

where we have a great many loans and the loans are in arrears. We have in Manitoba and Saskatchewan and Alberta, as a result of investigations and experience, defined the districts in which we will loan. Then the loan applications come from these districts from our local loan agents. During the last two years over 50 per cent of the loan applications which have come to our local offices in the West have been declined by our local Western managers, and have never been sent to our head office. In the Province of Manitoba, take in the southwestern portion, where our experience has been a poor one, we have stopped lending. Take southeastern Saskatchewan, we have stopped lending, and then in the extreme southwestern portion of Saskatchewan, west of Estevan, we do not loan there. We are not lending as freely as a few years ago. In Alberta we have a line starting at Township 34. We start about Didsbury, right up through to north of Edmonton, and then we come east a certain distance, and then we stop. We have drawn a line around a certain district in Alberta that we loan in.

*By Mr. Sales:*

Q. You like Eastern Saskatchewan better than Western Saskatchewan?—A. Yes.

Q. I met one of your men, and he told me you liked the bush country.—A. We are sweet on the bush country.

*By the Chairman:*

Q. Your idea is that where there is enough water to make trees grow, that possibly there will be enough water to make wheat grow?—A. Well, that black loam is very good. Then the loans come to the Head Office. The investigation committee deals with them practically the day they come through, and we scan them very carefully, and consider the reports and recommendations of our local loan men, and I might say that I think that 99 per cent of the loans that are sent in by our local loan managers go through ultimately in the form in which they are sent, for the amount and the conditions which are attached to them, sent in by our Western loan manager.

*By Mr. Sales:*

Q. I am surprised that you do not lower the rate of interest in that bush country you are so sweet on.—A. I am quite frank, and I admit, Mr. Sales—I am speaking personally now, not as the Chairman of the Executive or the Chairman of the Investment Committee, but personally—my own personal views are that I am very much disappointed that mortgage rates have not been lowered in this country just the same as commodity rates. I am disappointed that commodity rates have not come down, but that is a matter that the law of supply and demand seems to govern. The law of supply and demand to-day, I think it is safe to say, shows that there is, within reasonable distance, a softening of interest rates.

Q. I suppose you realize that example is better than precept?—A. Yes, but we are not investing these funds for our own profit, but for our shareholders. We are trustees handling what I consider the most sacred funds in the world, life insurance funds, and we must invest these to the best advantage. We cannot invest these from an altruistic standpoint, we are not out to charge all the traffic will bear. That is not our policy, and that idea is abhorrent from a life insurance standpoint. In connection with the statement you have made, I will make this prediction, that just as soon as the West gets itself, from a farming standpoint, on a sounder basis—