# Canadian Branch of American Combine to be Investigated.

## New Act will be Tested—Many New Mergers are Being Arranged.

### ALLEGED COMBINE TO BE INVESTIGATED.

#### United Shoe Machinery Company of Canada Will Be the First Concern to Test the New Act—Judge Cannon's Order.

Judge Cannon, of the Quebec Superior Court, has issued an order granting an investigation of the operation of the United Shoe Machinery Company of Canada. This has been received by the Department of Labor and the Dominion government is taking steps to inaugurate the investigation at once. These facts were made known in the House of Commons at Ottawa this week. The United Shoe Machinery Company of Canada is a branch of a combine of the same name in the United States.

Each party, in the present dispute, had the right to appoint one member of the investigating board, the two to agree on a chairman. Otherwise the government would appoint the chairman. "I may also tell the House that the government has decided to appoint a special solicitor," said Mr. King, "to assist the complaining parties in determining the most effective means of getting the information required, and conducting the fullest investigation."

Sir Wilfrid Laurier said that he was gratified to assist in the adoption of the resolution, although it laid a large contract upon the government. "We have not the power to compel it," said he, "but an earnest effort will be made to secure it by every legitimate means."

**What Judge Cannon Says:**

The order of Judge Cannon reads as follows: "Inasmuch as the company for a long period kept control of the market for shoe machinery by every means in its power, especially by insisting on leases, practically all manufacturers of boots and shoes are in consequence bound to it by contracts containing special restrictive conditions, and are unable, except at the cost of complete disorganization of their factories and at excessive expense, to purchase or acquire any machine they may require in their business, except from the company; the result is that manufacturers of boots and shoes throughout Canada are absolutely tied down to the company, compelled to buy the company's machines, parts and supplies, as provided in their contracts, at the company's own prices, and are deprived of the benefit of all competition.

"Moreover, the said company is the Canadian representative of the United States Machinery Company, of Boston, a foreign corporation, and is owned or controlled by the said parent corporation or interests allied thereto. The said parent corporation is a combination, merger or amalgamation of numerous companies manufacturing and dealing in boot and shoe machinery, and controls in the United States the business of manufacturing and dealing in boot and shoe machinery in a somewhat similar way and extent to those above indicated as the method and extent of the control of the boot and shoe machinery business in Canada by the United Shoe Machinery Company of Canada.

**How Prices Are Affected.**

"The said combine affects prices as follows:—

"It compels all manufacturers of boots and shoes, having contracts with the company or requiring any one of their machines to obtain all their machinery from it, also to buy from the company certain supplies used in the manufacture of boots and shoes. It prevents them from buying machinery that would do the same or better work from other manufacturers or dealers, and in like manner restricts their purchase of supplies. It thus places them at the mercy of the company as regards prices for machinery and supplies, increases the cost of their machinery and supplies, and thus increases the cost of the manufactured article, boots and shoes. By thus increasing the cost of manufacture, the price to the consumer is thereby increased on all the principal lines of boots and shoes. The percentage of such increase the applicants are unable to state, but it must be large, for the extra cost of supplies purchased from the company used in connection with the metallic system alone is between forty and fifty per cent. over the cost of similar supplies in the open market.

**Combine Restricts Competition.**

"The said combine also restricts competition in machinery used in the manufacture of boots and shoes, as it destroys the market for all other manufacturers and dealers in such machinery, who are unable to make sales to boot and shoe manufacturers. It prevents the establishment of Canadian industry in the making of such machinery and keeps the whole of such business in the hands of the company and it stifles all incentive to invention or improvement in the machines, the more so as the company insists on the letter of its contract and invokes the aid of the courts to prevent the purchase by manufacturers of boots and shoes of any machines other than its own. On the other hand, the company's unchallenged control of the shoe industry in the past has been so complete that there has been no incentive on its part for effort to improve its machinery.

**Increases Manufacturing Costs.**

"This combine also, by increasing the cost of the manufacture of boots and shoes and thus necessarily making the selling price of the manufactured article higher, restricts the manufacturer's sales and thus to some extent injures the manufacturer as well as the consumer.

"It works to the detriment of makers of competing machines, as it prevents the sales of such machines.

"The company is the holder of patents under the Patent Act and has made use of the exclusive rights and privileges which as such holder it controls, so as to restrain and injure trade or commerce as aforesaid.

"The names of the persons said to be concerned in the alleged combine are: The United Shoe Machinery Company of Canada and its officers and agents, more especially Sidney W. Winslow, its president, and George W. Brown, its general manager and treasurer, both resident in or near Boston, in the Commonwealth of Massachusetts, and Frank W. Knowlton, of Montreal, its manager and agent of the business in Canada; and also the various boot and shoe manufacturers in Canada, with whom such contracts are made, among others, The John Ritchie Co., Ltd., The Wm. Marsh Co., Ltd., Tourigny & Marcia, the Louis Gauthier Co., all of the city of Quebec, and also J. B. Blouin & Co., of the town of Levis."

**Is a Big Concern.**

The United Shoe Machinery Corporation, of which the company to be investigated is a branch, was incorporated in New Jersey in 1905, to acquire control of the United Shoe Machinery Company. Under the plan of readjustment, the preferred stock of the United Shoe Machinery Company received par in preferred stock of the United Shoe Machinery Corporation, together with 1½ per cent. in cash. The common stock of the United Shoe Machinery Company received 150 per cent. in common stock and 3 per cent. in cash. According to the latest figures available, the United Shoe Machinery Corporation had out on lease in the United States on March 1st, 1909, 70,353 machines. In 1906, the number was 48,900. The general balance sheet of the United Shoe Machinery Company, the operating company, makes an interesting showing. Cash and debts receivable amount to $10,000,000, and leased machines, stock and bonds of other companies, to $19,000,000. On the other side of the ledger, the capital stock of $20,850,000 is placed as a liability, while there is a surplus of $18,542,000. These figures give an idea of the size of the corporation and the extent of its business.

### MEMBER WANTS MUCH INFORMATION.

In the Commons this week, Mr. Meighen moved for a return supplying all documents, papers and information of every kind touching the methods and operations of trusts and combines in the United States—certainly not a small order! He said that Canada was now developing huge mergers, usually the result of parent combines in the United States. If not checked, the power of these corporations would become more autocratic and despotic than the power of Parliament itself.

Replying, Honorable Mr. King, Minister of Labor, said much of the information regarding the workings of these trusts was difficult to secure. He was satisfied that the working of the Combines Act would, however, prove a material protection for Canada.

### AUSTRALIA TALKS TO AMERICAN MEAT TRUST.

The following memorandum has been handed to the press by Sir R. W. Best, Minister of Trade and Customs for Australia:—

"For several months past it has been an open secret that representatives of a meat trust have been visiting Australia ostensibly with the object of extending its operations here.