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THE CEMENT MERGER

The position of the Canada Cement Co., generally known as the "Cement Merger" is being brought before the public gaze by the persistent requests of Sir Sandford Fleming for a Governmental enquiry; and by the statement of Premier Borden that the proposed Tariff Commission "will be in a position to make any necessary enquiry in the present instance."

Our readers will remember that we discussed the Merger when it was being formed, and that the Union of Canadian Municipalities called the attention of every municipality in Canada to its menace. In our issues of November and December, 1909, we gave many particulars about the merger, and in an article, specially written for the Journal, on the "History of the Merger," it was calculated that out of the $30,000,000 capital, nearly $15,000,000 was probably water. Sir Sandford Fleming shows that $13,500,000 was the actual amount of watered stock! In the same article it was shown that even at that early date, the merger had put up prices—and these have been advanced considerably since then—and yet the reason for the merger was a philanthropic desire to permit the public to buy at lower prices by eliminating extra costs of management of individual plants, the cost of middlemen and a saving in freight rates.

Sir Sandford Fleming has published in pamphlet form correspondence which shows that he withdrew from the position of Honorary President of the Company because he believed there was underhand work, and he was refused access to the documents which he had a right to see. The pamphlet places, certain parties in a position that no one who values his name as an honorable man could permit to go unchallenged. The correspondence shows that out of $29,998,400 which was the paid-up capital of the Canada Cement Company, the "Bond and Share Company" of which "Mr. William Maxwell Aitken was, and probably still is, the controlling proprietor," paid out $1,770,000 in cash and $14,822,250 in shares, a total of $16,592,000. This leaves a balance of **Thirteen million, four hundred and six thousand one hundred and fifty dollars;** which the "Bond and Share Company" retained, or that amount of **watered stock.** This put practically, means that every consumer of cement in Canada has to pay for a dividend on over thirteen million dollars of watered stock in addition to that on honest investment. And as the watered stock absorbed by the "Bond and Share Company," is about forty-five per cent. of the total paid-up capital, it means that every user of cement pays to Sir Max Aitken and his fellow members (whoever they may be) of the "Bond and Share Company" a tax nearly equal to what they pay to the genuine investors.

The old Rhine Legend of the Bad Baron who took toll of every passerby is being repeated in modern form.

The actual extra cost of the dividend on this block of watered stock to the consumer is estimated by Sir Sandford Fleming at from *thirty to forty cents per barrel.* So every barrel used by a farmer for his barn foundation or well curb; every barrel used by the city, or the citizen, for a concrete sidewalk; every barrel used for a factory exempted from taxes;—every barrel of cement used in any way in Canada **pays a tribute of thirty or forty cents** to Sir Max Aitken and his fellow members of the "Bond and Share Company."

The pamphlet points out that in the deal "one of the contracting parties, the 'Bond and Share Company,' consisted of practically one man who at the same time took rank as one of the three Provisional Directors of the Canada Cement Company," so that Sir Max Aitkin, as a Director of the Cement Company, bought from the Bond and Share Company, for thirty million dollars, the cement plants which he, as practically the "one man" of the Bond and Share Company, had purchased for less than seventeen million dollars. Thus the Director of the Cement Company let in his fellow shareholders for some thirteen million dollars of watered stock, which his Bond and Share Company absorbed.

The General Manager of the merger has been in Winnipeg lately and in an interview published in the local papers, he glowingly described how he had utterly annihilated all the critics there. But on top of this, there comes the statement that the Winnipeg Board of Trade is urging the Government to investigate the whole matter; so all the critics have evidently not been silenced by the plausible statements of the Merger's representative. The "Free Press," in an exhaustive article states that "there has been a decided advance in the price since the merger was formed; and that the price is now being held just low enough to prevent importation. Before the Merger the city bought at $1.76; since then at $2.24, an increase of 48 cents, and yet the public is asked to believe that the philanthropic merger has not advanced prices. Compare the merger's price in Winnipeg of $2.10 with that in Minneapolis of $1.10, the barrels in the U.S. being 30 pounds heavier. The duty on imported cement has been raised from 40 cents a barrel in 1896 to 51 cents a barrel, as at present—and so the merger is protected more fully than the individual manufacturers were. The Company claims to be making a profit of 50 cents. a barrel, so that the duty is really their source of profit.

If the Tariff Commission can do no more than lessen this tribute of Canadians to Sir Max Aitkin and his associates of the "Bond and Share Company," it will earn the gratitude of the country.