CANADA.

All the Canadian provinces having farm-loan schemes were visited by two members of the Commission, Messrs. P. H. Cox and W. J. Polson.

There is no Dominion scheme in Canada, and the provincial schemes differ from each other in a marked degree. None of them adequately meets the requirements of the producer, and all suffer from a shortage of available capital for lending purposes. The rate of interest paid by borrowers is invariably much higher than that charged by the Advances to Settlers Office in New Zealand. Development is retarded by these high rates, which are mainly due to the greater risk and the absence of properly co-ordinated credit facilities for agriculture.

With the exception of the limited business of the long- and short-term credits of Ontario and Alberta respectively, the provincial schemes are operating in a very restricted way. They have no material effect on agricultural conditions, although officials stated that their existence had brought about a slight reduction in the ruling rates of interest.

The banking system of Canada is confined to chartered joint-stock banks, which are precluded by law from lending on mortgage; consequently, long-term credit is almost entirely controlled by mortgage and insurance companies, whilst short-term credit is administered by the banks. In the Province of Quebec the *caisses populaires*, a system modelled on the lines of the people's banks of Italy, are in active and successful operation. Although these are not altogether rural institutions, they work mainly in the interests of the farmers who comprise the bulk of their membership. The capital for these individual banks is obtained by the sale of £1 shares, and the acceptance of deposits at savings-bank rates. Both shares and deposits can be withdrawn on demand, and the liability of the shareholder is limited to the value of his shares. Loans are made on first mortgage and personal security.

Although the system is too small to meet New Zealand requirements, it is worthy of note that its success is attributable to the close active personal supervision of the local priest.

A somewhat similar condition was found to exist in connection with short-term credit successfully administered by the Province of Alberta, where an efficient State officer acts as supervisor.

The Commissioners obtained valuable documentary evidence in the shape of Acts, regulations, balance-sheets, and reports, which have been carefully considered. They also had the privilege of discussing the question of agricultural finance with eminent statesmen, economists, State officials, bankers, and many others, both directly and indirectly associated with the primary industries of Canada.

The Canadian provincial systems are not satisfactory, and their operations are very circumscribed. The absence of co-ordinated control has a great deal to do with this. Under the present disintegrated method the provision of capital is difficult, and more costly than it would be under a national system, for which a strong preference was expressed. There are difficulties of control and administration. Borrowers are inclined to regard their indebtedness to the Provincial Governments as the least important of their obligations, and are too close to their local politicians to permit the adoption of strictly business methods, a contingency which does not appear to have been thoroughly recognized when legislation was being framed.

The principal sources of agricultural credit in Canada are—(1) Joint-stock banks; (2) loan, mortgage, and insurance companies; (3) *caisses populaires* (credit unions, or people's banks); (4) Provincial Government Loan Boards.

Special Acts have been passed in each Province providing for the incorporation and organization of agricultural associations and for promoting increased agricultural production. Under these Acts the Provincial Governments have power to raise capital by the issue of securities, which may be supplemented by parliamentary appropriations and such moneys as may become available.

Loans are made to farmers for long periods on the security of first mortgage over freehold land on the amortization plan, for periods varying from ten to thirty-six and a half years. The annual charge for interest and debt repayment runs from 6 per cent. upwards.