

GERMANY SPREADING COMMERCIAL ARMS

More Trade To Be Done With Canada—What a Close Observer Saw in the Fatherland

Germany year by year is taking a greater interest in Canada and is obtaining a larger share of the Canadian import trade.

The Dominion Government has recognized this development in Canada's trade relations and recently appointed at Hamburg, as special trade commissioner for Germany, Mr. C. F. Just, a capable and most suitable officer. Those who have studied the development of Germany and know the indomitable commercial energy of its citizens, anticipate considerable strengthening of the trade between Canada and the Fatherland.

The great development proceeding in Germany, of which so many of us in Canada are unaware, is strikingly shown in a volume, just published, by W. H. Dawson, under the title, *Industrial Germany*. It is well worth the perusal of those interested in this development. Mr. Dawson says that perhaps no specially German characteristic has proved of greater service in the struggle for commercial and industrial mastery than the faculty for organization and co-operation, and continues:—Individualism is good where it has free play, but under modern industrial conditions pure individualism is inadequate, and even were it not inadequate it is impracticable in many large spheres of private enterprise. The most striking expression of this instinct for organization is seen in the remarkable growth of large undertakings. In German official industrial statistics the employment of fifty workpeople connotes a "large" enterprise, but in fact such enterprises are nowadays regarded as very small. A dozen years ago an establishment of 1,000 workpeople was gigantic, but to-day no number below that would in the estimation of the industrialists themselves qualify for admission to the ranks of "large" undertakings. The occupation census of 1907 showed that there were 1,423 industrial undertakings employing over 500 persons, and that the average of all was 1,080. Of these undertakings 420 were in the mining, smelting and saltworks industries, with an average of 1,444 employees; 319 were in the machine and instrument manufacturing industries, with an average of 1,120; 416 were in the textile industry, with an average of 790; and 108 were in the metal working industries, with an average of 880.

Share Capital Increased.

Again, while between the years 1886 and 1909, the number of share companies in Germany increased by 144 per cent. (from 2,143 to 5,222), the amount of their share capital increased by 203 per cent. (from £243,800,000 to £736,865,000). In 1909 there were six companies with a capital between £7,500,000 and £10,000,000; five with a capital between £5,000,000 and £7,500,000; 19 with one between £2,500,000 and £5,000,000; 28 with one between £1,500,000 and £2,500,000; 47 with one between £1,000,000 and £1,500,000; and 124 with one between £500,000 and £1,000,000—giving a total of 229 companies, each with a capital exceeding £500,000, figures of striking significance in view of the fact that thirty years ago Germany seemed to be the chosen land of the small entrepreneur.

Tendency to Concentration.

The tendency to concentration is particularly strong in the coal, iron and steel, and electrical industries, and in banking enterprise; but it is also seen in retail trading in the form of the great stores. Against the old political maxim "Divide and rule," the modern Cæsars of industry and commerce advance the principle "unite and conquer." For years a hot fight raged over the theory of free competition, but now that free competition is every one's right, the men who clamoured for it have suddenly ceased to compete. The union now in favor may take various forms—a loose convention, a close combination, or a formal fusion or amalgamation—but whatever the form, the ends sought and, in fact, attained, are the elimination of competition and greater economy in working.

The extent to which concentration has been carried latterly may be illustrated by a list of some of the best-known enterprises with the capital they employ:—

Industry and Commerce.

F. Krupp, Essen	£9,000,000
Gelsenkirchener Bergwerksgesellschaft	7,800,000
Allgemeine Elektrizitäts-Gesellschaft	7,750,000
Phönix Colliery Company	5,000,000
Deutsch-Luxemburgische Bergwerks Gesellschaft	5,000,000
Siemens-Schuckert Werke (Electrical)	4,500,000
Berliner Handels Gesellschaft	5,500,000
Hamburg-American Shipping Co.	6,250,000

Nord-Deutscher Lloyd Shipping Co.	6,250,000
Grosse Berliner Strassenbahn	5,000,000

Finance.

Deutsche Bank	£10,000,000
Dresdner Bank	10,000,000
Reichsbank	9,000,000
Discontogesellschaft	10,000,000
Darmstädter Bank	8,000,000
A. Schaffhausenscher Bankverein	7,000,000
Commerz und Disconto Bank	4,250,000
National Bank	4,500,000
Mitteldeutsche Kreditbank	3,000,000

Here are 19 undertakings with an aggregate capital of £127,750,000, or an average of £6,750,000. Nearly all these huge undertakings have reached their present form by the absorption of a series of allied and, as a rule, rival enterprises. The great firm of Krupp is no exception to the rule. Undertaking after undertaking has been acquired until the gigantic Essen enterprise, with all its ramifications, now employs no fewer than 70,000 persons; and if members of families are counted, the livelihood and fortunes of nearly 250,000 persons—or exactly the combined population of the four smallest German principalities—are dependent upon the prosperous working of this one enterprise. The amalgamated works comprise six coal mines, a number of iron mines, cokeries, six iron and steel works, including rolling mills, the famous cannon works at Essen, a large shipbuilding yard, and a fleet of vessels for the Rhine transport service, worked from Rotterdam. The various works of this firm consume 2,500,000 tons of coal yearly, most of which is obtained from its own mines.

About the Krupps.

The direct line of Krupp is now extinct, yet it generally happens that some masterful personality is behind the enterprises united in the modern "combines," and these he is said to "control." The influence of individual men like Herren Stinnes, Thyssen, Funke, Haniel, Kirdorf and other industrial leaders of West Germany is enormous. So far has concentration gone that a well-known industrial leader said not long ago that the industry of Germany was to-day practically dominated by three hundred men. Herr Stinnes alone directs a combination which owns or "controls" over twenty coal mines, seven iron works, many iron ore mines in various parts of Germany, as well as in Luxemburg and France, twenty-six trading and shipping companies in seven countries, and a number of wholesale coal depots for the handling of his firm's output.

The recent evolution of one of the largest of his enterprises well illustrates the energy and ambition of the present generation of coal and iron magnates. Ten or twelve years ago, the German Luxemburg Mining and Smelting Company was formed with a capital of £50,000, on the ruins of a still smaller undertaking which had failed to keep abreast of the times. One by one additional undertakings were absorbed by the new company—coal mines, iron ore mines, smelting works, etc.—necessitating constant increases of capital, until the combination now represents a fusion of at least a dozen concerns in Luxemburg and Westphalia, with a working capital exceeding £5,000,000. Not only so, but the success which was not possible to the small enterprise has attended the course of the larger, the shares of the company to-day being quoted at 75 per cent. above par.

Regarding the Coal Industry.

The colliery industry of the Prussian provinces of Rhineland and Westphalia is more and more passing under the domination of a few large combinations, inasmuch that legislation had to be passed several years ago, with a view to protecting the interests of the mining population.

Mr. Dawson then deals at length with the coal industry and continues:—

The same struggle between "pure" and "combined" works is going on in the iron and steel industry, and again the cause must be sought in the irresistible movement towards concentration. To-day the "pure" works, producing either iron ore, pig iron, or steel, are nearing extinction, and the mixed works are supreme.

Meantime, production falls more and more into the hands of a few large companies. In 1873 there were 244 separate iron works with 379 blast furnaces, and an average annual production per furnace of 9,200 tons; but in 1910 there were (Luxemburg included) 99 works with 303 blast furnaces, and an average annual production of 149,000 tons.

Mr. Dawson discusses in his book, published in English by Collins Press, London, the following phases of German life and industry:—Population and occupations, natural resources, state railways, development of the waterways, industrial concentration, the cartels and syndicates, central power and light supply, the organization of labor, the organization of capital, the home industries, and the colonial movement.