

Then, no doubt, the current heavy demands of mercantile and industrial borrowers have operated to induce the banks to realize a portion of their outside reserves and bring them home to Canada. It is just as well to observe here that speculation is rather active just now in several different quarters. Western real estate is notoriously active and it is said that the large volume of transfers, of which many are purely speculative, has had an important effect in swelling the Western bank clearings. It is generally believed that the chartered banks are exercising the utmost care to keep this spirit of speculation within proper bounds. It is certain that the more conservative institutions are keeping their borrowers in hand as firmly as the banking competition will allow. One may see that the times call for the exercise of wise judgment on the part of the banks. Canada's progress at present is indeed most satisfactory. The influx of new population of a desirable class, and of much needed capital, is building up the country solidly and rapidly. If the bankers succeed in restraining the over-ambitious boomers and speculators they will probably ensure an even and comfortable forward movement. But if the profits and advantages of the future are anticipated with too much enthusiasm the chances are that we shall have some important set-backs to face.

#### CONTINUATION OF THE MERGER MOVEMENT.

The events of the last few weeks have demonstrated that among the large industrial and mercantile establishments in Canada, the movement towards consolidation is still progressing. Several new mergers have been put through and a number of others are on the tapis. Taken altogether the movement has reached very important dimensions and the change in the nature of so many Canadian business concerns must necessarily have a large effect upon the trade and commerce of the country. On various occasions THE CHRONICLE has voiced its disapproval of an indiscriminate movement, on the part of industrial and other concerns, towards consolidation. There are, to be sure, instances of consolidations which have proved to be very beneficial to the security holders concerned and to the consumers of the goods produced by the consolidations. That is to say, these consolidations have actually done what their promoters promised—they have by means of economies in manufacturing and distributing lowered prices to consumers and at the same time they have earned profits which proved satisfactory to holders of all the securities emitted by them. But this is by no means the usual case. There are plenty of instances in which consolidation was effected merely as a means whereby a few professional promoters and so-called capitalists in the principal

cities might become rich men. These parties have taken large sums for themselves in the way of commissions, and have allotted further sums to influential persons connected with the businesses merged, with the result that they have entirely neutralized such economies as combination made possible. In other words, they have capitalized the concerns so highly or so excessively that the only way to earn profits sufficient to satisfy the holders of all the securities lay through exercising a monopolistic power to raise prices against the consumers of the products manufactured by the combinations.

This movement towards consolidation has, of course, been much in evidence in the United States. Probably our promoters have, to a large extent, copied their skilful brethren on the other side of the line. Some careful and competent observers in the republic are now questioning whether the "trust" or "merger" plan of doing business has not been proved a failure. Thus the New York Journal of Commerce in a recent editorial on the subject, says, "There are signs that the 'trust' system is losing ground. No combination can keep pace with the growth of business in this country. The refining of petroleum is a comparatively simple and restricted industry. As it has developed, the control of sources of material, of appliances for refining and utilizing, and of transporting and distributing agencies, has been easier than in most fields of activity, but the trust has been unable to maintain its proportion. In reducing tobacco to its various manufactured forms, it has been still more difficult to maintain a controlling power, and competition persists and recovers ground. The Steel Corporation, in spite of its efforts to control ore deposits, means of transportation, and manufacturing works from smelting plants to finishing mills for many products, and its increase of facilities gained from turning excessive earnings into fixed capital, has a considerably smaller proportion of the business than it started with, and the competition of independent concerns is gaining upon it."

Those investors who are invited to put their money into the securities of Canadian mergers might with advantage take note of some of the principal things which have militated against the success of the American "trusts." The article says that in the beginning, when the consolidation is being formed, "a spirit of greed" makes demands that lead to greatly overcapitalizing, and this often results in increase of prices for what the combination sells. Then there are great difficulties in connection with the management. Those who direct the operations cannot come closely in touch with the lesser agents. "To secure the requisite ability requires high pay, and there is no means of keeping alert and active the desired zeal. Man-