

DISCRIMINATE BETWEEN CANADIAN LOANS

British Bankers are Watching Activities of Provincial Legislators Regarding Promises and Contracts

Under the heading, "Two Canadian Scandals," the London *Financier* comments in its leading article as follows:—

Since we last discussed the Ontario Power scandal and the British Columbia Breweries scandal the course of events has not been such as to reassure British investors. With regard to the former, the refusal of the attorney-general of the province of Ontario to grant a fiat permitting the Electrical Development Company to institute proceedings against the government and the hydro-electric commission is not by any means regarded as the last word in the controversy. The Canadian mails to hand report that a writ was issued summoning the attorney-general and the hydro-electric commission to an Ontario court to have it declared, in brief, that the government has no right to abrogate a contract entered into by it without the consent of the other party to the contract. The result of these proceedings will be awaited with great interest by the British bondholders.

Violation of Contract.

Meanwhile, the agent-general for Ontario has seen fit to issue for publication on this side what amounts to an advertisement of the facilities offered by the hydro-electric commission, which, he states, is undertaking extensions and improvements involving an expenditure of over a million and a quarter dollars. He omits to add that these extensions and improvements are being made in violation of a solemn contract entered into between his government and the syndicate which afterwards became the Electrical Development Company of Ontario. On the strength of this contract British investors subscribed to the bonds, and they now see their security threatened, owing to the fact that the government of Ontario does not find it convenient to keep its pledged word.

In order that the transaction shall be presented in its proper light, we briefly recapitulate the facts as set forth in our issue of October 30th. The hydro-electric commission, needing more power and wishing to undertake a new power development, applied to the government for the necessary legislation to enable it to do so. The government replied that it was bound by an agreement not to exercise any right it might have to take water from the Niagara or Welland Rivers for the generation of power. Notwithstanding this answer, the hydro-electric commission insisted on their Chippewa Power project, and called upon the government to break its contract.

Agreement Not Worth Paper.

Accordingly, an act of absolution was rushed through the legislature containing the following extraordinary clause:—

"The exercise of the power shall not be deemed to be the making use of the waters of the Niagara River to generate electric or pneumatic power within the meaning of any stipulation or condition contained in any agreement entered into by the commissioners for the Queen Victoria Niagara Falls Park."

In other words, water is not water and a contract is not a contract. The situation would be Gilbertian if it were not such a serious matter for those who have invested their money on the faith of an agreement which they now find is not worth the paper it was written on. As we have already explained, strong efforts have been made to obtain the annulment of this iniquitous piece of legislation and it is to be hoped, for the sake of the credit of the government of Ontario, that these efforts will prove successful.

Prohibition and Bondholders.

An even more scandalous situation exists with regard to British Columbia Breweries. The electors of the province of British Columbia have voted in favor of total prohibition, which means that the company's business is threatened with extinction without the slightest suggestion of compensating those who have invested their money in it. We do not question the right of the British Columbians to "go dry." We are concerned only with the interests of the British public who have invested in the debentures of the Breweries Company, and who are entitled to compensation for the loss of their business. Their interests have not been left to take care of themselves. They have found a strong champion in

Mr. E. Mackay Edgar, of Messrs. Sperling and Company, who has been to Victoria to lay the case of the debenture holders before the British Columbian premier. Mr. Edgar contended that it was very unfair to leave the matter of settling compensation until after the company's rights had been taken away. The reply of Mr. Bowser was that if prohibition were carried a commission would be appointed to settle on the terms of compensation, if any. Since then the electors have voted for prohibition, and Mr. Bowser, the Conservative premier, has been defeated by Mr. Brewster, the Liberal leader. It remains to be seen what value now attaches to Mr. Bowser's promise to appoint a commission. The debenture holders may rest assured that every possible effort will be made to obtain justice for them. They invested their money under the laws of the province, and they have every right to expect the protection of those laws. If the policy of prohibition were accompanied by that of compensation for vested interests there would be no cause for complaint, but there is nothing at present to indicate that anything in the way of compensation is contemplated. Should the debenture holders fail to obtain redress the consequences, as in the case of the Ontario Power scandal, would be far-reaching. Canada was a big borrower on the London market before the war, and will want to borrow again after peace is signed. But bankers on this side who are agents for Canadian loans will discriminate very strictly between those provinces which have dealt fairly with British investors in the past and those which have not.

LIFE INSURANCE AND THE STATE

Life insurance requires the particular attention of the state, because the beneficiaries are not the people who pass the contract, said Senator A. P. Casgrain at the Montreal convention of the Metropolitan Life Insurance Company. The man that takes out life insurance is actuated by the highest motives. He is performing a most meritorious act, an act of self-denial. He is depriving himself of some luxury, some pleasure, for the purpose of caring for his wife, or his children, or someone else dependent upon him. He is doing an act of altruism, no doubt, and if there is one thing that appeals to me, it is the industrial policy. The mere fact of an insurance company going to the home of the artisan, and making him agree to lay something aside for his wife and his children, or some other dependant, that mere act is a good act. It might be difficult for a wage-earner to put aside a sufficient amount so that at the end of the year he would have that amount to pay an annual premium.

Conventions of the Metropolitan agents were also held by Mr. Haley Fiske, vice-president of the company, at St. John, N.B., and Quebec, Que.

HAIL INSURANCE IN ALBERTA

The advance figures relating to hail insurance business in Alberta, as supplied to *The Monetary Times* by Mr. R. S. Nicolson, provincial deputy superintendent of insurance, are as follows:—

	Premiums.	Losses.
Acadia	\$ 622
British Crown	145,000	\$145,200
British America	48,700	41,760
Canada Hail	41,913	29,483
Canada Security, including Western Underwriters	267,000	200,000
Canada Weather	34,502	31,000
Connecticut	29,384	7,000
Excess	46,321	37,671
Great North	61,534	34,096
Home	168,966	140,100
Nova Scotia	57,178	49,048
St. Paul Mutual	105,800	92,292
United	53,500	36,250
Westchester	75,000	69,000
Winnipeg	27,230	15,588
Rochester Underwriters	35,387	31,249
Hartford	27,351	31,121
Dominion	2,516	1,527

The North-Western National Company has not reported yet.