

Monetary Times

Trade Review and Insurance Chronicle
of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.
Telephone: Main 7404, Branch Exchange connecting all departments.
Cable Address: "Montimes, Toronto."
Winnipeg Office: 1208 McArthur Building. Telephone Main 2663.
G. W. Goodall, Western Manager.

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One Year	Six Months	Three Months	Single Copy
\$3.00	\$1.75	\$1.00	10 Cents

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The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870, The Trade Review, of Montreal; and the Toronto Journal of Commerce.

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POST-BELLUM CONDITIONS

Considerable emphasis was placed by Sir Vincent Meredith and Sir Frederick Williams-Taylor, in their addresses at the annual meeting of the Bank of Montreal, upon the need for preparation for the post-bellum period. So little has been done in Canada that Sir George Foster has said the Dominion is sound asleep in that regard. As Sir Frederick Williams-Taylor properly points out, "post-bellum conditions will surely weigh upon us more heavily or less heavily in proportion to our present indifference or our foresight, and in direct ratio to the steps we take to provide for inevitable problems and difficulties."

Judging by the lack of action to date, the national business highway will be a hard one to travel after the war, unless the federal government commences immediately to plan, to act and to seek the practical assistance of Canada's business men.

Sir Vincent Meredith stated that the three objects to which every effort must be bent are economy, production and immigration. Arising from those three points are a number of problems such as labor, the marketing of surplus production and the direction of immigration. The addresses of these two prominent bankers, printed on another page, will be read with considerable interest and benefit. They analyze clearly the present conditions, they make an attractive forecast of the situation as it may be after the war, and they point to the great necessity for foresight and action in regard to post-bellum problems. This necessity is very aptly put by Sir Frederick Williams-Taylor in the following words: "The timely and eloquent 'call to action' of our minister of trade and commerce commands attention. I am not sure that it should not be preceded by a 'call to reason,' in order that the importance of the problems of the situation be impressed upon those who are living in, let us say, the paradise of the unwise.

"Sane optimism and self-confidence are admirable national qualities and should be the order of the day.

There is a point where optimism loses its value and the danger of over-confidence begins. That is the point for nations to avoid."

RURAL CREDITS SCHEME

The Manitoba government proposes to institute a system of rural credits. An outline of the scheme is printed on another page. There are many provisions in it which will call for the attention of Western boards of trade, bankers' associations and other organized bodies. For instance, taxes which are being removed from the shoulders of the farmers will have to be paid by some other section of the community. Bankers, implement companies, storekeepers and money lenders holding collateral second mortgages will probably have something to say with regard to the plan to dispense with foreclosure procedure of any kind and empower the government through the loan commissioner to take title by the simple process of the order of the commission.

Obviously the proposed government association cannot lend money at a low rate of interest unless the association is relieved of the disabilities which have to be borne by the existing lending institutions. It is proposed, therefore, to free the government association from (1) all forms of taxes, including Dominion war tax, provincial license fee, annual revenue tax and municipal business tax; (2) office rent; (3) payment of commission to agents (this work to be done by the secretary-treasurer of the municipality without charge); (4) payment of land titles fees for registrations, certificates of title and foreclosure proceedings; and (5) all prior liens such as seed grain charges, municipal expenditures for hospital aid, destruction of noxious weeds, etc.

It is also claimed that local boards will pass on applications and that the members will give their services freely in the public interest. The intention is that 90 per cent. of the fund shall be borrowed money, 5 per cent. being capital contributed by the government and 5 per cent. being capital contributed by the borrowers. An allowance of 1 per cent. is made for expenses, out of which the government expect a considerable profit. The contingent liability of the municipalities to meet the losses made by the association is treated as negligible, and without effect upon the credit of the municipality.

One of the curious features of the scheme is the provision that repayments on principal which, according to the schedule of payments, are immediately applicable on the original indebtedness, are to be paid into a sinking fund and bear interest at 3 per cent., which fund is to be invested in government or municipal securities. It is said that there will be a net profit of 2 per cent. on this financing. Inasmuch as this money costs the government 5 per cent., one would suppose that unless the repayments were immediately reinvested in mortgages, there would be a distinct loss.

The provision that overdue payments shall bear interest at 8 per cent. is illegal and therefore could not be enforced. The suggestion that foreclosure shall be obtained by the mere issue of a certificate without any process of law would probably be discovered to be illegal also.

In view of these and other novel provisions of the bill, the provincial treasurer, Hon. Edward Brown, with the help of his cabinet colleagues and committees of the legislature, will probably have to make radical changes in the bill before it becomes law.