

pected that they should present more than one side of the case; but it is the duty of the legislature to hear all sides before coming to a conclusion. As a general rule nothing can be more unjustifiable than the abuse of the legislative authority to help private interests at the expense of the general public. An examination of evidence which is not open to serious suspicion tends to show, it must be admitted, that the millers have a grievance, though we are not prepared to say that it ought to be remedied precisely on the basis which they themselves insist upon.

MORTGAGE LOAN COMPANIES IN ONTARIO.

It would appear from the testimony of a number of managers of loan companies that 1888 was a good year for those societies generally, but yet we are told in the reports of more than one that it was a year of low rates, which is probably true as a rule, the exceptions, if any, being found among companies which loaned on city real estate. It would appear a fair deduction therefore, since the companies as a whole show good earnings, that their losses must have been small.

The closing months of 1887 witnessed dear money for borrowers on mortgage, owing to local causes which tightened the market, one of which was probably the disappointing harvest. This tightness wore off in the spring of 1888, however; the demand for loans was active, and fresh supplies of both domestic and British capital came in to feed the market, resulting in an active lending business at generally lower rates. For "gilt-edged" loans, indeed, the competition was keen, because not only were loan societies desirous of placing their debenture moneys, but private lenders and the trust companies were actively in the market. Montreal capital, too, has offered freely in Toronto at nearly Old Country rates. Last year may be said to have been pre-eminently a year of commissions. The cases in which borrowers came direct to the head offices of companies with their loans are less numerous now than in former times. A larger proportion of the business appears now to come through brokers and agents. Much of the business of Toronto companies has been upon real estate in this city. Having regard to the fact that, in the opinion at all events of dwellers elsewhere than this city, values of Toronto property are more or less inflated, it is well to consider the safety of making loans on possibly high values and paying high commissions therefor. Valuations of rows of dwellings in the outskirts of a city, at a time of rapid growth and great building activity, are apt to be liberal. It is possible that the prevailing scale of rentals for stores and dwellings may not always be maintained; and it is necessary, therefore, to have a good margin and to pay especial attention to the character of structures. These points, we fear, are in danger of being lost sight of by some lenders.

Not a few merchants and other business men, we are told, are dabbling in real estate, alleging as a reason therefor that there is but little profit now in selling mer-

chandise—which in many lines is true enough. But real estate speculation does not always result in profit, and it is only people with surplus capital, and not needed in their business proper, who can afford to make speculative ventures in land.

Thoughtful business men generally do not need to be reminded of the economic value to a new country of land mortgage companies. But some persons need to be made acquainted with the true nature of such companies; and for the information of these we should be glad to see in print the address given on Wednesday before the annual meeting of the Canada Permanent Loan Company by Mr. J. Herbert Mason, the well-informed president of that company. Combatting the absurd notion which here and there prevails, that borrowed money, judiciously used, is a disadvantage to a community, Mr. Mason explained that there is needed for the development of a country, on the one side, intelligence, skill, and labor, and on the other side, capital. If capital is not possessed by intelligent labor, it can be borrowed by those who have enterprise and foresight, and can be used at a profit. Again, in answer to those who think it a menace to have \$70,000,000 lent on mortgage upon Ontario farm or other lands, Mr. Mason pointed out that this sum is less than seven per cent. of the value of farm land in Ontario, and less than half the sum which is invested in farm buildings and live stock in the province.

Referring to the fact, that in the year 1875 loan societies were compelled to pay for the money they borrowed rates of interest as high as those at which they now lend, Mr. Mason pointed out that a possibly lessened margin of profit for the societies is largely counterbalanced by increased earning-power derived from accumulated reserves, a lessened cost of management in proportion to the business done, arising from the division of office labor, etc., and, he might have added, by lessened losses, experience gained having shown what descriptions of loans to avoid.

In the address of the president, 1888 is described as "red-letter year" in the history of the Canada Permanent Loan and Savings Company. The extent of business done exceeded in volume that of any previous year, the increase of assets was a million dollars, and the first issue of the company's perpetual debenture stock was taken up and is listed on the London Stock Exchange. These are gratifying features, but a further agreeable feature remains; the company paid its customary dividend of twelve per cent. on its \$2,300,000 of paid capital, and what is more, the tenor of the report and of the chairman's speech seemed to indicate an expectation that this rate would continue to be paid. Other companies have found it necessary to reduce dividends of late years, and indeed the altered conditions of the lending business pointed to this as a natural result, but Mr. Mason seems to acknowledge no such necessity. We observe that, consequent on the placing of that gentleman in the president's chair, an honor which is the just reward of conspicuous ability and lengthened service, some changes were made in the by-laws providing for the

re-adjustment of the staff. The Canada Permanent has always had a good staff, and the board may be depended upon, we think, to see to it that the right man or right men shall be secured for a business of such importance and of so great dimensions.

It was very properly insisted upon by the president of the Western Canada Loan and Savings Company, in discussing probable rates of interest, that while for loans on narrow margins, or upon not very desirable property, higher rates could be obtained, still it was wisest and best to stick to good securities and accept lower rates, which, said he, is the kind of business we do. There are to-day numerous companies, and many private lenders competing for loans, and a man who will pay a high rate, "boomster" though he may be, is pretty sure to find some man or board to take a risk on his land. But we must look to the leading companies to take a prudent stand and to avoid speculative investments. The business done by the Western shows a very considerable increase over that of 1887, indeed, its lending power has been used up to almost the furthest limit; there is, however, no increase in net profit. The gross earnings were \$387,143 and the value of investments is \$6,181,269, which makes the average rate of interest received a little more than 6½ per cent. We observe with interest the statement in the report that an increased proportion of repayments by borrowers has been made by residents of Manitoba. The good harvest of that province has of course had to do with this. The renewal of so large a sum in debenture money as \$504,000 at four per cent. instead of five, and the obtaining in all of \$803,000 at the lower rate, is a favorable item in the company's earning power, already remarkable. The report indicates a healthy and progressive state of affairs. Reserve and contingent funds are 55 per cent. of the paid capital.

The operations of the Huron and Erie Loan and Savings Company for the year have resulted in a gross profit of \$239,256. Deposit and debenture interest absorbed \$92,989; all expenses, \$25,828; losses, \$2,726. The balance sufficed to pay nine per cent. dividend, with income tax, and put \$16,000 to Rest account. The Huron and Erie has further increased its business, all but a fraction of which is in lending on farm property; \$789,000 was loaned in 1888, and the number of mortgages held by the company is now 2,324, aggregating \$3,663,000. It is significant of the generally safe character of the business done, and a tribute to the prosperity of Ontario farmers, that the real estate held by this company for sale at the close of the year is in value less than one-half per cent. of the working capital.

A larger business than in the previous year has been done by the Ontario Loan and Debenture Company. Its mortgages have been increased by \$194,000, their aggregate being now \$3,342,000. The fair crop and good prices for farm produce have enabled repayments to be well made by borrowers: \$654,000 has been repaid during the year, and a larger sum loaned by this company on new mortgages than in 1887. The net earnings, \$102,989, sufficed