

above the total value of the property. This is the most striking case I have heard of. In another case, liens of \$900 were registered in priority to the title after a property had been foreclosed, in ignorance of the fact that the relief for which the priority claim was later registered had ever been granted. There are many other cases similarly affected in the allotment of the \$15,000,000 or more relief which has been granted under this legislation, and which little or no attempt has been made to collect or remove the liens though the relief was granted nearly three years ago. This is the sort of thing which is calculated to disturb confidence and prevent the inflow of money into the country and which tends to keep up the rate of interest.

Government Rural Credit Schemes.

"I am in sympathy with the principle of rural credit schemes which the governments are attempting to introduce into this country, first, because I believe that the country will need all the capital it can secure and that there is ample room for this government effort to be exerted without interfering with the business of the companies which have been regularly loaning here for many years. I welcome it mainly because it will, if properly conducted, serve to demonstrate the actual cost of transacting the business here and determining what the fair rate of interest is, and so establish a standard which will be fair and equitable.

"In normal times capital knows no national or provincial lines, but will flow in the direction of good interest, provided the security offered is sound, and as the quality of the security improves, it will come in increasing quantities, which will tend to reduce the rate.

"Of course, to make the rural credit scheme permanent, the borrower must pay the full cost to the government of securing the money, must make up for any losses it may incur and pay the full cost of transacting the business. This is the only basis on which it can ultimately be continued and on which independent companies can compete in loaning. On any other basis independent loaners would soon be forced to withdraw and the government be compelled to assume the responsibility of borrowing enough money to meet the whole requirements of the country. This would not seriously affect us as insurance companies, for the government, in

assuming liability for the large amounts which would be required, would affect the price of their bonds to the point where they would be very attractive to us as an investment, rendering us a good net rate and relieving us of the cost and risk of dealing with the individual borrowers, but this, I think, is a very remote contingency.

"The fact is, we have never sought, and we are not seeking, an excessive rate, so our services will continue to be required in this direction. We must follow the trend of interest; but, above everything, we must seek security, and anything you can do to stabilize or improve conditions in the security or to influence your people towards prompt payment of interest so as to prevent the accumulation of arrears which encroach on the margin of safety, will encourage the flow of capital to this country and help toward its rapid development.

Loaning in United States.

"Study the history of loaning in the middle west of the United States; there you will find that the rate of interest has been much higher than it has been here, in all periods of similar development. For rural credits read Morman whose book gives a summary of the findings of the commission appointed by the United States government to study that question in those countries of Europe where rural credits have operated for a long time. You will find it applies there to very small farms in densely populated countries, and that for the most part the borrowers are grouped in communities, and are held individually and collectively responsible for repayment. The contrast in conditions there and here is the chief difficulty our governments will encounter in applying the principle and making it work satisfactorily, but whatever happens, don't worry, for you live in a country whose future prosperity is assured. By studying these questions and helping to solve them, you can do a great deal toward maintaining a steady inflow of capital to meet the country's means. Insist on fair treatment always, but be careful of any unnecessary disturbance in this matter. You cannot kill off, for your prairies afford too good picking or values, but by bungling you can scare off whole flocks of the geese which lay the golden eggs; they are very timid and there are many fields for them to visit."

LICENSING OF INSURANCE AGENTS; STANDARD INSURANCE LAWS

A report of the address of Mr. A. E. Ham, insurance superintendent, Manitoba, at the life underwriters' convention at Winnipeg last week on the licensing of agents, appeared in *The Monetary Times* last week, as also a report of the address of Mr. A. E. Fisher, insurance superintendent, Saskatchewan, on uniformity in insurance laws.

WAR LOANS AND LIFE INSURANCE

That the government's advertising of war loans and war savings certificates is helping the cause of life insurance, was the statement made by Mr. C. H. Carpenter, superintendent of eastern agencies, of the Great-West Life, Toronto, at the Winnipeg life insurance convention last week. "These advertisements," he said, "are teaching the people to save small sums of money. Every man has four financial requirements: (1) A bank account. (2) An income in the event of disability. (3) Protection for the family. (4) A competency for old age. These four requirements are not given by war savings certificates. A life insurance policy affords the four requirements. Many people able to buy life insurance are

not able to buy war loans. By purchasing life insurance, the people are helping the insurance companies to purchase war loans.

"Among the objections to taking life insurance is the contention that the return on the money is small. The return on an insurance investment is not more than that of a savings bank account, and generally less, but the four requirements, noted above, are fulfilled by the investment.

"Another objection is that insurance is tying up money. The answer is that every time one invests \$3 in life insurance, an average of \$2 can be used. This is possible through the loan privilege."

Mr. Carpenter thought that the compulsory savings which insurance exacted, was one of the greatest features of life insurance.

Among the valuable selling hints to life insurance salesmen given by Mr. Carpenter were these: (1) Sit close to the prospect. (2) Do not proceed faster than he can follow. (3) Prevent discussion of other topics. (4) Do not criticize, unless favorably, the policies of other companies. (5) Always speak well of a competing company. (6) Create some doubt as to the ability of the prospect to pass the medical examination. (7) Appeal to the heart.

Mr. Carpenter's address was followed by a discussion participated in by Messrs. Patten (Great-West Life), Toronto; S. R. Tarr (Canadian Finance), Winnipeg; and F. G. Hassard (Dominion Life), Toronto.