required for its consumption. For ordinary trading purposes the banks are really the best channel, as their resources and experience are unequalled; but the banks do not like long loans, and often refuse to make them. The banks do not want to make small loans, though the farmer often wants them. Under the present system farmers must accept a short-date credit when what they need is really intermediate credit. Banks, merchants, and agents have therefore to be relied upon, and the banks are frequently attacked for the non-performance of a task that is incompatible with their banking functions; for bank credits must be confined to strictly short-term loans not exceeding six months, and consequently the banks cannot fill the place in the credit system the farmer requires. Indirectly the banks play a considerable part in the credit granted by merchants. They lend to merchants, accepting the farmers' notes endorsed by the merchant. Implement-dealers and others also sell on terms. Credit under such conditions carries high interest rates. The farmer should be enabled to use his bank credit, and deal with merchants on a cash basis. This kind of credit, however, requires close local supervision, even to directing farming operations, which the bank cannot give. Now, at the end of six months the merchant who has provided the farmer with supplies and equipment on credit finds his own bills maturing, and presses for payment. There is a call for cash all along the line—from the headquarters of the bank, from the country branch, from the merchant—and so the crop as soon as harvested is rushed to the market or to the mill. In the hands of the individual farmer his products are little more than an offset against the debts incurred in their production. In the hands of the association they can be assembled in quantity, graded, warehoused, pledged as collateral for loans, and marketed in an orderly way, and their distribution can be adjusted to the consuming demand. Securities based upon non-perishable commodities should be eligible for rediscount for the length of time necessary to market a season's product before the next harvest. The dividing-line between legitimate carrying and speculative holding may be difficult to define, but the Board and the machinery it may set up should be competent to check anything of the kind, and to determine the *bona fides* and solvency of individual or collective borrowers. The co-operative system should not only provide working capital, but inculcate in borrowers the habit of thrift and a due appreciation of the value of money. It should stimulate production, and tend to regulate the increase in debt so that it does not grow out of proportion to the volume of production. Operating and working funds are necessary, and it follows that a system of long-term credit to be fully effective requires an adequate short-term system to supplement it. The Bill provides the farmer with the means of establishing such, and, in view of the importance of the industry, the free use of £250,000 for ten years, and a £10,000 grant, are not unreasonable. The Bill provides for an extension of the existing credit machinery of the Dominion by the establishment of a system under which *bona fide* farmers, co-operative associations, and societies may obtain production and marketing credit for periods ranging from six months to five years, according to the purposes for which the credit is to be used. The whole management of the system is vested in an independent Board of five members, one of whom must be a practical farmer, all being appointed by the Governor-General in Council. The Public Trustee is to be the principal executive officer of the Board, under the style of Commissioner of Rural Intermediate Credit. The Board has power to appoint Inspectors, Supervisors, and necessary staff; also to arrange with the Public Service Commissioner or other authority for the utilization of the services of any State Department in collecting and disbursing moneys on its behalf. The functions of the Board are to make loans to farmers' co-operative associations, and to discount farmer members securities endorsed by associations for joint-stock banks and other financial institutions. The Board does not make loans to individuals. It can also make loans to co-operative societies of farmers on the security of warehouse receipts, shipping documents, live-stock, and such sound collateral. With regard to the provision for finance, the Minister of Finance may advance (*a*) a sum not exceeding £250,000 for twenty years, the first ten years free of interest, the next ten years at 5 per cent.; (*b*) £5,000 free of interest to enable the Board to make loans to individual associations of not more than £25 to meet the first year's expenses; (*c*) grant £10,000 to the Board to inaugurate the system. The Board is required to keep one-half of the Government loan of £250,000 in liquid securities to provide for the redemption of debentures. Further finance to enable the Board to extend its lending operations is provided by the power to issue debentures of not more than five years' currency at a rate of interest not exceeding 6 per cent. The issue is limited to the total sum loaned upon adequate securities, plus the amount of the Government loan. The extension of the funds available for loans is limited only by the possibilities of selling debentures. Those debentures, being short-dated, should sell freely. Abroad we found that they are invested in by insurance companies and large companies which have cash balances not likely to be required within a short period. It will be the duty of the Public Trustee to see that the limit of issue prescribed by the Bill is not exceeded. The interest charge to borrowers is restricted to 1 per cent. in excess of the rate paid on the last issue of debentures. This 1 per cent. should cover administrative charges of both Board and associations, and provide reserve funds. As regards the associations, twenty or more farmers may, under conditions to be prescribed by the Board, form a rural intermediate credit association. Each subscriber to the memorandum of association must take at least twenty-five £1 shares, 20 per cent. to be paid up, and the balance remaining at call. With the exception of the signatories to the memorandum, no person may be a shareholder who is not a farmer and a borrower from the association. Each borrower must subscribe for ten shares for each £100 borrowed. The maximum amount that may be loaned to individual members is £1,000. Each borrower's liability is limited by the amount of his indebtedness and his share capital. Co-operative societies already registered under the Companies Act of 1908, having for their principal object the production and marketing of agricultural and pastoral products, may obtain advances on the security of produce or live-stock, or the Board may discount approved securities given to banks or other financial institutions, enabling them to obtain the money tied up in the relative advances for the further