

2. The comparative newness of the farming industry as compared with the United States renders all the more necessary the protection afforded by collective liability than was the case in the United States, or, to put it the other way, the danger of losses on individual loans is greater by reason of the fact that land values in the parts of Canada from which the demand for loans would be most urgent have not been definitely established.

3. It is believed that there is urgent need of more co-operation on the part of farmers for their common good. A loaning scheme such as this might produce a very beneficial result.

I do not think it is possible for the Dominion Government, a provincial government or private lenders to lend money on Western farm mortgages on the principle of individual liability without sustaining substantial losses. The Government scheme is subject to pressure from necessitous borrowers from which private lenders are comparatively free, and I should say that the danger of loss in a government scheme would probably be greater than in a privately operated scheme, other things being equal. The only conclusion at which I have been able to arrive is that direct loans by any government to individual farmers on the principle of individual responsibility should be avoided, if possible. The question of the amount of money to be advanced by the Dominion Government to set any scheme in motion is not the most vital consideration. The important question is whether the system adopted contains the seed from which may be expected to spring serious losses or comparative security, and the latter result is, I believe, obtainable only by the adoption of some such principle as is embodied in the United States legislation.

Respectfully submitted,

(Sgd.) G. D. Finlayson.

Superintendent of Insurance.

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