Short-term or intermediate credit advances are made against chattel and personal security for from three months to three years: interest approximately 7 per cent. With one or two exceptions the maxima for long- and short-term loans are £2,400 and £400 respectively. The rate of interest does not exceed 1 per cent. of the actual interest paid on the securities upon which the capital is raised.

Ample provision is made for foreclosure, occupation, and sale of land or chattels in the event of default, but, for political reasons apparently, the enforcement is not rigid.

There is a considerable variation in the margin of security required by the different provinces—viz., from 50 per cent. to 70 per cent. of the productive and saleable value.

Separate valuations are made by local associations and the Government Valuer, who is also Inspector of Farm Loans. Independent organizations have their own valuers and methods.

Loans are confined to the following purposes: To acquire land for farming, and to satisfy encumbrances on such land; improvements—clearing, draining, fencing, erection of farm-buildings; purchase of stock, implements, &c.

Farms may be inspected, and if it is found that the loan is not being applied to the purpose for which it was granted the loaning Board may enter upon such property and sell or dispose of it.

Individual liability is generally restricted to the amount of individual loans.

Small Government loans for the provincial schemes have been issued at from 4½ per cent. to 5½ per cent., and sinking funds have been provided. It has been difficult to obtain money at a sufficiently low rate of interest, and the fear of unduly increasing the provincial public debt has also militated against the full provision of capital for some of the provincial schemes.

In Ontario the Government Savings-bank funds are being loaned to farmers on first mortgage, through the Farm Loan Board.

Bearer bonds, from £20 up, and registered debentures, transferable by endorsement or deed, are issued as securities for provincial loans.

Losses have been made in Manitoba and Saskatchewan, but these may be minimized on realization. In Alberta and Ontario losses may be avoided. These losses are attributed to difficult farm years, weak control, and politics.

Comment.

It is not considered that any one of the methods or modifications as tried out in Canada during the past nine years would prove suitable to New Zealand. If co-operative credit associations are established in New Zealand their success must necessarily depend upon some such system of independent close personal control as that which is maintained in Quebec and Alberta.

The method of providing capital by charging mortgage securities against the public debt is an unnecessary restriction upon the provision of capital, because of the disinclination to increase the volume of the gross public debt.

UNITED STATES.

The Federal Farm-loan System.

The necessity for improving the mortgage credit facilities of the American farmer led to the establishment, in 1916, of the Federal farm-loan system. An Act known as the Federal Farm Loan Act was passed by Congress as the result of an investigation by two United States Commissions of the various systems of European rural credit. The Act provided for two classes of institutions—a system of Federal land banks operating under Government supervision and direction, and joint-stock land banks, which are really joint-stock companies, similarly supervised but free from Government direction.

In 1923 this Act was supplemented by the Intermediate Credit Act, a measure intended to bridge the gap between the short-term loans ordinarily made by banks and other lending institutions and the long-term loans made by the Federal Farm Loan Board.