

commercial capital greatly increases the velocity of return, not alone of agricultural capital, but of the industrial capital invested in the means of transportation. This increase in velocity of return implies increased efficiency; indeed it renders the round of coöperative activities possible. Without it, specialist production for sale at distant places, above all production for export, could not be effected on a scale of any magnitude. Not only does this application of commercial capital enable the farmer to sell his wheat for cash, it also enables him, if he wishes to do so, to borrow upon the security of his wheat and to keep it for an advance in price. This anticipated advance does not always occur; but in any case the farmer is not obliged, through the absence of such facilities, to sell his wheat at once for what it will fetch. Moreover, the extensive organization of credit in the western United States and in northwestern Canada and the competition of the numerous banks and financial companies enable the farmer to borrow at a rate of interest which cannot, as a rule, be regarded as exploitative.

The mechanism by means of which agricultural capital is raised by the farmer on the security of his land is provided by loan companies established for the purpose. These companies are so numerous that the business is competitive and the rates of interest are relatively low. The land itself is conveyed to the settler either on homestead terms or on credit on the instalment plan, and his house is usually an inexpensive structure, so that nearly the whole of his liquid personal capital may be regarded as available as agricultural capital. Additional capital may sometimes be obtained by the farmer, either through credit extended by the agricultural implement makers or by means of the discount of the farmer's notes by them or by a bank.

The elevator companies that purchase the grain from the farmer and organize its transportation to the seaboard, and the merchants who organize its exportation, while having a certain amount of their own capital involved in their respective operations, draw upon the banks for most of their enormous requirements, thus interposing their credit while the capital is really furnished by the banks. Every year large amounts are withdrawn from their liquid funds by the banks in the United States