

Monetary Times

Trade Review and Insurance Chronicle
of Canada

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OUR NEXT WAR LOAN

Much gossip is at hand regarding the next Dominion war loan, the suggestion again being heard that it may come soon. As that prediction is made regularly every two or three weeks the prophet one day will prove correct. The minister of finance and some of the bankers perhaps know approximately when the next war loan will be offered. Even they will be guided to a large extent by money market conditions and the actual requirements. From April 1st, 1916, to March 31st, 1917, the Dominion government will raise by way of loans, from \$200,000,000 to \$225,000,000. The loan negotiated in New York in March accounted for \$75,000,000. Taking the maximum possible requirements of \$225,000,000, there will still have to be raised during the present fiscal year \$150,000,000. Assurances were given by the federal government in connection with the \$75,000,000 New York loan that no further offering would be made in the United States during the current calendar year. While Sir Thomas White has made an arrangement by which he can draw upon an authorized credit of \$150,000,000 established by the Imperial government, the Dominion government will endeavor to utilize this credit as little as possible, if at all. As we have voluntarily closed the United States money markets against our federal loans for the remainder of the year 1916, and as we are unlikely to draw upon the credit which the Imperial authorities have provided, there will be left to be raised by way of loans, in Canada during 1916, and in the United States during the first quarter of 1917, \$150,000,000.

Sir Thomas White has not told of his plans for future financing, but he has said this much: "In my view, we shall require at a later date, many months from now—possibly towards the end of the year—to borrow further amounts, possibly in Canada." In view of this statement and of the fact that the Canadian bankers a few months ago advanced \$75,000,000 as a credit here on behalf of

the British authorities for munition purchases (and another such advance is being made), it seems unlikely that a Dominion loan will be made until next fall. The loan then may be one of from \$50,000,000 to \$100,000,000. That would leave a loan of from \$100,000,000 to \$50,000,000 still to be raised in order to make up the total loan requirements for the fiscal year. This loan might be raised in New York about March next.

SHOCKING THE STOCKS

With the recent abolition of all price minimums on the Canadian stock exchanges and the gradual removal of similar restrictions in London, the stock markets are again being allowed to protect themselves. It is possible that during the course of the war and for some time after, the stock markets will be found proof against shock. In these days of big events it will take an adverse factor of substance to shake confidence in the markets. The death of Lord Kitchener, the first unfavorable news of the Jutland battle and similar events caused only a tremor in stocks because the view is taken that these are, after all, everyday phases of the Great War, the ultimate result of which is assured. In short, a new standard of stock market shocks has been created. A sharp decline in prices naturally would come from any extensive and important defeat of the British forces, a very unlikely happening. Serious disturbance in prices may arise with the declaration of peace, with professional manipulation as a predominant factor and the war stocks as the fuse. But the stock market to-day has strong nerves.

DRIVING AWAY CAPITAL

When it was proposed that the Saskatchewan legislature should enact a law abolishing the mortgagee's remedy against the covenantor under a mortgage and limiting the mortgagee's remedy to a sale of the land there was strong criticism of the proposal and, very properly, the project was abandoned. At the recent session of the Alberta legislature the government slipped through an amendment to the land titles act in the closing days of the session without publicity or discussion. This amendment is in effect the destruction of the mortgagee's rights under the covenants on a mortgage. The act declares that recourse must be had to the security before proceedings can be instituted on the covenant. That is to say, the real property must be exhausted and suit brought for the deficiency, if any.

This legislation is tantamount to a breach of faith on the part of the province with those who advanced money on the strength of the value of the personal covenant. It amounts practically to a repudiation of obligations. Under the best of conditions it is difficult for lenders to realize on such real estate security as, for example, a church. The lender relies on the guarantors or bondsmen. In Alberta, however, the practice in mortgage sale procedure has the effect of indefinitely postponing any possible remedy under the covenants. Courts have authority to stay mortgage sale actions at their discretion. Officials fix reserve bids according to their own notion of the value of the security proposed to be offered for sale. Frequently the upset price is prohibitive and application must be made for a new sale and a new reserve bid, and so on until the property is realized.