

**THE PROVISION OF CREDIT
WITH SPECIAL REFERENCE
TO AGRICULTURE**



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THE PROVISION OF CREDIT WITH SPECIAL REFERENCE TO AGRICULTURE

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WITH TWO CHAPTERS UPON
THE PROVISION OF RURAL CREDIT IN ENGLAND

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TO MY PARENTS

PREFACE

THE post-war depression has affected agriculture with especial severity. In consequence agriculturalists throughout the world are showing an increasing interest in problems of rural finance, since they believe that an improvement in the position of farming industries is intimately bound up with the provision of improved credit facilities. In many countries new systems have been devised and existing machinery developed to meet the demands of farming interests for better systems of finance. It is possible that too much is expected from improved credit machinery, but the importance of adequate and carefully planned systems will be readily conceded. In many countries the volume of credit which is granted directly or indirectly to agriculture exceeds that to commerce or industry, while the stability of credit conditions in general is closely bound up with the financing of agricultural production and marketing.

Fundamentally, credit plays the same part in agriculture as in other industries, and the underlying principles are similar; but the conditions affecting the manner in which these principles apply in practice differ to such an extent as to constitute a special rural credit problem. In view of the volume of credit which is required, in the aggregate, by farming industries, and of the importance of these industries in the economic life of the community, the problem is worthy of more attention than is normally devoted to it by economists.

The present study has been undertaken in an endeavour to meet the need, which the writer believes to exist, for a book which combines an analysis of the nature of the credit problem as it affects farming industries and a critical account of some of the more important types of credit intermediary. In planning the book, the writer has had in mind the needs of his own students, which accounts for the space devoted to a consideration of New Zealand conditions. The scope of the study has been limited somewhat by the

information available to one working in a rather remote corner of the world. It is hoped, however, that the book may be of value to students and agriculturalists in other countries.

The writer is indebted to a large number of individuals who have willingly given information and furnished copies of reports. He desires to express his especial thanks to Mr. W. T. A. Beer of King's College, Cambridge, Dr. E. P. Neale, Secretary of the Auckland Chamber of Commerce, and Mr. H. R. Rodwell and Mr. J. O. Shearer of the Department of Economics, Auckland University College, who have made valuable suggestions and criticisms. He is also grateful to Mr. J. O. Shearer for assisting in the preparation of the Index. He would take this opportunity of recording his indebtedness to Dr. J. B. Condliffe, Research Secretary of the Institute of Pacific Relations, who first interested him in agricultural economics and with whom the writer collaborated in his first publication on rural credit. The usefulness of the book has been much enhanced by the inclusion of two chapters on rural credit conditions in England by Mr. R. R. Enfield, of the Ministry of Agriculture and Fisheries, the well-known authority on agricultural economics, and the writer highly appreciates this assistance.

Finally, the writer would record his especial indebtedness to Dr. J. A. Venn, Gilbey Lecturer, University of Cambridge. It was his privilege to work under Dr. Venn's guidance as a post-graduate student during the years 1924-6. Such merit as the present study possesses owes much to Dr. Venn's direction during those years and to his advice and encouragement since. In addition Dr. Venn has read the proof with scholarly care, made many important emendations; and has seen the book through the Press.

This book is the first of a number of studies in economics and commercial subjects which it is hoped will be undertaken from time to time by members of the Department of Commerce of Auckland University College.

H. BELSHAW.

August, 1930.

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