

ranging at a much higher rate than they do in a free trade country like Great Britain, and the difference while not wholly attributable to these causes may be due in part to them, and this is one factor that should be considered. One feature that should also be considered is that where you limit competition from without and manufacture is carried on within by only a limited number of producers, a very strong inducement is put in the way of the men controlling these industries to unite their forces and to see that they get to themselves as far as they can, the full benefit of any increased price which the tariff may permit. A large number of persons have the impression that the tariff in this way has become responsible in part for the formation of these trusts and combines, and a large number of persons feel that what the trusts and combines have done has been to seek to gather within their own group the industries that are protected, and then to take care to see that the full advantage which the tariff gives them goes to themselves as a consequence. What we are seeking to do in this measure is to see that where an advantage comes to an industry through the tariff, the whole of that advantage shall not necessarily accrue only to the persons who are engaged in the manufacture, but that some of it should be reserved for the general public in whose interests, as a whole, the tariff has been framed.

That brings me then to the other phase of this question. I hope I have shown that this legislation, in so far as it relates to prices, is not based on a belief that trusts and combines are the sole causes of the increases in price that have taken place. The most that is urged in that connection is that trusts and combines may have caused and possibly are one of the causes in some cases for the increase in price, and if that can be shown in any direction, then the government, in view of the general feeling throughout the country, owes it to the community to give some means of finding out whether such a cause actually exists or not and if so of providing the necessary protection to the consumer.

Another point I would like to make clear is that trusts and combines may not be injurious, that in some respects they may be profitable. That is a point that has been raised. This legislation is in no way aimed against trusts, combines and mergers as such, but rather only at the possible wrongful use or abuse of their power, of which certain of these combinations may be guilty. To illustrate the possible advantage of these large combinations of capital, I shall quote an advertisement which I find in one of the local papers, relating to what is sometimes spoken of as a

combine, the Canada Cement Company, Limited. I find in the 'Citizen' of December 11, 1909, the following advertisement:

WHAT IS THE CANADA CEMENT COMPANY, LIMITED?

Then it describes it as:

an amalgamation of eleven of the twenty-three cement plants as follows:—(enumerating them.)

It continues in large letters:

Note the territorial distribution of these plants—from the St. Lawrence to the Rocky Mountains. Obviously in a business where the demand extends from ocean to ocean, there are economies in filling orders from the nearest available plant instead of shipping half across the continent. This explains one purpose of the organization of this company.

Clearly what is stated in the advertisement is absolutely correct. There are obvious economies in filling orders from the nearest plant instead of shipping half across the continent. But the question the country is asking is: Where have we seen of the result of that obvious advantage? That is one of the questions which we hope this legislation will help to answer. In the Ottawa 'Citizen' of December 14, 1909, other advantages are set out in an advertisement headed:

Useful vs. useless competition.

It says:

But there is a form of competition that is wasteful, useless and harmful. To illustrate from our own business. If each of eleven cement mills maintain selling agencies in every part of Canada and ship its products to the most remote points, the aggregate cost on this score is obviously greater than if there were only one selling organization, and all orders were filled from the nearest mill.

Who pays the cost of excessive competition? Ultimately the consumer must pay it. Eliminating the excessive cost of this wasteful competition will enable business to be done at a reasonable profit with ultimate savings to the consumer through reductions in price.

These are obvious examples of the good which large consolidations of that kind could bring with them, and I think that if the public find they are getting some of the benefits of these obvious and inevitable consequences of large organizations, they will take no exception to them; but they want to feel sure that the machinery exists somewhere whereby they can be assured that they are getting, within reasonable bounds, some of the advantages which are so inevitable.

The Hamilton 'Times,' referring to the alleged projected merger to be known as the 'Dominion Cannery' Association, Limited, has the following:

In regard to the object of the merger, it is said by the manager of the Canadian Cannery Association, that the purpose is to keep the cost of production down, by which the consumer would also benefit. One of the reasons of the merger is, he said, that competition had greatly affected the trade, the race having been for the cheapest product, but not the best. That would be overcome as more advanced methods would be applied and only the best produced, so that the public would be assured of the quality of what they received.

Similarly, an article in the Toronto 'Globe' of January 31, referring to the new combine to be known as the Amalgamated Asbestos Corporation, Limited, has the following:

One of the chief aims of the association will be the exploitation of the use of asbestos in fireproof construction.

There is no doubt that these large organizations have opportunities of furthering the business in which they are engaged that would not be open to a smaller concern. They have facilities to get into other markets, and if they use those facilities in such a way that the general public get some benefit out of it, as well as the organization itself, the public antipathy to them should be greatly lessened.

An article of the Toronto 'Star' of February 16, referring to the alleged combine of large firms engaged in the fish business on the Atlantic coast, has the following:

The authorized capital of the new company will be \$1,000,000, and it will aim to make the fresh fish business of Nova Scotia of national importance. The Bank of Montreal is behind the scheme, and controls the Atlantic Fish Company.

Clearly it is the interests of the fish trade on the Atlantic coast to in every way get for its product as large a market as possible. The more the fish business is developed in the maritime provinces, the better it should be, other things being equal, for the people of these provinces, and the more you look into the question of these organizations the greater the reason for belief in the possibility of good to the consumer provided there be some means of effective control.

Mr. HODGINS. The hon. gentleman mentioned the Canada Cement Company. I might say that in November last the International Cement Company of Hull were charging \$1.50 per barrel of cement delivered at the railway station in my place, but as soon as the merger was formed the price was raised to \$2.09 per barrel. I simply mention this in order to draw the attention of the House to the effect which such mergers are likely to have.

Mr. KING. That information has come to me from other sources. In speaking with some gentlemen associated with this merger, they contended that the cement

people were being much misrepresented in popular opinion, and that if the public could see what had taken place, they would be perfectly satisfied that no unfair profits were being charged. I propose to let any company which has reasonable ground for believing that the public is under a misconception have the facts brought out so that the public may be in a position to form an accurate opinion. If the consumers feel that they are not getting justice, we ought to give them an opportunity of finding out whether or not the facts justify their beliefs. These are some of the advantages claimed for the trusts, and it will be to the public interest that, in cases where the public consider they are not being fairly treated, the evidence as to the facts should be made known.

Perhaps no one has given a more thorough study to the whole question of trusts and combines than Mr. Jeremiah W. Jenks, of the United States, professor of Cornell University, and who for some years was an expert agent of the United States Industrial Commission. Mr. Jenks has also been engaged in several important investigations for the American government. On this question he is recognized as the leading authority on this continent at present. In his book entitled 'The Trust Problem' he states what are the main advantages of trusts, and in considering this legislation it would be well to place his views on record in order that the public may not be mistaken as to the attitude in which this matter is being approached by the government. On pages 212 and 213, Professor Jenks says:

Combination saves a waste of capital by the prompt abandonment of poor or badly situated plants and the concentration of energy in the best ones which can be run to their full capacity and all of the time; by making the best possible use of waste material through the production of by-products; by pushing, often at much expense, markets into new fields, both at home and abroad, through the employment of the ablest men and the best advertising devices, which could not so well be afforded by smaller institutions. There is great saving of energy in the elimination of cross freights; in the best possible division of labour and in the organization of correlated branches to the best advantage; in the securing of the best ability to manage industries; in making the best distribution of managing ability, giving each person the work for which he is best adapted; in furnishing opportunities fit for the employment of the greatest capacity in all fields of business management, opportunities which could not be furnished without the enormous power that comes from the concentration of capital.

Similarly another authority on Trusts, Mr. Wm. E. Collier, sets forth the results of his experiences. Mr. Collier is New York state civil service commissioner, and has made a complete investigation into this