

of the issue of bonds to the extent of 80 per cent., the purchaser depositing 20 per cent. of the purchase-money. The average loan is approximately £1,500. Under the common-loan system the maximum loan is £100,000 and the average loan £4,000. The interest charged is 6 per cent. plus 1 per cent. amortization and 1 per cent. management. After eleven years the total rate is reduced to $7\frac{1}{2}$ per cent., and at the end of twenty-two years to $7\frac{1}{4}$ per cent., the reason given being that mortgagors usually pay off their mortgages in eleven years.

Bonds.—The bonds are fully guaranteed by the State, and are sold on behalf of borrowers through brokers, who charge $\frac{1}{8}$ per cent. commission. This puts the cost of marketing the bonds, and nominally the responsibility for getting the cash, on the borrower. The repayment of mortgages in bonds of the same series has created a demand which does much towards stabilizing their value, and borrowers are always on the lookout for them. If the sale of bonds at any time proves slow or difficult, the bank advances 80 per cent. without interest charge. Borrowers who in bad seasons might fall behind with their payments are not penalized beyond the payment of 8 per cent. per annum on the arrears. The limit of the bank's power to grant extension is up to four years, provided the value of the property is being maintained. The bank has accumulated reserves of £10,000,000, and its losses have been comparatively small.

Short-term Loans were found necessary, and have been recently instituted. The term is five years, and the maximum loan £2,000, and the interest 6 per cent. with 5 per cent. amortization. This does not clear the loan in the period, but the remaining balance can be arranged or paid off.

URUGUAY.

Uruguay is an agricultural and pastoral country, whose principal exports are wool, meat, and hides. Its population is 1,500,000, with an area almost identical with that of New Zealand, and of a character which presents many similar features.

Adequate provision is made in this Republic for both long- and short-term agricultural credit, the former by the Banco Hypotecario and the latter by the State bank, which renders generous and material assistance.

Banco Hypotecario.—This is established and works on similar lines to the Banco Hypotecario Nacional of the Argentine. It makes loans in the form of mortgage-bonds, which are in good demand at par, being bought freely by small investors and also quoted in Europe. Advances are made up to two-thirds of the assessed value, repayable in thirty years on the amortization plan. There is a particularly happy relationship between the commercial banks and the Banco Hypotecario—the former being always prepared to make short-term advances against the latter's bonds. The bank lends in sums of from £60 to £120,000 on revenue-producing properties, the annual charge on which is 8 per cent., made up as follows: Interest, 6 per cent.; commission, 1 per cent.; amortization, 1 per cent.—payable half-yearly in the case of rural loans and quarterly in the case of city loans. Coupon interest is payable in Europe, where the Government has arranged with bankers and agents. The authorized capital is £10,000,000, of which £7,407,658 has been issued. Reserves amount to £4,700,000. The mortgage-bonds in circulation on the 30th May amounted to £166,686,600, secured on mortgages representing on a conservative valuation a third more than this.

There is also a private institution designated the Hypotecario Agrícola, which receives deposits from farmers and makes advances.

Short-term Credit.—Commercial banks make advances to farmers, but are limited to a term of six months, which is found too short, and farmers who avail themselves of this accommodation usually repay the bank with money borrowed elsewhere. The Bank of the Oriental Republic of Uruguay (State bank) has successfully undertaken short-term advances to agriculturists, and in its numerous branches a large percentage of the business transacted consists of the placing of funds which are applied directly or indirectly to the progress of the cattle industry and agriculture. Advances are made on the security of live-stock, crops, and implements.

In co-operation with the State, it affords facilities and grants credits to colonies to help in their advancement. It acts in conjunction with the official Seeds Commission in making seed loans, also with the Banco Hypotecario in State colonization