

## REPORT.

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To His Excellency General Sir Charles Fergusson, Bart., G.C.M.G., K.C.B.,  
D.S.O., M.V.O., Governor-General of the Dominion of New Zealand.

MAY IT PLEASE YOUR EXCELLENCY,—

We, the members of the Royal Commission appointed on the 28th day of August, 1925, have the honour to report herewith the result of our investigations of the rural credit systems of the different countries and States visited by us.

In making our report we wish to acknowledge our indebtedness to His Majesty's diplomatic and consular representatives in the countries visited, and to express our thanks to the British and foreign Ministries, officials, financiers, bankers, farmers, the High Commissioner for New Zealand in London, and others who so courteously gave every assistance in their power to the Commission.

### ITINERARY.

Messrs. P. H. Cox and W. J. Polson arrived in Canada on the 17th September, 1925, and after investigating rural credit conditions in each of the provinces of that Dominion proceeded to the United States, where they continued their researches. They were joined by the Chairman, Colonel J. J. Esson, C.M.G., at San Francisco on the 15th December.

The headquarters of eight of the twelve federal land banks which constitute the farm loan system of the United States were visited, after which the Commission went to South America. Investigations were made in Peru, Chile, Argentina, Uruguay, and Brazil.

On the 25th February, 1926, the Commission sailed from Rio de Janeiro for Europe.

During the months of March and April the old-established systems of France, Germany, Denmark, Holland, and Belgium were examined, after which the Commission returned to England, where much further useful information was obtained.

Owing to the immense field to be covered in the limited time at the disposal of the Commission, only leading statesmen, financial authorities, economists, representative bankers, and farmers were interviewed, but, wherever possible, the effect of the operations of the various systems was ascertained at the headquarters and branches of the respective organizations, whose reports and balance-sheets have been carefully scrutinized.

Despite the extension of time granted to the Commission it was found impossible to investigate the Egyptian rural credit position within the period; indeed, owing to the somewhat unsettled state of affairs in that country, a visit would have been of very little value. Mr. C. F. Strickland, of the Indian Civil Service, in his "Studies in European Co-operation," published in 1925, deals fully with his personal investigation of Egyptian conditions. From this it may be gathered that Continental principles in connection with rural credit and co-operation have been adapted and applied to meet peculiar local conditions.

### DEFINITIONS.

For the purposes of this report it must be explained that rural credit is divided into three classes—(a) Long-term mortgage credit; (b) intermediate credit; (c) short-term credit.

Long-term mortgage credit, means farm mortgage credit for terms of five years or over, for the purchase or improvement of land or its necessary equipment, secured by first mortgage, with provision for amortization.

Intermediate credit is credit given for a longer period than is contemplated in commercial banking transactions and of shorter duration than the usual mortgage term. The security is generally live-stock or non-perishable farm-products.