

FINANCE and ECONOMICS

DETAILS OF CEMENT MERGER.

Not Yet Published—Statistics of Production, Consumption and Imports—The Combine's Capitalization.

Monetary Times Office,
Montreal, August 6.

Detailed information regarding the reported cement merger has not been given to the public, although it is more than a week since the first announcement was made. All that the Montreal public has yet heard is that the new company will be called the Canadian Consolidated Cement Company, that it will have a capitalization of \$25,000,000, and include the large plants of the Dominion.

The International Portland Cement Company stock had exceptional rise last week on the strength of the story.

The Canadian consumption of cement in 1908 was 3,134,338 barrels, an increase over the previous year of 25,615. The production of cement during the same year amounted to 3,495,961 barrels, of 350 pounds each, as compared with 2,491,513 the previous year, an increase of 1,004,448 barrels, or 40.3 per cent.

Production Ahead of Consumption.

It will be seen, therefore, that the increase in production in 1908 was far more than the increase in consumption. This would not be, perhaps, a very serious matter, but when the capacity of the plants is taken into consideration, one is compelled to hold the opinion that the immediate outlook for the cement industry of Canada is not too encouraging.

There are now twenty-three plants in Canada, and the daily capacity of these amounts to 27,100 barrels per day. This figures out at 8,250,000 per year, providing the plants were operated 300 days out of the 365. But if the plants were operated continuously, their production would exceed 9,500,000 barrels per year. This means that the Canadian plants have a capacity of three times the record consumption of the country. It is claimed that the consumption, this year, will fall behind that of a year ago, and it is doubtful if next year, under the most favorable conditions, will do much better than 1908. In any case, the consumption cannot be expected to catch up to the capacity of the plants for many years to come.

In addition, imports must be considered. In the fiscal year ending 1908 the value of imports was over \$800,000. The average cost of this cement was \$1.13 per barrel, that of the Canadian product being \$1.39, which was less than for years previously. This year cement has been sold at less than \$1 at the factory, and it is thought that its average price will not exceed \$1 the year round. Such a price may mean that many plants will lose money and some will have to close down. Should an attempt be made to raise prices, to any noticeable extent, imports would doubtless commence.

Capital Figures Analyzed.

In respect to the \$25,000,000 capitalization, it is worthy of remark that the capital of the International Portland Cement Company—itsself one of the largest and finest in Canada—is \$1,250,000. It follows that if the entire 23 plants in Canada were capitalized at the same figure, the total capital would amount only to about \$29,000,000. There is a strong probability that if the plants were capitalized on a producing basis, accepting International at its present capital, the total capitalization would be more like \$15,000,000, providing they all came in. It is well to remember, that no announcement has been made of the names of the companies coming into the merger. There is some reason to believe that several of the companies know nothing about it, and will not be in it.

The above statistics have an important bearing upon the investment side of the undertaking.

GRAND TRUNK CANADIAN DIRECTORATE.

Sir Charles Rivers Wilson Says "No"—Cost of the Road.

Monetary Times Office,
Montreal, August 6.

Sir Charles Rivers Wilson, president of the Grand Trunk who arrived in Montreal this week with a party of officials and friends, is now making an inspection of the Grand Trunk and the G. T. Pacific.

To The Monetary Times regarding a Canadian directorate of the road, Sir Charles said: "Such an alteration in the policy of the Company has never been seriously considered by the management of the road on the other side of the Atlantic. The suggestion has been heard from time to time, but there has been no real agitation for it. It is a fair enough question for consideration and we have never placed any obstacle in the way of its discussion. If such a board were found to be necessary, it would be appointed without delay. I cannot see any objection to either a Canadian representative on the board in England, or to a small board of Canadians here."

Charles M. Hays Has Real Management.

"As a matter of fact, the management of the road already practically lies in the hands of Mr. Hays, in whom the London directors have the utmost confidence. The Company's capital is owned in London. Hence the financial control must remain in London. The London board must control matters of expenditure, otherwise the time might come when the entire profits would be absorbed by extravagant expenditure. It is easy for those who have no monetary interest in a concern to be lavish with that concern's money, so the appointment of a Canadian directorate, with practically no financial interest in the road, might be detrimental to the best interests. While the company's securities are held on the other side, the financial control will remain there also."

The financial condition of the G.T.P. was then broached: "Notwithstanding the criticisms of some," said he, "our credit has never been better than it is to-day. This is evidenced by the fact that we have obtained ample money for the needs of the road for a considerable period in advance. We have begun construction along the last and most difficult division of the road, namely the Mountain Section, and we intend pushing this work forward to completion without loss of time."

Why the Road Cost More.

He admitted that the road had cost more than at first expected and that there had been delays, but in this respect the G.T.P. was no exception to the rule, the majority of large undertakings of this nature having had similar experiences. The advance in the price of labor and material had been exceptional since the beginning of the work on the G.T.P., and this was necessarily a controlling factor in the cost of construction everywhere. These were disappointments, but that the situation was understood in the money markets of the world. That the credit of the Company had not suffered, was shown in the successful flotation on the G. T.P.'s recent loan in London.

Lloyd's Register of British and Foreign Shipping for 1909-10 shows that the tonnage of the world amounts to 41,449,767 tons, as compared with 40,922,842 tons a year ago. The steam tonnage of the world has increased during the year by 750,007 tons, against an increase of 1,753,284 tons in the preceding year, while the sailing ship tonnage has decreased 223,082 tons, which compares with a decrease of 269,359 tons in the previous year. Last year British tonnage increased by 203,172 tons, against an increase of 498,403 tons in 1908-9.