

REDUCING THE INTEREST RATE OF WESTERN MORTGAGE LOANS.

Mr. W. Toole, manager of the Canada Life's Southern Alberta investment department, had some pungent things to say in a recent address as president of the Alberta Mortgage Loans Association, on the subject of recent Western legislation affecting investment interests. Only a few short years ago, he said, the farmers of Alberta, and the borrowing public generally, were patting each other on the back and congratulating their members that a tax of half of one per cent. was placed on the interest income of loan companies. Since then numerous additional taxes have been imposed. In Eastern Canada it is freely being discussed that there are twenty-one taxes in Saskatchewan that would take priority over a first mortgage, and Alberta is little better. Alberta has improved matters by repealing the iniquitous hospital tax section of the act, and when other suggested amendments are made it will keep matters from getting any worse than they are. But to interest capital to such an extent that it will immediately reduce the average rate to 7 per cent. and lower and further benefit specially attractive securities, the governments will have to remove obstacles instead of placing them in the way of capital investment.

It is estimated, continued Mr. Toole, that \$70,000,000 is about the amount in mortgage investments in Alberta at the present time. The province has natural resources to offer security for many times that amount, and the influx of capital and its distribution in the country would be amazingly increased if absolute security is made available. The only way that this can be done is for the Dominion government to repeal its legislation regarding seed grain liens and the like and make such charges take their places on the title, and for the provincial governments to pass such legislation as will make a first mortgage in this country as secure as in any other part of the world, suggested Mr. Toole. Mortgagees will have to assume all responsibility with regard to the fluctuation in values and be dependent upon the judgment and experience of their managers and agents to see that their capital is protected in that respect. But it is utterly impossible for any loan manager or agent to foresee what legislation may be enacted next year with the same disastrous effects on vested mortgage interests as that which has come into force during the last few years.

THE DOMINION'S DEBT.

At June 30th last, the net debt of the Dominion stood at \$593,910,638, compared with \$450,287,721 a year previously, the increase in the twelve months being thus nearly \$144 millions. Two years of war will have had the effect of bringing the doubling of the Dominion's debt within sight, as when war broke out the net debt of the Dominion was about \$335 millions. Of the funded debt, \$75 millions is payable in New York, \$97,368,133 in Canada, against \$762,861 a year ago and \$362,703,312 in London against \$338,369,979. Temporary loans are \$194,073,684 against \$100,540,351 a year ago.

BANKS UNJUSTLY BLAMED.

Professor W. W. Swanson, professor in the department of Political and Economic Science at Queen's University, who has recently become known as an interesting writer on subjects of practical importance in Canada's economics, points out in regard to the question of agricultural development, that it may be said that the chartered banks and loan companies of Canada have been unjustly blamed for the prevailing conditions in the money market, in so far as these affect the agricultural interests of Canada. It has been charged that the banks have been making undue profits, and that they have discriminated against the farming industry. Sir Edmund Walker, in his evidence before the Committee on Banking and Commerce, given at Ottawa in 1913, shattered the foundations on which these charges rested. He proved that, in proportion to the rate of return in other business enterprises, the chartered banks are securing only a fair profit on their capital. They cannot be charged, therefore, with exploiting the country in general, or the farmer in particular. Sir Edmund showed, moreover, that, in proportion to population, Canada is better equipped with banking and credit facilities than the United States.

The criticism levelled against the banks, because they fail to extend long-time loans to the agricultural community, points out Professor Swanson, is quite beside the mark; for the simple reason that the banks are precluded from engaging in that type of business. As far as the loan and trust companies are concerned, they also have not charged excessive rates when the risks of the business are taken into consideration.

"OTHER INSURANCE WITHOUT NOTICE."

To the Editor of The Chronicle:—

Sir—I am glad to see you are taking up the question of "other insurance without notice." That is one of the worst of the many bad practices now becoming so common. The amount of insurance carried should surely be one of the first considerations in weighing any risk; and the efforts of the Legislatures to meet such cases—limiting liability to sixty per cent. of the loss—works a hardship on the company striving to do its business in accordance with common sense methods.

Another loose way of granting permission for other insurance is to state:

"Total concurrent insurance permitted, \$6,000."

Presumably, the company introducing such a clause into its policy imagines in such a case that the total insurance (including its own) is limited to \$6,000. But supposing a company issues a policy for \$2,000 with such permit and after the loss it is discovered there is \$6,000 "concurrent" with its policy, making a total of \$8,000, could it successfully contend that the permit had been violated?

There is only one safe way and that is to specify the "additional" insurance.

All these new-fangled ideas are simply making for heavier losses and consequently higher rates.

July 24th, 1916.

ANTIQUARIAN.

It is now indicated that "mobilisation" of British investments may extend to those of neutral countries of which many hundreds of millions of pounds worth are held in Great Britain.