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A WORD ABOUT FARM CREDIT.

It remains to be demonstrated that there is any considerable number of farmers of the class able to offer security for credit who have uot been getting it. The complaint of lack of credit facilities has been *chiefly from people who could not offer a proper basis for accommodations or who borrowed more than is good for them*, although in boom times the banks are sometimes at fault in misplacing so much credit that they do not have enough to go around where it is deserved. All of this, however, does not prove that credit facilities are inadequate.

The first condition precedent to the use of credit is that the would-be borrower shall have demonstrated that he is capable of using it advantageously. The best way he can do this is by working for wages, saving something from his wages and making a small start with the capital thus acquired. The man who is able to make a showing of this kind generally is able to command a proportionate amount of additional capital.

USE OF CREDIT OVERDUE.

There is a tendency to over estimate what might be done if a great fund of credit was made available. People are prone to think *if only a reservoir of credit could be tapped conditions might be revolutionized. They imagine that all farms might be improved, production increased living and working conditons changed forthwith; but this is not possible.* Such changes are gradual and evolutionary. Even if the credit or money was to be had, the physical labor required would have to be spread over a long time. *The real improvement of conditions is accomplished by the labor* that can be spared for that purpose over and above that required to make a living.

The amount of capital that is available for borrowing *is limited, and exaggerated by the various schemes that are always being advanced for floating bond issues. It must be saved by somebody, and if more emphasis was laid upon saving and less upon borrowing progress would be more rapid.* The use of credit within reasonable limits is good: it enables persons *who have capital* and who by reason of advancing years, want of experience or lack of inclination are unable to use it, to place it at the command of other persons who desire and have the opportunity to use it. The transfer under such conditions increases production, but the manufacture, of credit on a great scale does not increase the supply of labour or increase production. There is no doubt that the amount of credit commonly in use is far beyond the needs of industry and that the production of the country might be fully as great as it is with a very much smaller employment of credit.

EVIL EFFECTS OF EXCESSIVE INDEBTEDNESS.

This excessive use of credit tends to make the business situation more sensitive and uncertain. It makes the fluctuations of prices and employment more violent. It is mainly responsible for our great swings between prosperity and depression. *If a person owns a given property without indebtedness he is in a more secure position than if he owns twice as much property only one half paid for, and if in his eagerness for big profits he gets to be the owner of four times as much property but in debt 75 per cent of its value, his position is precarious. When such over-reaching becomes general, the situation is critical, and ripe for a collapse.*

(To be concluded)