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PRINCIPAL CONTENTS OF THIS ISSUE

TWO GOVERNMENT INVESTIGATIONS

The United Shoe Machinery Company has had the doubtful pleasure of being investigated as an alleged combine by the governments both of Canada and of the United States. While nominally the companies are distinct, in reality the Canadian concern is a subsidiary of the Boston firm. The Canadian investigation was reported in some detail at the time in these columns. The matter has received additional interest in view of the recent decision of the Supreme Court at Washington, which held, in effect, according to a despatch from that city, that the Sherman anti-trust law does not forbid the mere combining of non-competitors in an industry. The company was held to be a legal concern.

In Canada, two of the investigating boards concluded that the United Shoe Machinery Company of Canada was a combine. They reported on October 18th, 1912, their conclusions as follows:—

"Such advantages as are claimed by the company for its system of doing business, when they are not inconsistent with the existence of competition, are not vital to a consideration of whether competition is unduly restricted; neither are any complaints made by the manufacturers where the ground of these complaints would disappear if the way were open to competition.

"Eliminating from consideration all those elements of the relations between the company and its customers, we find that:—

"The United Shoe Machinery Company of Canada is a combine, and by the operation of the clauses of the leases, quoted in the foregoing, which restrict the use of the leased machines in the way therein set forth, competition in the manufacture, production, purchase, sale and supply of shoe machinery in Canada has been and is unduly restricted and prevented.

"In view of all the circumstances of the case, however, we consider it necessary that the delay of ten days prescribed in clause 23 of the Combines Investigation Act be extended to an additional period of six months, and we recommend that such delay be granted."

The representative of the company on the investigating board signed a minority report, stating that, while the facts established by the evidence submitted to the board were set out in the majority report, he differed with the other members of the board with the conclusions that were drawn from those facts. He thought that, considering the company's methods as a whole, they were not against public policy. The company, he added, had been of manifest advantage to the manufacturer of boots and shoes, to the labor operating the machines, and to the consumer.

Discussing the case against the United States company, District Attorney French, who had charge of the government case against the corporation, is reported as saying:—

"The question which has just been decided by the Supreme Court was merely one of criminal pleading. The great and important issue between the people of the United States and the United Shoe Machinery Company is whether or not the latter is a monopoly in violation of the Sherman act, and this depends largely, if not wholly, upon the view which the courts will ultimately take regarding the tying clauses in the leases, or, generally speaking, of the patent question involved. Upon these