

## BUSINESS ETHICS OF THE MINING ENGINEER.

**S**TUDENTS and graduates of Queen's University School of Mining were favored on December 15th with a most interesting address upon the occasion of their annual dinner. The speaker was G. G. S. Lindsey, K.C., president of the Canadian Mining Institute, and his address was given in response to the toast "The Engineering Profession." We extract from it as follows:—

Professional ethics differ in no respect from some of those promulgated on Mount Sinai. No human rules have as yet been laid down which are binding, and which have been accepted as the test to which all mining engineers must subscribe as the standards of their profession. And because there is no law, the greater is the moral obligation on the engineer to fix high standards and voluntarily to live up to them on all occasions. Legal sanctions will come, perhaps soon, prescribing what is right in some matters now left to conscience. Among the first of them will be those which provide that whenever the public is asked to subscribe for mining stock it must bear the hallmark of a qualified engineer.

The constituency of the mining engineer is the mining community, and while his endeavor is always in the direction of elevating the industry he serves to as high a commercial plane as is possible, yet it is true that the constituency to which he devotes his life's work is one in which the speculator largely predominates, and necessarily so. That the public will speculate is no fault of his. The community should welcome the man, who on chance, puts his money into what becomes a fruitful mine. It has been said that "Mining is, was, and will be to the end of time a sane speculation or a silly gamble, but never an investment; the element of risk is never eliminated and any statement to that effect, as regards a particular mine, is made by a charlatan or a fool. To part of this statement not everyone will subscribe. The most serious objection made to it was that it was too frank an admission of the truth. But as successful mining is based on the application of science to that industry the nearer we get to the truth, the less danger we run, and the closer we come to solution of the mining problem, how to dig ore and make it pay.

Of the two capacities in which the mining engineer may be engaged whether as mine valuator, or to advise on development, equipment and operation of mines and metallurgical works, the former alone calls for attention; because in connection with the other what were formerly matters of conscience such as taking what was called the "customary commissions," a percentage paid on the price of machinery and supplies recommended by him, is now penalized by statute. As a mine valuator, the engineer will find his duties are divisible into two sets; those business methods concerning which a bargain can be reached satisfactory to all concerned, consistent with thorough and honest work; and those business ethics in which the exercise of his moral faculties is called into play. To the latter only I intend to direct your attention.

When a client selects an engineer, such reputation as the engineer has gained is assumed to have a market value and the price is offered him on that basis. Once engaged, the engineer's fiduciary relation, outside of his duty to himself, is two fold, he is trustee for his employer as well as such of the investing public as may be asked on the strength of his report to invest in the shares of the company for whom it is made. The engineer should there-

fore never make a report for a contingent fee, a fee in stock, which depends for its value upon his report in creating confidence in the public mind. Such conditions cannot but influence the judgment of the maker of the report.

When outfitting, the question comes up, what part of the engineer's equipment can be charged to the client? The engineer is assumed to be equipped and outfitted for the work pertaining to mine examination. A charge should only be made for such equipment as is either consumed in the work or returned to the employer. If special equipment is needed for the particular task, the client must provide it.

On the journey the engineer is entitled to first-class passages on trains and boats and to the best accommodation at hotels. But the expense account is not one which admits of personal gain. It is always desirable for him to travel as a gentleman and not appear cheap in any way. But to travel by one class and charge for a higher is petty larceny. Opinions differ as to the spending of money on entertainment for the purpose of obtaining pertinent information, and although the engineer is sent to secure information and trusted to use his discretion, it is better not to do this at the expense of the client unless it is so agreed.

The engineer's examination may indicate that the shares should be worth more than they are selling for on the market and he asks himself: Is it fair to buy the company's shares before my report is turned in, or, if not, is it right to do so afterwards? This means buying shares on information gained at the client's expense. To use his broker before advising his client of his conclusions would be unpardonable. The man of capital does not employ the engineer with the idea that a business trust is to be turned into a personal coup. As was said of the contingent fee, personal interest constitutes a bias in the engineer's opinion. An engineer cannot mix up in a stock deal at the time of reporting without directly laying himself open to the imputation of dishonesty. It is better, too, for the engineer not to buy shares after his report is in. It may be that his buying or selling of shares would work a distinct injury to his clients as he may not be informed as to the object of his employment. It is better on the whole to leave the stock market entirely alone when engaged in confidential work of this nature. But it may be asked: should an engineer be precluded from buying a good stock because his examination and personal knowledge shows it to be good? must he always buy stock in something he knows nothing about personally? Is it not an excellent way of showing his confidence in his own judgment, to buy the shares? The confidential relation of engineer and client does not end with turning in the report; and a conscientious man will therefore neither buy nor sell shares. If it be done with the knowledge and consent of the employer, there is less objection. But the unwisdom of taking shares even under these conditions is well illustrated by what has actually happened. The shares go up, can the engineer sell when he thinks they have gone high enough without affecting his employer's position? In the case of Yukon Gold, while the owner was making a market price for the shares, the engineer who had made the report was selling. The engineer's in-being a seller must affect the market. Whatever the propriety of the owner's course, the engineer was using information he had been paid to give his client to the client's disadvantage. In any case such shares are dangerous to the young engineer who has not learned that stock