men; that the faculty for forming combinations increases as the scope is narrowed, and that that power becomes more easily wielded as the numbers controlling it become fewer. At the same time this consolidation of power in the hands of a few, has lessened their personal responsibility for the proper use of that power; sense of personal obligation to the community becomes submerged in vast corporate entities. The possible resulting abuses call for some restraint that shall take the place of the old personal obligation. Government supervision and publicity must be that substitute. The man who conducts a small business thinks of the obligation he owes to his customers and to the community in which his small business is carried on. Too often, it happens that engaged in one of these large organizations, the persons so employed think only of their obligations to the corporation which employs them, it is so vast, its demands absorb all their attention. A sense of obligation to consumers or society generally is lost. This makes it imperative upon the government to safeguard the community against undue encroachments on the part of these powerful concerns.

But there is an additional reason for government supervision and publicity at the instance of the state. The form of organization which enables wealth to become concentrated in the hands of a few, and secures great commercial powers to these few, is itself rendered possible only through conditions created by society, of whose interests the state is the guardian, and by the direct agencies of government itself.

All organization on a large scale is alone rendered possible by the peace and security which the state assures, and in the maintenance of which the heaviest expenditures of government are incurred. Without the concessions made by the public, and guaranteed by the state, the agencies of transportation and communication, the railway, the telegraph, and telephone, the postal service, could not exist for a day, and the fact that personal responsibility, in the case of these large organizations, tends to become less, is a very strong reason why the government should step in and see that something is established in the nature of a control which will bring back that sense of responsibility to the public which every one engaged in any industry should experience and exercise.

I would like to point out the relation which the legislation we are introducing bears to that adopted in other countries. In the first place the government has sought, in the Bill brought down, to avoid some of the limitations which experience has shown to have been prejudicial in the case of some legislation adopted in other lands. For example, take the experience of our neighbours to the south. The Sherman Anti-Trust Act was introduced about twenty years ago. The United States has had the experience of that legislation for that period of time, and their experience ought to be helpful to us; it ought to be helpful at least in preventing us from making the mistake which they have admittedly made. The great mistake which was made by the Sherman Anti-Trust Act, and a mistake which has been made I think in discussions on the subject even in this House, has been that the measure was aimed against trade combinations as such. In looking over the debates that have taken place in this parliament I find that speaker after speaker has said that these combinations must be stopped, we must put them down, we must have legislation that will suppress them. Now, that is ignoring altogether the inevitable tendency of the present day, which is consolidation and co-operation of forces, for one cause or another. Section 1 of the Sherman Act reads:

> Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations, is hereby declared to be illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanour, and, on conviction thereof, shall be punished by fine not exceeding $5,000, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

The effect of that legislation was that for the first few years, under the Harrison administration, the courts interpreted the law as meaning, and no doubt that is what the framers had in mind, that a combination had to be formed with the deliberate intent of limiting competition against the public interest, and unless intent could be proved, the Act became of no service. Then a decision was given in an important case, the Trans-Missouri Freight Association case, in which the Supreme Court held that the matter of intent was secondary, that all it was necessary to prove was that the combination existed, and that would bring the parties under the law: That interpretation actually made nine-tenths of the business of the United States illegal, and the courts found that unless they were going to make the law ridiculous altogether, it was better to leave it alone. The effect was this, that when it was realized that a trust in the nature of two or three concerns operating together under a joint agreement was an illegal thing, the lawyers at once got to work and said: Let us form 'holding corporations', instead or having these agreements, let us bring our forces to-

gether and have one concern. The result was the formation in larger numbers than had ever been known before in the United States of these great aggregations of wealth into one concern. Then came the Roosevelt administration, in which the one concern itself was held to come under the Sherman Anti-Trust law, and we all remember the experience the United States had in trying to work out the law under that interpretation placed upon it by the courts in the case of the Northern Securities Company. In effect this decision outlawed every industrial concern of first importance. They tried then to make a distinction between the good trust and the bad trust. The administration claimed for itself the right to say that a certain trust was good and really did not come under the Act, and another trust was bad and should come under the Act. This has been the history of that legislation up to the present time. Since President Taft has come into power he has had to be his own interpreter in a measure, and has had to say frankly that the Act as interpreted by the courts would put out of business nine-tenths of the concerns in the United States, and that so far as his administration was concerned they were not going to administer the law according to the interpretation the courts have given it, but according to their own interpretation. Now that is a kind of error which this parliament should seek to avoid; let us not place on the statutes any Act which will necessitate a contradiction between the wording of an Act itself and the interpretation of those who administer it.

Mr. R. L. BORDEN. I do not quite understand how they administer it on a different principle to that which the courts have adopted.

Mr. KING. They do it in this way. The federal government enters the prosecutions, and the federal government has refused to take up any prosecutions unless its own interpretations is satisfied in the first instance. I will read on this point an extract from President Roosevelt's message to Congress in 1906:

> The actual working of our laws has shown that the effort to prohibit all combination, good or bad, is noxious where it is not ineffective. Combination of capital, like combination of labour, is a necessary element in our present industrial system. It is not possible completely to prevent it; and if it were possible, such complete prevention would do damage to the body politic. What we need is not vainly to try to prevent all combination, but to secure such rigorous and adequate control and supervision of the combinations as to prevent their injuring the public, or existing in such forms as inevitably to threaten injury. . . . It is fortunate that our present laws should forbid all combinations, instead of sharply discriminating between those combinations which do good and those combinations which do evil. . . .

There is a curious admission for the chief executive of great nation, that their present laws forbid all combinations instead of sharply discriminating between those who do good and those who do evil. President Taft found, I think, that he would be undertaking more than he cared to handle in this endeavour to distinguish between good and bad trusts; because in his special message to Congress on January 7, of the present year, he gives his interpretations of the law, and has something to say about distinguishing between good and bad trusts:

> The increase in the capital of a business for the purpose of reducing the cost of production and effecting economy in the management has become as essential in modern progress as the change from the hand tool to the machine. When, therefore, we come to continue the object of congress in adopting the so-called 'Sherman Anti-Trust Act' in 1890, whereby in the first section every contract, combination in the form of a trust or otherwise, or conspiracy in restraint of inter-state or foreign trade or commerce is condemned as unlawful and made subject to indictment and restraint by injunction, and whereby in the second section every monopoly or attempt to monopolize, and every combination or conspiracy with other persons to monopolize any part of inter-state trade or commerce, is denounced as illegal and made subject to similar punishment or restraint, we must infer that the evil aimed at was not the mere bigness of the enterprise, but it was the aggregation of capital and plants with the express or implied intent to restrain inter-state or foreign commerce, or to monopolize it in whole or in part.

Mr. J. HAGGART. How are you to find out the abuse of the combination?

Mr. KING. By investigation, I think investigation is the only way—where there is a prima facie reason for believing that the combination is doing injury, and I can think of no other method of discovering whether that assumption is correct. But I will go into that point later. The President continues:

> The object of the anti-trust law was to suppress the abuses of business of the kind described. It was not to interfere with a great volume of capital, which, concentrated under one organization, reduced the cost of production and made its profits thereby and took no advantage of its size by methods akin to duress to stifle competition with it.
>
> I wish to make this distinction as emphatic as possible, because I conceive that nothing could happen more destructive to the prosperity of this country than the loss of that great economy in production which has been and will be effected in all manufacturing lines by the employment of large capital under one management.

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