By Mr. Sales:

Q. Economically?—A. Very well, I think you know where I am drifting, to get away from the idea of being confronted with a mountain of debt and piling it up, just as soon as the western farmer gets himself on his feet again—and he can do it, and he is going to do it, as soon as he gets to a sounder basis so that the risk of investment and matters of that kind are not so great—I have no hesitation in predicting, that it is just a question of time, as far as the loan companies are concerned, apart from any prospective Government action, until rates are going to come down

Q. They prophesied that twenty years ago, and that is a long time, and I have not seen it yet.—A. Yes, but there have been a lot of conditions operating. Take 1920 and 1921, if anyone predicted before the war that institutions, life insurance companies, would be able to buy bonds on the basis they did buy them in 1921, they would think he was fit for the asylum.

By the Chairman:

Q. Prior to the war, you were buying first-rate municipals on a basis of what per cent?—A. I wish I had known this was coming up. I have a lot of figures in my desk at home, but offhand, I would say that there was a period prior to the war—prior to 1912, probably 1912 and 1913, when first-class municipal bonds were bought on the basis of a yield rate of less than 5 per cent.

Q. And in 1921 you were purchasing them—?—A. In 1920 and 1921 we bought these—to show you how the bond market changed—in 1921 we bought millions of dollars worth of Dominion of Canada Guaranteed Railway Bonds which came back from Great Britain on a 6½ per cent basis, bonds running, some of them, for 40 years.

By Mr. Caldwell:

Q. Were they taxable?—A. Of course that does not interest a life insurance company, because life insurance funds are not taxable. If they belonged to a private individual, the income would have been taxable, but life insurance funds are exempt. We pay a government tax, there is a certain tax, but not in the form of an income tax.

Q. In what form is it paid?—A. It is called a corporation tax. It is largely paid to the provincial governments.

By Mr. Sales:

Q. Have you bought western municipal bonds?—A. Very heavily. Just in that respect, I think I have some figures here as to our investments in the Prairie Provinces. I have it here. I might say that at the present time, as of the 31st of December, 1922, in addition to the farm mortgage investments, we held in the Province of Manitoba in the shape of Province of Manitoba bonds, city bonds, school bonds, and rural municipality bonds, to the extent of \$3,608,192: in the Province of Saskatchewan, as of the 31st of December, we held \$3,369,999 of bonds, and in the Province of Alberta \$1,153,145, or a total of bond investments in these three provinces of \$8,131,337, making our total investment in the three Prairie Provinces, including mortgage loans and bond investments, over \$20,000,000, almost 40 per cent of our invested assets are invested in the Provinces of Manitoba, Saskatchewan and Alberta.

Q. What has been your experience with the rural municipalities?—A. In the Province of Manitoba our experience has been a very happy one. We held large blocks of rural municipal bonds guaranteed by the Province. For a few years there they put out a lot of bonds for road purposes, and we bought a lot in 1920 and very heavily in 1921. Our experience has been a very happy

[Mr. Charles M. Bowman.]