, be an ever-increasing number who will be anxious to give up the struggle in the city and move "back to the land." These people in most instances, would be helped very materially if they could be supplied with a reasonable amount of capital at moderate rates of interest.

In solving this problem, our attention is naturally directed to the older countries of Europe, where there are many and varied forms of rural credit systems in existence. As far back as the time of Frederick the Great, rural credit was one of the great European problems, and the success attained has meant much to the wealth of those nations. However, before discussing this question further, let us first compare rural conditions in Europe with those that obtain in this country,

in order that we may be in a better position to judge of the credit systems in Europe and their adaptability to our present conditions. In Europe we have a very densely populated country from which it naturally follows that the farms are unusually small; for example, two-thirds of the farms in Germany comprise less than 13 acres each, and one-third have an area of less than 2½ acres each. In addition to this, we find in Germany particularly, that farmers do not live on their farms but are grouped together in villages. The average farmer in Europe has very little education in its broad sense; he rarely travels outside his own community, and as a result is a man of narrow views. He is a plodder, whose ambition in life is not so much to become wealthy as it is to provide himself and his family such as his forefathers provided. His wife and family assist him with all the farming operations, and he has very few wants that are not supplied by his land. He lives very simply, rye bread and vegetables being the main articles of diet. Therefore, his profits, though small, are available for the repayment of loans and taxes. Another tie which binds European farmers is the tie of common religion. Every village community has its pastor or priest, who takes an active interest in the welfare of the community and lends personal assistance to all its activities. Then, too,

it must not be forgotten that farmers of each community are of the same nationality, of the same temperament, with naturally the same ideals, customs and desires. In comparison with these conditions, we have in Ontario, a much more sparsely settled country, very much larger farms, and every farmer living on his farm. Again our farmers as a class are far more intelligent, and resourceful; they are also much more ambitious and individualistic, and always aiming to better their surroundings and acquire wealth. The Ontario farmer seems to be imbued with a desire to conduct his business in his own way and to his own personal advantage, and what is even more apparent, he has a disinclination to shoulder the financial burdens of others.

It will readily be seen, therefore, that conditions in this country are very different from those in Europe, and it would seem unwise to assume that any European credit system would apply to our conditions simply because it has been a success in Europe. To begin with, the history of co-operation in Europe plainly shows that it has been the result largely of dire necessity, and it is questionable whether the farmers of this country have been made to appreciate sufficiently the need of rural credit banks—a system much in use in Europe. It would seem essential that farmers should succeed with some of the simpler forms of co-operation, such as buying, selling, manufacturing, etc., before attempting the more complicated forms. In the early stages of co-operation, we must expect failures, and these failures should be met by those who have for their object their own profit. This would seem to apply particularly to banking, as failures in banking would be very far reaching, and naturally result in hardship to innocent ones. In fact, even in Europe, where conditions are so favorable to credit associations, they have not had uninterrupted success, for during the year from June, 1910—June, 1911—about 60 of these associations dissolved, and according to the year book of Co-operation Societies in Germany, "Their dissolution was principally owing to insufficient knowledge on the part of the founders, of economic and credit associations. Several societies became bankrupt more on account of ignorance of proper management than on account of dishonesty." Last year in Austria, one of these large central societies was in the hands of the Government, and in the process of liquidation; its management had proved inefficient and unsafe, and the inevitable crash was pending. This naturally meant financial ruin throughout the province, as the central bank had deposits from 800 federated societies, and these societies in turn held the deposits of the farmers. The Government advanced \$1,000,000 to pay the liabilities and took over the assets. The disastrous failure of the Genossenschafts Bank, a central co-operative association at Darmstadt, Germany, also came to light last year. It would seem that not only the entire capital of almost \$600,000 has been lost, but that the deposits of the farmers are also largely lost. These are some of the failures that have been made known of late years, and it is impossible to say what are the existing conditions of many such societies, for the reason that little or no government supervision is maintained. While I do not



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