

cases, to far from satisfy the former. In fact, the realization of the chattel security in times of acute depression is generally unsatisfactory to both parties. The creation of the twelve intermediate credit banks in the United States of America in 1923 has undoubtedly afforded relief to producers. In addition, the opening-up of the resources of the Federal reserve system to agriculture has made credit available in a way which the most recent report on agricultural credit presented to the British Government describes as astonishing. The availability of agricultural wealth as security for loans, however, is not the only important consideration. It is more necessary that such wealth should be stabilized and remain available during the periods of greatest need. This is one of the chief advantages claimed for a system of intermediate credit such as the United States possesses.

#### AGRICULTURAL ECONOMICS.

Agricultural economics play an important part in farm-management. The increasing competition from other countries will compel greater attention to the need for up-to-date scientific and economical farming methods in New Zealand. The most expert management of pastures, the careful breeding of more remunerative animals, and the use of the most suitable seeds and fertilizers are matters which are receiving the attention of our competitors, through their Agricultural Departments, to an extent which is not realized in New Zealand.

These subjects provide an important corollary to agricultural credit. Extended credit facilities can be more safely provided where the farmer is familiar with farm-costing and is able to trace losses and estimate profits. This is just as important a phase of agriculture as a grasp of the principles of production. Farmers are not unknown whose excellence as producers is more than offset by inefficient book-keeping and finance. Constant effort is being made in England, America, and Europe to provide the farmer with a simple method of farm-costing and to instruct him how to make use of it.

#### SUMMARY OF RECOMMENDATIONS.

To briefly sum up, it is proposed—

- (1.) That long-term-mortgage credit should continue to be administered by the State Advances Office, in which a special Farm Loan Branch should be constituted, under the control of a Farm Loan Board, consisting of the present State Advances Board supplemented by representatives of the primary industries. Capital to be provided by the issue of securities charged directly against the mortgages, instead of the public revenues as at present; the limit of advances to be £7,000, based on ascertained productivity up to two-thirds of the value of the land.
- (2.) That intermediate credit should be provided which will enable the producer to make extended use of existing institutions with the assistance of the Farm Loan Board.

It is recommended that the provision of intermediate credit should be effected by the organization of co-operative rural intermediate-credit associations, with share capital and liability, and that *bona fide* co-operative societies should participate.

To further improve the facilities for credit a method is suggested whereby warehouse receipts can be accepted with confidence as security for moneys advanced against stored produce. It is not proposed that the present machinery for short-term credit should be interfered with.

If the producer is to obtain the fullest benefits of such a system as that outlined, economy of administration must be maintained. Most of the systems abroad provide for payment of the necessary permanent officials but leave room for honorary service as directors of associations by public-spirited farmers, who, in New Zealand as elsewhere, are prepared to give their services gratuitously for the benefit of the community. Care must be taken to ensure that these honorary officers are men of the highest ability and standing in the rural community. This principle of selection is generally applied in Europe and America with satisfactory results to the producers and all concerned.