

### **Handicaps to Credit—(continued)**

a quarter-section and it subsequently turns out that he is dishonest as well as incompetent, a loss is practically assured because of the exemption laws. It is not in the general interest that such a man should be kept on the land, and his farming assets ought to be available to pay his debts, but an Act designed to afford reasonable protection to honest and deserving men renders it possible for many rogues to cheat their creditors. This fact necessitates banks being extraordinarily careful in giving credit to farmers who possess nothing but exemptions.

In Saskatchewan a law was passed in 1915 to prevent a farmer from even giving mortgage security on exempt chattels. Consequently, no matter how much a bank might be disposed to re-stake a quarter-section man whose position had been rendered difficult by a crop failure, it could not afford to take the risk of largely increasing its debt. In the other two provinces the bank can take security for the old debt and stake the borrower without security for another season without putting itself in any worse position and yet give itself and the borrower a chance to recover. This being impossible in Saskatchewan, the average quarter-section farmer is now practically shut off from bank credit unless he can get a responsible endorser.

All such legislation seriously curtails farmers' banking credit and tends to increase interest rates.

**Excessive Land Liabilities.**—Very many farmers have assumed heavy liabilities in the purchase of more land than they can cultivate really well. This is a condition fatal to credit from a bank. A well worked half-section is more profitable than a well worked quarter-section. On the other hand, a well worked quarter-section is safe, while a poorly worked half spells failure and quick failure under the burden of a heavy liability on purchase account.

Under the labor conditions prevailing in the West a half-section is regarded by bankers as the limit of land which a farmer without a grown-up son can hope to farm efficiently, and a man who attempts to operate a section or more depending on casual labor is gambling on the weather. Farmers would be well advised to consult their bankers before buying more land on a small payment down.

### **Speculation in Grain**

The practice of speculating in grain on margins is one that has grown to considerable proportions among farmers during the past few years, assiduously fostered by some commission houses. For the farmer who allows himself to be drawn into this form of gambling there is not one chance in a thousand that he will escape loss before he stops—and he will be fortunate if he has sense and strength enough to stop before he is hurt seriously. This is not an opinion; it is the history of gambling in grain on margins since this kind of gambling was first known. Once a farmer is known to indulge in speculation on margin, his credit with a bank is ruined.

### **Farmers' Records and Statements**

A farmer can greatly strengthen his credit with the bank by keeping a simple record of his farm operations, so as to enable him