the country was that farming properties had been sold at highly inflated prices with small deposits, so that when the drop in the price of primary products came the producers were so financially embarrassed that they could not fulfil their obligations. The plight of some of those who bought during the boom years was so intolerable that they walked off their farms. What, then, are the remedies for this unsatisfactory position? I cannot do better than quote the words of a New Zealand economist on the point:—

> It cannot be overstressed that there are no short cuts. The prime essential is the slow liquidation of the over-valuation and over-mortgaging of land, painful and unacceptable as this may be. This readjustment will occur partly through retransfers at more economic levels; partly through more efficient methods of farming, which will raise the economic value of land. An improvement in efficiency will be facilitated by improved credit and a reduction in the price of requisites. . . . In respect of rural credit, a beginning has been made by the Government in establishing machinery for the provision of long-period and intermediate credit.

This process of deflation and stabilization is now slowly proceeding, and when it has been completed farmers' finances should rest on a much sounder basis than has existed for a number of years past.

Now that we are recovering our previous position, it is to be hoped that the speculation in land-values will not be repeated, and that those concerned will realize that the price of farm lands must be principally governed by the average prices which the products of those lands will yield over a period of years, remembering always the inevitable cycle of boom and depression. As an economic writer puts it,—

> The demand for land is a derived demand dependent on the fact that it is an agent of production. Its economic value is not closely related to the cost of the improvements upon it, but at any given time is measured by the residual, capitalized at current rates of interest, obtained after all costs and a reasonable return to the farmer have been subtracted from the gross value of the product. This "reasonable return" should be commensurate in the long-run with the return which can be obtained in occupations requiring similar ability and enterprise after special advantages and disadvantages have been allowed for. If, over a period of years, the income the farmer derives is less than this, he has paid too much for his land.

48. *Town Properties.*—A large number of valuable residential and business properties are also dealt with. These present problems peculiar to themselves and different from those affecting farming properties. The handling of properties in the business areas in the larger centres requires very special attention. With the rapid development of some of our cities, areas which were once comparatively unimportant have become valuable shopping, warehouse, and business centres. Changes in the technique and methods of building and shop and office planning have altered the public demand for accommodation for these purposes. High taxation, municipal and national, renders it incumbent that the best revenue possible be secured from these valuable areas. These and numerous other problems confront those responsible for the control of properties of this nature, and in a number of estates has exercised a great deal of care and thought on the part of the Office in this respect. Many estates falling in for administration own properties on which are erected antiquated or inadequate buildings, and therefore the need for protection and development and the demand for premises render it essential at times to effect extensive alterations and renovations to such premises. Work of this character has been carried out in a number of instances during the past year.

In conformity with the policy of keeping pace with local development, buildings in various localities have been remodelled wherever the demands of progress and the circumstances of an estate have rendered such a course expedient. The Office is fully alive to the importance of conservation and development of the assets with a view to ensuring that their earning will not only be in no way diminished but enriched wherever possible. In connection with this work the Office employs Property Inspectors who are qualified in questions of valuation, repairs, building, &c., so that there is always readily available reliable information in regard to these matters. In addition, competent independent experts are employed when the amount involved or the circumstances of the case warrant it.