

## Points for Investors

THE general prosperity in Canada to which we have had occasion to refer oftentimes in this column was tabulated in the Finance Minister's Budget speech last week. The Government supporters naturally took advantage of the opportunity to ascribe all the blessings of good times to Sir Wilfrid Laurier and his policy. Providence was a very poor second, while the general uplift everywhere else, after a period of depression, was hardly mentioned. It is unnecessary to mention the great increases in imports and exports, in railway earnings, Customs revenues, bank clearings, etc., because I have mentioned all these some two months ago. The most important news item in the Budget programme was the increase in the preferential duty in favor of Great Britain from 25 per cent. to 33½ per cent. A move in an excellent direction.

### EUROPE IS BUYING.

In the financial and market situation the past week has seen no startling developments. British and European capital is becoming more confident now that the termination of the war is approaching and there was a very sensible increase in buying transatlantic orders for American stocks.

### THE GOODERHAM HAUL.

Last week I made a passing reference to a letter received by me, signed "Toronto Citizen." His remarks were so much to the point that I quote them verbatim:

"The adjournment of the War Eagle meeting to February from November, and the flotation of Centre Star on a basis leaving the syndicate with 2,000,000 shares, costing the holders 25 cents, while the public paid \$1.50 per share, has a strange look to say the least. \$2,000,000 cash paid for Centre Star is capitalized at 3,500,000 shares of \$1 each, 500,000 being treasury shares—then 1,320,000 shares are offered at \$1.50 or \$1,980,000—cash. Now, assuming that \$480,000 cash for 320,000 shares went into treasury, the syndicate got \$1,500,000 cash back out of the original purchase price. Then, one dividend is declared and a shut down comes before it is even paid. Had this been a United States flotation what terms would it probably have been described in?"

"I do not hold a share of either War Eagle or Centre Star, so am not touched at all, fortunately.

"Montreal is mainly to blame for the absurd prices of Toronto Street Railway and War Eagle, and for the possibility of floating Centre Star on such a basis as was achieved."

### C.P.R. FROM A UNITED STATES VIEWPOINT.

The New York Evening Post in a recent issue has an interesting article on the Canadian Pacific Railway's report. It deals chiefly with the increase in the capital account. The writer reviews, first of all, the wonderful gains made by the road in revenue account. He points out at the same time, however, that there has been an increase in round figures of \$25,000 in the preferred and debenture stock. While a large portion of this sum has been devoted to the acquisition of other lines, and the building of new lines and extensions, he says that a certain portion of it has been devoted to improvements and betterments that under the system of American railroad bookkeeping would be deducted from the revenues. The writer says that the C.P.R. has in this respect followed the English system of bookkeeping, but, at the same time adds that in all other respects the directors have followed American precedents, especially in the construction, management and equipment. I have no doubt, in reply to this article, the directors may be able to say that the improvements charged to capital account were only those of a permanent character

and that distinction was made under this head between permanent and recurrent betterments.

I think that C.P.R. stock is susceptible of a considerable advance over present figures. In view of its 3 per cent. half-yearly dividend likely to be continuous it should soon reach 110.

### TORONTO RAILS AND NEW ISSUES.

In the not distant future Toronto Railway will probably be following Montreal's example and making a new issue of stock to cover the new routes which will soon have to be opened up. I do not think that there will be any particular advantage to the current shareholders in the new issue which would be given out pretty close to par. The stock is worth about 75c. Twin City in the course of an uninteresting market has been showing a slight and well-merited advance. I have more regard for this stock than for any of the Canadian tramways.

### ROYAL ELECTRIC'S ELEVATION.

I have not been able to comprehend the reason why Royal Electric stock should be held up to such a high-water mark. It looks as if the insiders were determined to prevent any drop, although it would seem to me at least a year before the present prices should be intrinsically warranted. The future, it seems to me, has been altogether prematurely discounted.

### TRUSTS WILL COME HERE.

There will be a period in Canada not now long distant when, with the war settled and a great exaltation all round, the opportunity for new flotations and combinations will eventuate. I anticipate a general welding together of many of our large industries. Trusts will have to come here just as across the border. We Canadians, however, will be able to profit by the experiences of our neighbors and act more conservatively. A well-founded, properly capitalized industrial combination is an excellent institution.

If all the money used for Canadian speculation in New York stocks was applied to Canadian stocks the same activity could be created here. It would not be altogether desirable, but it would retain in the country a large amount of money annually lost in the New York and Chicago markets.

FAIRFAX.

### MINING SHARES.

THERE has been a fair business doing during the past week, but the market has relapsed into that lethargic condition which often occurs at this period of the year. There is but little news coming from the mining centres; most of the British Columbia companies have closed down, and there is nothing in the way of rumors or news to encourage the speculator or investor.

The high-priced stocks are somewhat heavy, and show a slight decline. The low-priced ones are steady and some of them quite firm. The most noteworthy movement has been in Decca; the management of that concern has heretofore poo-pooed the market quotations for its stock, as being altogether fictitious, but when it went to its shareholders with a further issue of treasury stock it realized the fact that the stock exchange quotations were an important factor. After consulting on the matter, it is reported some of the directors decided to take a hand in the market; with the result that the stock has advanced nearly a hundred per cent., and seems to be coming more into favor. There is nothing new in the Granby shares, with the exception that the decline is explained by the sale of a defaulting bank cashier's stock. It thus remains to be seen whether the decline is temporary or not. Deer Trail dropped to 9 on what looked like a bear movement, but is recovering and is fairly strong. It is said that the directors have decided to pay the dividend quarterly, and it is possible that it may be increased to 1 per cent., that is 4 per cent. for the year.

It looks as if the market might remain dull and flat for the next three weeks, but any little buying would soon start prices skywards.

Montreal, March 28.

ROBERT MEREDITH.