ALBERTA AND THE LENDING COMPANIES

The session of the Alberta legislature has closed without any relief having been afforded the lending interests of the province. The Manitoba and Saskatchewan governments have recognized that their provinces have been suffering through the disabilities imposed upon lending companies, and there has been a considerable measure of relief afforded. Furthermore, these two provinces have recognized the principle that lending companies are entitled to equality of treatment with the government loaning scheme. It is true that the full effect has hardly been given to this declaration of principle. The government lending association is free of taxation and receives some bonus from the legislature. Nevertheless, it has been admitted that equality of treatment is the sound principle.

Alberta is a distinct contrast to these provinces. Members of government have very curtly declared that lending companies shall not have the same advantages as the government takes to itself. The Alberta legislature apparently has adopted the policy advocated by some of its members that creditors are to be prevented from making collections in that province. It is almost impossible to bring a property to sale on account of the complexities of the necessary proceedings. For instance, officials affix reserve bids for sales at double the amount of the mortgage claim, making a sale out of the question. The lending companies' remedy under their covenants has been taken away from them. The seed grain liens and noxious weeds bills take priority over mortgages. Some of the companies have withdrawn from the Alberta field. Others are proposing to take the same action. The government appear to be quite indifferent, as they propose now to engage in lending in a large way. This disregard of common rights has a serious effect on credit. Respect for life and property is one of the most important attractions to capital.

UNITED STATES WAR LOAN DISCUSSED

Canadian Participation is Unlikely—What Will be the Rate of Interest?

The prospects of a $5,000,000,000 United States war loan has been the chief topic in the Canadian bond market this week. Pending the announcement of details, the market for Canadian securities in New York is quiet and the prospects of new Canadian issues there are uninviting. The fact, however, that one of the chief objects of the new war loan is financial assistance to the Allies is a favorable factor so far as Canadian security transactions and issues are concerned. It is not anticipated that Canadian investors and institutions will subscribe to the loan to any great extent. It is essentially a patriotic war loan and will undoubtedly be fully subscribed in the United States. Canadian funds are needed for Canadian war loans, the fourth of which may be issued about September, if the war continues.

United States bankers are doubtful as to whether a $5,000,000,000 bond issue at 3½ per cent. could be placed successfully. They doubt also whether as much as $1,000,000,000 could be issued successfully, at any one time, at less than 4 per cent. The banks of the country are in a position to provide that amount, but it would take a considerable time to distribute it properly. One of the suggestions put forward is that the $5,000,000,000 loan might be issued over a period of ten months, in monthly instalments of $500,000,000 each, with bonds of popular denomination. A person subscribing to a $100 bond, for example, could do so easily by paying $10 each month for 10 months.

Must be Placed with Investors.

The general feeling among bankers is that the loan must be placed with many thousands of investors and that special efforts should be made to attract their savings. The national banks already hold over $700,000,000 of government bonds to secure their circulation, so they could not be expected to subscribe largely to a new issue at a low rate. Moreover, while the forthcoming bonds are apparently to be exempt from taxation, yet if the banks take them, they will be liable to taxation, as at present, on their capital, surplus and undivided profits. The savings banks could not be expected to buy a bond which would return them less than they are paying to their depositors. The banks will perform a useful function as distributors of the bonds, but hardly an important role as buyers. The bonds must therefore be placed with the investing public, and bankers emphasize the need of advertising, education and propaganda among the investors, small and large, throughout the country, in order to make the issue a success.

The rate of interest is another matter of discussion. A prominent Wall Street banker, who has been in touch with Washington opinion on the matter of a bond issue, asserted without qualification, that $5,000,000,000 in bonds at 3½ per cent. could not be floated. This view is also taken by Mr. A. Barton Hepburn, chairman of the board of the Chase National Bank, New York (who contributed a valuable article to *The Monetary Times* Annual, 1917). "From the banking standpoint," says Mr. Hepburn, "I would only point out that the government, like every other borrower, will have to pay the market price for funds. The disparity is striking between a government issue at 3½ per cent. and the Anglo-French bonds, which are selling on a 7 per cent. basis, or the British note issues, which yield 6 per cent."

Subscribers to the loan will probably be given the option of paying for their bonds in full, or in instalments, so that the transfer of funds to the government may be spread over a considerable period, as in the case of the Canadian war loans.

Requirements of Allies.

According to the Wall Street Journal, the requirements of the allied governments in the United States would not call for the immediate presentation of a $3,000,000,000 credit. Although the opportunity of securing much cheaper credits on this side will undoubtedly stimulate new orders for supplies, etc., it is believed that England and France, at least, have increased their own output of munitions to such an extent within the past few months that these countries, with their present large debts, would be disposed to curtail further obligations as much as possible.

Credit advances to the Allies might be computed on the total of the purchases by the Entente in the United States in the past year, or on the amount of loans already made to them, or on some other basis. In the opinion of one banker, the United States may advance to the Entente nations whatever is needed to finance their purchases there and protect the exchanges. Another financier believed that they would merely advance a lump sum, to be used under the direction of the United States government in paying for munitions.

NEW INSURANCE FIRM

Mr. John J. Durance, manager of the General Accident Assurance Company of Canada, Toronto, has resigned his position and will sever his connection with that company on April 30th. Entering its service in June, 1907, as an inspector, he was promoted to the management in September 8th, 1911, since which time he has made the "General" one of the leading casualty insurance companies in Canada. After an exceptionally successful year in 1916, Mr. Durance leaves the company to go into business as a general insurance broker with his brother, Mr. R. J. Durance, for many years the successful sales manager for Australasia of the Ford Motor Company. A host of friends wish the new firm of Durance Brothers, who will make their headquarters in Toronto, a measure of success even greater than that which they have enjoyed in their former positions.