

APPENDIX No. 1

There was a similar organization for Scotland.

Under these schemes, money is advanced for the erection of farm buildings and cottages, for the making of roads, sewers, drains and for the erection of silos. Before the loan is made, the application must be submitted to the Department of Agriculture and Fisheries for inspection and approval. The loans are repayable by an annuity for a prescribed period, which varies from 15 to 40 years, according to the nature of the improvements.

The mortgage given ranks prior to existing mortgages, but not as against statutory taxes. As these mortgages are usually assignable to insurance companies, who seek them for investment purposes, the resources of the company are very great and money has always been easily available.

Under a general statute of Great Britain, machinery is created for the organization of other companies to do corresponding work so that there is a basis for the development of regulated private enterprise in this connection to a very considerable extent.

During the war, the position of agriculture in England underwent a great change. There was an increase in England and Wales of over 21,000 landholders as compared with 1914, and in Scotland an increase of 1,600. The majority of these purchases took place between June, 1919, and June, 1921, the total involving a change in ownership of approximately 2,000,000 acres of farm lands.

There were two reasons for this—(a) There was a desire on the part of many landowners on account of heavy taxation to dispose of their land, and (b) a keen demand for the purchase of farms for the purpose of land settlement, due to the increased price of farm products. In October, 1919, the then Prime Minister gave the farmers an assurance that the prices of staple products would be maintained in case of the markets falling, so as to safeguard them against serious loss. This was put upon the statute book in 1920, a sliding scale being fixed, based upon the 1919 cost of production. This was the period during which so much land was purchased and at prices beyond normal values. The following year, 1921, conditions had arisen which made it impossible to carry out the provisions of the statute of 1920 and it was repealed.

A committee was appointed by parliament in 1923 to make an investigation into the whole matter and decided that "the plea that the farmer was induced to buy land by the representations made by the Government has undoubtedly a solid foundation," and, therefore, some scheme of relief was necessary.

The fall in prices further produced generally a condition with regard to the farmers in England that was brought about by the fall of prices in both Canada and the United States. A great deal of the money used in the purchase of lands had been borrowed from the banks by means of overdrafts and, as the banks were not allowed to take mortgages, the position of both banks and farmers was considered precarious.

The same committee went into the whole question of short term credit for farmers to meet their current needs and examined the facilities that were offered by the banks and the conditions under which loans were made. It is not necessary in this report to go into the details of the enquiry. Suffice it to say that the relation of the banks, the credit of merchants and dealers were all inquired into. It was found that there was outstanding approximately £46,000,000 on loans to farmers from the banks, of which £26,000,000 had been advanced for the purchase of land and £20,000,000 for normal current production. The committee was of the opinion that bank facilities were, in the main, available to farmers in good standing, but that a large class of small