

to insist that a farmer—who is clearly able to do so—should pay his just debts, or pay something on account of them if that is the best he can do. On the other hand, to bring useless pressure to bear upon a debtor who is struggling to avoid the loss of his assets and earning power or finding it hard to maintain his family can only arouse antagonism without any advantageous result.

*July, 1932*

It is difficult to maintain earnings at a satisfactory level and good new business would be welcome. It is too much to expect that all applications presented under present conditions shall be free of defects but, provided the business is fundamentally sound and its defects are of a temporary character—the product of the present unusual conditions—and capable of correction, there is no reason why the applications should not receive sympathetic and favourable consideration.

In times like these the qualities of courage, good sense and foresight are valuable to an unusual degree. It is a common fault to assume that the conditions of the moment will continue always. This is true of both booms and depressions. In 1929 many people could see no gathering clouds and no reason why the conditions of that time need ever change. It is not unusual now to hear people assert that the present conditions will continue indefinitely, or even become worse, whereas in the light of past history there is every reason to expect the turn should not be far away.

*29th April, 1932*

It is natural to expect our farmer customers to behave in much the same way as any other class would do when they first find themselves in possession of funds after several years of small or no income. The tendency would be to protect their homes from foreclosure, their equipment from seizure and their families from want, by paying arrears of taxes, mortgage interest, liens on essential equipment and building up a cash position. So long as they do not carry the last too far the effect is to improve the position of creditors, as well as the farmers. This is because protection of the farmers' earning power is essential to the ultimate return of the creditors' money. Provided the position of the borrower is not so extended as to make it impossible for him to work out of his difficulties, the grounds on which the bank could take exception to such a distribution are very slight.

In framing your policy regarding farmers' accounts in the unsatisfactory category the aim should be as far as possible to pursue a course which combines the co-operation of the bank with the wholehearted efforts of the farmers. This would result in the reconstruction of their position in reasonable time and the restoration of their accounts to the category of desirable business.

Numerous applications will no doubt be received for harvest and other expenses. We are desirous of assisting good farmers to a reasonable extent but we must be assured of repayment from the proceeds of this crop and that we are not paying out money for the benefit of other creditors. Where the applicant's position is involved to the point where the distribution of his funds is largely out of his control, or for other reasons he cannot be depended upon to regard the loan as a first charge on his crop, the application should be refused.