

cable is laid, as it will be ere long, this directness of contact between the respective banks and traders would be of the greatest benefit. Happily the high standing of our banks would help materially the carrying out of this policy, and there needs be no difficulty from doubts as to the position of distant colonial banks, for at every point we have named there are institutions of stability. We commend this to the consideration of bankers, who, irrespective of immediate profit, may serve the promising cause of intercolonial trade by showing a sympathetic readiness to do what in them lies to facilitate its operations.

#### THE LOAN AND BUILDING COMPANIES' REPORT.

The annual report of the above companies for last year is just issued. The returns give a highly interesting exhibit of a class of business which plays a most important part in the financial affairs of this country, and which has done much for its progress. As a rule, the operations of our loan and building societies are conducted on lines that ensure the safety of the extensive capital they employ. The sharp division which exists between these institutions and the banks has proven to be a system that contributes to the stability of both. In Australia the mixing up of banking with loaning on mortgages taught the same lesson. The two classes of business are so distinct in nature, and in the conditions they create, that they cannot with prudence be associated. The loans of a bank are made mainly to facilitate transactions of a temporary nature, to assist traders in carrying goods from the time of purchase to that of their sale; their business is essentially a department of commerce, hence their funds are in a perpetual state of flux. The loan societies on the other hand do not desire to make transient loans, they are investors in permanent securities,—securities, to use the French term, representing immoveable properties. Hence the funds for working this class of business differ widely from those of the banks. It would be unwise, and at times very dangerous, to extend loans on mortgages based mainly upon deposits liable to be withdrawn after a short notice, as the necessary funds for meeting any call for deposits could not be procured by converting the securities held into cash, as the bulk of a bank's assets can be under stress of an unusual demand. The return before us gives a striking illustration of this point. During last year the low price of wheat and general depression caused a drain of the deposits held by the loan companies. The amount they held in 1892 was \$19,392,165, the figures for 1893 are \$18,531,573, a decrease of \$860,592. In 1892 the companies had \$3,577,255 of cash in the banks whereas in 1893 this reserve had gone down to \$2,729,756, a decrease of \$847,499, almost the same sum as they had paid out in deposits. Had then the banks, and loan societies been one institution, and a drain set in for deposits all round, there could hardly have failed to be considerable financial disturbance, not a sign of which was shown by either our bank or loan companies during the panic and severe depression of the past

year. The more experienced managers of these enterprises are fully alive to the desirability of giving as far as possible a permanent character to their assets in order to bring them into harmony with their liabilities. To borrow money which may be recalled in a month, and lend it on a mortgage which is not repayable for several years, would be a grave imprudence for a private person. The older heads who have had the longest experience in conducting loan and building societies, recognizing that the same principle has its application to their business, favor more reliance being placed on debentures and debenture stock, which, though somewhat less profitable, afford a more satisfactory basis for their class of loans than deposits. The following table shows the respective amounts of total loans on real estate, of deposits held, and debentures afloat in the years given.

	Loans on real estate	Deposits	Debentures
1880.....	56,512,200	11,713,633	23,212,768
1885.....	78,775,243	15,435,081	34,798,038
1890.....	105,535,648	17,893,567	54,996,455
1891.....	106,404,855	18,482,958	56,496,224
1892.....	109,867,355	19,392,165	60,051,815
1893.....	110,916,559	18,531,573	62,049,805

The above shows that the increase of deposits for the last 13 years has only been \$638,006, while the debentures have increased \$7,053,350, the large increase of two millions having occurred last year when the deposits declined nearly half that amount. A very significant fact shown in these returns is that the amount of interest paid and accrued during the year is not keeping pace, but falling far behind, the increase in real estate loans. In 1880 the amount of interest was \$2,289,717, and of those loans, \$56,512,200; in 1893, the interest was \$3,760,435, and of real estate loans, \$110,916,559. One of the most important items in the statement of a loan company is the one showing the amount of principal and interest overdue and in default on mortgages. The return for 1893 gives us a very satisfactory exhibit in this respect. In 1880 this item stood \$4,130,557, in 1885, \$3,084,113; in 1893, \$2,746,648, while the mortgages had gone up from 56 to 110 millions. The item for 1893 is less than 2½ per cent. on the gross amount loaned, upon which principal and interest are in arrear. Considering the great outcry there has been about farms in Canada being so unprofitable, and the financial condition of our farmers so deplorable, we must say that they have managed to keep their mortgage engagements with remarkable success, and they have presented this paradox.—while they have been, as some affirm, going on for many years from bad to worse, from embarrassment to ruin and poverty, they have succeeded in reducing their arrearages of debt very considerably, and in keeping up their payments with most satisfactory regularity. We propose to return to this Report when sufficient time has elapsed to enable us to give the elaborate statistics more close inspection.

Female assurance is done on a large scale in the States. Mrs. Heart, of California, carries \$300,000, many carry \$100,000, still more, \$50,000, and for amounts down to \$5,000 the number is very large.