a great exception. But did you notice that it was revealed by the investigation that these profits were not made by paying the farmers too little for their hogs and charging the consumers too much for their pork and bacon? Instead, the complaint was made during the investigation by one of the lawyers that the competing packers had forced the price too high for the welfare of city consumers by competing against one another for their supply of hogs. The somewhat astounding fact was also shown that the Wm. Davies Company, in 1916, made a profit of only 3-5 of a cent a pound, and in 1917 of only 2-5 of a cent a pound on the goods it handled. The profits of the Matthews-Blackwell Company did not exceed these figures. Thus if the substantial profits these companies made had been redistributed to the producers and the consumers it would not have increased the price to the producer or lowered the price to the consumer last year by more than 1-5 of a cent a pound. Their great profits were made possible only by the fact that they did an enormous business on a very small margin of profit, so small that most small butchers and packing plants could not compete against them. Had their margins of profit been unduly high, it would have been easy for any small butcher to buy and handle his hogs and thus break up their combination, yet most small butchers found it impossible to do this and therefore they had to buy most of their supplies from these firms. No suggestion was made as to how the cost of handling the products of the company could be reduced.

While the Wm. Davies Company made a profit of only 2-5 of a cent a pound last year, it cost them in their retail stores 19 to 21 cents a pound to handle the goods they sold. It would seem, therefore, that even if the profits per pound were not large, the cost of operation was unduly high. This was the case. It is right here where lies the secret of the whole difficulty. The cost of operation in the lines of business mentioned, as well as in many others, is too high. It has caused the ruin of hundreds of firms having only a small turnover. Until we find what causes this condition and take steps to reduce the cost of doing business we will never be able to solve the problem of why the farmer receives so little for his produce and the consumer pays so much.

Evolution of the Situation.

Existing conditions have evolved largely during the last half century. Fifty years ago, when our cities were small, it was possible for city residents to obtain most of their supplies from farmers living nearby. The farmers used to drive in with their vegetables, meat, butter and eggs and sell them direct to the consumers. Thus, there were few middlemen to come between the consumer and the producer.

During the past fifty years our cities have grown rapidly. Farm produce now has to be shipped long distances. This has made it necessary to enlist the services of other parties to transfer this produce from the producer to the consumer. Because it has been easy for people to see the growing number of the middlemen who handle their food, it has been natural for them to conclude that they are the parties who are guilty of creating existing conditions. The cry of protest against the increasing cost of living has, therefore, been directed largely at them. The public appears to fail to recognize the fact that still other influences have been at work during the past fifty years which constitute the main cause of their difficulties, rather than the much abused middlemen. It is because these other factors in the situation are not so readily apparent that the public has not appreciated their importance. Let us examine some of them.

The Real Middlemen.

The real middlemen who are exploiting the public may, for the most part, be placed in three classes.

First, there are those men who have gained a monopoly of the natural resources of the country, such as coal, steel and oil mines, water powers, timber limits and other similar necessities of the common people.

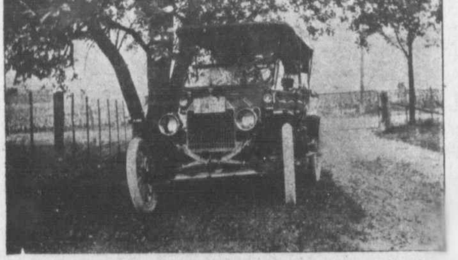
Second, there are those men who are growing wealthy through the continent-wide monopoly of land. These men are the worst offenders of all. They are closely allied to those mentioned in class one.

Third, there are those men who have been able to form trusts and combines behind our tariff walls, and by squeezing out other small competitors, reducing the supply and increasing the price, have thus been enabled to exploit the public to the extent of millions upon millions of dollars a year.

Closely allied with the three classes specified might be mentioned another class of men who are to be found associated with all the foregoing groups. These are the men who, because of the monopolies they enjoy, including in some cases railway rights of way, have been able to water the stock of the companies in which they are interested to the extent of hundreds of millions of dollars and then to force the people to pay them prices which enable them to declare dividends on this watered stock or to resell it in the form of stocks and bonds, often at prices far above par. Let us examine very briefly how these monopolies place the public under tribute to them.

The Small Piece of Land on which This Building Stands is Worth About $1,000,000.

High land values impose an enormous burden on the people of Canada. The illustration shows the C.P.R. building, King and Yonge Sts., Toronto. The owners of this piece of land, which is worth about $1,000,000, have leased it to the C.P.R. for 99 years. They draw an enormous rental but have to give no labor or service in return. The tenants in the building pay this rental in their rentals and charge it up to the public in the cost of their services. The public pays it in the end. This is an extreme case but only one out of tens of thousands. The accompanying article explains how this condition affects the prosperity of the common people.



This Automobile Illustrates How the Tariff Taxes the Common People.

People who favor high tariffs often fail to realize the important effect the tariff has on the high cost of living. The illustration shows a Ford automobile. They cost this year in Canada $495. In the United States they cost $360. The tariff accounts for the difference in price of $135. It is understood that about 20,000 of these automobiles were sold in Canada this year. Multiply $135 by 20,000 and we find reason to believe that the tariff cost the owners of Ford automobiles alone in Canada this year $2,700,000. This money was not received by the Canadian Government. It went into the treasury of the Ford Motor Co. of Canada. The charge was largely passed on to the Canadian people in the ways described in the accompanying article. Multiply this example by hundreds of other protected articles and we begin to see what our tariff laws cost the people of Canada. Henry Ford is said to be a believer in free trade as it would greatly reduce the cost of his raw material.

The Monopoly of Natural Resources.

All the great coal mines of the continent were seized years ago by small groups of men who are able to regulate the supply of coal for all the rest of the people. Government reports show that there is an abundance of coal to supply the needs of the public for several centuries to come. The policy of the coal barons has been to produce only enough coal to enable them to charge the highest possible price for it, thus netting themselves the greatest possible returns at the least expense. Many enormous fortunes have been [illegible] these monopolists. The pub[illegible] for these charges in a hundred [illegible] ways. Every man pays part of these charges when he buys coal for his own use. What he does not realize, however, is that he pays another part when he buys almost every article his needs necessitate. For instance, the manufacturer or store-keeper includes the cost of the coal he buys in the selling price of the article he sells. Therefore, when a person buys a suit of clothes, a piece of furniture or a meal in the restaurant the cost of the coal used in their manufacture or preparation is added to the price charged for them. Thus if we take a restaurant keeper or a butcher as our example, we find that part of the extra prices they are forced to charge for the articles they handle represent unfair prices they are required to pay—even although they may not realize it—to the coal barons for the coal they buy. Still another of the charges is concealed in the wages that they pay their help, as they must pay their employees large enough wages to enable them to buy coal at the prices set by the coal monopolists.

The same principle applies to all other necessities. J. D. Rockefeller is an example of a man who has made hundreds of millions of dollars through his monopoly of the oil wells of this continent. Very nearly every person who buys oil is forced to pay tribute to the Standard Oil Trust. Thus to the extent that the restaurant keeper or the butcher uses oil, either in running an automobile, oil stove, or in any other capacity, these charges must be added to the cost of the meat, butter, eggs and other articles which they sell. In such a case, who is the grafter?

Andrew Carnegie is a man who made his millions through the monopoly of great steel mines. In a hundred and one ways the public has been

(Continued on page 22.)