

recognized that a marked change has come about in the attitude of investors to rural securities in recent years, largely as a result of the losses experienced by mortgagees during the periods of depression and the marked fluctuations in the prices of our primary products in the world's markets, with the consequent rapid inflation and deflation of the value of land. Under the present conditions it is only by intensive and capable methods of farming, under which the maximum is produced from the land, that the indebtedness of the borrowers can be met, and the maintenance of a proper standard of farming practice necessitates in many cases close periodical inspection of the securities. Such inspections cannot, of course, readily be undertaken by private trustees or individual lenders, so that there has been a tendency for such investors to prefer investments in local-body or Government debentures and similar securities. Evidence of this is afforded by the fact that, while the principal local bodies have had no difficulty recently in raising moneys at the rate of $5\frac{1}{4}$ per cent., the ruling rate for first mortgages on land showing an excellent margin of security has not fallen below 6 per cent. It is becoming increasingly evident that the ordinary lender and private trustee are content to place available moneys in local-body and similar securities which do not call for close and constant supervision, leaving the field of mortgage investment largely at the disposal of such institutions as the Public Trust Office.

CORPORATE LENDING.

95. As the Dominion grows in wealth and larger amounts are required for the erection of important city blocks and the development of country properties, it is found that the sphere of the individual lender, whether he be a private investor or a trustee, is becoming increasingly restricted. Many of the loans which are now applied for from the Public Trust Office are quite beyond the scope of the private investor or trustee to deal with. As a result of these circumstances the individual investor on land is gradually disappearing and being replaced by financial institutions or corporations giving opportunity for the raising of sums in small and moderate amounts by means of bond issues or otherwise, and placing the money thus obtained on first mortgage on suitable properties, with an efficient organization to watch and protect the securities. The essentials of success of such a system are the establishment of a satisfactory scheme for securing suitable investments on mortgage, the provision of an adequate and efficient system of supervision of securities, and the guarantee of the integrity of the funds invested. All these requirements are admirably met by the Public Trust Office organization, conjoined with the State guarantee of principal and interest of the moneys invested from the Common Fund. That fund, composed of individual sums of varying size derived from the many estates under administration by the Public Trustee, is available for investment through the Office organization on suitable securities, either urban or rural. Complete and effective supervision over the investments made can be exercised through the district officers of the Department, with the co-operation of the trained staff of Property Inspectors in the towns and Farm Inspectors in the country. Thus the system which is in force in the Public Trust Office for the investment of funds corresponds to a large extent in essence with the mortgage corporations and similar institutions which are a feature of recent financial developments in the United States of America and other countries, with this important distinction, however: that in the case of the Office the funds derived from the various estates are guaranteed by the State both as to principal and interest. How valuable this feature is may be gauged from the experience of many bondholders in certain States of America, who have suffered severe losses through maladministration of the funds contributed to bond issues. It has been found necessary in the State of New York to pass drastic legislation governing the management of bond-issue corporations, in order to protect those who invest their money in the issues. No such anxiety is, of course, felt by the clients and beneficiaries of the Public Trust Office.

It need hardly be pointed out that, in addition to affording a safe mode of investment for the estate funds, the Common Fund system provides most valuable assistance to borrowers throughout the country in making funds available at a moderate rate of interest and on reasonable terms for the development of the Dominion as a whole. It has been argued in certain quarters that the concentration