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PRINCIPAL CONTENTS OF THIS ISSUE:

FINANCIAL INDIGESTION IN LONDON.

It is unfortunate that so many Canadian promoters are blind to the condition of the London market and to the best interests of Canadian credit. Despite the warnings from prominent bankers that the London public is suffering from financial indigestion, Canadian stock and bond offerings continue to be served. A Canadian banker in London in a recent interview stated that the efforts being made to place the securities of Canadian industrial mergers on the British market will be extremely costly to Canada in the end, though a few individuals will make small fortunes in the meantime. "It is known," he said, "that the cities of Toronto and Montreal could do with more money, but do not care to face the present adverse conditions as evidenced in the reception given to the Vancouver and Winnipeg issues. Seventy-three per cent. of the latter was left with the underwriters, though, in this case, the British general public outside the market took up more than they did of Vancouver and Hamilton. The congestion in this class of four per cent. issues does not apply to Canada alone, but Canada is a sufferer in sympathy with others and must pay the penalty for too great success in obtaining high prices in the past. The industrial issues are too professedly high to suit the London market, which is congested and wants a rest."

These are plain words. Our borrowings in London have been heavy this year. During the first five months, Canada obtained £18,623,297 overseas through the medium of public flotations. It is difficult to keep tab of the large number of new prospectuses issued by Canadian interests, those documents being so numerous. The responsible critics in London are finding many blemishes in certain stock and bond issues. A common complaint, and a just one, is the lack of information given to the British investor in a large number of the prospectuses. In the case of several timber propositions, the lacking is found in the estimate of the contents of the properties. With other companies there is a sad omission of figures respecting past accounts. Several concerns representing comparatively recent mergers have failed to give information as to the operations of the individual companies, prior to amalgamation. These are glaring omissions and the British investor cannot be blamed for turning his attention to securities which offer a good rate of interest and safety and at the same time are open to the closest examination.

Another complaint is one respecting the over-capitalization of various Canadian companies marketing their securities overseas. The stock watering which has been employed in many cases will not be tolerated by the British investor. Altogether some of our promoters are ruining the present market for Canadian issues and blotting the escutcheon of Canadian credit.