

The Chronicle

Banking, Insurance & Finance.



ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXI. No. 20

MONTREAL, MAY 19, 1911.

Single Copy - 10c
Annual Subscription \$2.00

STANDARD OIL JUDGMENT.

THE trouble about anti-combine litigation is that there is no finality about it. It is a characteristic of those who delight in this kind of war that they are never satisfied. If the judgment goes against them, they want it reversed or nullified by new legislation, and if it goes for them, they want more. The fact of the matter is that while fully recognizing the necessity for effective legal measures against combinations in restraint of trade and against public interest, we cannot ignore the fact that a large proportion of this kind of business is simply playing to the gallery for political ends. The judgment of the Supreme Court against the Standard Oil Company, sweeping as it is, was hardly delivered before the Washington statesmen were expressing profound misgivings as to the interpretation of the anti-trust law giving the courts the right to determine whether or not a monopoly is reasonable, and declaring a reasonable monopoly not to be a contravention of the statute. We cannot help thinking that an unwillingness to recognize a difference between what is reasonable and what is unreasonable is in itself in the highest degree unreasonable. Certainly, not every monopoly is unreasonable or detrimental to the public interests. There are some businesses which are natural monopolies and in which competition is an unmitigated public nuisance. For instance, the telephone, gas and electric light businesses. Once you begin to define conditions upon which competition is permissible in these businesses you are doing exactly what the Supreme Court has done—you are recognizing a distinction between reasonable and unreasonable combinations in restraint of trade.

People who expect that the long-suffering and much pitied consumer is going to get his coal oil at a lower price, or have half a pound of tea thrown in with every gallon as a bonus are very likely to be disappointed. The killing of the octopus (supposing the octopus to be dead, which we very much doubt) is not going to lower the price of coal oil materially, because as a matter of fact the octopus never raised the price of coal oil unduly. It would, we think, be found upon careful investigation, that the influence of the Standard Oil Company has had the effect of reducing the cost of coal oil to the consumer. Not perhaps out of pure benevolence or public spirit, perhaps rather as a matter of sound business policy. Where the monopoly has undoubtedly been oppressive is in its remorseless policy of crushing out all competition, even at the cost of ruining all would-be competitors.

In declaring the Standard Oil Company of New Jersey to be an illegal combination in restraint of trade, the Supreme Court has formed a valuable precedent, which may lead to the extinction of many holding companies, which are unquestionably devices for evading the law and which incidentally facilitate a good deal of stock watering and divert many streams of profit from the pockets to which they legitimately belong. All trade combinations are apt to be judged by those, the influence of which is pernicious, and by the most notorious (which as a rule only means the most successful) of these. Combines at their worst are a curse; at their best they may serve many useful purposes. They may reduce the cost of production and especially of distribution to a minimum, and they may make it possible to raise wages to the maximum. There is a difference, and the Supreme Court with its usual practical common sense has recognized it.

PAPER INDUSTRY IN CANADA AND THE UNITED STATES.

THE enthusiasm of the United States press for the Reciprocity agreement, is explained very thoroughly upon the lines generally anticipated by the Tariff Board's report upon its investigation into the cost of pulp and newspaper print paper in Canada and the United States respectively. A ton of news print can be made for \$5.35 less in Canada than in the United States. In Canada, the average cost is \$27.53, in the United States \$32.00. The duty at present is \$3.75. A ton of pulp wood costs twice as much in the States as in Canada, and some of the older American mills have much less modern equipment than the newer Canadian mills. The total average cost of a ton of ground wood pulp in bulk at a mill in the United States is \$14.59; in Canada it is \$9.56. The total cost of a ton of sulphite fibre in the United States is \$31.39; in Canada it is \$26.47. The total materials entering into the manufacture of a ton of news print paper in Canada are shown as \$16.89, and in the United States as \$22.74. The labor cost of a ton of paper in the United States is shown to be \$3.27, and in Canada, \$3.19. All other allowances for manufacturing costs in the United States are \$6.87, and in Canada \$6.45. Labor costs in all the items concerned run very closely alike. To save a fraction of a cent on news print, the average American newspaper would sacrifice a good