

## APPENDIX No. 1

which loans may be made are \$500 and \$15,000. The money in this case, as in South Dakota, is raised directly by the State Treasury and made available to the board of management for loans. This system has been in operation for less than a year, but has already loaned out approximately eighth million dollars with a limit to their borrowings for the time being of forty million dollars. In January, 1924, Minnesota was disposing of its bonds at  $4\frac{1}{2}$  per cent par and was making an additional bond issue for this purpose of ten million dollars. Loans were being made to farmers on an amortization scheme for  $35\frac{1}{2}$  years at  $5\frac{1}{4}$  per cent interest plus amortization charges,  $\frac{1}{4}$  per cent less than the Federal Farm Loan Board. In reality, this Minnesota system is just duplicating the work of the Farm Loan Board and was brought about because of the conviction on the part of some people in the legislature that the Farm Loan Board was not generous enough in its lending policy and because the machinery through which it was working was said to create delays in the securing of loans.

The total amount advanced on Farm Mortgages under the various State systems is at the present moment not far short of \$100,000,000.

In concluding this section, I think a word about the general financial condition of agriculture in the United States may be permitted. In spite of all that has been done to provide credit, great distress still prevails, especially in the western and north-western states. As none of the larger organizations under Government auspices are permitted to deal directly with the individual, an effort is now being made to find a more direct way to help, especially in assisting those in the grain growing areas, who wish to develop diversified farming. A bill to grant \$50,000,000 for this purpose was recently defeated by the Senate of the United States. The President has appealed to the Chairman of a new financial organization known as the Agricultural Credit Corporation, capitalized at \$10,000,000, to undertake the responsibility of individual loans, suggesting that under proper regulations, the War Finance Corporation would be willing to make substantial advances for the purpose.

In the meantime, there is a great exodus from the land to the cities, especially in the above mentioned states. In his report to the President on the matter, Mr. Henry C. Wallace, Secretary of Agriculture for the United States, stated that over a million people left the land in 1923. Recently, representatives of a number of the leading farm organizations in the United States have published an open letter to "the President, the Congress and the People of the United States", in which the statement is made that farmers were forced from their homes during 1923 at the rate of 100,000 per month and "the process still is under way in all its cruelty". "Country conditions", it is said, "cannot be told in words. The hundreds of broken banks are real, but the suffering which followed them is hidden in the haze of distance. Unceasing toil of millions of people, futile attempts to protect family and property is lost without recognition. The reason for all this remains unchecked, although it has existed for five years.

"The cause is evident. A disordered world emerging from war and handicapped by man-made barriers across channels of international trade proves unable to absorb the surplus production of our farms and our industry at prices commensurate with American standards. An elaborate structure of economic protection is provided for industry and labour but does not reach the farmer.

"The remedy is as obvious as the cause. It rests in the application of effective protection of the farm equally with those of other industry. The establishment of domestic markets for farm crops on an American basis, apart from world conditions, to conform with like markets already provided for American manufacture and American labour."

The remedy proposed is that the United States should shut herself off from trade contact with the outer world. This would appear to be the remedy of