

UNITED SHOE MACHINERY COMPANY.

Laws of Canada and the United States Are Levelled at Big Corporation—Company's President Issues Lengthy Statement.

The United Shoe Machinery Company is being assailed both in the United States and in Canada. In the neighboring republic, the company was indicted last week for alleged violation of the Sherman Anti-Trust Act. One indictment charges a monopoly of the trade in shoe machinery and a conspiracy to monopolize the same. The trial will take place some time during the winter months.

A complaint under the Combines Investigation Act of Canada was lodged against the United Shoe Machinery Company of Canada, a branch of the United States corporation, late in 1910. The company was alleged by Quebec complainants to be acting in restraint of trade. Judge Cannon of Quebec granted a request for an inquiry under the law. The application went through a maze of technical protests to the highest court, the privy council. A writ of prohibition, effective until September 15th, was obtained and that alone restrained the board of investigation from proceeding under the order of Judge Cannon. The Canadian board of investigation will probably begin its hearings shortly.

In the meantime President Sidney W. Winslow of the United Shoe Machinery Company, Boston, in view of the indictments in the United States, has issued a statement to the public in defence of the company's operations. He says in part:—

"I feel that the public should be made acquainted with the following facts:

"1. The item of machinery is the only item of cost in the manufacture of shoes which is lower to-day than in 1899, when the United Shoe Machinery Company was formed.

As to Royalties Paid.

"2. The company has lowered many of its charges and has never increased royalty charges or charges for materials furnished manufacturers. The initial cost of the machinery equipment of a shoe factory is lower to-day than ever before.

"3. The average royalties paid by a shoe manufacturer for the use of all machines furnished by the company in the manufacture of all types and grades of shoes is less than 2½ cents per pair of shoes. This includes the Goodyear welt shoes, on which the highest royalty paid on the most expensive shoe is less than 5¼ cents per pair.

"4. Goodyear welt shoes constitute less than one-third of the total annual production of the United States. On 164,000,000 pairs of shoes out of the total annual production, including Goodyear turn shoes, McKay shoes, Standard screw and loose-nailed shoes, the amount of royalty received will average less than 1½ cents per pair, and this is all the company receives for the manufacture, installation, use, care, and service in keeping the machines in running order and for instruction of operatives.

Three Hundred Machines.

"5. The company now makes over three hundred different machines, some of which are leased to manufacturers, many of which are sold outright and most of which can be either leased or purchased as the shoe manufacturer may prefer.

"6. The United Shoe Machinery Company has many millions invested in machines in shoe factories, and its returns on this investment are not as large, proportionately, as the returns received by the successful shoe manufacturers on their investment.

"7. Of the 7,106 individual holders of the stock of the corporation 4,325 are residents of Massachusetts and more than half the stockholders are women.

"8. The operators on the company's machines in shoe factories are much more regularly employed and receive higher wages than under the conditions existing prior to the formation of the company.

Notes of Wages Paid.

"9. The wages paid at our Beverly factory average higher than those paid in any other factory of equal size in Massachusetts. According to the official report of the Massachusetts State Bureau of Statistics, the City of Beverly held first place in Massachusetts in 1908 with an average annual wage of \$640.17. The average of the Beverly factory exceeds that of the city. The weekly wages in 1910 averaged \$15.75.

"10. The provisions for the comfort, safety, health and happiness of the employes at the Beverly factory are not excelled and perhaps not equalled at any other factory in the world.

"11. The company's business has always been carried on frankly and above board.

"The nature of our leases has been a matter of public knowledge for years. The leases have been printed in the public press over and over again. The well-known fact that the public are not familiar with the technical details has given certain critics of the company an opportunity to misrepresent the real facts.

"We have given the Department of Justice every facility for conducting its investigation.

"The company has been advised from the day of its organization by able and high-minded counsel, who have been thoroughly familiar with every page of its history and in whose judgment its course has not in any way been opposed, to the letter or the spirit of the law.

"We have never believed that we were doing business in violation of the law and the action of the Grand Jury has not changed our opinion on that point.

Consolidation of Three Companies.

"12. The three companies doing business in 1899, by the consolidation of which the United Shoe Machinery Company was formed, were not competing companies. The principal machines which each made did not interfere with the machines made by any other of the three companies.

"The Goodyear Shoe Machine Company chiefly made machines for sewing the sole to the upper in welt shoes and various auxiliary machines which helped to perfect the shoe. The Consolidated & McKay Lasting Machine Company made machines for lasting a shoe—an entirely distinct operation. The McKay Shoe Machinery Company made machines for attaching soles and heels by metallic fastenings and furnished material for that purpose.

Object of Consolidation.

"The object of the consolidation was not to destroy competition. The purchase was to reduce the cost of production of the machines, to improve the quality of service furnished without increasing the cost to the shoe manufacturer and to give to each manufacturer who might wish it an opportunity to get from a single company under these improved conditions such of these machines as he might need in that department of his factory in which soles and heels are attached to uppers—the machines in what is known as the bottoming room.

"13. The beneficial results of the consolidation and the company's methods, both to the shoe manufacturer and the consumer, have been manifest. By leasing machines to all manufacturers, large and small, on the same terms the company enables the small manufacturer to have a credit with every leather dealer, previously entirely unknown; to establish himself in business and continue business without tying up a large and perhaps a prohibitive amount of capital in his machinery, conscious that he is under no disadvantage in competing with the large manufacturer, who perhaps might feel better able to tie up a portion of his capital in costly machinery, subject to more rapid depreciation than the machinery employed in any other large industry.

Competition in Manufacturing.

"Competition in the shoe manufacturing industry in consequence is more free than in any other extensive industry. There are over 1,200 individual concerns in the United States.

"Under the royalty system a shoe manufacturer can start in business with a modest capital, and although shoes are made on a close margin of profit, the capital being in liquid form can be turned several times a year, thus giving the manufacturer a substantial profit on the total volume of business while giving the consumer the benefit of the narrow margin of profit on each pair of shoes. There is no other large industry of which this is true.

"The watchword of the company has been efficiency—efficiency in the manufacture of machinery, efficiency in inventing and improving machinery, efficiency in keeping that machinery in the best possible operating condition.

To Keep Machines Repaired.

"It is and has long been the policy of the company to maintain at its own expense a large force of skilled mechanics whose business and duty it is to attend and keep in perfect repair all machines leased to manufacturers of shoes.

"The shoe manufacturer cannot practically give his attention to the manufacture or repair of machines. He must center his efforts, skill and energy on making shoes. For him this company furnishes, keeps in repair and improves all the machinery necessary for making shoes.

"It gives practically without charge all the benefits of research, study and invention in the art of shoe machinery."