

the Government, as in the case of the Welland, would be called upon to buy the company's works; they would name a fancy price and bring political pressure to bear, to extort the conditions named. If a great public work like this could be made to pay, the Government ought to build it. If it would not pay interest on cost, would the indirect advantages make up the difference? There will always be plenty of people willing to take public money in exchange for promises which they will make as glowing as may be desired. The estimated cost has gone up during the week \$8,000,000; it is now \$15,000,000. The projectors do not propose to build a great ship canal; such finds most favor now-a-days. Their project is obsolete before it is fully formulated.

A BANKRUPTCY LAW.

Though the question of a bankrupt law will have some light thrown upon it, in the discussion on Mr. Martin's bankrupt bill, it cannot be expected that any legislation on the subject will pass this session. The bill itself, as well as the debate upon it, tends to show the trend of opinion on the question. Mr. Martin's bill, though not of universal application, applies to the most numerous class in the country, the farmers. Whether they should be included or excluded is the question which, perhaps, more than any other, has made the passing of a new bankrupt bill impossible, for some years past. Mr. Martin was asked why he excluded professional men, as a means of compelling him to account for the inclusion of farmers and the exclusion of others. His defence was that all legislation is liable to operate unevenly, and that some class can always complain with a good show of reason that it is unfairly dealt with. In other words, he is willing to sacrifice ideals in search of what he regards as the practical and the possible. The discharge clauses appear to be well guarded, and something like them is sure to be included in any bill that may be passed hereafter. That discharges should be granted with extreme caution is a view universally entertained. But the extent and scope which a bankrupt law should take is, in the present state of opinion, a moot point. Mr. Martin's bill may bring the question nearer to a settlement. He may be regarded as the special representative of the farmer in this matter. Other interests will have an opportunity to make themselves heard, before the point is decided. It has to be fought out before any bankrupt legislation is possible, and though the Martin bill may not become law, it will serve to advance the discussion through an inevitable stage, in which no serious contest has hitherto taken place.

LAND MORTGAGE COMPANIES.

In lieu of any extended criticism of individual loan companies at this time, it has seemed to us that some remarks of a general character might be more generally serviceable. There is no getting away from the fact that land loan companies have had a series of unfavorable years, and that many of them, perhaps we may say all of them, have made losses by depreciation of securities. It is likewise true that they cannot to-day, if ever in the future they can, make the profits of former years for their stockholders.

In the earlier days of Ontario farming the farm land was productive, the farmer could pay and did pay liberal rates of interest. And, furthermore, land values were rising, or at least were not falling. In such conditions the companies which loaned money had a good margin of profit. But a change has come. The price of farm land

in Ontario has fallen materially in value these few years past, and, as a further change, rates of interest have fallen very decidedly. Now when lenders are confronted with both these conditions at the same time, their profits cannot but suffer. And although the price paid by the companies for the borrowed capital has also been reduced of late years, it has not been reduced in the same ratio as the lending rate.

There is this to be borne in mind, however, that the more assured values to which real estate has now been reduced, and the close inspection insisted upon in these days before loans are made, will be a very considerable factor in enabling companies hereafter to maintain the lower dividends which are now paid. Clearly enough economical management, the utmost vigilance and prudence are suggested by the conditions which now confront such companies, and it is quite possible that a reduction in the number of companies might be an advantage.

It will have been observed that the price of loan companies' shares in the market has come down greatly of late. Within twelve months the reduction in price on the stock of twenty such companies has ranged from four per cent. to twenty. This expression of public opinion was based doubtless upon the knowledge that changed conditions had reduced the earning power of the companies, and also upon surmises of losses made or to be made by them. These surmises of loss have in some cases been extravagant and unjust. But that there have been losses the reports of the companies themselves show. Making allowance, however, for lower values of land and lower rates of interest, there is no sufficient reason to doubt that these companies, well and economically managed, may go on and earn—not the high rates of dividend paid in former years, but moderate returns for their shareholders. The newer parts of the Dominion are an active field for loaning capital, and the manner in which farmers and other borrowers in Manitoba have paid their interest and their instalments in 1895 is an index of the productive capacity and promise of that country. Ontario farm lands, it is true, have suffered great depreciation, and the boom in Toronto property has been the cause of losses to loan companies, as well as to people in every rank of life. But the great bulk of the investments of these companies are sound and legitimate. If any companies have been deceiving themselves and the public by excessive valuations of securities through sanguineness, or by concealing losses, through timidity, the fact will tell against them in the long run. Those companies which have year by year faced their losses and written them off or put down their securities to actual values, are the ones which deserve and will command public confidence.

There has been depression and stagnation in real estate in Ontario in periods gone by as well as to-day, and loan companies have found themselves saddled with farm and other lands in consequence. But these conditions righted themselves before, and it is not too much to expect that they will do so again. For the most part the companies seem to have written off their losses with no mincing hand. In the case of some of them the process has reduced the apparent rate of earning by one-third per cent., or even one-half per cent.

Comparing the reports of half-a-dozen leading companies in 1894, with those of 1895, it is found that net earnings of all are reduced, the ratio varying from about one per cent. to more than six. In some of these cases, the reduction arises from a reduced rate of interest for the year; but in others, it is the result of writing off abnormal sums, probably the accumulations of arrear interest in former years.