COMBINES BILL

Passes the Senate—Interesting Case Decided at Toronto—Box Trade Amalgamation.

THIS WEEK'S MERGER BULLETIN.
Senate Passes Anti-Combine Bill.
King's Counsel Johnston Expounds Combines.
Alleged Trade Restraint Case Decided.
Cobalt Merger Discussed Again.
Box Trade Merger Effected at Montreal.
Two Timber Companies Become One.
London Cigar Manufacturers Discuss Merger.
Steamship Combine Again Increases Rates.
Lake Steamship Merger Consummated.

In the Senate Committee on the Combines bill this week at Ottawa, Senator Watson asked if the bill would extend to the case of banks agreeing upon the rate of interest. Sir Richard Cartwright thought this matter would continue to be regulated by the law of supply and demand.

Sir Mackenzie Bowell thought one of the effects of this bill would be to defer the entrance of capital into Canada.

The bill was reported from committee without amendment, with the understanding that the Minister of Justice shall be consulted as to whether there is sufficient jurisdiction provided for the boards of investigation. Senator Lougheed having pointed out that while the case to be investigated may extend throughout Canada, the jurisdiction of the judge presiding would be confined to the province for which he was appointed.

Competition and Combines.

In an address to the conference of the wholesale and retail grocers of Ontario last week, Mr. E. F. B. Johnston, K.C., who was leading counsel for the defence of the Grocers' Guild in the recent trial, made some interesting remarks regarding combines and competition. "It is right," he said, "for a manufacturer to fix his price. He is the only one who knows what the article cost. It is not possible for him to unduly raise his price, for the moment it goes beyond a certain limit competition is attracted from outside sources. Instead of eliminating competition, a combine might result in enlarging competition.

Combine for Self-Protection.

"The grocers have a right to combine for self-protection. A combine is not illegal. It is as legal as anything else, but it must not be for the enhancing of prices, or for the restraint of trade. An associated body had a right to act as sole agents, and to refuse to handle goods for any man or firm who declined to make them his sole distributing agents. They had a perfect right to decline to trade with contract-breakers, to see that contracts were observed, and to enforce their laws by the imposition of penalties. Last and widest of all, they have the right to do all things necessary to provide for and protect their business, so long as it was done in good faith. Even if it wiped a man out of business, so long as it is done in good faith, and not from malice, it is justifiable.

What Cannot be Done.

"I will tell you the things you cannot do, and they are not many," said Mr. Johnston. "You cannot combine with manufacturers to fix prices. Leave it for your committee to see manufacturers about prices, but do not enter into any combination for that purpose. You cannot enhance prices by entering into combines. Neither can you by any means known to law coerce any man into your belief or method."

Alleged Illegal Trade Restraint.

A case was decided this week in Toronto of special interest in view of the passing of the Combines Bill. Mr. J. Lochrie, cordage manufacturer, sued the Consumers' Cordage Company, Limited, for $69,000, being $39,000 alleged to be due under a contract dated July 22nd, 1890, and $30,000 as damages for failure to carry out the terms of the agreement between the parties. According to the agreement the defendants were to supply plaintiff for twenty-one years with manilla hemp, sisal and other raw material for the manufacture of 325 tons of cordage per month. The compensation was to be at the rate of two cents per pound, payable at the end of each month in cash. Mr. Lochrie claimed that between Jan. 1st, 1899, and April 1st, 1909, the defendants had failed to supply the material and that he became entitled to collect $1,083.33 at the end of each month.

Instead of this figure, they paid him only at the rate of $270.83 per month, or a total of $28,249.64, leaving the balance for which he entered suit.

The defendants pleaded that the agreement was void as in restraint of trade and contrary to public policy, and formed part of an illegal contract between certain manufacturers of cordage and binder twine in the Dominion, by which it was sought to exercise exclusive control over the trade and limit production. If valid, however, they claimed it had been varied about 1899 by substituting for the original terms an annual amount of $3,250, payable monthly till January, 1909.

Chancellor Boyd held that the agreement to pay $270.83 per month is still good, and gives judgment for that amount from Jan. 1st, 1909, to May 1st, 1910, or $4,333.33, and declares plaintiff entitled to collect at the same rate until July 22nd, 1911. "I am not persuaded," said his Lordship, "that enough has been proved to implicate the plaintiff in the alleged illegal combination, or to deprive him of the right to recover upon a deed for good consideration, valid on its face and acted on for many years."

The Cobalt merger topic has been revived. When the Monetary Times some weeks ago interviewed the leading interests, the impression was obtained that the amalgamation of these companies will be consummated in due course, Mr. D. Lorne McGibbon probably taking the initiative. Nipissing, La Rose, Kerr Lake and Crown Reserve are the four concerns named. President Earle, of the Nipissing Co., is agreeable to a merger provided it could control 75 per cent. or 80 per cent. of the Cobalt produce. Nipissing, he says, must be the basis of this merger, as he considers this the most important property. Already this company and the La Rose are under the same mine management in charge of Mr. R. B. Watson, while five of the Nipissing directors are also on the La Rose directorate.

Mr. R. B. Watson, the manager of La Rose, reports that there have been some favorable developments recently on several of the company's properties.

Box Trade Merger.

A box trade merger is the latest in Montreal. The concerns affected are the box business of the Wm. Rutherford & Sons Company, a business which has been in successful operation for a great many years, and the more recently formed Montreal Wire Bound Box Company. The amalgamation of the two companies will be known as the Dominion Box and Package Company, Limited. The officers of the new company are: President, Wm. Rutherford; Vice-President, Shirley Ogilvie; Second Vice-President, George H. Anson; Managing Directors, D. Lorne McGibbon, Montreal; James Playfair, Midland, Ont.; F. H. Anson, Montreal; S. A. McMurtry, Montreal, and C. A. Henderson and Cushing Adams, New York. The management of the new company is made up of the directing interests of the two merged companies.

Timber Co. Buys Another.

A large timber deal has been consummated in Sherbrooke, Quebec, the Champoux Company having sold to the Brompton Pulp and Paper Company all their limits along the St. Francis River and in the Quebec Central districts. These comprise about 18,000 acres of land and a fine mill at D'Israeli. The price will be fixed by two arbitrators, Messrs. B. C. Howard and R. A. Ewing.

London Cigar Manufacturers May go to Montreal.

The cigar manufacturers of London, Ontario, propose to merge their interests and establish a large plant in Montreal. They held a meeting this week and decided to proceed with the project. Labor trouble in London is said to be one reason for the move, Montreal being thought fairly free from strike worries. A London cigar manufacturer, speaking of the contemplated amalgamation, says: "We have to compete with the Montreal firms, and they have a considerable margin on us because they can have their cigars manufactured for much less money than we can manufacture them. They have good transportation facilities, and in every way it is suited to our business. That would make Montreal by much the greatest cigar centre in the Dominion. We feel the competition in the west, as the Montreal firms have a great deal the better of us on the cost of manufacture. This western trade is growing and we must hold our own."

Ocean Freights and the Combine Bill.

The storm of protest regarding the ten per cent. primage charged for fast vessels, imposed in January by the Canadian North Atlantic Westbound Freight Conference, apparently only stayed temporarily that imposition. The Toronto, Montreal and other Boards of Trade passed strong resolutions against the increase in ocean freights, and an influential deputation waited upon the Dominion Government in connection with the matter. On certain classes of dry goods the increase was from seventeen shillings and sixpence to twenty-two shillings and sixpence. In deference to the opposition, the primage charge of ten per cent. was deleted. Since April 21st it has again been in effect. Shippers and importers are discussing whether or not the understanding existing among the Atlantic steamship lines can be examined by means of the recently enacted bill for the investigation of combines.

Merger of Lake Boat Companies.

The recent incorporation of the Merchants Mutual, Limited, capitalized at $750,000, was one of the final touches to a steamship merger completed in Toronto on Thursday. The Merchants Steamship Company, with its two boats, the Beaverton and the Mapleton; the Colonial Transportation Company, which owns the Saskatoon, recently launched on the Clyde; and the three package steamers, the A. E. Ames, the Pellatt and the Plummer, part of the fleet of the Canadian Lake and Ocean Navigation Company, will compose the new concern. The formation of the Merchants Mutual means the elimination of two steamship companies and the reduction by half of a third company's fleet.

Accept Stock in New Company.

The Merchants Mutual Line has hitherto operated the various vessels, each company retaining its individuality. In the transfer the boat owners will accept stock in the new company in exchange for their interest. The price involved in connection with the six boats is approximately $850,000. Mr. J. W. Norcross, of Messrs. Norcross & Co., will be the managing director of the new company. The four bulk freighters—Turret Court, Turret Cape, Turret Chief and Scottish Hero, which with the three package freighters mentioned, composed the Canadian Lake & Ocean Navigation Company's fleet, will still be operated under that company, but they will be separated from the Merchants Mutual Line, which is to be a package freight service only.

Messrs. Mackenzie, Mann & Co. are understood to be considerably interested in the new company.