Pay Off Your Mortgage. Why Not?

How Manitoba Farmers are Borrowing---Farmers and City men are investing

Bitter has been the criticism from many for "lack of preparedness" in this and another so-called democratic countries from the military point of view. I do not propose to discuss the merits of such criticism here, but surely everyone now realizes the importance of "food preparedness." Canadian efforts in this work have been more or less spasmodic since war began and the great progress we have made must be credited very largely to Providence. Not that practically every individual farmer has not done his best. He has. He has had more incentive to do so than ever before and more real efforts have been made by governments to help him.

Many have never ceased to wonder how it is that Germany is able to maintain her agricultural production in such a state as she appears to be able to do and not a few today are those who do not believe the starving out of Germany to be a practical possibility from the standpoint of food, though they think it may be from the standpoint of certain other things necessary to carry on the war. Only time will tell. We can rest assured of this, however, that if Germany is able to keep the wolf of hunger beaten back from her door it will be as much a result of her agricultural preparedness as has been her military power the result of her military preparedness. I shall elucidate this more fully later. And if during a long protracted struggle the farmers of North America fall down in food production it will be largely due to a neglect of agricultural welfare during peace times and a deliberate refusal due to ignorance of conditions of those in legislative and financial control to listen to the demands of agriculture, persistently voiced by the farmer for the last ten years in this country at least.

Borrowing is Economical

"Money makes the mare go." Good crops and better prices during two years have bought our thousands of automobiles, sent back to our rural districts thousands of head of cattle that at other times were exported, doubled and trebled the price of land in some districts where previously quarter sections were traded for Jersey cows and an extra quarter was thrown in if the man with the cow couldn't read.

But though all this prosperity has been fortunate and doubly so at this time, it was the hard times before 1915 that crystallized the perpetual requests of the farmers into insistent demands for better arrangements for securing money and hence the conception and establishment of our rural credit schemes on farm mortgages in the four western provinces during the past year or more. Of all progressive legislation placed on the statutes of these provinces during the last two years, or at any time, none was needed so badly, or contained such future possibilities as these rural credit measures, unless we except woman suffrage. I am not saying that these acts are perfect. They may be far from it and their influence will not be fully felt until after the war, but it is to be hoped that the systems will be thoroughly established in each province before the greatest strain is put upon it, for that strain will be immense in the next ten years.

But it is the Manitoba system I intend specially to discuss in this article. A professor I knew used to say: "You will never make any money until you learn to borrow and use money." Louis Swift, of the Swift Packing Company advised young men to get into debt and stay in debt, not in speculative enterprises but in sound investments. I believe thousands of farmers appreciate the importance of that as much as Louis Swift or anyone else. But up to the present time the farmer's first and main consideration has always been to get out of debt, to first clean up the mortgage on his farm. He let everything else wait on that and when he got it cleaned off you would have had to put a rolling hitch on him to get him to put a mortgage on again. Mortgages were too much like what his neighbor had, they were too common and too popular. Mortgages and submarines have been in the same class and the mortgage toll has not been a light one.

In view of this it may seem unusual to know that a lot of the most staid Scotch farmers in Manitoba are putting mortgages on clear title farms today. They are mortgaging them up to half their value, and assuming liabilities of considerable sums. These men ordinarily would no more think of mortgaging their farms than they would of flying. Such a move would have been the last one they would have contemplated, but they are business men. They may not all have been to Aberdeen to finish their education but they know if they can get money at a minimum interest rate and over a long period on the amortization plan they can use it to good advantage on their farms. Money breeds money if you give it a chance but the high interest rates on long time business as we have had it has been a cannibal and a vampire. The word "debt" is incorrect and inadequate when borrowed money is employed for purposes of raising profit in business. To discount at six per cent. cash with money at six per cent. per annum is not getting into debt; it is getting out of debt; it is doing business on a cash basis. This is the kind of credit nearly everyone else but the farmer has been using up to the present. Such a plan the Manitoba Farm Loans Association opens up to Manitoba farmers and these farmers are justifying their faith in Manitoba's agricultural resources and in themselves by taking advantage of it.

Better barns and better homes are being built throughout Manitoba with Farm Loans Association money

Many areas from 20 to 200 acres are being broken and prepared for next season by farm loan money. This money should help to greatly increase 1918 production

The Manitoba Farm Loans Act passed at the last session of the Manitoba Legislature provided that persons residing on, or intending to reside on land within the province may obtain through the Manitoba Farm Loans Association, on first mortgage security, loans up to fifty per cent. of the appraised value of the property offered, extending over a period of thirty years at a rate of interest not exceeding six per cent. per annum, repayment to be made on an amortization basis by equal annual payments composed of principal and interest. It also provides that every borrower becomes a shareholder in the association by investment in its capital stock of an amount equal to five per cent. of the sum borrowed and none others but borrowers in the province of Manitoba can hold such shares.

Only two months ago the association opened its doors for business in Winnipeg and already the applications of over 300 farmers for money to help them grow more acres, build better farms or better homes, secure more livestock or otherwise improve their surroundings, have been granted. Moreover, this number want over three-quarters of a million dollars and they are getting it. At one meeting of the board in Winnipeg, held a week ago, $100,000 of loans were approved. The borrowers are scattered all over Manitoba. What a few of them are doing with the money may prove interesting. One farmer in the Osborne district is starting his son on a near-by clear title half section. But he needs buildings. The Manitoba Farm Loans Association advanced him $5,000 without any hesitation and he is erecting a barn and home. The barn alone will cost at least $3,200. He also intends to fill this barn with high grade Hereford cattle. It is only a matter of time till such a man gets into pure breds. Every improvement he makes will increase the security of the loan, which originally in such a case is not over 50 per cent. of the value of the property. A Selkirk farmer is building a $3,000 house by a loan from the Manitoba Farm Loans Association. He had two clear quarters. The low rate of six per cent. and the long repayment terms appealed to him and he also knew that he could repay the loan any time after five years if he wished without having to pay any bonus.

Up the line between the lakes near Eriksdale and Lundar the association is loaning money for breaking and preparing many areas of 20, 40, 50, or 60 acres. These farmers who have perhaps struggled more with nature than many in the southern part of the province and wrung less from her, are anxious to increase production, help in the world struggle and take advantage of the high prices. A farmer near St. Agathe is breaking 110 acres this year and the association is loaning him enough to clear up his title and do this breaking. And in cases of this kind, the association will guarantee to the breaker of the land his money if he wishes such done.

There are a lot of men with clear title to one quarter who want to borrow to buy another quarter beside them. The association is advancing enough to do this and taking a first mortgage on the half. It gets an improved quarter as security for loaning on a wild quarter. A man came in a few days ago who had his land clear but owed an engine note bearing interest at 12 per cent. He had business sense enough to know that to borrow money at six per cent. from a public service association where he was not jumping from the frying pan into the fire was good business. Then there are scores of farmers who want to clean up old mortgages on which they are paying high rates of interest and get a long time loan on the amortization plan at six per cent.

Though it might appear on first reading this that any farmer could borrow 50 per cent. of the value of his land such is not the case. Reasonably good assurance must be given that the farmer will be able to profitably use the money borrowed. To all intents and purposes the borrower borrows on the productive value of his land and not on it's speculative value. If a man at Neepawa had a farm of equal productive value with one ten miles from Winnipeg he could secure just as big a loan on it. The fact that the second farm lay so close to Winnipeg as to have its value speculatively enhanced would have no consideration from a loaning standpoint.

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Many of the new buildings will be filled with more and better livestock, for many farmers are using association money to stock up