

Credit Facilities for Agriculture and Handicrafts in Tunis

The Government of the Protectorate of Tunis has taken various measures to palliate the consequences of the depression and other calamities which have seriously affected the Native cultivators and craftsmen.

A recent enquiry¹ goes to show that the difficulties of Tunisian cultivators are largely the result, aggravated by the depression, of excessive borrowing and of usury. The loans obtained by cultivators, often from professional money-lenders, usually bear interest at fantastic rates, seldom less than 30 per cent. and sometimes as high as 300 per cent. per annum.

Various calamities have added to the cultivators' sufferings in the last few years : after two years of drought (1929-1930 and 1930-1931) came floods in the winter of 1931-1932 and the spring of 1932, followed by a plague of locusts which did serious damage. Considerable havoc was also wrought by cyclones in November and December 1931.

It was only last year, however, that the position of the Tunisian cultivator became really acutely serious. In 1932, the value of property fell in consequence of the fall in the prices of the chief agricultural products, and this meant a complete change in conditions. At present, the saleable value of many mortgaged properties is not sufficient to cover the cultivator's debts, so that debtors do not know how to meet their obligations. A further difficulty is that the prospects for the 1933 harvest were far from favourable, and creditors became uneasy and unwilling to wait longer for payment.²

Tunisian handicraftsmen, and in particular the Native "sooks" and guilds, are also in difficult circumstances, for a number of causes. The general depression has closed or reduced many of the markets for their products and has cut down the tourist traffic, which brought a large number of buyers. The fellahin, who were the chief customers of the handicraftsmen, are themselves impoverished. The manual trades are faced with the increasing competition of machinery, especially for weaving and carpet making, and many machine-made and mass-produced goods are sold at lower prices than the hand-made article.³

One of the many measures taken by the Government to relieve the position of these cultivators and handicraftsmen is the establishment of a credit system which will free them from the tyranny of the

¹ *Rapport à M. le Ministre des Affaires étrangères sur la situation de l'agriculture tunisienne et le Crédit aux agriculteurs tunisiens*, by Messrs. Louis Tardy, General Director of the National Agricultural Credit Fund, Gaston Maringe, Financial Inspector, and André Cramois, Assistant General Inspector of the National Agricultural Credit Fund, Tunis, Imprimerie Sapi, 1933. (Subsequently cited as *Rapport*.)

² *Rapport*, pp. 11-12.

³ *Dépêche tunisienne*, 21 Aug. 1933.

money-lender and in great measure provide them with the means they need to continue their work and earn a living. An outline of this system of credit and of its working is given below.¹

AGRICULTURAL CREDIT

There are three kinds of organisation for supplying credit to cultivators. These are, in chronological order of establishment :

(1) The mutual aid funds for agricultural credit, open to Natives and French alike at the same rates and subject to the same conditions and rules. Applications are however accepted only from cultivators directly engaged in farming by French methods and able to offer sufficient security, both material and moral. There are very few of these funds except in the north and certain parts of the centre of Tunis.

(2) The Native provident funds, which procure seed-corn for their members, help the Natives to subsist during critical periods, to conclude collective insurance policies against hail, etc. The loans granted by these funds for the 1931-1932 season amounted to 35,199,270 francs.²

(3) The Public Credit Office for Native Agriculture, which is a legally recognised public utility institution, established by a Decree of 10 June 1925. Its purpose is to advance to Native cultivators the sums they require for their original establishment or for improving their holdings, in so far as neither of the other two kinds of fund can do so.

The Public Credit Office for Native Agriculture

As the Public Credit Office for Native Agriculture is by far the most important of the institutions mentioned, some details of its organisation and working may be given.

Membership of the Office is open only to Tunisian cultivators who work their own land and are either owners, "enzelists"³, tenants with the promise of sale on State land, or cultivators who have been granted the exclusive right to cultivate either "habous"⁴ or collective land, in accordance with the regulations applying to it.

Each member belongs to a group of from 5 to 12 persons, who must be cultivators on the same tract of land for the purpose of medium-

¹ In addition to the report already cited, the chief sources of information used here are two notes, one on Native agricultural credit institutions and the other on the revival of Native handicrafts in the Protectorate and the activity of the Central Arts and Crafts Co-operative Society, and the text of the constitution and rules of this Society. These three documents, the last of which is printed, were kindly supplied to the International Labour Office by the General Department of Agriculture, Commerce, and Land Settlement in Tunis.

² *Rapport*, p. 29.

³ According to section 954 of the Tunisian Code of Contract Law, an "enzel" is a contract by which the owner of real property or the trustees for a foundation under the "habous" system transfer in perpetuity, but with the right of repurchase, the possession and usufruct of a fee in exchange for a specified fixed rent which the other party undertakes to pay.

⁴ The "habous" is a form of religious or charitable foundation under Moslem law.

term loans, and on the same or adjoining sheikhdoms for short-term loans. Each group appoints a chief who represents the whole group and signs on their behalf a private deed making them jointly liable for the repayment of any loan made to a member of the group. This joint liability continues, even after a member resigns from the group, until all loans granted before notice of resignation was given have been repaid in full.

In connection with every registration office or office for Native questions a local committee has been set up to consider applications for loans submitted by heads of groups and to transmit them with its observations to the Governing Body of the Public Credit Office.

The Office is administered by a Governing Body, presided over by the Chief of the Agricultural Service. It delegates to a permanent committee of four of its members the right to deal with urgent applications for loans.

The Office received an initial grant of 11,500,000 francs under the French Act of 19 August 1920 instituting an assistance fund for improving the methods of cultivation of the Natives and facilitating their settlement on the land. In addition, it receives annual subsidies from the budget, and under a Decree of 25 July 1927 the receipts from the sale of State land to Native cultivators are also credited to it. In order to enable it to extend its operations the Office was empowered, by a Decree of 6 October 1930, to float a loan of up to 50 million francs, to be issued in instalments and secured by the annual subsidy.

The funds of the Office at the beginning of 1933 amounted to a total of some 65 million francs.¹

Two kinds of loan are granted — short-term and medium-term. The short-term or seasonal loans, for not more than one year, are intended to enable the cultivator to pay his current expenses for a season or an agricultural year. The amount of these loans is fixed by a scale at so much per hectare for the different kinds of crop and of work to be done. The maximum which may be granted to any member is at present 12,000 francs.

In addition to the joint liability of the group, some collateral security may be required, such as the deposit of Arab title-deeds, a mortgage on registered title-deeds to land, etc.

As very few of the applicants have proper title-deeds the Office was obliged to secure its seasonal loans by deeds of agricultural lien. In order to avoid this formality, with the large number of deeds which had to be drawn up, it was arranged, by a Decree of 31 December 1928, that loans granted by the Office should be secured by a preferential claim on the results of the harvest and on the live and dead stock of all the members of the group.

The system of short-term loans has developed as the resources of the Office have increased. In 1926, loans of 215,600 francs were granted to 155 members, whereas in 1932 over 52 million were granted to 34,805 members.²

¹ *Rapport*, p. 16.

² *Ibid.*

Medium-term loans, for a maximum period of five years, are granted only to cultivators who have been settled by the Government on "habous" or collective land. The money must be used for permanent productive improvements on the land, such as clearing the ground, planting trees, building, water supply, etc.

At present a loan of this kind may not exceed 200,000 francs. As a rule, a person who has received a medium-term loan cannot obtain a seasonal loan until the former is repaid.

Interest on loans granted by the Office is at the rate of 7.5 per cent. per annum for short-term and 6 per cent. for medium-term loans, payable in advance.

The amount of medium-term loans granted rose from 600,000 francs to 180 persons in 1926 to about 2,500,000 francs to 600 persons in 1930. Since then the annual total has been about 1,300,000 francs. In 1933, more than 400 farmers benefited.¹

CREDIT FOR HANDICRAFTSMEN

The Central Arts and Crafts Co-operative Society is the chief institution for providing the necessary credit for members of co-operative groups of Native handicraftsmen.

This Society was set up by a Beylical Decree of 31 December 1929. According to the first section of this Decree, the purpose of the Society is to advance money to members of co-operative groups to provide them with working capital, and to enable them to purchase raw materials or equipment, individually or collectively (these advances may also be made in kind). Loans may also be made on the security of manufactured goods; in this case they may not exceed 75 per cent. of the value of the goods in question. The loans must be repaid, with interest at a rate fixed by the Board of Management of the Society, within a period of from three months to two years according to their nature and purpose.

The Society obtains its funds from State subsidies and grants, the interest on loans, and any gifts or legacies received. It began its operations on 1 July 1930 with very limited resources (an initial grant from the State of 2 million francs and a subsidy of 150,000 francs), and was therefore obliged to restrict its early activities to the industrial centres in which credit was most urgently required — Sahel, Cap Bon, etc.

The amount of the short-term and medium-term loans to Native handicraftsmen during 1931 was 783,412 francs, of which 628,281 francs represented ordinary loans and 155,131 francs loans on goods.

At the end of the financial year 1931-1932 so many of the loans had not been paid back, as a result of the prolonged depression, that the Co-operative Society decided to await the results of the harvest before encouraging the formation of any further co-operative groups and extending its activities.

¹ *Ibid.*