THE AMALGAMATION OF LOAN COMPANIES.

Within the last ten years the gradual accumulation of capital in Canada has been so large, and so general, as to have reduced its value for all classes of investments. One of the most striking evidences of this is furnished by the relative prices of bank stocks, at this date ten years ago, and their average dividends, as compared with their prices to-day and their average dividends in the last six months. If an investor in January, 1889, had bought one share of the 15 principal banks established in this city, he would have had to pay $2,123 for those 15 shares. Were he to-day to make a similar investment in the stocks of the same banks, the 15 shares would cost him $2,525, that is, the stocks of the 15 principal banks in Canada have increased in price in the last ten years by 20 per cent. Yet, in the year 1888, the average dividend paid on those shares was the same as was paid in 1898, that is, about 7 1-4 per cent. To secure, therefore, the same return on capital invested in bank stocks to-day as ten years ago, the investor would have to expend 20 per cent. more in purchasing such stocks in excess of the sum which would have brought the same return ten years ago.

The earning power of capital employed in manufacturing enterprises differs so very widely from the earning power of institutions like banks and loan companies which deal in credit that the former are subject to far more varied conditons than the latter, and it is probable that the returns on capital engaged in manufacturing, and some other industries, have not been as much reduced as in banks and loan companies. But that manufacturers expect less net returns today than in years gone by is well known. One of the effects of this reduction in the value of capital has been the concentration of business into fewer hands in order to effect economies in administration and management, so as to reduce the percentage of working expenses to the business transacted. To the pressure of this economic force is due thase aggregations of capital which are so remarkable a feature of this age. In some cases this is a very regrettable feature, as thereby the sphere of individual enterprise has been narrowed, and the opportunities for individual advancement as the reward of special skill, energy and thrift have been materially lessened by the practical monpolies created by great trusts and combines, and the crowding out of small traders by vast establishments.

The loan companies of Ontario some years ago began to suffer from the reduced value of capital. Yet, in spite of the certain reduction in the rates of interest which, for years, was plainly foreshadowed by the growing accumulations of deposits, and the increase of private funds seeking investments, the number of mortgage loan companies was increased by one class of investors organizing enterprises to lend more and more money to a class of borrowers who were becoming less and less in need of financial assistance. The following comparisons between their capital and loans in 1892, and 1892, and the number of companies operating in those years are very significant.

	Number of Companies.	Paid up Capital.	Loans on Real Estate.
		$	$
1892............	70	35,097,000	109,807,000
1897............	95	43,230,000	111,548,000
Increase........	25	$8,133,000	$1,741,000

In 1892 these companies had $3.13 lent on mortgages for every dollar of their paid-up capital, while, in 1897, they had only $2.58 lent for each dollar of paid-up capital. In 1892, the average loans of the companies was $15,689,000, and in 1897 the average had fallen to $11,742,000. For an increase of $8,133,000 in capital, they had only secured an increase of $1,741,000 in loans. In the same period the deposits payable after notice in the banks advanced from $93,818,676 in 1892 to $132,498,458 in 1897, an increase of $38,679,782, a very large proportion of which was owned by the very classes to whom the loan societies look for business, as borrowers on mortgage. The above statistics prove that the amount of capital invested in loan companies, from 1892 to 1897, was five times as great as the increased demand for mortgage loans called for, the natural consequence of which was a serious falling off in the rates of interest procurable for these securities, the effect of which was aggravated by the stimulus given to competition amongst the loan companies. To enable them in some measure to meet such adverse conditions, four of the largest of the companies have decided to amalgamate in the hope that they will check competition, reduce management expenses, and be the better able to maintain those prudential measures which are so essential to their safety and welfare. These companies are the Canada Permanent Loan & Savings Co., the Western Canada Loan & Savings Co., the Freehold Loan & Savings Co. and the London & Ontario Loan & Investment Co. The following table shows the business of each of these companies in 1887 and 1897.

	Canada Permit.	Western Canada.	Freehold.	London and Ont.
	$	$	$	$
Capital pd. up..1887	2,300,000	1,400,000	1,200,000	490,540
" 1897	2,600,000	1,500,000	1,319,000	550,000
Reserve Fund..1887	1,180,000	700,000	570,000	105,000
" 1897	1,150,000	770,000	659,000	160,000
Deposits.......1897	1,017,000	1,292,000	1,020,000	....
" 1897	796,000	770,000	476,000	....
Debentures.....1887	4,636,000	2,600,000	2,074,000	2,220,000
" 1897	5,477,000	3,615 000	3,539,000	2,165,000
Mortgages.....1887	8,993,000	5,760,000	4,566,000	2,663,000
" 1897	10,605,600	6,045,000	4,411,000	2,477,000
Do. in default1..887	429,300	205,000	246,700	97,540
" 1897	645,500	1,063,000	1,037,000	329,800

The increase or decrease in the above items, which