

REGULATING SECURITIES SALES.

Manitoba Sales of Shares Act Reviewed After Operation—Amendment Suggested.

The Manitoba Public Utilities Commission has published its first report. This covers the six months ended November 30th, 1912.

One of the most important matters dealt with therein is the Sale of Shares Act which came into effect on July 1st, 1912. Its object, as is well known, was to regulate the offering of shares in untried enterprises operating out of Manitoba. There was previously no limit to the practice. Concerns unknown here, and frequently entirely foreign to Canada, were enticingly advertised with representations and promises which proved a snare for the unwary. Examination of the status and financial condition of such concerns was made a pre-requisite to the right to offer shares here by advertisement or otherwise. A high standard was set, and while the Act provides that a certificate shall not be construed as an assurance that such securities have a true value, or will be profitable, nevertheless the examination not only excludes worthless enterprises from the investment field here, but affords an implication that there is some real value in the shares or bonds offered. The Act was subjected to the criticism that large extra-provincial institutions of unquestioned merit were treated in the same way as the unknown and doubtful concern, and were liable to the same inquisition.

Listed on Stock Exchange

This was fully met by pointing out that section 4 of the Act excludes any possibility of impediment to business in such cases, by enabling the Commission to authorize the listing of securities of the high classes mentioned, upon an approved stock exchange, which may be done on a moment's notice. This does not limit the dealings to such exchange. Anything so authorized to be there sold may be sold anywhere. In this way the possibility of oppressive result from the statute is eliminated. This might be made the means of a general approval, and establishing a list to be added to or altered as occasion should require.

The only other criticism of any importance (except those made by persons against whom the Act was directed) is that the Act does not cover the whole object, in that foreign companies, otherwise within its purview, may evade its application by obtaining a license under the Extra-Provincial Companies Act. This is not an objection to the principle of the Act, but merely an argument that it does not go far enough. While the objection may appear, on its face, to be a reasonable one, nevertheless, as far as has come to the knowledge of the Commission, it cannot yet be said that the exception of foreign companies, which so take out a license, has actually been made a means of evading the Sale of Shares Act. The fee required of such companies for license would not alone exclude any operator in such shares as are within the purview of the Act, but companies under that Act are subject to the obligation of making returns and revealing their condition. They are not free from all supervision. It may be that if the privilege of licensing is abused so as to evade this Act some measure should be taken, but the undersigned cannot, as far as experience has gone, say that companies licensed under the Extra-Provincial Companies Act should be made subject to the Sale of Shares Act.

Practical Result of Act

The practical result of the Sale of Shares Act has been to exclude the offering, by advertisement and otherwise, of shares in companies incorporated in various states of the Union and in certain of the other provinces. In very few instances, altogether only five, did the application take formal shape. Matters were dealt with, in many cases, informally, a short discussion making it quite apparent that the step of a formal application would result in nothing, whereupon those interested did not press the matter further. As a matter of fact only one certificate has been granted, that being to a mortgage company, under the powers already referred to, to authorize listing on an exchange. It is felt that it can be fairly said that the general exclusion, from this field, of the many ventures which were advanced, was not due to an overstrict interpretation of the Act, but to the fact that it was not demonstrated that the enterprises had gone beyond a speculative stage, and shown themselves to come up to a reasonable standard for safe investment. One instance showed a possibility of a slight improvement in the Act. A company may issue mortgage bonds or preferred shares. These bonds or shares may be a safe and legitimate investment. Its common stock may be without foundation in substance.

As the Act at present reads, all these securities must be excluded. An amendment, allowing discrimination between classes of issues by a company, would, it is submitted by the Commission, be desirable. Mr. A. J. Robson is the Public Utility Commissioner for Manitoba, and Mr. A. Wilson Smith is secretary of the Commission.

The Intercolonial Railway will be double tracked from Halifax to Moncton.

FARMERS ADOPTING MODERN MACHINERY.

United States and Canadian Implement Firms Give Evidence as to Foreign Trade.

While in Canada and United States modern farm implements and machinery are extensively used, the following remarks show that in older countries these are only now coming into vogue, and that much business is anticipated by manufacturers.

"Excluding North America only 41.36 per cent. of the small grain crop is gathered by machinery. In Europe, Asia and South Africa, the percentage is 39 per cent. South America, New Zealand, the United States and Canada gathered their grain entirely by machinery. In Siberia the crop is gathered by the old fashioned rakes. Eventually the binder will replace them.

"Millions of acres of tillable land have not yet been plowed. This acreage is mainly in Siberia, Australia and Argentina. Necessarily in the near future it must be tilled, and we now regard the foreign market as a primary one and far from being a dumping ground for our machinery," was the statement of Mr. C. H. Haney, chief of the International Harvester Company's foreign department, testifying in behalf of his company in the government's dissolution case, gave some interesting statistics as to how the world's crop of small grain is gathered and as to soil production. He said:—"The foreign field holds promise of a very great development in the future. For instance, by 1918 we are estimating the International Harvester Company's foreign trade will amount to \$81,000,000, and by the same computation we figure in 1923 it will be \$100,000,000.

Growth of Implement Business

"Not only are we basing our figures on the opening of new land, but upon the awakening of soil tillers to the need of improving the quality of their land. For instance, Siberia raises only 10 bushels of wheat to the acre; the United States raises only 15.49 bushels, while Germany, an older country, which has paid attention to its land, raises 30.6 bushels.

"In travelling through the undeveloped part of Siberia I have been reminded constantly of it being almost a duplication of Nebraska—a prairie country admirably adapted to grain production—and yet only 1.8 inhabitants per square mile live in that country."

Mr. Haney attributed the growth of the farming implement business abroad largely to the exhibit made by United States firms at the Paris exhibition in 1900. He said that prior to that time it was largely pioneer work in Europe. He said that the International Harvester Company now has 30,288 agents abroad.

Large Canadian Company

Vice-president Finlay, of Massey-Harris Company, Toronto, testified that its foreign business has been largely through branch houses since its beginning in 1840, because experience showed the difficulty of getting efficient foreign jobbers. The company did considerable business through jobbers in Russia as late as 1902, because "Russia is difficult from a credit standpoint," and the company considered the large amount of capital required to change its methods there at a time when Western Canada was rapidly expanding. It has known for thirty years that it could greatly extend its Russian trade by making the change.

Massey-Harris Company's business has increased about 100 per cent. in 10 years, the most rapid expansion being in foreign sales. Prices have been continuously lower in United States than Canada, and lower in Canada than any other country except United States in all that time, and still are.

VICTORIA'S FINANCES.

Here is a statement of Comptroller Raymur regarding Victoria's finances. The city has in the hands of the Dominion Securities Corporation, its fiscal agent, approximately \$4,600,000, composed of the \$2,350,000 registered stock which has been underwritten and placed on the London market, and a number of short-term debentures.

Out of the \$2,350,000 the city has received \$955,000. That money is in Victoria and the balance, about \$1,300,000, is to be paid on July 7. Out of the 10 and 25-year debentures the city has received \$1,326,050.96; that is, \$816,221.06 of local improvements, which has been used in the reduction of the overdraft and the retirement of treasury bills, \$366,535.46 of school money which has been placed to the credit of the school board, and \$5,448.66 accrued interest.

The balance of all the short-term debentures is being sold in New York and Toronto. The company and the city expect to have them sold by the end of July.

Messrs. Wood, Gundy and Company, the well-known bond house, have moved into more commodious offices in the Canadian Pacific Railway building, Toronto.