

TRUST COMPANIES IN WESTERN CANADA

Their Growth and Outlook—Business Needs are Assisted—Population and Wheat Growing

The year 1912 passes into history as one of rapid expansion and development, not only in respect to trust companies, but also in respect to the general growth and well being of the western provinces and their wonderful wealth producing areas. In the wake of the latter there have arisen, as in a night, healthy young towns, which in a marvellously short time have sprung into the world's notice as cities, with all the adjuncts and improvements that go to make up, in this twentieth century of bustling life, the modern homes of the virile forceful people.

The Canadian west is indebted to Great Britain and the United States largely for its present sharp increases in population, as witness the immigration returns showing about 400,000 from the former and 100,000 or more, from the latter, in the space of the past twelve months, and the stock of the best Anglo-Saxon origin we can wish for. With this vast mass of humanity, the powers that be are straining every nerve and fibre to bring about the correct mould. So writes Mr. W. Harvey, B.L., managing director of the Standard Trusts Company, Winnipeg, in "Trust Companies." "I will take time, care, money and wise governmental to fuse it all properly, but that the federal and provincial governments will not be fully alive to the enormity and the importance of the task, no one doubts.

Powers Usually Conferred on Trust Companies.

An excellent object lesson has been afforded Canada already by her neighbor in the United States on the subject of nation building, and it will behoove her to profit by the successes and the failures of the latter in her present effort at rebuilding. "Righteousness exalteth a nation" and with an excellent educational system, a proper enforcement of law, and the churches performing their duty, there need be no fear as to the outcome or the result. Those basic features properly applied must necessarily do it.

Arising out of this flowing human tide there are notable sequences, not the least important of which is the marvellous growth of bank capitalizations and the number of trust companies that have sprung into being. The latter, in the main, do not encroach here upon the business and domain of the banks, preferring, as they do, to adhere more strictly to the functions of trustee, executor, administrator and such other powers as are usually conferred on trust companies, not the least important of which is acting attorney and agent for clients, individual or corporate, in the investment of funds on mortgage, the field for which is illimitable, re-cised.

Rapidity of Growth.

Winnipeg, which, as old Fort Garry, boasted in 1870 of a population of something like a couple of hundred souls, is to-day a throbbing active centre of 200,000 people, is the largest wheat market, not only on the American continent, but in the world; owns its hydro-electric power plant; has about thirty railway lines radiating from it, 200 miles of trackage in her railway yards, three transcontinental lines of railway bisecting it, of which one, the Canadian Pacific Railway, is a double track; the head of river navigation, connecting it with the freighters of Lake Winnipeg, and through it to the other waterways to the Hudson Bay; industries and factories employing over 20,000 hands; schools, some forty-five in number, of the best construction and equipment; five colleges affiliated with the University of Manitoba, and finally, the Halls of Justice and Legislation which in both instances are soon to give place to magnificent edifices now in course of erection.

With such rapidity of growth (1912 building permits being over twenty million dollars) it is not a matter of surprise, but rather of satisfaction, that the citizens have been found equal to the task of laying broad and deep foundations for the future. Even human vision, however, is short and defective at times. Industrial and financial institutions which have erected structures large enough in their judgment for the requirements of several decades, have found by the subsequent growth how short their judgment had been, and we have witnessed handsome buildings pulled down after five years, to give place to larger or, in the alternative, going skyward.

Realizing Trust Companies' Value.

Wherefore this growth and the feverish haste to keep up with it? Half a million people a year, pouring through this gateway of the Canadian Northwest, soon to swell into a still fuller tide, is the answer. The manufacturers of the East as well as of the West have to provide for the wants of those peaceful invaders, who bring, besides, their own capital which has to be cared for and invested in various ways.

The wholesaler and retailer are busy beyond their wildest dreams of a few years ago; each one shows the line of growth by the new brick work in his building, compared with the old; the banker is meeting new customers daily, new lines of credit are being sought and not always granted. More people are beginning to realize the value of the trust company in the expansion of their businesses. An issue of debenture stock is requested and with it a trustee for the debenture holders. Having obtained his financial needs the merchant or manufacturer bethinks himself of his trust connection for certain advice in the disposition later of his valuable personal estate, which the trust company, in many instances, has been instrumental in developing, if not creating. A will naturally is discussed, and the idea of continuity and permanency of the trusteeship or executorship in the form of the trust company, becomes well rooted. He learns of many cases where the trust company has proved the wise and disinterested counsellor of the family, where it has economically and capably evolved a tangled estate into one arranged on clear well defined business lines affording steady income derived from safe investments.

Outlook Has Bright Hue.

These are some of the pleasant trust company results arising out of the present growth of the Canadian Northwest, and which must continue while the present "invasion" lasts, which it is confidently expected will be for many years to come, for this is in reality the last great west. The world offers no other similar field for immigration, and with about two hundred million acres of wheat land with less than eight per cent. of it under cultivation, countless homes, with unrestricted freedom are being offered to the tenant farmers and unemployed of Britain, the downtrodden and oppressed of Continental Europe, and those of the United States who can no longer acquire homesteads in the best grain growing and stock raising areas of the Middle West and Western States.

The average Canadian trust company conducted on average lines of policy, with average care and conservation, cannot fail in 1913 to eclipse what has already been proved to be the best year in the Northwest, and that through the marvellous growth in population and concomitant wealth.

SCOPE IN CANADA FOR LOAN COMPANIES.

That there was plenty of scope for loan societies in Canada, making it superfluous to want to lend money outside the Dominion, was the opinion expressed by Hon. W. T. White, before the banking and commerce committee the other day when the bill to incorporate the General Loan Company of Canada was under consideration. Clause 18 of the bill (for which Mr. Knowles, of Calgary, was sponsor) would have empowered the directors to extend their business outside of Canada; but Mr. J. A. Aikins (Brandon) took exception to the clause, arguing that there should be at least restriction of the amount to be loaned outside Canada. In this he was supported by Major Currie (Simcoe), who alluded to the losses sustained by the Sovereign Bank by lending in Alaska. The minister of finance stated that generally speaking, loan companies did not carry on business outside Canada, as there was a better field for them here than anywhere else. He did not see why such companies should want to have buildings outside of the Dominion. The clause was therefore held over.

Another matter of discussion was the eleventh clause under which the company sought power to borrow and receive money provided that the total of the company's liabilities to the public outstanding from time to time should not exceed four times the amount of paid-up and unimpaired capital; also that the amount held on deposit should not at any time exceed the aggregate amount of paid-up capital and cash in hand. Mr. Aikins contended that loan companies should not be given power to receive money on deposit without satisfactory margin in the shape of quick assets.

The minister of finance pointed out that some of the most successful loan companies were taking deposits and enjoyed a high degree of credit. No institution was prepared at any one time to liquidate all its liabilities but most of them were able to rely on quick assets and on a line of credit with banks both Canadian and overseas. He agreed, however, that due notice should be required of depositors for withdrawal so that societies should not be embarrassed. The clause was adopted without amendment.

In regard to the securities on which money might be lent, Mr. McCurdy moved to omit a clause which mentioned stock of any chartered bank in Canada. Major Currie strongly objected to any interference with this provision, which he said was found in all such acts and would not be opposed even by the rankest Fabian in England. Mr. Knowles also took this view, saying that no objection had ever been raised before. The amendment of Mr. McCurdy was lost and the clause adopted.

The Royal Bank of Canada has opened a branch at Regina, North End, Sask.