— Sixty Thousand Losers —

Within the past month, 60,000 shareholders of a famous company lost money with sickening suddenness.

Some of these shareholders were Canadians, some Americans, some were of other nationalities. But most were Britons, for the company was the world-renowned Rolls-Royce, a household word around the globe for engineering excellence.

In a matter of days, Rolls' shares plunged on the London Stock Exchange from a high of more than $5 to a wretched few cents. How could it happen?

The reasons are less important than the fact that it did happen. It reminds us again that there is a risk to all investment, even in the most blue chip of companies; that every investor is dependent on sound management and sound government for the security of his investment, and that even where both these fundamentals are present, things can go wrong.

Too often this is overlooked or forgotten, just as the indispensable function of the investor in providing the risk capital out of which jobs are made is overlooked or forgotten.

The task of management – always underestimated by many people – is under the best of circumstances an extraordinarily difficult, delicate and complex one and getting more so all the time. As the experience of the aerospace and transportation industries in the United States has shown, this is nowhere more true than in those industries which are in the forefront of technological change and development and where government contracts running to gigantic sums are involved.

What happened to the 60,000 investors of Rolls-Royce this month could happen to the investors of any company at any time. Every investor knows it. Every management knows it. Which is why the one is entitled to a fair return for risk taken; and why the other has an obligation to see that he gets it.

It is a salutary and sobering thought that, in an age of international turbulence, of bigger and bigger government, of rapid change of every kind and of labor militancy, even the best of management confers no guarantee that a company will earn the kind of profits necessary to investor satisfaction and the new job opportunities born of new capital spending.

DID YOU KNOW?

There were 169,000 more Canadians working last month compared with a year ago – 7,688,000 vs. 7,499,000. Close to 30 percent more Canadians are now employed than a decade ago – substantially higher than the rate of employment growth in any other industrial nation. At least another 2½ million new jobs will be required in Canada over the coming decade. (Source: DBS and Economic Council of Canada.)

CALL BACK YESTERDAY

The following editorial first appeared just ten years ago in the February, 1961, issue of Industry under the caption "Yankee Don't Go Home":

It would be a pity if the growing sense of national consciousness so apparent in Canada today should become identified in the mind of Americans – or anyone else – with anti-Americanism. In truth, it would be much more than a pity: it would be an unmitigated disaster.

The warning is appropriate at this moment, not because Canadians as a people are in the least anti-American (or, more correctly, since they are themselves Americans, anti-U.S.), but because of the danger that an increasing body of opinion south of the border may be coming to think of us as tending that way, which is hardly less serious.

Canadians everywhere should be concerned to dispel any such impression in short order. In particular, we should be at pains to acknowledge even emphasize, the enormous role played by U.W. investment in the post-war industrial development of Canada.

U.S. investment in Canada – fully 80 percent ot total foreign investment – now exceeds a massive $16 billion. This is more than $900 for every man, woman and child in Canada today. Scores of thousands of Canadians owe their jobs to this investment; hundreds of communities rely for their well-being upon it; whole new industries have sprung up because of it; our national living standards have been enhanced by it. These things are all to easily forgotten and should not be.

Clearly, despite the attendant problems which are inseparable from foreign investment on such a scale, none can doubt that Canada and Canadians are much further ahead because of it. And if today we have passed the stage where it is necessary to provide special inducements to attract foreign capital, let us be double careful we do nothing to promote the erroneous notion that we are bent on hampering and hindering it.

Mr. Fleming, fortunately, in bringing down his December baby budget, was reassuring – even categoric – on this point. "There is no intention," said the Finance Minister, "of pursuing policies antagonistic to foreign capital. To do so would not be in Canada's best interests

"The result of blocking out foreign investors and foreign investment would be to produce a 'little Canada' cut off from many of the contacts with the outside world that have enriched out national life. We would become comparatively isolated and most of us would be disappointed by the effects on our economic development."

In short, there is room still for foreign as well as Canadian capital. Certainly, such investment must at all times take account of our determination to preserve our national identity and ensure control of our own future.

To this end we must encourage Canadian subsidiaries, and their foreign parents, to conduct their operations in accordance with the principles of good corporate citizenship.

This will always mean, among other things, provision of the greatest possible Canadian content in their products; reasonable access to export markets; the fullest degree of processing prior to export; and increased product development and research in Canada. Such encouragement, however, must stop short of legislative compulsion.

Last but not least, external interest in Canada as a blue chip investment should act as a spur to the native investor, whose ability to participate increasingly in his country's future development should be given every stimulus, not least through tax incentives that are both worthwhile and lasting.

IT TAKES CAPITAL

Most people, it is to be hoped, understand that the key to more jobs is more investment by business and, in particular, by manufacturing industry. But how many have any idea how much?

A recent survey of manufacturing in Canada showed that it took an average of more than $12,000 to provide a single job. But for a number of reasons this is distinctly on the low side and obscures the fact that the ratio of investment to jobs is much higher than this for most large companies.

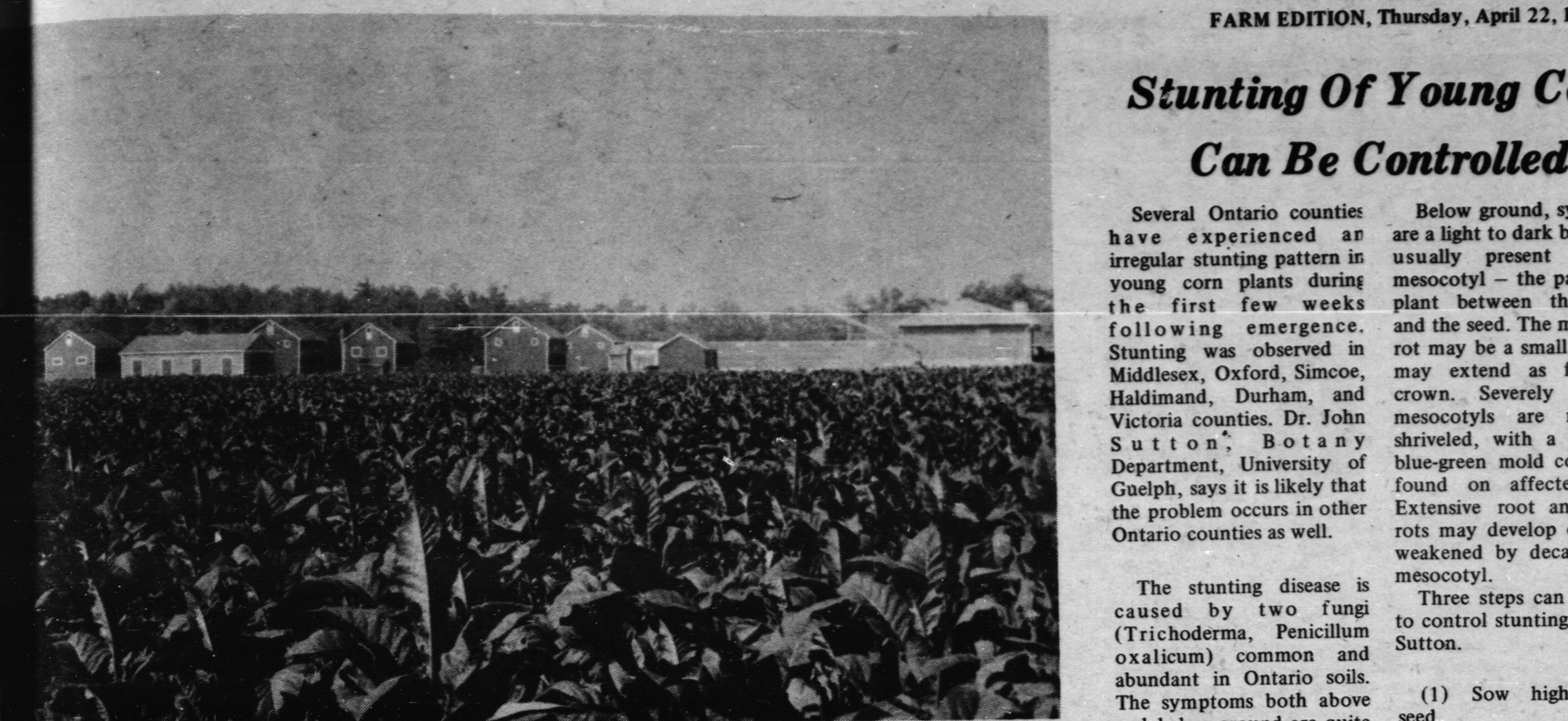
(For instance, the $12,000 figure, arrived at as it is by dividing the number of employees into total shareholder equity, does not take into account the enormous sums borrowed to finance new plant and expansion and the jobs and machinery involved.)

Two examples make the point. The first is Ford of Canada which reports that in its newest facility, an assembly plant at St. Thomas, Ontario, it took [cut off] investment of 75 mil[cut off] dollars to create 2,500 [cut off] jobs. This works out [cut off] $30,000 per job and, [cut off] Ford, if the investment [cut off] in manufacturing [cut off] alone, the capital cost [cut off] job would be much hi[cut off]

Example number [cut off] the great pulp and [cut off] complex, MacMillan Bl[cut off] Limited, which has rec[cut off] given figures showing [cut off] capital assets per employ[cut off] over the past four years [cut off] 1966, the cost was $36,[cut off] in 1967, $38,400; in 19[cut off] $37,100 and in 19[cut off] $39,000.

(MacMillan Bloedel no[cut off] that these figures do [cut off] reflect current costs of [cut off] pulp mill which, w[cut off] completed, will repre[cut off] about $150,000 p[cut off] employee.)

If money on this scale [cut off] to be available to cr[cut off] other new jobs in the ye[cut off] ahead, manufactur[cut off] profits will have to show substantial improve[cut off] over their recent form.



Standing tobacco just before harvest. (Staff Photo)

Careful Manure Use For Corn Production

[cut off] nitrogen content of [cut off] produced in the [cut off] Great Lakes basin is [cut off]nt to supply all the [cut off]esently grown, if it is [cut off]ffectively.

[cut off] use of manure [cut off]s three difficulties: [cut off]stribution within the [cut off] pollution, and excess [cut off]n in feed.

[cut off]e are some of the [cut off]s presented by Dr. M. [cut off]ler and Prof. T. H. [cut off] Department of Soil Science, University of Guelph to the Ontario Soil and Crop Improvement Association meeting held in Toronto last week.

Dr. Miller said the value of manure for crop production has been known since the beginning of agriculture. Research at the University of Guelph showed that the use of manure produced higher yields than did fertilizer alone. The reasons are not apparent, but may be related to other essential nutrients contained in the manure.

Continuous applications of manure result in increased phosphorus levels as well as smaller buildups of potassium, Dr. Miller said. These higher levels do not interfere with crop production, but can become a surface water pollution hazard where soil erosion is not controlled.

The problem of manure distribution can create difficulties. Excessive applications not only reduce yields but increase pollution. Nitrate poisoning, both in groundwater and feed is also a problem. Silage or forage containing excess nitrates reduces the oxygen-carrying capacity of the blood, creating a condition similar to asphyxiation.

Because of this, manure application should not exceed 150 pounds of nitrogen equivalent per acre.

Stunting Of Young Corn Can Be Controlled

Several Ontario counties have experienced an irregular stunting pattern in young corn plants during the first few weeks following emergence. Stunting was observed in Middlesex, Oxford, Simcoe, Haldimand, Durham, and Victoria counties. Dr. John Sutton, Botany Department, University of Guelph, says it is likely that the problem occurs in other Ontario counties as well.

The stunting disease is caused by two fungi (Trichoderma, Penicillum oxalicum) common and abundant in Ontario soils. The symptoms both above and below ground are quite evident. Stunted plants, about four to eight inches high, are found among normal plants, about one to three feet high, during the first two to four weeks, after emergence. A few stunted plants, followed by a few normal plants, and then more stunted plants in the individual rows is the usual pattern. Stunted plants are usually found in large areas of fields with 50 percent or more plants affected. The leaves of such plants are commonly the same green as non-stunted plants. The stunted corn which remains green usually resumes rapid growth after two to four weeks. More severely affected plants turn yellow or yellow-brown and do not usually recover.

Below ground, symptoms are a light to dark brown rot usually present on the mesocotyl – the part of the plant between the crown and the seed. The mesocotyl rot may be a small lesion or may extend as faras the crown. Severely affected mesocotyls are markedly shriveled, with a green or blue-green mold commonly found on affected areas. Extensive root and crown rots may develop on plants weakened by decay of the mesocotyl.

Three steps can be taken to control stunting, says Dr. Sutton.

(1) Sow high quality seed.

(2) Avoid planting too early. Corn seedlings growing under unfavorable conditions such as wet, cold soils may lack vigor and are thus especially susceptible to disease.

(3) Avoid damaging the seed. Appropriate seed plate selection and proper corn planter adjustment help minimize kernel damage. Dr. Sutton says plants growing from chipped or cracked seed are much more susceptible to the root rot than plants growing from intact seeds. Even minute cracks in the seed coat encourage mold growth and disease development. Fungicide seed treatments currently in use do not effectively control mesocotyl rot.