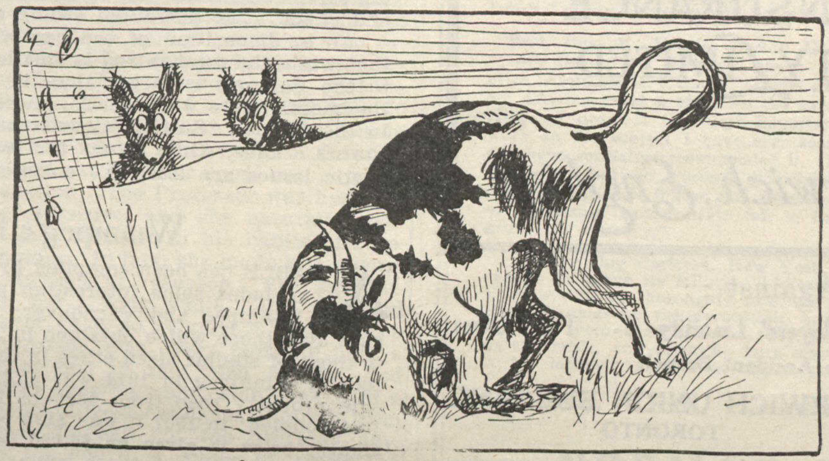
MONEY AND MAGNATES

Dividends To-day and To-morrow

ONE outstanding feature of the stock market during the past three months has been the uncertainty as to dividends on industrial stocks. It is quite natural that in a country like Canada, just beginning to find its feet industrially, that in periods of depression the newer industries should have their moments of doubt. Where the doubt is the legitimate result of depression in trade no blame attaches to the directors or the management. Where the doubt arises from depression added to misleading statements at a previous date there is less excuse.

This is admirably illustrated by the difference between the situation in Canners, Limited, and in Nova Scotia Steel. Both stocks were depressed, and had a very considerable decline. In the case of Canners the dividend was passed, and in the case of Nova Scotia Steel the dividend was declared. In the one case a certain amount of blame attaches to the directors of Canners, Limited, for having either overstated their case in their annual report, or for having understated it when they passed the dividend. They have not shown that they possess a proper grasp of the business which they are controlling on behalf of a large number of stockholders. They have acted as if they had no responsibility towards the public, and very little towards the stock exchange. If the exchanges did their duty they would order an official investigation into the case, and probably order the removal of Canners from the list. If such a set of circumstances were brought to the attention of the London stock exchange the directors would be brought to book and punished.

PREPARING TO START SOMETHING.



Mr. Bull, feeling optimistic, begins to sharpen his horns.

On the other hand the decline in Nova Scotia Steel was the result of a bear raid. The stock was selling too high in 1913 and 1914, and was in a bad technical position. This, however, was not the fault of the directors. That their statements, as given to the public, were accurate and conservative, is shown by their ability to pay a dividend on their common stock in this period of depression. When the bear raid occurred President Harris did everything he could to reassure the public, and his assurances were justified by a dividend declaration. Such conduct and such results should be beneficial to Nova Scotia Steel and make it a more popular stock among investors generally.

Much the same remarks as have been applied to Nova Scotia Steel might be applied to W. A. Rogers, Limited. This industrial has been hammered until the stock almost disappeared from the activities of the exchange. Yet the directors of Rogers have justified their previously published reports by a declaration of the regular quarterly dividends, payable July 2nd. These amount to 1¾ per cent. on preference stock, and 2½ per cent. on the common. Like Nova Scotia Steel, the stock was selling too high last year, but that was not the fault of the directors.

On the other hand, Toronto Paper is in much the same condition as Canners. For some time it was paying six per cent. Then the directors got giddy and raised it to eight per cent. Now the giddy directors have been standing with their feet in cold water and have passed the dividend altogether for the quarter. The dividend should never have been raised in the first place, and it is probable also that it should have been reduced instead of being passed.

Directors of all these industrial companies should realize that the public are watching them from year to year, and in the long run will appraise them at their true value. The directors of the Canadian industrial companies have a rather mixed record to date, and it is about time that some plain speaking was indulged in by investors. The trouble in Canada is that the investor is a dumb driven animal. He either does not know his rights, or else he does not know enough to raise a row when those rights are invaded. If there are any investors who have anything to say on this subject at any time they should write to the financial papers and let their fellow investors know what they think of directors who mislead the public at the behest of unscrupulous promoters and brokers.

Is Laurentide Too High?

ONE year ago Laurentide Company stock was selling between 203 and 214. Now Laurentide is quoted from 175 to 180. Last year it fell as low as 140, touching that point in August. If it repeats its performance of last year it should drop to about 130 in August of this year.

It may be that a study of the figures and the history of the stock on the part of a few bear raiders may account for the recent decline. These are days when the bears are looking for victims. In Laurentide, the dope sheet is entirely in their favour. Last year Laurentide fell sixty points in June, July and August. Is it not reasonable to assume that it will drop fifty or sixty points during the same period of 1914?

The Laurentide Company was organized for the purpose of manufacturing sulphite, pulp, and the mills are located at Grand Mere, Quebec. Its net earnings have grown from $775,524 in the year ending June 30th, 1910, to $1,016,758 in the year ending June 30th, 1913. It will be noted that the decline in the price of the stock last year came largely after the announcement of an increase in net earnings. Therefore, even if the earnings should show