

phase of industrial development. At page 3 of the preface, Mr. Collier says:

The great advantages of mammoth business organizations should not be overlooked. Such organizations are necessities in the present conditions of American industries. They seem to be the only effective agencies whereby we can develop our much needed foreign markets, whereby we can dispose of our surplus products, and thus give constant employment to our workers and toilers. Much of our anti-trust legislation has overlooked this fact. There is, indeed, a danger that in our attempts to stop monopolies we may cripple our productive energies and stifle enterprise and bring our country into a condition of industrial degradation and into bankruptcy.

The same writer, at page 300 of the same volume, cites other advantages:

We are living in a day of great things. Business opportunities are gigantic, industrial undertakings are enormous, commercial projects are vast, and great business organizations have become a necessity since the dawn of industry, there has been a constant tendency for them to increase in size. Next, the present system of business is characterized by excessive competition, there seems to be a tendency to carry the struggle of competition to such an extent that it becomes injurious to the consumers as well as ruinous to the competitors themselves. Modern competition is destructive and self-destructive; it has a tendency to end in monopoly itself. Modern competition is often unreasonable, and if it were not for the possibility of unreasonable restraints, agreements for its discontinuance would command themselves to the public as being highly proper. Consolidation and combination render possible cheaper production and infinitely cheaper distribution; the competitive system is so expensive in its operation that the price we pay for many articles is far in excess of the cost of actual production plus what would be a fair profit, if the best and most perfect methods of organization were adopted. There are gigantic evils resulting from the lack of regulation of industry; consolidation makes possible a better control and will enable these adopting this form of organization to sell goods at lower prices.

If matters were to end there, we would probably have no need for the kind of legislation we are now introducing. The advantages of large combinations of capital are so obvious, that, I say again, if these large combines had regard to the public interest as well as to the private interests of their shareholders, there would be no need of any legislation to watch or control their operations. Unfortunately, human nature being what it is, we cannot believe that these organizations consider primarily the good of the nation as a whole as opposed to the interests of those whose capital is in their hands; and it is the business of the government, therefore, to see that no private interests shall be allowed to operate against the public good. Where, through the development of an industry, or other cause, we

have the growth of a great power in the hands of individuals, with the possibility of that power being used to further private ends at the expense of the public good, there is the strongest demand on the government to see that the interests of the community are protected.

I was asked further if we had any reason for believing that any of these combines were operating in a manner detrimental to public interest. I replied that I did not wish to make any individual charges one way or the other. But the government is forced to recognize such representations as come to it from reliable sources.

On February 26, 1909, a deputation waited upon the hon. the Minister of Finance, and the right hon. the Minister of Trade and Commerce, with a view to invoking the aid of the government of Canada in the control of combines. The deputation, accompanied by a number of members of parliament, including Mr. F. C. Drury, master of the Dominion Grange; Mr. James McEwing, M.P.P.; Mr. H. J. Pettipiece, ex-M.P.P.; Mr. J. W. Currie, K.C.; Mr. W. L. Smith, editor of the 'Weekly Sun', and Mr. J. Woods, of Gordon McKay & Co. I shall not read the memorandum at length, but simply say that these gentlemen represented that there was an inevitable tendency, as a consequence of the tariff of this country, towards consolidation in the shape of trusts and combines, and that they had reason to believe that, in a very large number of industries in this country, such combines were operating to the detriment of consumers. They cited a number of commodities produced, and went on to state that there were at least one hundred trade combines in Ontario which were collecting in the aggregate millions of dollars per year in the form of exorbitant profits. They also urged that the government should take further action towards the control of these combines, and pointed out that their representations had been also voiced by the newspapers of all shades of political belief, the Orillia 'Packet'; Windsor 'Record'; Woodstock 'Sentinel-Review'; Hamilton 'Herald'; Calgary 'News'; London 'Advertiser'; St. Thomas 'Journal'; Moncton 'Transcript', and that other papers had been particularly outspoken. Organized bodies such as the Dominion Grange, they further pointed out, had also pronounced upon the matter, and, by formal resolution, had called for the relief which the situation demanded.

Then hon. gentlemen will remember that some few years ago there were certain disclosures in Toronto, arising out of prosecutions which were begun under the Criminal Code regarding a number of combines, which, it was alleged, were then carrying on their business in a manner detrimental to the interests of the people.

I might remind the House of the select committee of inquiry into the question of trade combines appointed as far back as 1888. That committee, during a sitting of two and a half months, discovered the existence of thirteen combines which, it represented, were not operated wholly to the advantage of the people, but were taking a rather unfair advantage of the organizations they had formed. Then we have had in the last few years several cases in the courts in different parts of the Dominion brought against parties alleged to be interested in these industrial combines.

I might refer to one or two extracts which set out the other side of the case. I have referred to the advantages which these trusts may exercise. Let me now point out briefly the disadvantages. When the subject was discussed some years ago, my hon. friend from East Grey (Mr. Sproule) read from a pamphlet written by Mr. Wm. W. Cook, of New York, and I would like to put the extract which he read before the House again as presenting another point of view:

The modern trust is a monopoly in its purpose, its plans and its culmination, it is a combination that strikes down all competitors. The parties combine to control the market and to control it without competition. To all these the public at each end of the industry, the producer and consumer is, and is intended to be, in a certain sense at the mercy of the syndicate or combination. The main purpose, management and effect of all upon the public is the same, to wit: the aggregation of capital, the power of controlling the manufacture and output of various necessary commodities. The acquisition or destruction of competitive properties all leading to the final and conclusive purpose of annihilating competition and enabling the industries represented in the combination to fix the prices at which they would purchase the raw material from the producer, and at which they would sell the product, refined or useful, to the consumer.

Mr. Jenks, in the book from which I have quoted, giving the advantages of these large combines, has given, at page 213 a summary of the disadvantages. In this connection he points out as follows:

Enormous as these benefits to society may be from this better organization of capital under the new regime, no less pronounced are the evils. (1) Investors of capital are often grievously wronged through concealment of facts and deception practised by promoters and directors at the time an industry is organized, and, later, through misrepresentation of the condition of business and methods in which a business is carried on.

(2) A second class of persons injured is that of the stockholders. Directors not infrequently manage the business in their own interests, regardless of those of the stockholders. At times it is really made less profitable, or is so managed as apparently to be less profitable, in order to depress the stock

on the market and to enable the directors through gambling speculations to reap large profits.

(3) Persons, not members of a corporation, may be injured as consumers by high prices, which can be kept high, provided the combination can secure monopolistic power. The temptation to keep prices above former competitive rates, is, of course, greatly increased when the corporation has issued large amounts of watered stock.

(4) The producer of raw material may be injured by low prices, which the combination, by virtue of its being the largest, if not almost the sole buyer, can compel the producer to accept.

(5) The combination may so increase its power as to injure the wage earners by compelling them to accept lower wages or to work under less favourable conditions than would be granted by competing concerns. So, too, the power exercised, apparently arbitrarily at times, of closing part of the plants to avert a strike, or even to affect the stock market, is dangerous.

(6) It may happen at times that the larger organizations will exert so powerful an influence on our political organizations that the purpose of the state will be directed away from the common weal.

(7) The mental tone of the business community may be lowered by depriving individuals of the privilege and of the power to enter independently into business as readily as could be done were capital less concentrated.

(8) And, again, the moral tone of business may be lowered. If the larger organizations employ unscrupulous methods in dealing with competitors, or customers, or labourers, their greater power, especially, if it is great enough to give them a partial or complete monopoly for a time, will have a much more detrimental influence than the same acts of an individual, both on account of the range of its application and of the more powerful influence of its example. . . . The power of the manager of the large corporation is greater, and the injuries, both economic and moral, to the public from his selfish acts may be much more severe.

So you see, from the extracts I have read, that this writer, who speaks from a very wide range of experience, sees possibility of evil from these large organizations to all classes—investors, stockholders, consumers, producers, wage-earners, political organizations and the mental and moral tone of the business community.

It is apparent that no single act can hope to cope with all these possible evils, and the most that can be reasonably expected is that individual forms shall be dealt with as the special need asserts itself. In this legislation it is the interests of the consumer and producer, rather than the interests of the investor or stockholder that it is hoped to protect.

Sufficient has been shown to make quite clear that through large combinations of capital, in the form of corporations of one kind or another, enormous power has become concentrated in the hands of a few