

AMERICAN MILLIONS.

Backed by the Tariff They Are Flowing into Canadian Factories.

(Special Correspondence of the Denver News of Frank G. Carpenter.)

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S AULT SALETTE MARIE, Canada. —American money is flowing into Canada in a golden stream. The Dominion and provincial governments are giving bounties for the establishment of certain kinds of factories, the towns are ready to furnish lands and bonuses, and the tariff against the United States is such that many of our well known companies are building branch factories on this side of the lakes to avoid paying the duty. The General Electric and the Westinghouse companies both have large works in Canada. The International Harvester Trust has a \$2,000,000 plant at Hamilton, with about 40 acres of buildings. The American Locomotive Works has constructed great shops near Montreal and is now turning out steam engines for the Canadian Pacific and other railroads, and the Simplex car company is also making goods this side of the line.

Canada is now smoking American tobacco made here by the American Tobacco company, it lights its cigars with matches made by the Eddy company at Ottawa, a branch of our Diamond Match Trust; and it pays its bills with bank notes printed in Canada by the American Bank Note company. This last company has a six-story building not far from the great government offices at the Canadian capital, and is doing an enormous business. All sorts of other American institutions are establishing Canadian branches. The Waterman Fountain Pen people do their business from Quebec and Montreal. Lowrey's candies are to be made in Canada in a Montreal factory, and Baker's chocolate has already an establishment here. The Parke Davis company has put up a plant at Walkerville, which is a suburb of Windsor, across from Detroit, and the Globe-Wernicke Bookcase people of Cincinnati and the Library Bureau company of Boston have established plants at Stratford and Ottawa.

MILLIONS IN LUMBER AND MINES

Everywhere I have gone through the lumber regions I have heard of American money, which is invested in pulp works and saw mills. Among the biggest lumbermen are men from Buffalo, Detroit and New York City. They have large saw mills; and one company is now arranging to spend \$2,000,000 in developing the property of millions. The exploitation of Canadian mines is based on American gold. The big coal and iron deposits of Nova Scotia were opened up by Henry N. Whitney of Boston. All the nickel of Canada, which constitutes half the supply of the world, is being mined 200 miles from where I am writing. The mines and works are owned by the International Nickel Company of the United States. It has spent millions of dollars in putting up its machinery, and in getting out the ore, and its property is worth tens of millions. The United States Steel company owns big iron deposits north of Lake Superior and the largest tracts in the heart of the Cobalt silver field belong to American companies, headed by Erie of New York, and backed, so I am told, by millions belonging to the Standard Oil Trust. In addition to this there is a vast amount of American money going into the west. The amount which has come in within the last three or four years is said to be something like \$100,000,000, furnished in small sums by American farmers settling there. There are other millions going into elevators, water powers and flour mills.

CANADA'S BIGGEST AMERICAN PLANT.

The biggest manufacturing plant in the Canadian Dominion belongs to Americans. It is situated here at Sault Ste. Marie. It has, all told, buildings enough to cover a good-sized farm and its branches extend out so as to take in the whole surrounding country.

America practically owns the Canadian town of Sault Ste. Marie. It has the best of the lands about it and also the water power on this side of the great chute down which the waters of Lake Superior roll to the level of Lake Huron. The fall is about 19 feet and the current is such that it will develop hundreds of thousands of horse power. It was this horse power which began the investment of many millions of ill-fated American money here at the Sault. I refer further on to the building up and terrible failure of these factories, which were established by F. H. Clergue and financed by the Lake Superior corporation. They are now going through the fire of reorganization and most of them will eventually pay, although the money lost by the poor people in the stock operations has gone forever. Thirty or forty million dollars or more has actually been spent upon the properties, and a great part of this is in a tangible shape. The institutions which promise most profit are rapidly being put into operation, and altogether a vast industry is rising out of the failure. The institution I am told, paid last year, the first year since its reorganization, \$600,000 above its actual working expenses, and its managers tell me that it will yet pay dividends.

ALL THIS BELONGS TO THE UNITED STATES.

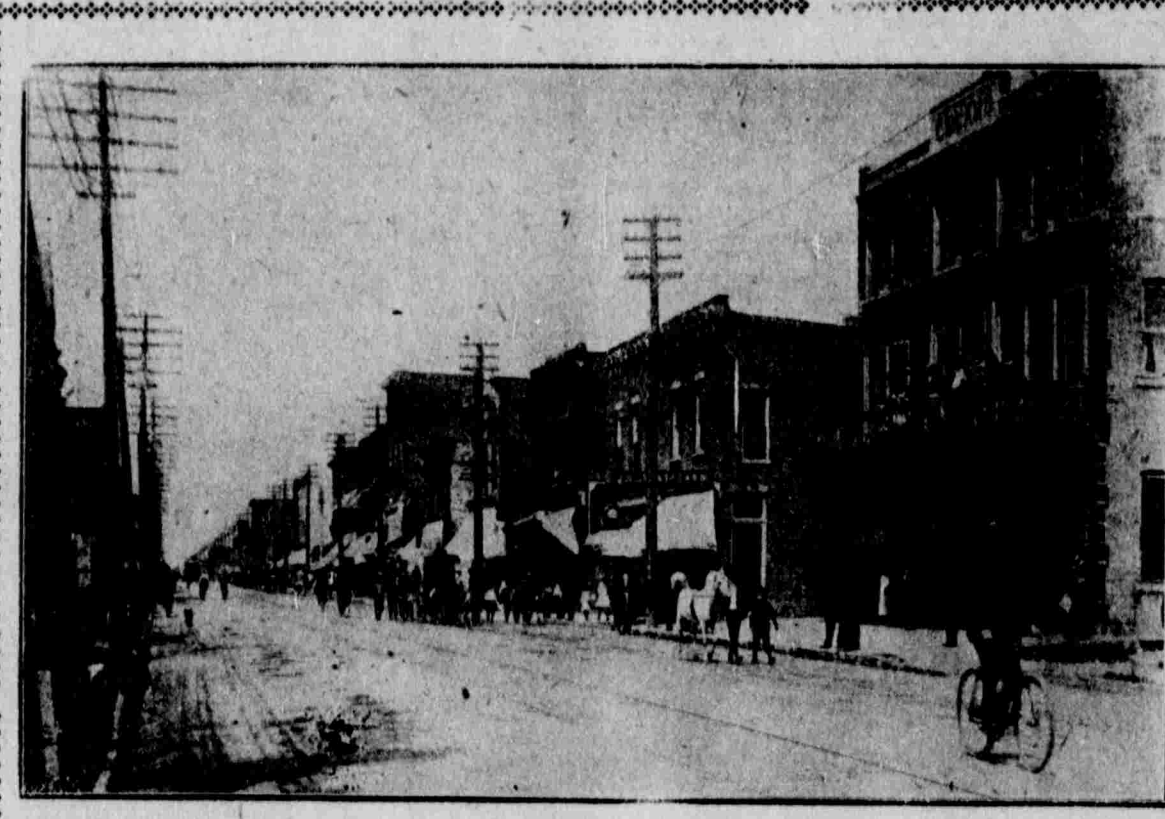
These American works are so large that I hardly know where to begin my description of them. I have spent all of today tramping through the great stone buildings on the bank of the river. One of them is the largest pulp mill on the North American continent and under it is the power plant which utilizes the vast force of the St. Mary's river. Another structure, covering, I should say, 20 or 30 acres, contains the largest steel plant in Canada, including blast furnaces, and a third has one of the biggest sawmills along the great lakes. The company has iron works and car shops, factories for making wood alcohol and charcoal, and a veneering plant, which, like many of the other institutions, is based on the Canadian tariff.

The company has built up and owns the chief franchises of Sault Ste. Marie, including the waterworks, lights and street cars. It owns the ferry across to the United States, the chief hotel, and practically controls everything.

In addition to these things here at the Soo, it has nickel mines at Sudbury, upon which it has spent \$1,000,000 or so, and iron mines in the Michipicoten range near Lake Superior. It has one dock and one steamship and barges, bringing its iron to the blast furnaces here and also to the iron markets on Lake Erie.

HARNESSING LAKE SUPERIOR.

It is a big thing to put a harness on Lake Superior. But that is what Americans have done here at the Canadian Soo. They have lassoed the world's biggest body of fresh water, and are making it work away with the force of 60,000 horses all pulling at once. Divide that force into two-horse teams, and give each team 10 feet on an ordinary roadway, and you would have one great double file of horses 60 miles long hitched to the works of this power plant. I don't know how many hundred thousand horse power the falls of St. Mary's river can furnish, but this company has already harnessed a force equal to 60,000 and can deliver that force through its canal and plant here. The water rushes into the canal at the rate of 50,000 gallons a second. It takes a good sized barrel to hold 50 gallons. If you will imagine the falling of a thousand of such barrels from the second story of your house to the



MAIN STREET OF SAULT STE. MARIE, CANADIAN CITY OWNED BY AMERICANS.

ground every time your watch ticks all day and all night, every day and every night the year through, you may appreciate something of the power which Americans own on the Canadian side of the falls.

Factories like Medieval Castles.

The main buildings of these works are right on the St. Mary's river, not far from where the great steamers pass through the Canadian locks on their way down the lakes. They look like medieval castles rather than modern factories, and are equal in beauty to any of the ruins of the Rhine or the Danube. Indeed, they remind me of the mighty forts of Delhi, in North India. They are built of a rich red and white sandstone with crenelated walls, and, notwithstanding their beauty, are said to have been remarkably cheap. A canal had to be dug for the power plant. Its path was right through the rock, and the rock taken out was this white redish sandstone. The strata was such that the rocks were just fitted for the building. Indeed, the stones could be laid up like bricks from a pile and laid in the walls without re-dressing.

ALL DONE BY WATER.

It is interesting to go through these factories and see how the power is applied. In the pulp mill, where a hundred of these wagon loads of pulp-dred are turned out every day, I saw Lake Superior grinding the logs to dust, mixing the latter with water and changing it into miles of paper for the printing establishments of the world. The output at present is such that it could paper a pavement as wide as the ordinary sidewalk clear around the world in less than three months. In the saw mill I saw Lake Superior cutting millions of feet of lumber into boards for the markets of the United

States, and in the veneering works birch logs as big around as a flour barrel were being rolled out into sheets, some as thin as your little finger nail and others as thick as the board cover of an old family Bible.

This veneering is used for the backing of mahogany and quartered oak, which is brought here in thin sheets from Grand Rapids and other places. By means of the birch they are so turned into furniture that one thinks he is getting solid mahogany or solid oak, whereas he has only the knottiest of pine or other rough wood, on which is placed a strip of birch with a film of mahogany on top. The thick veneering is also used for chair seats. Most of the opera seats are from it, and it is largely used in furniture and car-making. It seems wonderful to take a log, soak it in boiling water and then unroll it and pare it off just as you would pare an apple, into these wide thin strips of wood carpeting perhaps a hundred feet long. That is what I saw here.

As I stood by the great boiling tank in which the logs are soaked before going into the cutting machine some of the water splashed upon my head and scalded me. As I jumped back, my guide said: "We have to be very careful in throwing in the logs. It is a dangerous business. The other day one of the men stumbled and fell into that vat, and before he could be taken out he was boiled."

"Did it kill him?" I asked.

"You bet it did. I doubt if he ever knew anything after he touched the water."

HOW CANADA COMPETES WITH OUR STEEL TRUST.

The steel plant of the Lake Superior corporation, while not so large as some of those of the United States Steel company in Pittsburgh and elsewhere, is by far the largest in Canada. It has the very best of machinery and is so equipped that it can make steel rails as cheaply and as well as any plant on the continent. It is now turning out about 400 tons of steel rails per day, and it has a capacity of from 700 to 1,000 tons. It makes rails of 60, 80 and 100 pounds to the yard. The iron goes into the blast furnaces, and is turned into pigs. The pigs are smelted and go through the rail mill, and they come out steel rails, loaded on the cars and ready for shipment. The company has now an order for 80,000 tons of rails

Big American Plants Beyond the Lakes—Our Money Going Into Electricity and Car Works—Yankee Mining Monopolies and Lumber Mills—The Big American Works at the Soo—How United States Is Harnessing Lake Superior for Canada—An American Steel Plant Which Is Equipping Canada's New Railroads—The Clergue Syndicate and Its Reorganization—A Paternal Government Which Pays Big Bonuses.

right here at the Soo when the Lake Superior company failed, owing thousands of dollars to its employees. The workmen went wild over their losses. They stoned the windows of the factory and a riot was imminent. Thereupon the Ontario government treasurer came down with his overcoat padded with greenbacks and the men were paid in full. This was done without any grudge and solely to relieve the distress of the laborers. The money has since been repaid by the corporation.

At the time of the reorganization of the Lake Superior company, it had poor credit and it needed money to get upon its feet. The government then stepped in and guaranteed its bonds to the amount of \$2,000,000, taking a mortgage on the Algoma Central railway as security.

But let me give you a word about the origin of this great American property, which is now operating here on Canadian territory. It began with a New England man named Clergue, and was built up by him with Philadelphia capital. The town of Sault Ste. Marie, Canada, had started to build a canal to use the power of the St. Mary's river for its waterworks, lights and street cars. It had expended about \$200,000 when it got into financial difficulties.

Then came Mr. F. H. Clergue, an American promoter and investor, who was looking up water powers and other possible speculations. He offered to assume the debt, giving the town bonds for what it had spent, and in return he was to have exclusive rights to the water power and the other concessions. The proposition was agreed to. He finished the canal, and started one enterprise after another. He interested American capital in his propositions, and gradually increased his capitalization, as he added the various plants, until at last the capitalization was over \$100,000,000. The most of this stock was sold in the United States.

In the meantime Clergue had secured concessions for the railroad and had begun to build it. He had built his timber lands for that. He had bought some assets, and borrowed money here and there, intending to reduce the matter by electricity generated through the power plant here, putting up enormous machinery for that purpose. This was a failure. At least it has been so up to this time.

As Mr. Clergue went on he found it difficult to make ends meet. He paid dividends, so it is said, out of the capital stock, and borrowed millions outside. When his notes came due he had no funds to meet them. The company went into the hands of a receiver, and the assets were bought in for some thing like one-tenth of the amount of the stocks and bond issue. Since then the company has been taken out of the hands of the receiver. It has been reorganized, and named Clergue, and was built up by him with Philadelphia capital. The town of Sault Ste. Marie, Canada, had started to build a canal to use the power of the St. Mary's river for its waterworks, lights and street cars. It had expended about \$200,000 when it got into financial difficulties.

The real manager now is Mr. Sawyer, a Cleveland man, who was for years connected with the Carnegie Steel company, and who seems to thoroughly understand the various enterprises here going on. He tells me that the object of the present company is not to exploit or promote, but to stand pat and develop the business in sight.

"We shall," said he, "take up such branches of our work as pay best, taking care of the iron we have in the furnace and avoiding everything that looks like stock jobbing. We have now had charge of the property a little over a year, and we feel safe in saying that it will eventually be a valuable one."

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