the individual. Where the corporate or co-operative principle applies, it is not generally connected with the actual conduct of the farming operations, but rather with some matter closely allied to those operations, but yet distinct from them. It may be in regard to the purchase of farming requisites, the marketing of produce, or the manufacture of goods therefrom. In more recent years there have been important and widespread developments in the direction of collective action upon the part of farmers in relation to their marketing and seasonal credit requirements. It will be shown later that full scope in this direction is provided in the New Zealand rural intermediate credit system.

Post-war conditions served to accentuate the need for the better organization of agricultural credit, as to the normal features of the problem of securing the best arrangements for the farming community were added serious difficulties of an abnormal nature. In the case of the Dominion the inflation of farm-values in the war period was followed by a period of depression, accompanied by difficulties to the majority of farmers and extreme hardship to those who had purchased their properties at the period of peak prices and to those whose financial position was not of the strongest. While a reassuring economic recovery was achieved, it was clear that in comparison with pre-war conditions farming was not an equally profitable occupation, and that, among other factors, the heavy indebtedness upon the part of the farmer generally was a serious burden to him, operating against the best success of his efforts and affecting production. In view of the importance to the Dominion of the welfare of the primary producers, attention became naturally focused upon the credit facilities open to farmers, and, while much had already been done by way of State and private enterprise to meet the requirements in this direction, uncertainty was felt as to whether the existing machinery was sufficient to meet the conditions existing in the Dominion.

The efforts to improve the position of the farming community have not, of course, been confined to the financial side of the matter, and contemporaneously with the investigation of matters of finance determined efforts have been made to increase production by the application of better and more scientific methods of farming, and to secure better results for the primary producers by the application of improved methods of marketing.

With the object of ensuring that first-hand information would be available in regard to the systems of rural finance in force in other pastoral countries and their suitability for adoption in the Dominion, the Government, in 1925, appointed a Royal Commission to conduct investigations of the systems in operation in the American and European Continents, and to submit a report thereon and recommendations as to the system considered most suitable for adoption in the Dominion. The Commission was composed of the late Mr. P. H. Cox, of Wellington, a retired banker of the highest standing; Colonel J. J. Esson, C.M.G., V.D., J.P., of Wellington, Financial Adviser to the New Zealand Government, and at present Chairman of the Rural Intermediate Credit Board; and Mr. W. J. Polson, of Wanganui, president of the New Zealand Farmers' Union. The result of their inquiries and their recommendations are set out fully in their report (B.-5) printed in 1926.

In view of the difficulties experienced in the Dominion in regard to rural credit facilities the following remarks of the Commission in regard to the conditions existing in other countries are of particular interest:—

> "The insistent demand of the producer for improved credit facilities is by no means peculiar to New Zealand, but merely reflects an almost universal evolutionary movement in the important business of agriculture. Everywhere the problem of agricultural finance has been accentuated by the increasingly keen competition of producing countries, practically all of whom have adopted legislation under which capital may be provided for agriculture and special organizations established to ensure its economic and profitable employment.
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> "The general trend is towards concentration and collective trading combined with the adoption of scientific methods of finance and farming, all designed to increase the volume of production at reduced cost, to the mutual advantage of both consumer and producer.