

Up to the present thirty-seven companies have made arrangements with the Board to accept their endorsements of promissory notes for discounting with the Board. The method of fixing limits for companies is identical with the procedure in connection with the limits imposed in respect of guaranteed loans.

SHEEP AND GRAIN SECURITIES.

Up to the present the scheme has been utilized mainly by the dairying industry, the loans granted to other classes of farmers such as sheep-farmers and grain-growers being limited in number and amount. This is due to a number of special causes. In the first place, the limit of £1,000 fixed by the principal Act proved insufficient for the requirements of sheep-farmers and grain-growers during the period when no revenue is forthcoming and the expenses associated with farming operations have to be met. In the second place, sheep-farmers did not have at their disposal the same facilities for obtaining guarantees of loans as dairy-farmers with their dairy companies behind them, and consequently were not able to utilize the provisions of Part III of the Act to the same extent. In the third place, the system for fixed loans to be liquidated over a period of years, although suited to the requirements of dairy-farmers, was not applicable to the circumstances of sheep-farmers, whose indebtedness steadily increases during the major portion of the year and is then rapidly liquidated either in whole or in part.

In view of the fact that sheep-farmers may be expected to approach the Board mainly through the medium of associations, the introduction of this system is expected to stimulate the formation of associations in sheep-farming districts.

General.

Each country has its own peculiar financial and seasonal difficulties, but the problem in each is how to discount farm securities at the lowest possible rate. It is generally agreed that the solution is not to be found in the duplication of existing institutions, but in organizing the resources of the primary producers themselves, so as to provide a basis for joint concerted action in their own behalf in order to get the capital they must use.

“The development of the group system gives the farmer the experience which teaches him to use money in a business way, leading ultimately to financial independence, by putting him in direct relationship with a self-supporting institution through which capital can be obtained. In combination farmers can command capital, credit, technical advice, and commercial attention. The fact that the resources and responsibility of several individuals are combined together increases the confidence of lenders and creates an asset which is equivalent to the asset of goodwill upon which corporate industry relies.”

This possibility exists in New Zealand, where the co-operative spirit is well developed. The State and State-fostered schemes are established on a sound basis with adequate provision for administration and losses. They have brought the borrowing farmers into closer relationship with the lenders, and money is borrowed and loaned at cost price, but that price is governed by inexorable laws, and can only be reduced by the