money market conditions. Call loans are quoted at 5½ to 6 p.c. The arrivals of gold from New York do not appear, so far, to have produced any notable relaxation in money. The bank statement for October 31st shows that the Bank of Montreal retained in its reserve some $2,000,000 of its gold accessions in that month. Probably the importations arranged for by other banks have been largely for the purpose of enabling them to grant credits to their mercantile customers at home in Canada. It is hardly likely that any material relaxation of monetary stringency will be seen in Canada until some time in January. But, at the same time, it is to be remembered that the continuation of a 2 or a 2½ p.c. call loan rate in New York might have an effect in inducing considerable transfers of Canadian funds to Montreal and Toronto, and thus bring about an easier situation.

INDUSTRIAL MERGERS: THE NECESSITY OF CALLING A HALT.

THE CHRONICLE has from time to time explained that there were objectionable features in the craze for merging or consolidating Canada's various industries. As everybody knows, this movement has been quite active during the past two years. According to an exhaustive article on the subject by Fred. W. Field in the Monetary Times, there were brought off in Canada, between January, 1909, and September, 1910, twenty industrial mergers, nineteen of them having an aggregate authorized capitalization, including bonds, of $199,600,000. These twenty amalgamations absorbed 135 individual companies; and the aggregate capitalization of 106 of these companies is placed by Mr. Field at $66,940,508.

It is a matter of common knowledge that the movement to merge has already resulted in a most important increase in the capitalization of the industries directly concerned. And it is also well known that a large part of the increased capitalization which is now actually in existence is not represented by increase of property owned by the companies that have enlarged their bond and stock issues. In other words a considerable portion of the newly created securities have been given in the form of bonus or commission to the promoters and their supporters and to subscribers to issues of new bonds. Although the fact is not commonly advertised in the press, it passes in private conversation among intelligent men that in the cases of several of the mergers referred to, the capitalization is much too large—"outrageous" is the word used by some disinterested critics. We understand, of course, that the various consolidated companies have used and are using much of the funds derived from security issues, for the purpose of enlarging and improving their equipment and their facilities for producing and distributing. But we take the ground that the means they have taken to increase their capacity will prove, in all probability, extravagant and wasteful. The friends of the merger movement claim that consolidation permits extensive economies. For example, in the list of advantages enumerated are: standardization of brands, elimination of a large amount of freight charges, savings from the concentration of the executive force, economies in the purchasing, manufacturing, and selling departments, specialization of various plants dispensing with unnecessary duplication of output and patterns. These are indeed important considerations, but we have reason to believe that in the cases of some of the mergers, the enormous increase of capitalization which is not represented by the acquisition of new property by the concerns issuing it, will more than balance any savings effected in this manner. At any rate when the capital increase is taken along with the extra expense occasioned through giving high salaried positions to certain individuals connected with one or other of the individual companies, the two will effectually neutralize economies in other departments in the cases of some of the mergers.

We consider that the movement to merge industrial concerns in this country has gone far enough for the present. Even if the mergers accomplish all the things which their friends promise on their behalf, it will be in the best interests of the Dominion if the merger promoter rests on his oars for a couple of years and gives the investing public a chance to observe what will be the fate of the mass of new securities that has been called into existence. And if the promoter cannot bring himself voluntarily to take this course the banks might with propriety take an attitude that will ensure inactivity on his part.

Latterly the monetary situation in the Dominion has been subject to considerable tension. There is a well defined suspicion in the street that one of the reasons therefor is that the banks are carrying large amounts of the newly issued merger securities as collateral. Some of them have but a slow market, others no market at all. To the outsider it certainly seems that monetary conditions would right themselves quickest if the banks refrained from engaging more of their funds in new merger propositions, and if they would set themselves to the task of reducing their committments on this class of securities. No one quite knows what the worldwide stringency in money is going to result in. There are high authorities, men not given to making reckless statements, who say that if the tension is not relieved through natural or