

APPENDIX II:

FRANCE.

A GENERAL EXPLANATION OF PERSONAL AGRICULTURAL CREDIT.

LEGISLATION.

The System prior to the Law of 5th August, 1920.—Agricultural credit was established in France nearly thirty years ago. Numerous texts, laws, enactments, or regulations have since organized its operations and enlarged its scope, in order to take advantage of the lessons which experience teaches, and to keep pace with the growth of agricultural requirements.

Law of 5th August, 1920.—With a view to co-ordinating and unifying the different legislative or regulating provisions that followed one after the other since its inception, Parliament passed a law which annulled all previous texts, and at the same time brought forward certain improvements on the older legislation. This law of codification bears the date of 5th August, 1920. It was published in the *Official Journal* of 7th August. The details of its application were settled by the enactment of 9th February, 1921, and published in the *Official Journal* of 11th February, 1921.

AGRICULTURAL CREDIT BANKS.

From this time, then, agricultural credit is administered only subject to the law of 5th August, 1920.* It is founded on the principle of union (*mutualité*) and co-operation, and rests on two main factors, the local bank and the district bank of agricultural credit.

Organization of Agricultural Credit Banks.—Both of these societies should be organized solely by farmers and agricultural associations, syndicates, mutual-assurance societies, co-operative societies, collective-interest societies, or joint-stock societies (associations, syndicates) having an agricultural object. Their capital can only be raised with the help of registered shares, the profits of which are limited to 6 per cent.

Agricultural credit banks are managed gratuitously by a board, whose members are elected at a general meeting of shareholders. The organization of these societies is very simple; it is stated in the law itself. If any one wants information on this subject the National Office of Agricultural Credit, 5 Rue Casimir-Perier, Paris, is at the service of the farmer, and will give him any advice on this subject, or forward to him copies of the statutes.

Object of the Banks of Agricultural Credit.—According to the terms of Article II of the law of 5th August, 1920, "the banks of agricultural credit are solely for the purpose of facilitating and guaranteeing all transactions relating to agricultural production put into execution by their *individual shareholders or the shareholders as a body.*" It ensues as a consequence from this article that in order to profit by the assistance of an agricultural credit bank it is necessary to become a member of it.

LOANS.

The chief business of these agricultural credit banks is to place in the hands of its members, as loans, money of which they are in need in order to meet the outlay connected with farming. The stocks assigned by the realization of these loans can be a first charge on the available resources of the agricultural credit bank capital, reserves, &c., or on the deposits which they have in trust, but they come chiefly from the advances that the National Office of Credit grants for this purpose to the district banks. There are local banks which authorize these loans, and it is to them that farmers should make their requests. If they have not yet become members or are ignorant of the address they can procure it from the nearest district bank of the province. The address of the district banks is given on request of those interested by the National Office of Agricultural Credit, 5 Rue Casimir-Perier, Paris.†

Loans are of different kinds, and present distinct modifications in proportion to the purpose for which they are required. They are divided into short-term loans, intermediate loans, and long-term loans.

Short-term Loans.—These loans are for the purpose of enabling the farmer to pay his (running) working-expenses: for example, labourers' wages, purchases of manures, seeds, and anticyptogamous products, &c. They can likewise facilitate the purchase of animals for fattening, or the purchase of an agricultural implement at a reasonable price.

The amount of the short-term loan is not restricted by law. It is fixed by the lending bank, which takes into consideration the worth of the business to be dealt with, the farming abilities of the borrower, and the guarantees which he can put up. The duration of these loans cannot exceed that of the transaction in which it was appropriated, and must not be longer than a year.

The rate of interest is not settled by law. The enactment of 9th February, 1921, stipulates only that it cannot be less than the interest paid on the associated shares of the lending bank, nor more than 1 per cent. higher than the rate of discount of the Bank of France, which is at present 5 per cent.

The securities asked from the borrower are mainly a guarantee, a deposit of titles, a warrant, &c. The loan is certified by a bill, which underwrites the borrower in favour of the local bank, which then endorses it and sends it on to the district bank, where it is discounted and the stock lodged.

*The Articles VI and VIII of the law of 5th August, 1920, have been modified by the law of 7th December, 1922

†It may be necessary to point out that by virtue of the law of 7th December, 1922, the district bank can, by special right, and in default of a local bank, approve directly of loans to military pensioners and civil victims of war.