

a little talk among the citizens of Toronto, but it is a safe guess that the leading Canadian financiers did not shed any tears over the incident.

Bank clearings showed a steady increase and amounted to 803 millions as against 628 millions in July, 1911. The percentage of increase was much larger in July than in the record month of June. Deposits showed a fair increase and stood at \$1,012,604,839 in Canada and \$77,838,807 outside of Canada.

AUGUST.

IN its issue of August 3rd the CANADIAN COURIER said: "Stock market prices are nearly at a high water mark on this continent. We are overly prosperous in both countries. Indeed, the world is over prosperous. For fifteen years there has been a steady movement upwards." This quotation indicates that some person or persons were giving good advice to the public which some of them did not heed. It was good advice in view of the stringency which has grown greater and greater since that time.

The Government Trade returns for the fiscal year ending March 31st were issued during August. The aggregate foreign trade of Canada amounted to 874 million and the exports were 315 million and the imports 559 million. Of the exports the United Kingdom took 152 million and the United States 120 million. Of the imports we bought 117 million from the United Kingdom and 356 millions from the United States.

During August the Shawinigan Co. issued 5 millions of new stock. Fairbanks-Morse issued a million of preferred. The Bank of Nova Scotia issued a million new stock at 240, and the Bank of Ottawa half a million at 200.

One of the features was the rise in C. P. R. stock and the announcement of the increase in capital. The rights were variously estimated to be worth from \$18 to \$21 per share.

Deposits showed their first decline of the year. They dropped to somewhere about eight million. Bank clearings were not so high as in July but they amounted to 746 millions as against 599 millions in August, 1911.

SEPTEMBER.

SEPTEMBER was an anxious month as the weather was not propitious for harvesting. The country people were looking for warm, dry days but they did not get very many of them. Nevertheless, in the end the grain was nearly all cut and harvested without much damage. The root crop, especially potatoes, was spoiled by wet weather and it was difficult to gather the corn crop. Nevertheless, harvest returns showed an increase all around.

Gordon, Ironsides and Fares, of Winnipeg, issued bonds to the extent of one and a quarter millions to develop their meat-packing business. The Laurentide Co. announced earnings of 10½ per cent. on its enlarged stock or about 20 per cent. on the old basis. This is one of several pieces of evidence that the paper makers are gathering in larger profits than were ever known in this industry in Canada. Sir Max Aitken came over to visit us and joined with Mr. R. B. Bennett in buying up about eighty grain elevators in the West. A company was duly formed and a flotation made in England.

Deposits in Canadian banks increased ten millions while the bank clearings were 708 millions as against 566 millions in September, 1911.

OCTOBER.

OCTOBER was the milling month. There was considerable interest in the returns from the milling companies which closed their year on August 31st. The previous year had been very unsatisfactory and everybody was hoping for an improvement. They were not disappointed. Much better results were announced. Western Canada Milling Co. showed a surplus equal to 11 per cent. on their common stock. Lake of the Woods had a surplus equal to 10 per cent. on the common. The Ogilvie Milling Co. did as well as Western Canada. The Canadian Cereal and Milling Co. did better than in 1911 but it was decided to re-organize the company so as to reduce capitalization and expenses.

Another bank purchase distinguished the month. The Bank of Nova Scotia took over the Bank of New Brunswick giving one share for one share with a ten dollar bonus. This gave the Bank of Nova Scotia a total capital and reserve of nearly fifteen millions.

Brazilian Traction, Light and Power Co., which is the new name for the merger of Rio and Sao Paulo, announced an increase in its net earning for September which was sufficient to justify the optimistic amalgamation which had taken place.

Canadian Pacific acted badly during October. On the 3rd it sold at 278½; on 17th at 268½; on 24th at 260; and on 31st at 262.

Bank clearings for October made a new record, 866 million as against 669 million in 1911. Deposits in Canada amounted to \$1,023,912,500.

NOVEMBER.

MR. D. LORNE MCGIBBON announced his plans for a new sugar refinery at St. John, N. B., to be known as the Atlantic Refineries. It was also announced that the Acadia factory at Dartmouth, N. S., was rapidly approaching completion. This was necessary to replace the one burned down. Mexican Tramways offered 3½ million new stock at par. Dominion Textile increased its dividend from 5 to 6 per cent., the increased profits coming from Montreal Cottons Limited.

There were some personal events during the month worthy of special recognition. Mr. D. R. Wilkie was elected president of the Bankers' Association. Mr. Stykeman retired as general manager of the Bank of British North America, and Mr. H. B. Mackenzie succeeded him. Mr. J. W. Langmuir took the place of the late Mr. W. H. Beatty as vice-president of the Toronto General Trusts, and Mr. J. Englehart filled the vacancy on the directorate of the Bank of Toronto.

Terms on which the new C. P. R. stock would be issued were confirmed: 60 million dollars at 175. New stock to go to shareholders of record on January 2nd, with first payment of 20 per cent on February 13th.

Bank clearings beat October's new high record

DECEMBER.

by ten million. They were 876 million as against 771 million in 1911. Deposits fell in November about ten millions.

SOME personal changes occurred in December. The Bank of Montreal added three new directors, D. Forbes Angus, Huntley Drummond and C. B. Gordon. Mr. H. B. Meredith, the general manager, became vice-president in succession to Sir Edward Clouston. Mr. W. A. Black filled a vacancy on the Molsons Board.

The Quebec Bank announced a new issue of half a million at 125. A. E. Ames and Co. put out the Canada Interlake issue of a million at par. There was still talk of an amalgamation of Dominion Bridge and National Bridge.

One of the chief events of the month, if not of the year, was the long-delayed revised Bank Act. This was introduced into the House of Commons by the Minister of Finance. It contained nothing very radical, but some of the clauses will be especially useful. It may properly be termed a compromise bill. It gave the public some of the safeguards which it desires to have and it did not take from the bankers some of the privileges which they prized. The Bill, however, has not yet reached its final form as there is likely to be a pretty warm discussion of it in the House of Commons, when that august body of representatives re-assembles in January.

Loan Companies and Building Societies

THE importance of our loan companies and building societies throughout Canada is hardly recognized by the ordinary person.

Had it not been for the loan companies and building societies in Canada to help in the development of the country the Dominion would not have stood in the important position which it does to-day.

The past year has been one of unwonted prosperity in connection with our loan companies. Money has been in great demand, interest rates have been high, and the whole trouble which companies had to contend with was not the seeking of new loans, but the selecting of the better class which was offered them. Notwithstanding the great demand of money, payments on principal when they fell due were well met, as was also the interest.

Western provinces, which are always seeking more money, has brought about this state of affairs. Land speculation not only in farm lands, but in city and town lots, and suburban extensions, has been prevalent, and we believe that one of the strongest reasons that the tightness of the money markets during the past few months has been the enormous sums which have been invested in the securities we have just mentioned. Loan companies in Canada depend largely upon the sale of debentures for securing funds, and the readiest sale which they have for this class of investment is in the United Kingdom.

The first debentures of which we have any record of were issued in 1874, and then only to a limited extent, the amount being under \$20,000, and when one takes into consideration the fact that the debentures issued by Canadian building societies and loan companies and trust companies of Canada which were outstanding in the first of the year amounted to as follows:

Debentures payable in Great Britain or elsewhere, \$72,155,411.00, and payable in Canada to the amount of \$23,618,629, one can appreciate the favour in which they are held. Outside of the debentures which the companies issue, their only other resources are the amount they receive on deposit, and there are only a few companies in Canada taking deposits. In this respect no doubt on account of the failure of many banks during the past two or three years deposits of loan companies have very materially increased, and while in 1907 the amount on deposit was only about \$17,500,000.00, the amount on deposit in January, 1912, was \$33,742,512.00.

The amount of capital stock subscribed on the 1st of January, 1912, was \$99,684,699, and the paid-up capital was a trifle over \$62,000,000, of which practically \$42,000,000 is in Ontario companies, which is properly called the "Home of Loan Companies of the Dominion." Of the amount of deposits held by the different institutions fully \$25,000,000 is held in Ontario companies, and of debentures payable in Canada practically the whole amount is issued by Ontario companies, and of the debentures payable elsewhere, including debenture stock, the amount issued by Ontario companies is practically \$40,000,000. The reserve funds of the companies on the first of the year amounted to \$28,264,105, of which \$19,000,000 was held by Ontario companies.

To show the vastness of the undertaking carried on by loan companies and building societies we have only to instance the fact that current loans secured on real estate throughout the Dominion at the first of last year amounted to \$222,365,634.00, loans secured on municipal securities and loan company debentures, together with loans on their stock, amounted to practically \$3,000,000, while the total loans outstanding was \$248,164,260.00. In the assets to be found among the companies is over \$11,000,000 of municipal debentures and other securities and debentures owned, and cash on hand amounted to \$11,415,231. As a matter of fact the total assets on the 1st of January, 1912, was \$389,701,988.

To show the confidence which the public have in the better class of these institutions it is only necessary for us to state that the amount received from depositors during 1911, the latest complete record which we have, was over \$66,000,000, and the amount borrowed altogether for investment purposes during that year was \$81,522,474, and to better illustrate the movement in these securities we might mention that the debentures issued during the year was \$23,344,731, and the debentures paid during the same period was \$11,874,218.00. The amount loaned during the year was \$53,816,294, and the amount of principal and interest received from borrowers was \$52,817,785.00. The amount of dividends declared by the companies during the year mentioned was \$4,206,103. It speaks well for the care with which investments are made by loan companies that, of the \$181,649,813 invested and secured by mortgage deed, the aggregate amount of mortgages upon which compulsory proceedings were taken during the year 1911 was but \$617,482. That the sale of loan company debentures, especially of Ontario companies, should be an attractive investment not only to Canadians but to foreigners as well, is easily understood from the fact that during the whole period of loan companies in Ontario, notwithstanding a few companies have failed, not one dollar has been lost to either the debenture holders or depositors, and at the present time, in any compulsory winding up proceeding of a company, they rank *pari passu*. The one great safeguard in respect to the class of securities we have been mentioning, namely, debentures, is that all companies are limited in the amount they can issue, and the same applies to the amount of deposits they can accept. Companies which have been issuing large amounts of debentures, year after year, have little or no trouble in renewing them as they fall due. The holders, once they recognize the little trouble there is in looking after their investments and the promptness with which the interest is paid, together with the security offered, even though the rate of interest earned may be less than that obtainable in mercantile or industrial companies, are quite content, and this applies not only to the people of independent means.

Another feature with respect to loan companies as compared to that of banks is, that these companies must make a yearly return to the Government setting out in detail practically every phase and feature of the business which has taken place during the year.