

Cement Merger Exposed

(By The Guide Special Correspondent)

Press Gallery, Ottawa, May 12.

Quite a sensation was caused this morning by the reading, before the private bills committee of the House of Commons, of letters from Sir Sandford Fleming revealing the history of the Canada Cement merger and the watering of its stock, and charging W. M. Aitken, now a member of the British House of Commons, with having appropriated some \$13,000,000 worth of the bonds of that company. Sir Sandford was the president of two of the companies which were absorbed by the merger, and until recently was honorary president of the Canada Cement company, so that he is in a position to know the facts. He is, moreover, one of the best known and most highly respected of Canadians. He was chief engineer of the C.P.R. when it was constructed, he laid the Atlantic cable, and was knighted by Queen Victoria for distinguished services to the Empire in connection with these and other great undertakings. An inventor, a scientist, and a figure of considerable prominence in the financial world, the greatest weight is always attached to whatever he may say, not only in Canada, but throughout the Empire.

Sir Sandford's statement shows that the Bond and Share company, of which he says "Mr. William Maxwell Aitken was, and probably still is, the controlling proprietor," acquired by contract from the Canada Cement Co., Ltd., shares and mortgage bonds to the total face value of \$28,998,400. From this they paid to the Canada Cement company \$1,770,000 in cash, and to the eleven companies forming the merger they paid \$7,901,600 in cash and \$7,820,650 in bonds and stocks, making a total, including the cash paid to the Canada Cement Co., of \$16,592,250, or \$12,406,230 less than the Bond and Share Co. received. This amount represents the amount of water that was injected into the capitalization of the Canada Cement company, and naturally, in order to pay dividends on this fictitious capital, the price of cement had to be raised.

Sir Sandford's letters were prompted by a bill which is before parliament permitting the Canada Cement Co., Limited, to issue \$11,000,000 of 5 per cent. debenture stock, to be exchanged for the present 7 per cent. cumulative preference stock of the company. A number of the smaller shareholders, fearing that their interests would be injured by the change, had taken steps to oppose the bill, and there was some discussion in the committee on the point and an endeavor on the part of the members to find out the object of the company in seeking the power to issue the debentures and the effect it would have.

J. G. Turfitt, of Assiniboia, said the company was plainly one of those mergers which had been formed for no purpose but to soak the consumer. Since the merger was formed, the price of cement had been put away up, and people throughout Canada were paying greatly enhanced prices. He had no doubt that if this bill was passed the result would be in some way to enable the company to still further raise the price of cement.

J. F. Orde, K.C., and Col. Thompson, solicitors for the company, endeavored to assure Mr. Turfitt that he was quite mistaken, pointing out that if the company paid only 5 per cent. on debentures instead of 7 per cent. on \$11,000,000 worth of stock, it would reduce the dividend payments by \$220,000, but Mr. Orde agreed with A. H. Clarke that the result would probably be to increase the dividend by the same amount on the common stock, which Mr. Clarke said was all "water."

The point, however, had not been fully elucidated when the chairman read the letter of Sir Sandford Fleming, to which was attached a letter he had written to the Canada Cement company and an appeal he had addressed to Sir Wilfrid Laurier for the holding of an enquiry by the government.

Sir Sandford's letter was as follows:

Ottawa, May 11, 1911.

To the Chairman,

Private Bills Committee—

Sir:—As president of the International Portland Cement Company at Hull, and associated with other cement companies up to the date of the formation of the Canada Cement Company on September 10, 1909, I feel it a duty which I owe to the thousands who are situated as I am—the holders of 7 per cent. cumulative preference stock of the Canada Cement Company—to warn them against the passing of an act (Bill D 2) which has been introduced into parliament, and having for its object to create an issue of eleven millions of five per cent. debenture stock to take the place of the eleven millions seven per cent. cumulative preference stock now outstanding.

The Canada Cement Company was incorporated by letters patent of Canada, August 20, 1909, with a capital of \$30,000,000, of which \$11,000,000 was 7 per cent. cumulative preference shares. The company was floated on September 10, 1909, when eleven companies were merged into one combined

be seen that through an "intermediary agency" large amounts have been appropriated and not accounted for.

Appropriations

Bonds of Canada Cement Co.	\$ 5,000,000
7 per cent. preferred stock	11,500,000
Common stock	13,498,400

Total face value \$29,998,400 appropriated by the said "intermediary agency."

The same "intermediary agency" has paid on behalf of the merger company in cash \$1,770,000; in the purchase of eleven preferences \$14,828,250, making total payments, face value, \$16,592,250, which, deducted from securities appropriated by "intermediary agency" — \$29,998,400 — leaves balance, face value, \$13,406,150, which, on behalf of the "intermediary agency," requires to be accounted for.

Appreciating the very great importance of these matters, it is impossible not to feel that the circumstances outlined in the foregoing, point very decidedly to the need on behalf of the public of a searching enquiry before any further legislation be effected.

I am, Sir, yours very truly,

SANDFORD FLEMING.

As a result of the disclosures made by Sir Sandford Fleming's letters, the committee decided to adjourn the consideration of the bill, which will not now be taken up until after the recess.

To The Farmers of Manitoba

As Mr. R. L. Borden, leader of the Opposition in the Canadian parliament, has arranged to make a tour of the three Western Provinces next month, with the object, no doubt, of becoming acquainted at first hand with the desires and demands of the Western people with regard to important measures now before parliament, and other measures of vital importance pressed for by the Western farmers for your back, I think it most important that farmers take advantage of his presence in the West to place before him their views and desires regarding these measures of reform, and urge him to use his influence and the weight of his following in parliament to have these measures enacted into law.

The leaders of Oppositions are always the prospective leaders of governments, and it is important that such leaders become thoroughly acquainted with the legislative requirements of the country and be prepared to place before the people a policy embodying these requirements, which they would carry out if returned to power.

Mr. Borden should be met by delegations from the organized farmers as Sir Wilfrid Laurier was met last summer when he toured the West. The views of the farmers on the tariff and other questions were somewhat of a revelation to Sir Wilfrid, and may be to Mr. Borden. But the farmers must impress upon our statesmen the fact that agriculture must exercise the largest influence in the government of our country, as it is the basic industry which supports all others. All unnecessary burdens and restrictions must be removed from our basic industry, and will be if the farmers are true to themselves.

Virden, Man., May 15.

J. W. SCALLION.

MEMBERS REALLY WORKING

(By The Guide Special Correspondent)

Press Gallery, Ottawa, May 12.

Parliament has been busy this week endeavoring to get as much business as possible done before the summer recess which has been decided upon in order to permit Sir Wilfrid Laurier, Sir Frederick Borden, Hon. L. P. Brodeur and other members of parliament to attend the coronation.

Sir Wilfrid Laurier, in announcing to the House on Wednesday that it had been decided to adjourn the House for two months, suggested that the adjournment should be from May 23 to July 18, and, when it was suggested by members whose homes are at a long distance from Ottawa that the recess might begin a few days earlier and end a few days later, the premier practically said that if they would be good and get a lot of work done they could go for their holidays when they liked. The consequence has been that there has been much less opposition of a factious kind, and a considerable amount of work has been done in the passing of estimates and bills. A scheme for the building of a third transcontinental railway was disposed of on Thursday in less time than had been taken on Monday to discuss the charter of the Grain Growers' Grain Co., which was finally passed on Friday, and all the other business of the House

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was advanced, with the exception of the reciprocity debate, which will not be resumed until after the recess. Sir Wilfrid left for England Tuesday.

Next week the House will commence morning sessions, with the object of clearing up as much work as possible by Friday, when the adjournment will likely take place. The Grain bill, which includes the terminal elevator legislation, has been delayed on its way over from the Senate, but will come up in the House of Commons early next week, and an effort will be made to secure its passage before the adjournment in order that it may come into force before the next crop moves. It is hardly likely that the bill will go through in so short a time, however, unless it is passed practically without contention.

BORDEN'S WESTERN TOUR

Following is the itinerary of R. L. Borden's tour of the West:

June 19, Monday — Winnipeg, evening meeting.

June 20, Tuesday — Carberry, afternoon; Brandon, evening.

June 21, Wednesday — Weyburn, afternoon; Moose Jaw, evening.

June 22, Thursday — Indian Head, afternoon; Regina, evening.

June 23, Friday — Maple Creek, afternoon; Medicine Hat, evening.

June 24, Saturday — Macleod, afternoon; Lethbridge, evening.

June 25, Monday — High River, afternoon; Calgary, evening.

June 27, Tuesday — Lacombe, afternoon; Red Deer, evening.

June 28, Wednesday — Wetaskiwin, afternoon; Edmonton, evening.

June 29, Thursday — Vegreville, afternoon; Lloydminster, evening.

June 30, Friday — North Battleford, afternoon; South Battleford, evening.

July 1, Saturday — Prince Albert or Saskatoon, not yet decided.

July 3, Monday — Rosthern, afternoon; Saskatoon or Prince Albert, evening.

July 4, Tuesday — Yorkton.

July 5, Wednesday — Birtle, afternoon; Minnedosa, evening.

July 6, Thursday — Grandview, afternoon; Dauphin, evening.

July 7, Friday — Portage la Prairie.

All afternoon meetings will be held at 2 o'clock, except the one at Vegreville, which will be held at 1.30. All of the evening meetings will be held at 8 o'clock.

OFF TO CORONATION

Montreal, May 12. — The following sailed on the Virginian this morning for England: Sir Wilfrid Laurier, Hon. Lyman Melvin Jones, president of the Massey-Harris company; Sir Fred. Bor-

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