detrimental to Parts I and II ?—I am afraid so, if the limit of £500, which an individual can get under present conditions, is increased. The Board can make all the conditions considered desirable, and is not actually bound to demand the endorsement of the whole amount.

Mr. MacDonald: In some cases it may not be necessary.

Right Hon. Mr. Coates.] After all, the Board advances first of all what they think the chattel is worth, and then the Board decides what amount of guarantee they require, but it shall not be less than 20 per cent. ?—From the agent ?

Yes, or from any one else. For instance, Mr. MacDonald, Mr. Hamilton, and myself had a fellow who wanted to take up a farm, and he wanted £1,000 to work it. How under Parts I and II of the present Bill could we assist him ? Your local organization is prepared to guarantee 30 or 40 per cent. as the case may be. How would you be able to assist the man under the existing Bill ?—I would leave that very largely to the Board : if the security existed they could carry him on endorsed promissory notes or bills. Primarily, the object is to get farmers to secure their own economic salvation through the business organization most suited to them—namely, co-operation.

The Chairman: We have here a letter from the State Advances Department which shows the difficulties they have to deal with. They have 898 applications in hand for a total of £348,000, but have only granted £79,260 out of the applications.

Colonel Esson: It is proposed to set up machinery to deal with applications locally. The District Boards should have power to finalize loans within certain limits.

The Chairman.] You are suggesting that the State Advances should come under the new Board, but limiting to £500 ?—The two methods are somewhat in conflict. I am not so much concerned with the individual as with the group. For the former the £500 limit is large enough in view of the risk involved. If placed on the same footing as the associations the associations will not develop, or they will be slow in developing.

Right Hon. Mr. Coates.] What difference would there be in lending to a co-operative society and a co-operative auctioneering company ?—The former is not operating for private gain but in the interests of the producers themselves—not for outside shareholders. It would be better to remove intermediaries between the borrower and the lender. The borrower practically, through his own agency, getting the money direct from the lender.

Under the Government Advances to Settlers Branch of the chattels security the money is found by the State ?—Yes.

Under this system, which would transfer that system to your Rural Credits Board, or whatever Board is ultimately set up, money lent does not become a charge on the State, other than the amount placed at its disposal ?—No.

You say that it would be undesirable to assist the farmer who could get sufficient guarantees ?—It would be more desirable to have him in an association.

Under the present scheme, would not the stock and station agents develop more than from other sources ?—Their services would undoubtedly have to be largely utilized, and their co-operation is hoped for.

They would practically dominate, would they not ?—They might, and there might be a temptation to unload doubtful accounts. The intention is that agricultural finance should be organized from below on a sound basis, and the Board's power to discount notes and bills of exchange for agencies is contained in clause 13, subclause (2). A tendency for an agent to lean on the District Board in the matter of supervision would have to be provided against.

Mr. A. Hamilton.] Did you find in places you have mentioned that individuals were dealt with ?—In the States they deal with individuals, but not directly. They deal with the individual either through his agent or through the association. A perfectly sound organization provides credit for certain districts, but that organization does not deal directly with individuals.

What do you mean by an organization ?—An intermediate credit bank.

The association would deal with them ?—Yes. The principal objection to the individual dealing was the expense of supervision and the possible establishment of a lot of small local banks.

You were saying that the main idea was to lend out money on a sound basis : do you think that the associations with the capital that is provided—share capital—do you think it is sound ?—I think so, if the shareholders' position is properly investigated before they are accepted and if they are reputable farmers. They must be farmers, and not speculators. I have some notes made during an interview with the president of the Federal Land Bank at Berkeley, in California. That bank covers the territories of California, Arizona, Utah, and Nevada, and operates through local associations. They administer a lot of intermediate credit. California is well advanced in co-operative marketing. Generally the co-operative concerns are well managed. The short-dated debentures had a very favourable market, and the response given them reflected confidence in the management of the banks. Most of the borrowing was for six-month terms at the rate of $4\frac{1}{2}$ per cent.

My experience in New Zealand is that it would be very difficult to get twenty farmers to combine for any purpose whatever. You have to get ten farmers to combine for a party telephone, but it is very difficult ?—Where the element of personal gain is involved co-operation is not so difficult. The spirit already exists in New Zealand, which is one of the best of countries so far as co-operation is concerned. Our professional lawyers, doctors, and dentists are combined. We have already our Meat Boards, dairy factories, producers' guilds, trade-unions—every one of which is more or less co-operative ; the State itself is the greatest co-operator of all.

I would not call that co-operation ?—Call it team-work, self-protection, or combination—the example holds good. In almost every part of the world the system is operating, and the initial difficulties have been overcome. Information and instruction will have to be given. Here is a sample of what has been done in the United States in the way of supplying information. These publications are distributed all over the States.