

7 per cent. plus sinking fund, to which must be added 5 per cent. commission. Legislation has, however, been introduced providing for the establishment of an agricultural credit on similar lines to those adopted by the neighbouring republics.

CHILE.

There are two long-term mortgage institutions—(1) Banco de Hipotecario de Chile, a private mortgage bank, and (2) the Caja de Credito Hipotecario de Chile, State-controlled.

The Mortgage Credit Bank of Chile (2) was created in 1855, and although not actually guaranteed by the State, the Government is behind the bank. The Council which controls the work of this bank is composed of members of the Legislature, who are appointed by the President of the Republic of Chile, as is also the president of the bank. This bank is primarily a long-term mortgage bank, for which capital is provided by the issue of mortgage-bonds. The total loans amount to about £15,000,000, and are advanced on both urban and rural properties.

Loans are made up to 50 per cent. of value. The bank has borrowed usually at about 8 per cent. and loaned at $8\frac{1}{2}$ per cent., which includes interest and sinking fund. The administration charges of the bank are paid out of the penalty of $1\frac{1}{2}$ per cent. per month charged on arrears, which produces about £38,000 per annum in penalties for overdue interest. Another £12,000 a year is derived from foreclosures, fees, &c. The bank has made comparatively few losses; in the worst year of its history the total loss did not exceed £5,000. There is no limit to the loans, but the average is slightly over £2,000, as the holdings are large.

Bonds.—The bonds are issued at 6, 7, and 8 per cent., all maturing in thirty-six years, and are sold at premium or discount, according to the state of the market. The Minister of Finance regulates and controls their issue, over which a very strict Government audit is maintained. Although bonds are nominally issued to borrowers, the bank has appointed a fiscal agent by whom they are sold through the Stock Exchange. If money is not obtainable locally, the fiscal agent arranges their sale abroad. Purchasers have been found in America and Europe, but the bonds are mostly sold locally, as they are a very popular form of investment. In 1911-12 the 5-per-cent. issue was investigated in detail by the French authorities, who gave permission for the bonds to be quoted on the Bourse as first class.

The operations of the bank have had a material effect in reducing and stabilizing interest-charges. When first instituted the bank received a subvention of approximately £250,000 from the Government. The bank has its own valuers, whose decisions are final. The institution is well managed, and is in a sound position.

Short-term Credits. In 1922 two new services were introduced: (1) agricultural credits at five years guaranteed by second mortgages, and at six to twelve months by at least two guarantors; and (2) loans for specific agricultural and allied developments. In the latter case the work to be carried out must be for buildings and permanent improvements. The bank does not take money on deposit or do any banking business, but is in close co-operation with the two Chilean savings-banks, who are constant purchasers of the mortgage-bonds.

ARGENTINA.

This State has made full provision for long-term mortgages by the establishment of the Banco Hipotecario Nacional. This is a national institution, which has been established for thirty-eight years, and has lent out £130,000,000, approximately. Loans are divided into two classes—(1) common loans, and (2) colonization loans. The former are loans to landowners, and are limited to 50 per cent. of the productive value of the land. The latter represents an important and valuable feature of the bank's operations—a land-settlement or colonization scheme. Under this scheme provision is made for the subdivision of large individual holdings of rich and fertile land into maximum areas of 450 acres. If a large holder desires to sell the whole or any portion of his land which is considered suitable for close settlement, the bank subdivides the land and sells it by public auction, paying out the owner and financing the purchaser by means