

Surmounting Financial Difficulties

Farmers' financial experiences---How conditions could be mutually improved

Perhaps a description of my experience in farm finance is not extensive enough to merit consideration, yet I think it is worth expressing, because it represents a class of farmers deserving yet almost wholly unprovided for by the present available sources of credit, and in another sense because it has been successful.

When I started farming I had less than \$500, health and strength, ambition, and a sound knowledge of farming. I began by purchasing an improved half section, all broke and good buildings, paying no cash down and getting exceptional terms at 6 per cent. The price was \$7,700. I had everything to buy, and if anyone appreciated and needed credit I did. My thoughts turned to that unlimited source of money—the banks. I went and talked with the managers of two. They explained their business, complimented me on my nerve, and said there was nothing doing. I found implement dealers, merchants and farmers more approachable, and succeeded in getting five horses, a fairly good line of equipment and seed and a year's credit out of the \$500. I got cows and poultry, too, and then proceeded to put into force the "ability to make good" that is supposed to carry weight with the manager.

The first year I paid interest and a percentage on my notes, but the shortage of money was awful, and this fact was emphasized by the realization that I had ability to make 30 to 50 per cent. interest on it. Taking a good man with me, I again tried the bank. He wanted my business and my deposits, but said his institution preferred lending ten to twenty thousand to city firms rather than \$200 to such as me. I knew that my statement was uninviting to him, but I needed money and knew I could repay it, but it was plain that the bank was not an available source. It takes capital to farm a half section right, so to get it I bought stock at credit sales, turned them over for cash, getting money thus at 8 per cent. on which I estimated I could make from 30 to 50 per cent. I found that notes were generally good for two years with good management, and I was very particular to keep them in order.

Most Young Men in Same Position

Thus for three years I farmed on the credit of my neighbors, and I find that nine out of ten of the young men who start farming have to do the same, and the majority get little further ahead, mainly thru lack of capital. The banks could be a great help to such, but more value must be put on integrity, progressiveness and sound farm methods as an asset by the banker.

The next year I tried another bank. I had made good progress. The manager admitted it, but would only advance \$100 with a good man on the note. This was only available because I was nominally an owner, married and settled, and I carried life insurance enough to cover all my liabilities. I found that a renter had no credit whatever, and one-third of my neighbors were of that class. I paid my note in the fall and got \$300 the next year. Crops were very poor but I had twenty head of young cattle. These I did not want to sell. I wanted to pay one-third of my note and carry the balance over, giving unsaleable produce and cattle as security. I tried to reason with the manager, but his policy was to pay up and start afresh after April 1. Therefore I had to sell most of my cattle to clear up for three months. Needless to say, I concluded this was no farmer's banker and of little real value as a source of credit. Why did I fail? Not by faulty methods; I did not have capital enough to be independent and the manager was not considerate of the nature of my situation.

I then tried a third bank, the manager of which very cheerfully advanced me \$500 on the strength of my statement and his idea of my ability to repay. I told him all my former experiences, and he assured me that if my business was conducted right with the bank I would never be crowded for money. I have had success and adversity since, but have been made to feel that in this farmer-banker I have a source of credit I can rely on. I have improved my farm and stock, and several times met my payment entirely with profit gained by holding stock or grain till a suitable market offered. In the true sense of the word I am not yet a first-class risk, and yet this bank is willing to finance me in any sound under-

These letters are only part of those received in reply to our "Financial Experience Number" competition. They are all fully signed letters, but obviously we cannot give the real names or addresses. For the same reasons we cannot announce the winners, tho all contributors will be advised regarding such privately. We would be glad to have similar letters from other farmers as this is a most interesting and important work to which many more can make valuable contributions.

taking, such as cattle investments, for a period of two to three years.

Farmer-Banker the Kind

If I could have obtained similar credit earlier in my experience I could have made the same progress in two-thirds the time and eliminated tremendous waste of farm by-products. If I was starting farming again with no capital, I would try and find a farmer-banker sooner, as I find acquaintance and self-confidence are powerful levers in breaking down the inevitable reticence of the banker towards the farmer who has no assets except ambition and ability.

That there is a lack of co-operation between the banks and the farmer is evident. I think there is fault on both sides. A crowd of farmers can at any time be found unanimous on the points, "You can't get money from the banks," and "It's no use getting money from a bank to buy cattle." The first idea breeds distrust that I find may be unfounded when a good farmer and a good banker get together. The latter idea is mostly always fact. This condition tends to keep the borrowing or unestablished farmer in the line of exclusive grain growing, which makes him a hazardous risk to the banker and an unprofitable farmer for himself. The remedy is longer term loans and a more sociable spirit on the bankers' part to dispel the idea that to borrow

a C.P.R. land agent to buy a farm out here in Alberta. As he represented it to me, the company would be glad to assist me in any and every way to make a success of the undertaking. According to him, the company was not looking for immediate profits, but with an eye mainly to the development of the country. Yes, that is what he said. Besides getting the C.P.R. land out here I took up a homestead, and I managed to spend on breaking the land, on horses and implements, fencing, barns, well, dwelling house and livestock practically all those dollars I told you I had laid away from time to time.

My first crop was a failure, and that, combined with some sickness, loss of a horse and some other livestock, left me so that before my second crop was out of the ground the dollars in my pocket were about as plentiful as the hairs on a billiard ball.

I am situated about equal distance between two towns on the same railroad, but in which there are branches of two different banks. When I came here I deposited money in both banks, and from time to time bought implements, goods of all kinds in both towns. When I became short of money my first impulse was to go to one of the banks and request a loan. The preliminary questions over, the manager asked me if I was acquainted with anyone in town. I mentioned a well-known business man, and was requested to bring him in. Thinking the manager wanted him solely for purposes of identification (he was a new manager), I went out and got the man, told him what was wanted and asked him to come over to the bank with me. Imagine my surprise when the manager asked him if he wanted to endorse for me. He didn't want to and I didn't want him to. Except for buying some things from him and paying him cash for them, I was no better acquainted with him than I was with any other man in the country. I told the manager this, and explained to him that I had resources of my own. If I could borrow a little money on them well and good, if not I did not want to borrow on the resources of any other man. The manager declined then to do any business with me. What his reasons were I did not know and do not know to this day.

Rather crestfallen but determined to have some ready money I went to the other bank and had much the same experience. Neither manager asked what I owed or owned, simply declined and let it go at that. The only explanation I could get was the newspaper declaration that "money was tight."

Used His Life Insurance

I went home and consulted with my better half. We must have money. So far we had paid cash for everything, and as we were a considerable distance from town we had made no attempt to produce butter or eggs beyond our own use. As I had spent most of my time developing my new farm, I had had little opportunity or inclination to become well acquainted with local merchants, and in consequence had no credit standing with any of them. Looking the situation over, I could see no direct way out. We had no livestock we could spare except some pigs that were not in shape to be sold. It all rather hurt my pride. I had a good many thousand dollars tied up, but because I had paid cash for everything and had made no business friends or acquaintances and had asked no credit or favors I was apparently penalized. Suddenly I thought of the life insurance, and as it would take about two weeks to get a reply, I wrote and mailed the letter immediately. In time the reply did come. I have forgotten the exact procedure, but one document after another had to pass back and forth to be signed by me and the beneficiary, the policy had to be surrendered and other rites gone thru, so that several months went by before I got the real money in my hands.

This experience, while being a little humiliating, taught us that to a person who has never been without means the contemplation of such a catastrophe is much the worst part of it. Somehow or other we lived and kept our health, and I believe we even managed to keep our dignity, tho at some times it was a close call. Beginning then, I opened accounts and found that a merchant to whom you owe a dollar is a much more friendly merchant and takes a greater interest in you than one from whom you merely buy a dollar's worth of goods and pay

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Polley Robinson, of Millwood, Man., with his Shorthorn heifer that was the showshipper for him in the Best Fat Calf Competition at Brandon Winter Fair. There were 25 entries this year with 25 prize winners and a \$5 prize was awarded to all those outside the regular prize money. Lady Maude Cavendish headed the heps their richness.

\$500 at 8 per cent. is seeking a great favor from a wealthy institution, when it should be a business consideration as desirable to the banker as the farmer.—"AGRICOLA."

LIFE INSURANCE SAVED HIM

When I was nineteen years old I took out a twenty-year endowment life insurance policy. The first year's premium was \$45, and from then on the premium was to decrease each year, the average amount being about \$33. In this way at the end of the twenty-year period I would pay in about \$666 and receive \$1,000, besides having my life insured for \$1,000 during the whole period. The policy has been very satisfactory, and I believe if I had it to do over again I would take out practically the same kind. The policy carried with it a provision by which I could borrow money from the company, the amount increasing with the age of the policy.

For many years I paid the premiums regularly and besides that, from time to time, I hid away a few other dollars. Five years ago I was persuaded by

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