

DOMINION PERMANENT LOAN FAILURE

Searching Inquiry Requested—Caustic Comment of Press —Annual Disclosure Should be Made of Investments

Commenting upon the failure of the Dominion Permanent Loan Company, The Toronto Globe, in its issue of February 4th, said:—

"Blue-sky laws to prevent the flotation of mining and similar speculative companies by means of promises of temptingly large returns will be of little use in safeguarding the public if nothing is done to prevent the recurrence of financial tragedies such as the failure of the Dominion Permanent Loan Company. It appears that for many years one of the chief assets of the company has been a stretch of railway between Grand Forks in British Columbia and the town of Republic in the state of Washington. The financial community has known that the company was in deep water, and that only the sale of the railway to the Canadian Pacific or the Great Northern would enable the management to return even a part of the money invested by thrifty debenture-holders and depositors. Yet so little was known of these things outside of financial circles that the debenture-holders and depositors are taken entirely by surprise. Few of them appear to have known anything about the 'white elephant' their money has been used to feed. It is reasonably certain that these debenture-holders and depositors would have taken their losses years ago and put their savings into some more stable form of investment had the Dominion Permanent been required by law to disclose the number and the amount of its investments in the various classes of securities in which it charter permitted it to venture their money. It is doubtful whether many of the shareholders knew any more about the company's affairs than did its creditors, for on the surface the company's financial statements indicated not only solvency, but a considerable surplus.

Searching Inquiry Demanded.

"A searching inquiry is called for as to the circumstances under which the company put all its eggs into a very insecure basket. That will doubtless do good. But much more good would be accomplished by the prompt adoption of a law requiring companies such as the Dominion Permanent to disclose from year to year the number and the form of their investments. A loan company with a thousand mortgages, ranging from a thousand to five thousand dollars, upon property located all over Canada, would be an immensely stronger institution, and far more able to stand up against the blasts of misfortune, than a company like the Dominion Permanent, with most of its resources tied up in a single speculative enterprise.

"It should be the duty of the government of Ontario at the coming session to require the publication of information as to the form of their investments by all loan companies doing business in the province. This duty is all the more imperative because the name of Dr. Jamieson, speaker of the legislature, appears in the list of those having the direction of the Dominion Permanent's affairs, as vice-president of the company. Dr. Jamieson states that he has been with the company only a few months, and has attended only one or two directors' meetings. He desired to resign, he adds, when he learned of the position of the company, but his fellow-directors objected. The serious thing is that by failing to resign Dr. Jamieson and Attorney-General Johnson, of Manitoba, another director, permitted the small investors, who have in many cases lost the savings of years of frugal living, to continue putting their money into a hopelessly insolvent concern because of their faith in the integrity of the speaker of the Ontario legislature and the attorney-general of Manitoba. The people demand, and intend to have, a higher standard than that from the men whom they elect to public office.

Should Pass Law.

"The least that Sir William Hearst can do to show that the legislature condemns the sort of high finance exemplified by the Dominion Permanent management, is to pass a stringent law requiring the annual disclosure in considerable detail of the number, amount and kind of investments held by loan and debenture companies doing business in Ontario."

INTER-IMPERIAL TRADE PREFERENCE

Suggested Establishment of Rates of Exchange Within the Empire

Canadian bank managers express interest in pronouncements of leading British bankers in favor of measures to create inter-Imperial trade preference through the establishing of rates of exchange within the Empire, says a London cable message to the Montreal Star.

If feasible it may prove a greater stimulant of Empire commerce even than tariff preferences which the British government have now followed the example of Canada and other Dominions in making a permanent feature of British policy.

Fixed Exchange Rates.

Mr. Frederick Goodenough, chairman of Barclay's Bank, said: "The extension of banking organizations and the maintenance of fixed rates of exchange within the British Empire will give the dominions and colonies a substantial preference which would serve to consolidate and promote trade within the empire and induce economy in the use of gold and enable gold resources to be utilized elsewhere. Drafts on London at fixed rates would be obtainable at all points. Similarly London would sell in the same manner and the balance of trade within the empire would be adjusted by closer administration of inter-Imperial finance."

Mr. Goodenough announced that in view of greatly enlarged trade after the war, Barclay's Bank had arranged with the Colonial Bank, of which Lord Beaverbrook is president, for working together on joint account in financing exports and imports from and to the West Indies, West Africa, and elsewhere.

Gold Production.

Mr. Charles Milburn, president of the London Joint Stock Bank, strongly urges increased gold production within the empire to rectify the disproportion of gold to war liabilities. Canada has her share of sixty millions sterling of empire gold out of the world's total output of 95 millions.

Mr. Milburn said he foresees the development of a firmly united empire which will carry and ultimately pay off the war debt, heavy though it is, but sound banking must have an adequate gold basis.

MUTUAL LIFE INSURANCE COMPANY OF CANADA

At the end of 1917, the Mutual Life Insurance Company of Canada, which has its head office at Waterloo, Ontario, had total business in force of \$123,510,899. During the year nearly \$500,000 were distributed in death claims to the families of deceased soldiers who had been insured in the company. The company is one of the oldest life assurance corporations in the Dominion, having been established in 1869. Since that date, it has made continued and substantial progress, as will be seen from the following table:—

Year.	Income.	Assets.	Paid to policyholders.	Business in force.
1877	\$ 55,319	\$ 110,309	\$ 11,064	\$ 1,699,301
1887	352,923	1,084,852	114,602	11,081,090
1897	819,980	3,730,777	347,862	21,487,181
1907	2,243,570	11,656,409	680,220	51,091,848
1917	6,424,515	32,165,432	2,513,991	123,510,899

During the past year an excellent record was made. The amount of new assurances written, the decrease in lapses, the lowness of the ratio of expense to income and the substantial increase in assets are all gratifying features of the year's successful operations. The new business issued amounted to 10,251 policies for \$20,124,563, and, allowing for discontinued policies, the net increase in the business in force was \$13,865,318—that is, the permanent increase in the volume of business was equal to 69 per cent. of the new business issued. This shows clearly how stable the business of the Mutual is and to how small an extent the business has suffered from lapsation.

Mr. George Wegenast is the company's managing director, and Mr. E. P. Clement is president. Under their direction, and with the assistance of a strong board of directors, an energetic field force and a capable head office staff, the Mutual Life of Canada has placed itself in an enviable position among underwriting corporations.