

terests of the West, surely it is no remedy to refuse to recognize the existence of those conditions, and abuse the good friend who points them out to us. Surely Western Canada, with its enormous wealth of resources, is not in such a bad way that it cannot stand having the weak spots in its process of development pointed out in a friendly way. Personally, I have altogether too much faith in the West to have any patience with those who grow peevish under such friendly criticism.

"Can those people who are so ready to fly to arms and resent anything which savors of criticism of the West, no matter on what subject, or with what motive it is offered, be properly considered as in any sense representing the real West? The West is really being made and developed, not by the men who are selling subdivisions, or by publications carrying big advertising contracts with such men, but by the men who are establishing and developing great commercial houses, building up industrial enterprises, exploiting the natural resources of the country by the development of coal mines, timber, and other natural wealth, and the minds controlling our great railway enterprises. Are such men, who have really done things in the West, found in the ranks of those who show such ready resentment of reasonable and helpful criticism, showing us the spots that need strengthening? I think that such men will invariably be found ready to accept such criticism in the spirit in which it is offered, rather than to get fussed up over it."

This sensible comment of a Westerner on the West is published merely as a gentle hint. Western Canada is a healthy youth and should be able to receive criticism and to discuss it in a friendly way. The West should not emulate the handsome young lady, fashionably dressed, who slapped another's face because attention was drawn to a trailing tape in her attire.

A PLEA FOR SAFE BONDS

"The country is waterlogged with bonds. Confidence cannot be restored until the name bond has won back something of its old standard." These words of Mr. James J. Hill at the Chicago convention of the Investment Bankers' Association of America, express the opinion of many who have hesitated to speak it. Mr. Hill's dictum applies just as well in Canada, where some financing during recent years has rubbed away the gold plate attraction of bonds, more especially industrial, in the eyes of the investor. One hears complaint that it has been difficult to sell industrial bonds. Can there be just complaint or wonder at the fact, when it is recalled that the Amalgamated Asbestos Corporation wiped out 75 per cent. of the par value of its bonds; the Black Lake Asbestos Company found new bond financing necessary; the Spanish River Pulp and Paper Company had to rearrange its finances and issue short-term notes; the Canadian Coal and Coke Company was obliged to reorganize, the holders of 6 per cent. bonds having to take an exchange of 7 per cent. preferred stock; the Canadian Cereal and Flour Mills were compelled to go to a receiver; and so on?

All these incidents tend to make the investor ask the question noted in these columns some weeks ago, When is a bond not a bond? Every such case brings the bond into disrepute and naturally makes the investor hesitate. Mr. Hill's words are of value at this time. "Formerly," he said, "and always, in a properly financed undertaking the limit of a bond issue is the total cash value of tangible property in possession; not its value for the uses to which it is being or is to be put, but its value as an asset for immediate conversion by forced sale at any time into cash. Under this rule the investor might rest secure. The worst that could happen to him would be to have to take over this property in case of a receivership, wind up the business and get back his money. About all that he could lose would be the interest on his investment for the unrealized term of the life of his bond. Now it is alto-

gether different. Not only wildcat concerns, which are outside the range of this discussion, but companies of real merit and solvency, conducted by men who would scorn to do an act commonly recognized as dishonorable, do not hesitate to bond their business for very much more than could be obtained from either a forced sale or a careful liquidation.

"There would be little need for blue sky laws if all who engage in your business were bound by a code, both moral and legal, to stamp out, not only the obviously wildcat security, but every other that has a surplus of prospectus and a deficit of live assets behind it. The investment market cannot know a prosperous activity, accompanied by feverish starts, to be followed by still more pronounced reactions, until the immutable laws of credit have been generally recognized and respected."

Those in Canada's financial spheres who have indulged in this new style of finance, will have to get back to the old paths, those followed by honest financiers whose bond was as good as their word. In short, as *The Monetary Times* stated in July, a holder of Canadian bonds should know that he has a security which cannot be swept away at the whim or in the troublous times of company promoters, reorganizers and financiers. The sooner we get back to the English idea that a bond is an investment surrounded with a fence of financial purity, and live up to that idea, the better will it be for Canadian credit.

SMALL CHANGE

The Canadian coffin trust gives the cost of living a rival.

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Rhode Island was shaken by earthquake, a gift of its capital.

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"Waterlogged with bonds" is correct, and the wading is being done with investors' rubber boots.

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British Postmaster-General Samuel found amusement in Canada's telephones. How on earth did he do it?

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Canadian makers should watch Mrs. Pankhurst, who may try to hide in a cheese and get sent to Mr. Asquith.

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Too many wildcats with surplus of prospectus, says James J. Hill. In other words, the animal's tale wags the body.

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Utah State insurance commissioner does not approve group insurance—forgetting it cannot be otherwise in a Mormon State?

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A contemporary says "German visitors will inspect pen at Kingston"—referring, of course, to the one that is mightier than high finance.

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The evidence of Mr. H. Symons, K.C., indicates that during most of the happenings in the Union Life offices he was, well, just Simple Symons.

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Which is more tiring, money market opinions of Canadians returned from England or distinguished Brit- ishers' surprise with Canada's civilization?

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Mr. W. Maclean, M.P., will probably be anxious as to where the gentleman who writes *Toronto World* politics on the front page, Polycarp le Blanc, can wash his feet.