

The Farming World

For Farmers and Stockmen

VOL XVIII

APRIL 30th, 1901

No 36

Opportunities for Investment

Farmers Warned Against Irresponsible Promoters



PERHAPS at no period in the history of this country has there been so many opportunities for investment as at the present time. Joint stock companies and co-operative concerns are being organized on all sides and almost every day some new enterprise is presented for the consideration of investors. Nearly every avenue of trade is being exploited, the aim ostensibly being to develop the resources of the country, and by organizing capital economize in the cost of production and thus increase the profits of the investor. This is a sign of progress and expansion that should be viewed with satisfaction by every true lover of his country. Far be it from *The Farming World* to throw cold water on any legitimate enterprise that has for its object the opening up of new avenues of trade and the enlarging of old ones. What this country needs is the investment of capital on a business basis and for legitimate purposes. Canada has great undeveloped resources that have been lying dormant too long for the lack of capital. We rejoice, therefore, that capital from abroad and at home is being invested in our country, and that a period of expansion has come which, if properly taken advantage of, means increased wealth and increased prosperity to every citizen.

But while we take this view, we cannot but feel that a little caution is necessary. New companies of every kind and description are being organized and promoted, and it would be the height of folly to contend that each one affords a safe means of investment. The great majority of them are, no doubt, organized on business lines, but we are in a position to advise our readers strongly against accepting the rosy prospects pictured by at least some of the promoters who are making a bid for the farmers' surplus cash. The farmer has made a little money during the past few years, and consequently many of these concerns are making a special bid for his hard-earned shekels. They purport to be organized for the farmers' benefit

and to develop some industry associated with agriculture, generally the buying and selling of produce. In this they seek the co-operation of the farmer and also his capital in order to float the enterprise, often holding out some special inducement such as not trading with any but those who become shareholders in the concern; offering a bonus or premium in the way of a share or two of common stock to parties purchasing a certain number of shares of preferred stock; and offering positions as managers of districts, etc., at large salaries, to parties taking shares, without any regard to their fitness or ability for the work. These are held out as baits to the unsuspecting investor. But don't be deceived; a strictly legitimate business with any reasonable prospect of success would not need to resort to such means in order to sell stock. We would likewise strongly advise investors, and especially farmers, who buy shares in any concern, against making their remittances payable to individuals before making the most careful investigation as to their responsibility.

Our deliberate opinion is that Canada has recently become the stamping ground for irresponsible promoters who have behind them neither reputation nor capital, and who depend for their success entirely upon newspaper influence and the hard-earned savings of inexperienced investors. It is high time that our governments, both federal and provincial, turned their attention to this matter. Some limit should certainly be imposed upon provisional directors in the matter of promises made in their prospectuses. If necessary, the prospectus of the proposed company should form part of the application for charter, and it should contain the conditions and inducements to be presented to prospective shareholders.

We wish to say in closing that in giving this warning to our readers we are in no way opposed to progress and expansion in extending trade and developing the natural resources of the country. We believe we have one of the best countries under the sun, a land that is capable of immense development. But, in aiding this expansion, let us exercise caution and foresight and not rush blindly into enterprises and schemes that have nothing to commend them but an elaborate and an enticing prospectus.