

Except in the cases referred to below, the State has no interest in the business of these associations. The money is raised by an issue of interest-bearing bonds, which are handed to the borrower for disposal, and which are readily saleable both in Denmark and to foreign buyers. These bonds are issued in series, limited by Parliament to a minimum of 10,000,000 kroner, usually for periods of ten years. The limit of value upon which loans may be made varies in the groups of associations, which differ from one another in some respects. There are thirteen of these groups, seven of which deal with rural properties and the other six with both rural and urban properties. Two of them are small-holders associations whose creditors' interests are guaranteed by the State. In addition there are nine second-mortgage associations, in which, the risks being greater, the rate of interest is higher and the period of amortization is shorter. Both classes of associations enjoy certain privileges, such as freedom from stamp duty, &c.

The Mortgage Bank of the Danish Kingdom, established for the purpose of regulating the real estate mortgage business, uses State capital raised abroad to buy credit association bonds in Denmark, and thus assist in standardizing the bond-market.

The State also loaned 5,000,000 kroner to short-term agricultural credit societies in 1898, until 1916, when under the terms of the Act the money had to be returned. This was found so detrimental to the existence of the societies that a new Act was passed in 1925 to re-establish them. Short-term credit is also catered for by the so-called co-operative funds, set up in 1915 to facilitate the money transactions of their members. These local organizations, however, are confined to one or two parishes, and do not fulfil the functions of intermediate-credit organizations. A feature of the Danish system is the assistance given to small farmers and farm labourers. This was begun in 1899, and has been so successful that it has been continued ever since. The small farmer or farm labourer who has worked for a farmer for four years is loaned 90 per cent. of the valuation of the property, as against 50 per cent. granted by most of the first-mortgage credit associations. These facilities for small farmers are State controlled and operated; no loan may exceed 1,500 kroner, and loans are free of interest for five years. The plan has been very successful, and has placed close on ten thousand labourers on small farms, almost all of whom are in a satisfactory position.

Credit association long-term loans are generally made redeemable in from fifty to sixty-five years, and the portion of members' half-yearly payments earmarked as a reduction of their debts is employed in the redemption of the bonds by semi-annual drawings. The bonds are redeemed at par. Credit associations take advantage of a favourable market to convert their bonds, but such transactions possess no advantages at present, when most credit association bonds are selling at less than par. First-mortgage societies rarely lend up to the limit allowed by law, while the total mortgages, first and second, are restricted to 75 per cent. Up to this amount is frequently lent on second mortgage.

Every Danish farmer is a co-operator, and most belong to a number of societies which handle their business professionally. Thus it is no uncommon thing to find a Danish agriculturist whose milk is handled by a dairy co-operative, his pigs by a bacon co-operative, his eggs by a poultry co-operative, his hay by a hay co-operative, and his live-stock by breeding societies. His requirements are also similarly dealt with. Machinery is purchased and often used co-operatively. His fertilizer and even his food-supplies are attended to by co-operative organizations. Danish co-operative credit has stimulated the growth of butter marketing and distributing societies, which have now become a part of the national life. These societies in turn have assisted in the formation of co-operative village banks or co-operative funds.

By a law of 1898 the Government was empowered to lend State funds at 3 per cent. to societies of farmers for the purpose of short-term credit, with the maximum of nine months, the loans terminating in 1916. The village bank or co-operative fund acted as a sort of clearing-house between co-operative societies, accepted deposits, granted loans for working capital, introduced the use of cheque-books, and had a sound educational effect. The withdrawal of the Government loan has caused these institutions to languish in some districts, but the recent legislation renewing the loan is expected to stimulate their re-establishment.