

thought in figures and not in terms of life and sentiment. Life insurance advertising needs the human touch.

Canadian companies have a fertile field for writing new business. The population of the country is increasing by leaps and bounds, partly as a result of the heavy volume of immigration. Few companies, however, are making a proper attempt to bring life insurance down to the people, to make the agent welcome everywhere to present his proposals. Several Canadian companies have, during recent months, issued cleverly worded advertisements which cannot fail to strike their reader, who is always a prospective policyholder. That is only a beginning. There is ample scope for a campaign of the right kind of publicity on the part of the life insurance companies of Canada.

TIME FOR SELF-EXAMINATION

The financial experiences during the past few years of many Canadian industrial concerns have been sufficiently interesting for a large number of promoters and financiers to change their methods. There have been enough reorganizations, doubtful amalgamations, receiverships and dividend passings for a great many gentlemen to assume a more humble air and to resolve not to attempt any further pyrotechnics in finance. The British investor has suffered by some of the industrial breakdowns and it is not surprising that one of his mouth-pieces has found it necessary to say a few straightforward things. The London Financial Times, in a recent issue, discusses the insolvency of the Canada Iron Corporation and describes as a bolt from the blue the Western Canada Trust's urgent demand for \$250,000 to prevent the entire close of the business with great loss even to the holders of the corporation's first bonds.

The paper asks how these things can be, with a properly managed company, capitalized at \$12,379,200, and claiming a credit profit and loss balance of \$406,400, and continues:

"The number and seriousness of failures among industrial companies of the Dominion recently is such that if Canada wishes to retain the confidence of British investors, her leaders of industry must adopt a far more conservative financial policy and refrain from attempting to carry a volume of business which no English concern would dream of doing without much greater liquid resources.

"Canadians are fond of telling us that they are no longer children to be led in leading strings, but are a great nation. If they really desire to be regarded in this light, they must act a great deal more circumspectly in commercial matters, and not allow their desire to do business outrun their financial discretion."

The Monetary Times reluctantly admits that this advice is timely and has been earned. During the past few years there have been reorganized, the Amalgamated Asbestos Corporation, the Black Lake Consolidated Asbestos Corporation, the Dominion Sawmills Limited, the Canadian Cereal and Milling Company, the Canadian Coal and Coke Company, and several others. In many instances, it was found necessary to wipe out altogether the bonds or to cut the bond issues in a severe way. Several industrial amalgamations have been effected, apparently for high-sounding economic reasons, but actually to save disaster to some of the companies participating. More than one company has found it necessary to pass dividends. The stocks of other companies have declined so badly that one cannot be blamed for surmising that something is radically wrong with their internal organization and finances. These events make a sad comparison with the optimistic utterances of the promoters in the various prospectuses.

Several reasons can be ascribed for the poor financing which has been exhibited by too many Canadians. First, there is the national characteristic of optimism. In a country of vast natural resources and possibilities, such

as Canada, it is difficult to adopt and maintain a conservative tone. It is difficult to train the financial mind not to base estimates on what one would like to achieve in times of high prosperity, but on what one may have to do in times of depression. This has been seen in the difference in estimates of earnings which promoters made and in the actual earnings their companies made subsequently. Then again, there has been the desire of promoters to acquire goodly sums by easy methods. It is not difficult to merge companies, stick on a few millions of bonds and stocks and pocket a few hundred thousands for doing the job. It is far more difficult for the company to earn enough money to pay dividends. Over-capitalization, sometimes indulged in to cover promoters' profits, is a bad practice for a young country which must borrow heavily for many years to come to continue its developments.

It is in the best interests of Canada to adopt a far more conservative attitude in regard to its company promotions. Why not try capitalization in hundreds of thousands rather than in millions? It is time that some of our financiers examined their methods for the benefit of Canadian credit and investors everywhere in our securities.

PRIVATE EXPERTS IN A CITY HALL

An examination, by privately employed experts, of the municipal revenues and expenditures of Toronto was authorized this week at the city council meeting. A civic survey will be made by specialists from the New York Bureau of Municipal Research. The survey will be financed wholly by the committee, which expects to have a report on the results of the survey available some time in February next. This is certainly a unique experiment and one which might be extended with surprisingly interesting results—if the civic rulers gave permission. On the other hand, the council voted 13 to 1 in favor of the present investigation, which is a pretty good indication of faith in their administration and the work of city officials. Sir Edmund Osler told the council that the inquiry could do no harm, and he believed the results would be of great value to the council and to the citizens at large, and would in a great measure do away with the prevailing habit of criticism—perhaps and perhaps not.

A PRINCE EDWARD ISLANDER'S ROMANCE

Everybody in Prince Edward Island is talking, buying, company promoting or farming foxes—that is, everybody except one gentleman who recently made a bid for a Spanish beauty and incidentally a fortune. The result was a loss of \$700 to the Islander. The old "Spanish prisoner" scheme had actually worked successfully in Canada's cautious maritime provinces. The incident has apparently moved the post office department at Ottawa to steer others clear of the danger, as the following warning has been issued:

"Letters from the Spanish prisoner are actively circulating in Canada. These letters are mailed at Madrid, Spain. This fraud is many-sided, as in the latest case it is a Russian banker who is in prison. At other times it is either a French or Spanish character, but the essential part of the fraud is the same, viz., that the prisoner has an immense sum of money deposited in hiding, and generally an interesting daughter, and on certain conditions he is willing to share his treasure with and entrust his daughter to the person in whom he is confiding. Of course, as a preliminary and evidence of good faith, a certain sum of money must be put up by the correspondent. The case is a pure fraud, and the public are warned against it."

The moral of the Prince Edward Island man's experience is to confine one's investment to Canada, one of the best investment fields of the world, and leave the bull fighting countries to look after their own love affairs. By the way, who was the Prince Edward Islander?