No credit system can hope to cope with the extreme fluctuations in income which have been experienced in the past, and it must be the task of organized farmers to obtain greater security and stability of farm returns. Yet at best considerable instability will remain. A sound farm credit policy will recognize that whatever the current situation may be, farms are always bought for the long pull. Also, farm credit institutions must avoid contributing to alternate inflation and deflation of land values. Land appraisal practices take on great importance in connection with farm credit, and deserve constant and careful study and review.

Land is normally a non-depreciating asset, to be used by a farmer both as a home and a place of business throughout his working lifetime and then passed on. In view of the low average earning power of farm capital, mortgage credit should be available which will extend the period of repayment, if required, over the whole period during which a man farms.

Livestock represents a semi-permanent investment since it may be renewed by reproduction. A sound farm credit policy will recognize as fully as possible that livestock to a farmer is in the nature of a fairly long-term investment.

Farm machinery is subject to depreciation and obsolescence. Here again however, the fact that farming is not a business yielding high returns on capital must be recognized, and suitably lengthy periods for repayment should be provided for.

The individual farmer has considerable need for informed advice on the use of farm credit, and on sources of credit available. Also, a real problem is created for the lender, who is faced with the task of trying to be closely acquainted with the affairs and prospects of a very large number of individual, and different, businesses, that is farm businesses. This accounts in part, no doubt, for the wide use by farmers of local private credit. There is a clear need for the best possible advisory and extension services in the field of credit and farm management. In addition, some supervision by the Canadian Farm Loan Board should be provided in some cases.

The Young Man Starting in to Farm

Of the various classes of farm borrowers, it is the young man starting to farm whose needs and problems are at the present time causing the most concern. For the most part it is no longer possible to begin farming with homestead land and next to no capital. Mechanization of farming has considerably increased both the size of the efficient farm unit, and the amount of capital equipment needed to operate it. How, then, is a young man with little equity, going to get started in farming on a basis that will hold out some hopes that he will be able to make a living?

An interesting picture of the measures now being taken to try and meet this problem is provided in the Forum Findings of a National Farm Radio Forum Broadcast held in December, 1954, entitled "Getting Started".

In answer to the question: "To what sources do young farmers in your area look for credit when they are establishing their own farm?", parents headed the list by a wide margin (the VLA ran a fairly close second but this source of credit will presumably diminish in importance). Private loans were the next most frequent source, and then the Canadian Farm Loan Board, Banks and Farm Improvement loans were important sources of credit. Junior Farmer Loans in Ontario and Land Settlement Board loans in New Brunswick and Nova Scotia were of considerable importance (as is the Quebec Farm Credit Act). Credit unions ranked relatively low, their importance varying sharply, no doubt, from area to area.

The second discussion question was: "How can a young farmer avoid unduly heavy investments in land, livestock and equipment when he is getting started." This question, of course, gets to the bottom of the credit problem for