MANUFACTURERS AND COMMISSION HOUSES.

Regulation of Prices of Goods Sold Abroad—Are Any Changes in the System Desired?

A report of the American Manufacturers' Exporters Association, dealing with the question of the regulation of the prices of goods sold abroad, the committee says:—

"This is a most important question affecting all interests, but one which, admittedly rests with the manufacturer, and not with the export house. The statement as to the plan generally adopted up to the present is correct, and that the manufacturer fixes a standard price for the exporter, selling to all at this figure for cash or quantity, and the foreign buyers have been charged accordingly plus the export house's commission.

"The important points are: Does the manufacturer wish to change this position which has worked well in the past? Does he desire to try and differentiate between the large and small buyers in the foreign market? Does he think his interest will be served by trying to apply to foreign trade the system in vogue in this country where he has several standards of price based on the trade to which he sells, and again, has he given this important consideration careful thought to base any proposed new action on?

Position of Commission Houses.

"If the manufacturers have decided upon this change and the alteration of their trade methods in the export business, it is up to them to act and they will not be thwarted in any way by the commission houses, but it is a question whether there is judgment and wisdom in the contemplated change, if it is contemplated. Our own opinion is that few of the manufacturers interested in export trade contemplate such a movement, but even if they do it is no argument for the handling of the business abroad direct with the foreign customer as you appear to consider. Such a radical change, however, will not be easy. The manufacturer must decide on the market in which to try the experiment—he must determine which foreign buyers he will concede the lower terms to for quantity orders—this will necessitate his own traveller visiting said market, or he must arrange by the advice of the commission houses here who know the buyers.

Terms With Foreign Customer.

"The details being arranged he must then notify all commission houses doing business in that market the exact terms he has arranged with each foreign customer, and must then demand that orders be sent through the commission houses accordingly. The manufacturer will run the risk, if he desired to keep the market open to all the buyers, of having the larger firms force the smaller firms practically out of business on his goods, as the larger houses being able to sell cheaper will gradually secure the bulk of the business, and the tendency of the manufacturer's action will be practically to establish one or two agents. This has been tried by some manufacturers in the past and has not proved very successful excepting in the case of a manufacturer who has a special line and does not handle a diversified lot of goods.

Sell Carload Lots.

"A number of manufacturers to accomplish this purpose in part now sell carload lots at lower prices than small quantities, which, of course, is known to the buyer abroad as well as to the commission house here, and the larger merchants take advantage of the arrangement when possible.

"The contention that commission houses will not meet the manufacturers fairly and give the names of buyers abroad when approached with sufficient reason for the desired knowledge, or that they will not disclose the market to which goods are going, and in fact are not willing to co-operate fully with the manufacturer when the object is for mutual and joint protection, is not usually correct.

"Naturally, the commission house may have spent much money and time to establish themselves in a market, and who know that a manufacturer is seeking information for purposes which cannot appeal to the commission house, is loath in such case to place information they possess at the disposal of the manufacturer.

Depressed Prices.

"The manufacturers themselves, we find, have been the greatest factors in depressing the prices of their goods abroad and injuring the American trade by indiscriminate quotations to all who write them from abroad for prices, and in dong this they have injured the large buyers who handled their goods regularly, and this should be avoided. English, German and French houses act in a different way and never quote in their catalogues or on their discount sheet their bottom figures. They thus protect the house abroad in securing a profit and also the home buyer."

DOMINION OF CANADA TRUST CORPORATION'S

Directors Have Been Somewhat Bold in Their Operations, Says a Critic—The Company's Position.

That the appeal in London for capital made by the Dominion of Canada Trust Corporation, Limited, was only moderately successful, 145,411 shares being taken up out of 400,000 offered (£100,000 were underwritten), is the statement made by the London Investor's Guardian. "Consequently," says that journal, "the company's operations had to be curtailed, which was unfortunate, for the enterprises which it had for immediate handling were of considerable magnitude, requiring the use of large capital. The condition of the balance sheet as at the end of June last, showing the position after fifteen months' work, indicates that the directors have been somewhat bold in their operations. At the outset, however, they appear to have met with a remarkable check.

Government to Build the Road.

"The two particular enterprises which they had in view in forming the company were the building of a railway in Nova Scotia and the acquisition of control of large timber areas, through which much of the projected railway was to pass. The company duly took up the business, obtaining a charter for the railway, with agreements for substantial subsidies from both the Dominion and the Provincial Governments. When, however, overtures were made to the Provincial Government to amend the charter to enable the capital to be more easily raised in Europe, the Dominion Government interposed with a decision to build the line itself, for which purpose it secured the necessary financial appropriation from parliament. The corporation appears to be sadly nonplussed. It had incurred heavy expense in connection with surveys, reports, etc., a total outlay of £34,123 being scheduled in the balance sheet—which in due course would have been recouped, with a substantial profit, out of the flotation of the railway company; the action of the Dominion Government threatened to negative all this preliminary work. A claim for compensation has been made to the Dominion Government, and the directors anticipate an early and fair settlement.

As to the Lumber Proposition.

"The lumber proposition relates to (i) an area of 310,000 acres of 'timber-bearing' land, on which are six large sawmills, conveniently situate at the mouths of rivers; (ii) a half-share in another property of 50,000 acres, on which is a large up-to-date mill, capable of sawing seven million feet of lumber per annum, and (iii) rights over 500 square miles of territory in Labrador, where there is a waterfall capable of developing 1½-million horse-power. A lumber company has been registered to hold and operate these lands; the organization of this company, in which the Trust Company will hold nearly all the bonds ($2,980,000) and one-half ($1,500,000) of the stock, has not yet been completed, and meanwhile the enterprise is involving the Trust in some heavy financing. The cost of the property and expenses incurred have amounted to £205,348, and a further £14,283 has been advanced for working capital, the total commitment to the 30th June amounting to £219,631. The issued capital of the Trust is only £150,411, and to finance the lumber purchase it has had to incur a debit liability of £132,737, and a further liability of unascertained amount to provide working capital.

Heavy Strain on the Company.

"It is somewhat unfortunate that the Corporation's accounts have had to be brought out whilst this lumber business is in course of negotiation; it is evidently a very valuable property, but the organization of the operating company, ugh apparently in every respect following a normal course, is, for the time being, obviously throwing a heavy strain on the corporation. The affairs of the corporation have been conducted economically, the general expenditure for the fifteen months since incorporation amounting to £6,930. The board of directors has undergone considerable change since the prospectus was issued. Mr. E. M. Rodocanachi has retired in favor of his partner (Mr. P. J. Agelasto); Mr. G. H. Raw has resigned, also a Paris director and a member of the Canadian board. The Canadian board has been reconstituted and enlarged."

The North American Life Insurance Company of Minneapolis, Minn., is organizing and proposes to enter the Canadian field. It is practically certain that the Dominion Government will refuse to allow the company to carry on business here under a name so similar to that of the North American Life Assurance Company of Toronto.