

(Reichsverband der Deutschen Landwirtschaftlichen Genosschaften). This Federal Association has a special sub-committee for dealing with co-operative credit. The Raiffeisen societies, which represent the second type, have federated into the General Association of Raiffeisen Co-operative Societies (Generalverband der Deutschen Raiffeisengenossenschaften). This important organization operates partly through the Agricultural Central Loan Fund for Germany in Berlin, and partly through thirteen provincial co-operative associations. The depreciation of the currency greatly injured agricultural credit, and German agriculture has great difficulty in obtaining credit at a rate of interest which makes agriculture profitable.

German farms were heavily mortgaged prior to the war, but during its progress farmers made great efforts to free themselves from debt. The mortgages were soon practically cancelled by inflation, but at the same time the farmers' savings which had been invested or deposited in banks disappeared with their debts when the currency collapsed and credit could no longer be obtained.

The period during which money circulated freely, lasting until 1922, was followed by one in which credit was altogether inadequate. The earlier stages of this period were marked by the abolition of professional secrecy in the banks. The farmers, fearing to deposit their profits in the banks, hoarded their money, but when the mark collapsed they hastily used it to buy agricultural tools, live-stock, forage, &c., pianos and foolish things too, thus hoping to protect themselves against the automatic daily fall in the currency. This procedure, instead of turning out to their advantage, simply resulted in loading them up with unprofitable investments. For instance, they were ultimately unable to pay the wages of the workers who were to be employed in working their machinery, or to buy fodder for the purebred stock they might have bought. At the same time they were unable to resell the live-stock or machinery except at considerable loss. Worst of all, they could not get their phosphates, &c., which were sent abroad to get foreign currency in.

The stabilization of the currency commenced late in 1922. The shortage of agricultural capital was then attributed to the following causes: (1) Low prices; (2) high taxation; (3) workers insisted upon being paid in cash rather than in kind. The situation was rendered more difficult by the fact that surplus food (corn and meat) came from abroad in huge quantities because there was no duty on it.

The German agriculturist was so heavily burdened that it was a serious problem how to keep him on the land, how to restore any kind of credit. Income which he had previously used to meet his mortgage charges was taken by taxation, and to contract further loans would have added to his annual obligations. Interest charges at a certain date were as high as 15 to 22 per cent., and in the spring of 1924 were still as high as 16 to 18 per cent. When the German currency was valueless and no one would lend upon land, the cash needs of the farmer in connection with purchase of seed, fertilizer, &c., to enable him to remain on and to work his farm were met on his undertaking to pay in corn, the only thing left at the time which had a real and tangible value. The Roggenrenten Bank (or Rye Bank) was therefore established, and the rye (the staple cereal) crop was pledged by deed or mortgage, against which debentures were issued representing so-many bushels of rye, with interest coupons attached providing for payment in rye. The normal value of rye would be about 7s. p. c., and the actual cost of the loan, provided rye brought normal prices, would be nearly 14 per cent. The Rye Bank and mortgage banks, however, now bring out bonds on a gold basis. The rye bonds had the effect of weakening the mark.

The Rentenbank was founded in 1922 as a bank of issue, with the object of stabilizing the currency. The capital of the bank was guaranteed by mortgages on land, and in return for this guarantee the Rentenbank gave an equivalent in credit to agriculturists. The system on which it gave mortgages was founded on the value of the reich or gold mark. If a mortgage was wanted on 100 acres a mortgage on 5 acres was granted. The borrower was given paper, but was required to pay back the equivalent in gold marks.

The reduced value of the agricultural land in Germany was fixed at 72 milliard of marks, half of which was mortgaged to provide the capital for the bank, and on