

A FINANCIAL FACTOR IN RECONSTRUCTION

NOW that the demand for farms and for loans for increasing farm production is gradually coming back to normal the valuable functions performed by loan companies in financing work of this kind will be increasingly apparent. In fact, it is doubtful if the service which has been rendered in the past by our land mortgage corporations has been fully appreciated by the people of Canada. This important group of companies numbers about forty, some of them being older than confederation and most of them dating back some distance before 1900. The provincial governments have in many cases authorized them to act as legal depositaries for trust funds.

Among the useful functions performed by these institutions are the following:—

1. A direct means of bringing hundreds of millions of money into this country to assist in developing its resources, along safe lines.

2. A permanent place where bona-fide borrowers, with adequate real estate security, can always secure reasonable accommodation.

3. A regular source whence, week in and week out, debentures or bonds can be purchased in any denomination, for terms varying from one to five years, secured by carefully selected improved real estate.

4. A constant friend of the farming community, ready to assist in breaking new ground, building new barns, and lending money to buy additional stock or farm implements, thus contributing to increased production.

5. A safe depository for savings, large or small, whether subject to withdrawal on call or definitely left for fixed periods, at good rates of interest, and secured by all the assets of the companies.

6. A special place where people, wishing to own their own homes, can either borrow the money to buy them, or else procure assistance to build them, under the expert supervision of the companies' own trained inspectors.

7. One of the strongest bonds of union between eastern, central, and western Canada, acting as middleman between the European and eastern lender and the western borrower and therefore interested in the advancement and prosperity of all who have occasion to employ borrowed capital.

It is anticipated in New Westminster, B.C., that the shipbuilding plant at Poplar Island will be closed down shortly; this will mean the discharging of 400 employees and the loss of a payroll of \$60,000. The revival of wooden shipbuilding, however, was purely a war time phenomenon and the mushroom growth of such industries could not be expected to be permanent.

BANKERS' TRUST CO. OPENS OFFICES IN MONTREAL

The formal opening of the offices of the Bankers' Trust Co., was held in the Merchants Bank Building, St. Peter Street, Montreal, on May 1st. The new organization is capitalized at \$1,000,000, and is closely affiliated with the Merchants Bank. Fifteen members comprise the board of directors as follows:—

K. W. Blackwell, president; D. C. Macarow, vice-president; A. J. Dawes, F. Robertson, A. B. Evans, F. H. Wilson, G. L. Cains, T. Long, T. Ahearn, F. Orr Lewis, T. E. Merrett, J. D. G. Kippen, J. M. Kilbourn, W. A. Meldrum, W. B. Leitch and Lt.-Col. J. R. Moodie. James Elmsly is manager of the company, and J. M. Kilbourn is secretary.

PRICE FIXING AND THE MIDDLEMAN

THAT the railroads, street railway, telephone and other companies operating services, which are to some extent at least monopolistic in character, are not the only organizations whose rates should be controlled by the public, is the contention of Mr. J. L. Payne, writing in the Toronto Globe. He maintains that the "spread" between the price which the farmer receives for such commodities as grain, meat and dairy products is too great and that organizations handling the distribution of these products may just as appropriately be subject for public control at least to the extent of the regulation of price. There is now no question, he says, as to the rights of the public in relation to street railway fares, freight charges, passenger rates, telegraph and telephone tolls, postage, water service, etc., and we never hear the law of supply and demand mentioned in connection with these services.

Assuming that the distribution of the farm products referred to has been organized to such extent as to partake of the nature of a monopoly, it is quite just that the prices should be fixed. Certainly as far as the primary farm production is concerned, the law of supply and demand still operates, the price of the principal commodities being fixed in a world market. The farmers themselves are not organized in such a manner as would permit of their securing more than the law of supply and demand, if we may continue to use this expression, warrants. This limits the investigation to such "middlemen" as packers, jobbers, and wholesale dealers in these commodities. Such investigations as have been carried on in Canada and the United States into their operations have not found prices to be higher than is necessary to maintain that production which is adequate for present requirements. What such investigations have revealed is that there are some producers who, through specially favorable conditions of production, are able to make large profits; this was emphasized in the report on milling in Canada. Such a state of affairs is not peculiar to these industries but is commonly found in all branches of competitive industry. The practicable and equitable means of making such companies return a portion of their gains to the public is by taxation of profits. The middlemen (and it is only those who buy and sell without changing the form of the commodity, that can be properly called middlemen) have been subject to much abuse during these years of rising prices. The services which they perform, however, are essential, and it is because they are essential and useful to the consuming public that such business organizations have found a place in the competitive economic system. The middleman acts in the first instance as a distributor and in the second instance as the equalizer of business conditions over a wide geographical area. His services of the first kind are as useful as those of the stock or bond underwriter, and by investing and holding in store he acts like the speculator who purchases a security in the expectation of a market rise and whose dealings equalize prices over a period of time covering varying business conditions.

The company announces that it will carry on a regular trust company business, acting as executor, administrator and trustee under wills, as trustee under bond issues; as guardian of estates of minors and of property of incompetents; as assignees and liquidator for insolvent estates; as general agent; as transfer agent for corporations; as registrar for corporations; and other branches of trust company business.

The Montreal Stock Exchange seat held by R. O. Johnson, of the firm of Greenshields and Co., has been sold for a price stated to be \$26,500. It is understood that the purchaser of the seat is John Pitblado, of J. Pitblado and Co., who last week made application to the exchange for membership.