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MERGERS are fashionable just now in Canada. This is an old style, popular in Great Britain and the United States in "boom" periods. There is nothing particularly new in the fashion; all the details are clearly and definitely set forth in the industrial records of those two countries from which we get most of our ideas—commercial, financial, religious and literary.

Mergers are popular in new countries where there are many optimistic people with large savings. It was therefore reasonable that they should appear at this particular period in Canada's history. Money is very cheap just now. We have made a great deal of wealth out of agriculture, lumbering, mining, railway building and other like amusements. This money, like the small boy's copper, is burning holes in our pockets. Four or five months ago we had so much of it that we sent one hundred and twenty-five millions down to New York to earn two or three per cent. interest. It is in such a season that the Merger thrives.



TAKE the latest merger as a sample. The Rhodes-Curry Company at Amherst, N.S., made cars for street railways, steam railways and any other railway that needed them. The Canada Car Company and the Dominion Car Company of Montreal were similar concerns. The three are now merged under one management and one name—the Canada Car and Foundry Company. The factories are not picked up and set down together. They remain separate as before. They simply pool their ideas, their methods, their customers, their creditors and their earnings. They cease to be rivals; they become partners.

Incidentally the old "stock" or "capital" is changed into new stock. First there is an issue of \$3,500,000 of six per cent. bonds which are sold to banks, insurance companies and large capitalists who want first-mortgage investments, and who are content with an assured and reasonable rate of interest. Then there is \$5,000,000 of preferred stock paying seven per cent.; also sold to people who are willing to take second mortgage security for the sake of an extra one per cent. Then there is \$3,000,000 of common stock. This sort of stock is, usually, the sugar. Ordinarily it is divided among the men who thought of the merger, those who previously owned the plants and the various persons who are assisting in making the merger a success.

The common stock may or may not be worth much. A great deal depends on how the merger succeeds. If the combination works well, and the profits increase, the common stock sells at \$20, then \$30, then \$40, and eventually at \$100. Getting common stock for nothing and then selling it to the public at \$100 a share is the method by which merger-millionaires are made.



LET no one think that we are trying to intimate that this particular merger will not be a success. Indeed, most Canadian mergers have been financially successful, though they may not always have reduced the price of the product. We are concerned only in pointing out what a merger means so that any of our readers who desire to make money may know the merger game. The main point is to have something to sell to the merger and then to sell it for a good price plus a fair amount of common stock.

If the Dominion Coal Company and the Dominion Iron and Steel Company had remained merged, all that long and expensive fight would have been saved. When two companies waste their substance in fighting each other, neither is as successful as it would be if all its energies were devoted to developing its business. These two companies were once merged and may be again. It was unfortunate when the combination broke up.

Mergers which are reasonable, not heartlessly over-capitalised, managed by men who are anxious to make the combination success-

REFLECTIONS

By STAFF WRITERS

ful, and which effect real economies in production, may be good for the nation. They may increase the profits of each concern without increasing the price of the goods sold to the consumer.

The United States Steel Company and the American Tobacco Company are mergers which have effected great economies and eliminated much wasteful rivalry. Their profits have been enormous, and they have made many millionaires. They represent a phase of modern industry and finance which is well worth consideration and close study. That Canadian financiers have been bestowing much study on the merger problem, is shown by the number of mergers recently announced and the number which are as yet but "vague rumours."



ON two occasions recently we have pointed out that Canada is not entirely free of the problems which some optimistic Canadians think are pulling old England back in the race of nations. Last week, Winnipeg was singled out as a city which had a large social problem on its hands in connection with the handling of its varied foreign element. This week it is Toronto which is in the limelight. At the Tenth Canadian Conference of Charities and Correction, a Miss Cook pointed out that many places in Toronto were over-crowded. A fifteen-room house which has just been pulled down on the new General Hospital site was formerly the home of 200 men—Italians it may be assumed. She told of a number of homes where the girls and women had no privacy whatever but had to perform all their functions within the view and hearing of men. The commonest decencies of life are ignored, so she claims, in many homes throughout Toronto's crowded district known as "The Ward." The result is disease, debauchery and vice.

Mr. J. J. Kelso, the social expert, suggested that many of the old, unsanitary, ramshackle structures in the Ward should be ordered down by the Health Department. Mr. John Ross Robertson, proprietor of the *Evening Telegram*, advocated giving more power to both provincial and local Boards of Health. No one arose to deny Miss Cook's statements.

Surely, it must be patent to everybody that Canada is face to face with the social problem which has taxed the energies and the wisdom of the people of older countries. If the high standard of life, of home, and of morals which has made Canada famous, is to be preserved, it can only be done by improved legislation, wise administration, and by a serious concerted effort.



CANADA'S relations with the United States are assuming unsatisfactory conditions. There is a grave possibility of a trade war which will cause financial loss in both countries. On April 1st, 1910, the customs dues on all goods sent from Canada to the United States may be increased twenty-five per cent., mainly because Canada desires to prohibit the export of pulpwood. On the top of this comes a rumour that the United States is inclined to overlook or render nugatory the Rush-Bagot Treaty of 1817 which limited the number of naval vessels on the Great Lakes. The number of United States naval vessels in these waters has grown considerably in recent years. The real or possible equipment of these boats is larger than the Treaty contemplated. Perhaps this state of affairs means nothing, but it is certainly causing uneasiness in Canada.

Commercial and national peace and concord are the most valuable assets which North America possesses. Canada is not likely to disturb these wantonly. As the smaller and weaker nation, she is willing to submit and has uncomplainingly submitted to some disparity. She cannot, however, regard the apparent national unfriendliness of the United States with any degree of complacency. It may be that what we mistake for unfriendliness is but the self-assertion of a great people following a natural development. It may be that the United