The final alternative meant either private adjustment or, where that failed, seizure and sale by the mortgagee and bankruptcy of the mortgagor.

If there was general agreement on any one point, it was that something had to be done. The incidence of a state of insolvency was too widespread and financial chaos was inevitable.

The remedies adopted (not all at once) were an increase in the exchange-rate, the reduction of costs as far as was possible, and the imposition of a moratorium, in the hope that a later recovery of world prices would solve the difficulties.

The exchange rate on London rose from parity in 1929 to £(N.Z.)110 = £(sterling)100 in January, 1930, at which rate it remained during 1931 and 1932. In January, 1933, the Government, as part of its programme to rehabilitate the farming industry, increased the rate to £(N.Z.)125 = £(sterling)100.

The reduction of costs was partly a natural fall resulting from and forming part of the general price drop. Wages of such industries as remained under the Arbitration Court were reduced by 10 per cent. but the true wages drop was much greater as the Arbitration Court to a large extent ceased to function and the general unemployment quickly brought wages down. In addition, Government subsidized farm labour to a considerable extent.

Then land-tax was reduced, dropping from £1,506,911 in 1929–30 to £542,128 in 1931–32. Subsidies to farmers already paid to allow the free carriage of lime, were increased by subsidizing superphosphate deliveries and the carriage of farm products, and granting concessions for the railway carriage of fertilizers. The value of these concessions in 1932–33 was £336,644, and in 1933–34 £441,694.

Further, county rates were subsidized in the financial years 1931–32 and 1934–35, the subsidy amounting in the first year to £250,814 and in the second to £178,246. A similar subsidy was provided for 1935–36.

The imposition of a moratorium was first attempted in a measure known as "the Mortgagors Relief Act, 1931"; this Act largely followed the moratorium provisions in the legislation introduced to meet war conditions and the results of the earlier depression 1921–22. Its main object was to grant temporary relief to mortgagors. It made it unlawful for a mortgagee to (*a*) exercise his powers of sale, or (*b*) issue any process of execution against his mortgagor, or (*c*) file a bankruptcy petition against his mortgagor, except with the leave of the Court.

If a mortgagee wished to do any of the above acts he was required to give notice to his mortgagor, who then became entitled to apply to the Court for relief. The Court was authorized to order that the mortgagee should not, before a date specified in the order (being not later than twelve months after the mortgagor's application for relief), do any of the acts mentioned above.

This measure was soon found quite inadequate to deal with the problem, which was then rapidly assuming grave proportions. It was therefore amended the same year, and the Court was given power in dealing with mortgages of farm lands—

(*a*) To postpone the due date for the payment of principal or interest for a period not exceeding two years:

(*b*) To reduce the rate of interest payable under the mortgage:

(*c*) To remit the whole or any part of interest in arrear.

This Act gave authority for the setting-up of Adjustment Commissions to which applications could be referred by the Court for investigation and report.

The widening range of the influence of the financial crisis and the growing intensity of the economic depression soon made it necessary again to enlarge the scope of the legislation, and in 1932 the special relief already granted in the case of farmer mortgagors was made applicable to all mortgagors. Provision was made that the mortgagor could apply for relief notwithstanding that his mortgagee had not given notice of his intention to exercise his powers, and authority was given to the Courts to grant relief to lessees by way of remission or reduction of rent payable under the lease.

Provision was also made that year empowering the Court to join stock mortgagees as parties to relief proceedings. This legislation did not give sufficient power to enable the Courts to make an order effectively binding stock mortgagees, who, in many cases, by virtue of the nature of their securities, were in a position to dominate the situation. To meet the position a still further amendment was passed the following year.

This legislation was consolidated in the Mortgagors and Tenants Relief Act, 1933. The legislation to this date applied both to farm and other properties, to leases and to mortgages over either land or stock. The Court was authorized to give the following relief:—

(*a*) To order that the mortgagee should not, before a date specified (not being later than two years after the date of the order), exercise any of the powers given in the mortgage or file a bankruptcy petition against the mortgagor:

(*b*) To postpone for a period not exceeding two years the due date for the payment of interest or of principal:

(*c*) To reduce to such rate as it thought fit the rate of interest payable under the mortgage:

(*d*) To remit the whole or any part of arrears of interest:

(*e*) Where the application for relief was made under a table mortgage, to extend the term of the mortgage by any period not exceeding two years.

A special section was included whereby stock firms which were unwilling to enter into pooling schemes could be compelled to do so. These schemes provided for opening separate No. 2 accounts for farm mortgagors, paying therefrom current expenses, and dividing the balance in agreed proportions between the stock mortgagee and the land mortgagee, the original account remaining in abeyance as a capital debt.