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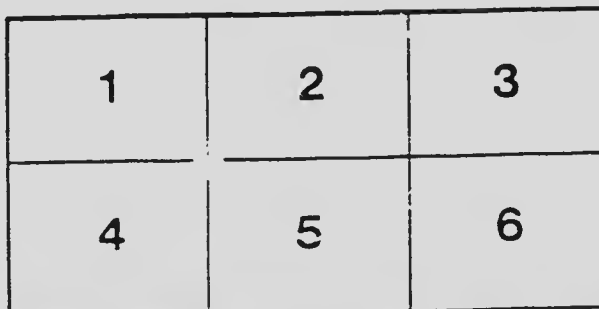
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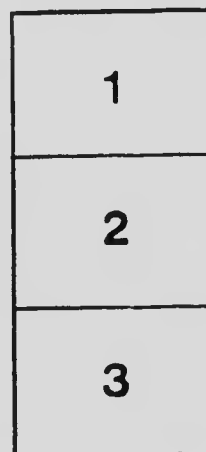
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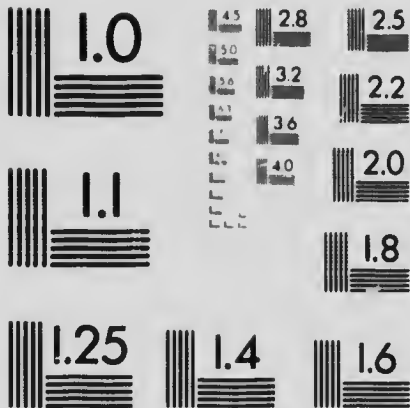
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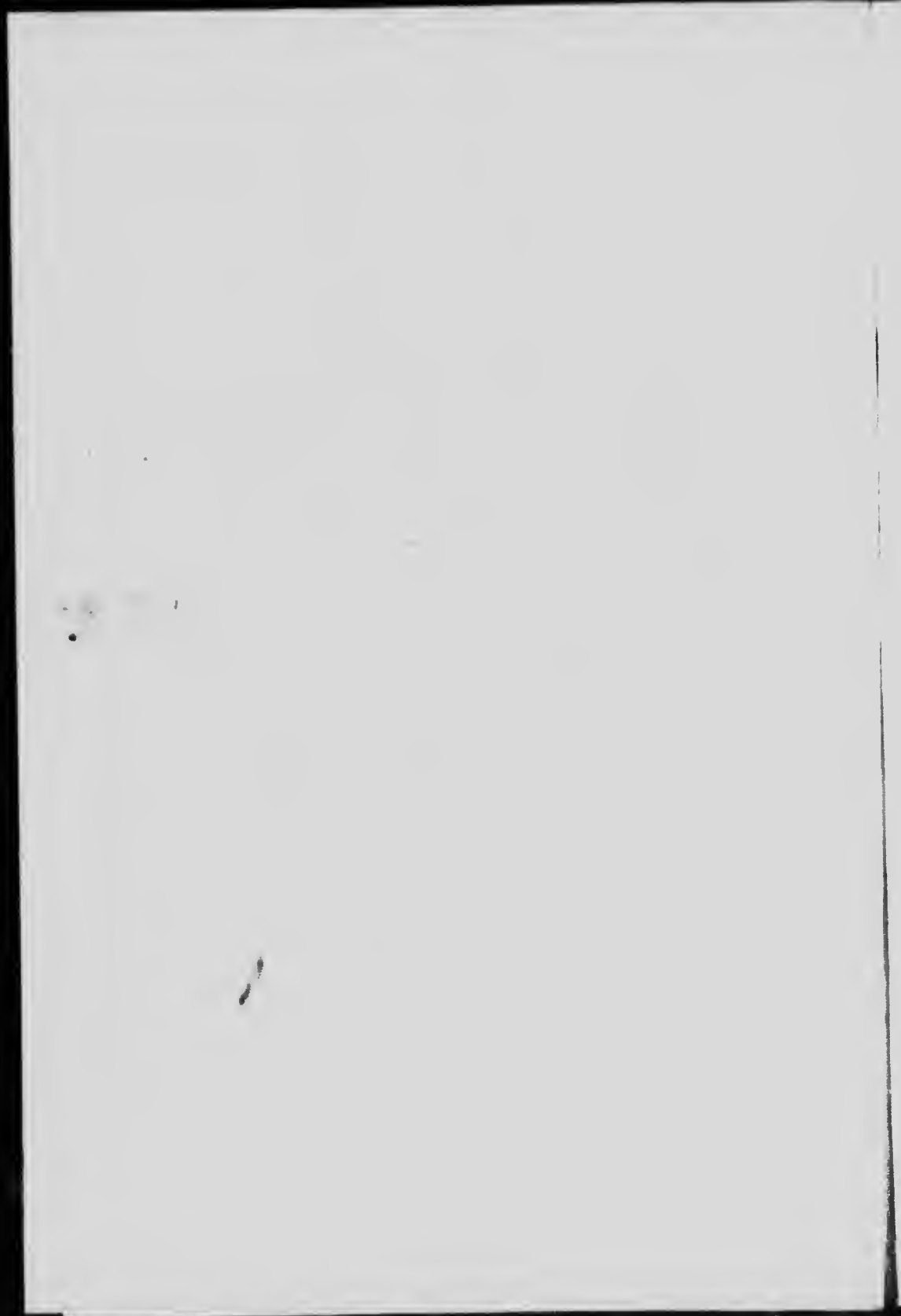
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# The New Slavery

..  
H. PERCY SCOTT, M. A.

Author of  
"Seeing Canada and the South"

---

TORONTO  
WILLIAM BRIGGS  
1914

HC 114

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1914

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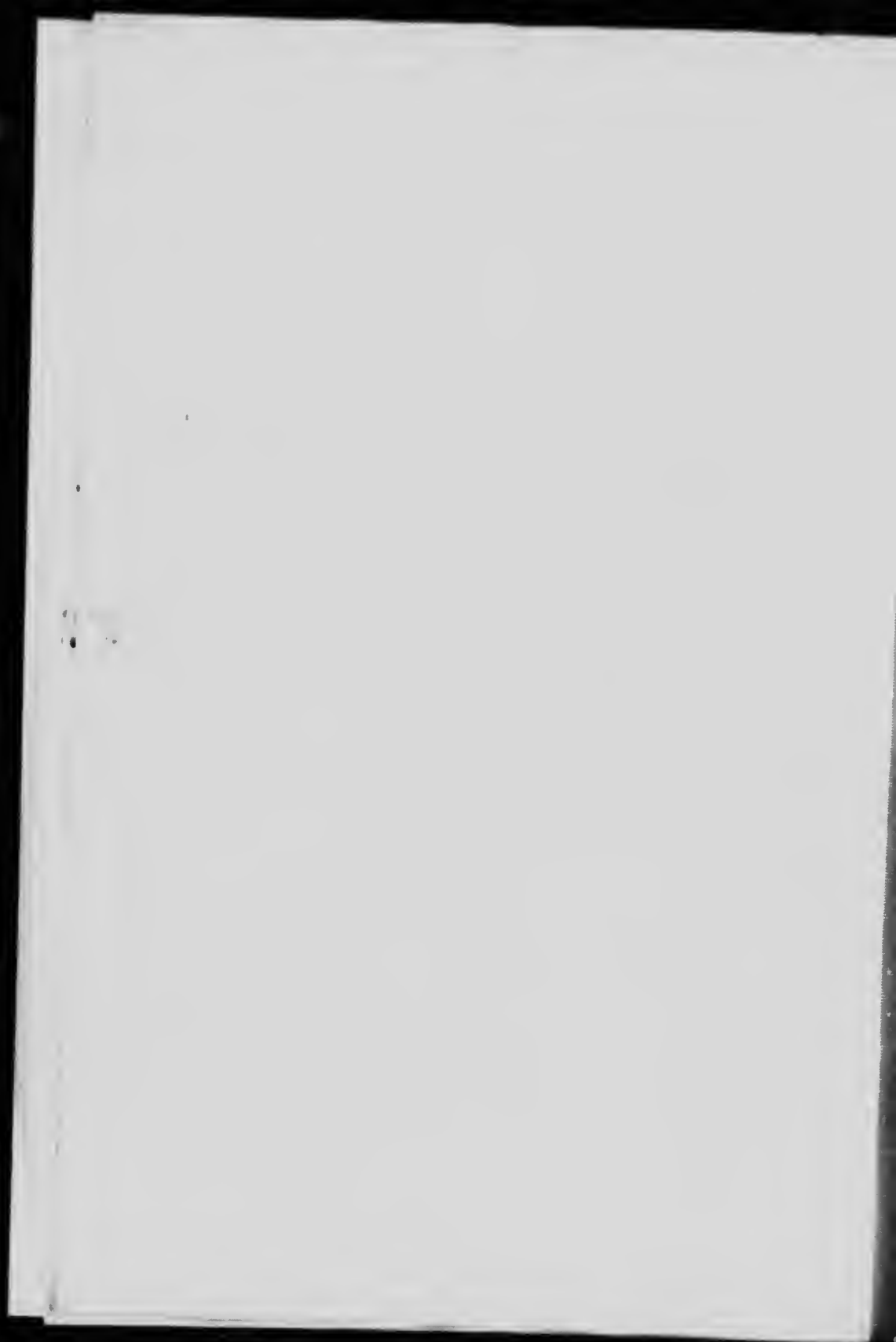
## FOREWORD.

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PRESIDENT WOODROW WILSON wrote "The New Freedom" in order to show the people of the United States how to escape from intolerable conditions.

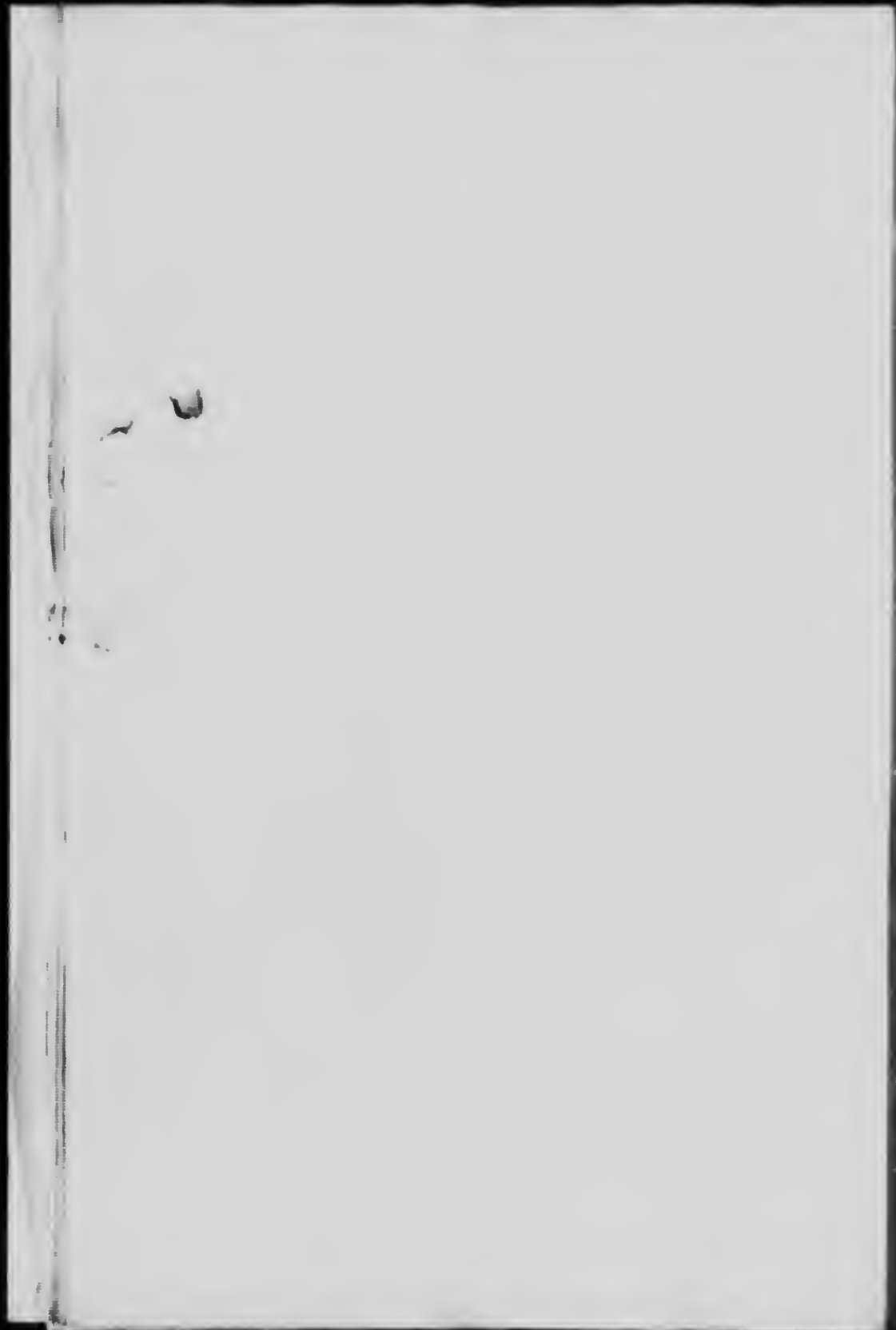
I have written "The New Slavery" in order to show the people of this country how we have got into intolerable conditions, and also the way out.





# CONTENTS

| CHAPTER                                     | PAGE |
|---|------|
| I. CURRENT NEWS ITEMS . . . . .             | 7    |
| II. MAGAZINE WRITERS . . . . .              | 42   |
| III. CANADIAN TRUSTS . . . . .              | 65   |
| IV. RISE OF THE COMBINER . . . . .          | 83   |
| V. THE BANKER'S VIEW . . . . .              | 106  |
| VI. DEPOSIT BANKING . . . . .               | 111  |
| VII. GRAPPLING WITH THE ENEMY . . . . .     | 117  |
| VIII. THE PEOPLE'S CLUBS . . . . .          | 127  |
| IX. THE NEW ERA . . . . .                   | 132  |
| X. FIRST CONSUMERS' GUILD CRUSADE . . . . . | 143  |
| APPENDIX I. . . . .                         | 167  |
| APPENDIX II. . . . .                        | 166  |
| INDEX . . . . .                             | 189  |



# THE NEW SLAVERY.

## CHAPTER I.

### *CURRENT NEWS ITEMS.*

There has been a good deal interested during the last three or four years in this strange question of the high cost of living.

Four years ago a laboring man came to me to rent a house, referring me to a grocer for whom the man had worked in the woods, where the grocer carried on lumbering operations.

"What kind of a man is that?" I asked the grocer.

"Oh, he's a steady man—not a bad sort of a fellow," replied the grocer.

"Can he pay the rent of a house—six dollars a month?"

"No."

"Why?"

"Because at the present price of food"—here the grocer ran rapidly over the prices of pork, flour and other commodities—"a working-man can get only enough to eat—he can't pay rent!"

After two years' experience of the tenant I have come to the conclusion that the grocer was

about right. But it struck me at the time that at this period in the history of the Dominion of Canada it was an odd thing that a steady, hard-working man could earn only barely enough to keep him alive.

If an inhabitant of another sphere, say the planet Mars, were to visit the earth, and, coming to Canada, observe conditions of life—an immense area of cultivated soil and a comparatively small population of economical and laborious habits with a high average of intelligence and education—he would probably say, “This country must be a very cheap land to live in. The resources being so great, the public debt small, no expensive army and navy to support and no heavy pension burden, living must be very easy for all classes.” And he would be very much surprised to learn that, instead of being one of the cheapest, Canada is one of the dearest countries in the world to live in. He would doubtless conclude that there must be something radically wrong here.

That there is something radically wrong is proved by the number of communications by correspondents, news items and editorial comments which have been appearing during the last winter in the press on this subject. I have been amusing myself the last year culling out of such journals as I take items bearing on this question. If published together they would make a large volume. Among the mass of such

I copy herewith a selection of the more pointed and meaty.

From the *New York Herald*, November 3rd, 1912:

TARIFF A PARADOX.

To the Editor of the *Herald*:

Our protective tariff system gets my goat. It is as much of a paradox as a little red wagon painted green. It stands as a monument to the genius of the trust grafter, also of the gullibility of our voters. This needs explanation, which is easy. We are told the object of our high tariff is protection of American industries and American labor.

We have never been told it protected consumers, but here comes the joke. It does protect the consumer (in Europe), as we give him our products at cheaper prices than we Americans prefer to pay, so that he can have his choice between his own cheap goods and our own. Here at home, so as not to be cheap skates, we pay higher prices for both foreign and domestic products. For foreign because they pay big import tax, for our own stuff because we protect it against foreign material. Who gets all this protection? One man does for sure—that is to say, the manufacturer here.

CONSUMER.

New York, October 26th, 1912.

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From the *Halifax Chronicle*, November 29th, 1912:

WHY IS FOOD DEAR?

(From the *Toronto Star*.)

Why should Canadian ham and bacon be ten or twelve cents dearer here than in England?

There is no use of making the excuse that labor is better paid in Canada than in England. The excuse is bad, because the bacon is produced by Canadian labor. The Englishman in England pays this cost of production, and also the cost of transportation by rail and ocean.

Therefore we ought to get the bacon and ham for a good deal less than is paid in England, instead of ten or twelve cents a pound more.

Canada is a storehouse of food, producing more than it can consume, and helping to feed the rest of the world. Yet the price of food is far higher here than in England, which does not produce nearly enough food for its own needs.

The very best of our own products are carried past our doors and sold in England for prices which would not buy the most inferior food in Canada.

Why?

---

From *Harper's Weekly*, November 9th, 1912:

THE TAX ON MEAT.

To the Editor of *Harper's Weekly*:

Sir,—The sessions of Congress which passed into history only a few short weeks ago did not grant the people the much-needed legislation with which to fight the extortionate demands of the meat trust. This trust, commonly known as the "Big Three" of Packingtown, has boosted the price of meat away up so that the average wage-earner is hard put to know what to do. Not alone do these packers control the output of dressed meat, but also such other necessities of life as butter, eggs, cheese, poultry, apples, potatoes, etc., because of their unlimited facilities for transporting and storing them.

This gouging of the people out of their very eye-teeth has been going on for years, and will continue just as

long as there is a duty exacted on food-stuffs brought from abroad. This is in face of the fact that all crops this year will be enormous, and the farmer is feeding all the livestock he possibly can; yet the packers will keep right on with their favorite game of bleeding the public.

There are two things that are responsible for this state of affairs: the infamous Payne-Aldrich tariff and the enormous exportation of meat products and breadstuffs to other countries. It does appear paradoxical that after paying the ocean freight charges and the expense of refrigeration for four thousand miles of sea voyage, American meat sells for much less in and near London than at Chicago, the point of origin.

Were it not for the unfortunate viewpoint on such matters of President Taft the price of meat and of other food commodities would be away down to-day. Such is, however, not to be hoped for as long as there is a duty on food-stuffs. It is a shameful state of affairs when the people have to pay one-third more for meat here than in England. Much of the meat eaten there comes from Chicago, Illinois, United States of America. Within a radius of forty miles of London American gravy beef, which is the round steaks, sells for twelve cents, while here it sells at eighteen cents a pound. For a fact, the American product is so poor that the Englishman who can afford it will buy his native beef and pay twenty-two cents in preference to buying the cheap American meat.

Pork used to be the poor man's chief diet once upon a time. I can well remember when salt pork sold at six cents and ham at eight cents a pound. Where is the price of pork to-day? At present prices the wage-earner has to forego it entirely. It is a startling anomaly, but chicken is cheaper even than pork.

I believe it is high time to place an export duty on all foodstuffs, the same as England has had to do repeatedly. France, Austria, and Germany prohibit the exportation of



foods when the internal needs of the country demand it. In France it is a crime to gamble in foodstuffs.

I am, sir,

CHARLES F. GRINDELL.

Chicago, Ill., September 15th, 1912.

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From the *New York Herald*, December 29th, 1912:

DINNER FOR SEVEN PERSONS FOR TWENTY-FOUR CENTS.

With the general complaint of the high cost of living, the Universal Cooking and Food Exhibition, which was recently held in London, attracted more than usual attention. Demonstrations were given each day by Continental experts in foreign household cooking.

The London County Council is training a number of English boys just out of school to become chefs and waiters. That the experiment is proving a success was shown by a luncheon, attended by more than one hundred guests, which was both cooked and served by boys who are being thus trained.

The feature which distinguished the exhibition from all those previously held was the effort to give a practical demonstration of the low cost at which nutritious food, properly prepared, could be placed on the workingman's table. It was shown, for example, that a good soup for fifty persons could be obtained for fifty-eight cents, German pie for fifty persons for \$1.09, and many other nourishing dishes were exhibited which were made from what in the ordinary household is thrown away as scraps or waste through ignorance of how it can be utilized.

Several examples were given of a dinner for seven persons costing twenty-four to thirty-two cents. One of these dinners consisted of savory baked batter, bread, haricot beans and gravy, boiled rice and currants (cost about

twenty-four cents); another of baked lentil savory, green peas and bean gravy, bread, milk pudding and stewed fruit (cost about twenty-six cents); a third of baked cheese and potato pie, bread, green peas and bean gravy, bread and fruit pudding (cost about twenty-eight cents); while a fourth consisted of meat and potato hash, bread, haricot beans and gravy, milk pudding and stewed fruit (cost about thirty-two cents).

During the exhibition public exhibitions were given by cooks employed in the army, the navy and the mercantile marine, and there were demonstrations of the cooking of bananas in a variety of palatable ways.

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From the *Halifax Chronicle*, January 7th, 1913:

#### FOOD TRUSTS IN CANADA.

The *Grain Growers' Guide* points out that one of the chief factors in the increase in the cost of living, which most consumers are finding hard to bear, is the monopoly in canned goods. A few years ago the farmers in Ontario founded and successfully operated several canning factories along co-operative lines. None of these co-operative factories now remain in the hands of the farmers. The Canners' Combine, which controls practically the whole Canadian trade, forced them out of business. Just how this was done is told in the latest issue of the *Canadian Co-operator* in the following terms:

"Those co-operative farmers had sufficient capital at their command to meet the legitimate needs of their respective factories. They were in a position to supply from their farms all the raw material necessary for the successful operation of their undertakings. They had not, however, the organized demand of the consumers, nor had they the millions at their backs to maintain a price-cutting war for supremacy if such were entered upon; a use of capital

which, while being immoral, is nevertheless tolerated by the state.

"The result was that the farmers in many cases had to sell their factories to the Canners' Combine, and the people in consequence must pay whatever the trust dictates. What those prices are to the Western farmers was given by a *Guide* correspondent recently as twenty and twenty-five cents per quart can of tomatoes and fifteen cents for a pint can of peas or corn. The profits pouring into the pockets of the combine magnates may be judged from the fact that a bushel of good tomatoes will make from ten to twelve cans, whereas the farmers who raise them are paid only twenty-five cents per crate of sixty pounds, subject to being docked on much the same principle as grain grading. This means that the trust extorts from the consumer \$1.50 or more for goods which have cost them twenty cents or thereabouts, which would seem to leave a snug margin above the cost of canning.

"Yet," says the *Guide*, "when the Canners' Combine was under investigation in the Dominion Parliament, there were no fewer than three of the members directly interested in preserving intact the monopoly now enjoyed, and any adverse action was effectively staved off. This is only another instance to back home the truth that in order to look after their own interests and offer any effectual opposition to the special interests in food combines as in other enterprises, the farmers themselves must have their own representatives on the floor of Parliament."

---

From the *Manitoba Free Press*:

IS THERE A MEAT TRUST?

Toronto is asking the Dominion Government to have a searching inquiry made into the truth of the charge "that the supply and distribution of meat, within the city of Toronto, and throughout the Dominion of Canada, is regu-

lated and controlled by an agreement or understanding among the various dealers therein, whereby the prices to the consumer are unduly enhanced and sustained and kept at excessive rates through illegal and improper methods by such persons, and that such agreements and methods constitute a menace to the health and prosperity of the citizens of this city and of the Dominion." That there is a meat trust which has the whole of Canada in its grip as completely as the United States meat trust dominates the markets across the line is universally believed by Canadians. Let us have an investigation by all means.

---

From the *Hants Journal*, November 6th, 1912:

NOTICE.

We, the undersigned milk dealers of the town of Windsor, wish to inform the public that owing to the increase in the production, milk will be seven cents per quart for the winter months from the 1st of November until the 1st of June.

E. C. MULLER,  
R. W. MEARNS,  
T. H. CURRY,  
K. D. REDDEN.

Windsor, November 4th, 1912.

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From *The Surrey*, New York, June 21st, 1913:

THE COST OF MILK.

How much should milk cost is a question about which farmers reformers, legislators and hygienists dispute without end. Even the economists have something to say on the matter.

With the purpose of answering this embarrassing question, the United States Department of Agriculture has published data on the cost of milk production which it obtained

at the New Jersey experiment station in tests with thirty-one head of milch cows. These cows were fed both home-grown and purchased feeds, the calculations of cost of production being based both on the actual cost of growing the crops and on the market price of the products used. The average cost of feed per cow per year (based on the actual cost of producing the crops used) was \$95.73, or 2.4 cents per quart of milk produced. Placing the market valuation upon the home-grown products, the cost of feed per cow per year was \$121.60, or 3.04 cents per quart. The estimated average cost of labor (but not supervision) and incidental expenses was \$70.22 per cow per year, or 1.76 cents per quart. The incidental expenses included bedding, stabling (five dollars per cow), interest on the investment in the animals, depreciation in the value of cows, keep of bull, etc., but not interest on land, buildings and dairy equipment.

Based on actual cost of growing and harvesting products consumed and of labor, the total cost for feed, labor, etc., for the year was \$165.95 per cow; based on market valuation of feed consumed, \$191.82. The yield of thirty-one cows averaging 8,661 pounds of 3.53 per cent. milk, the total cost per quart of milk will be in the first case 4.16 cents, in the second case 4.8 cents. No credit, however, is given to the cow for the manure or calf, neither is the farmer's time debited. Calculating that the manure is worth twenty dollars per cow, and the grade calves six dollars each at five days old, the cost of producing four per cent. milk, even with the high yields reported and not including cost of supervision, was approximately four cents per quart.

---

From the *Halifax Chronicle*, November 19th, 1912:

PRICE OF MILK AT ST. JOHN ADVANCED.

St. John has had an advance in milk prices, too, but even at the increased rate has Halifax beaten a cent a

quart. To-day the price of milk in that city advances to eight cents. This action was decided on at a largely attended meeting of the milk dealers of the city when an organization was formed to be known as the St. John Milk and Cream Dealers' Association. The milk dealers claim they have been forced to advance the price of milk in order to satisfy the demands of the farmers, who have insisted on getting higher prices. They also say that the expense of handling the milk has been increased, owing to the necessity of providing better equipment to meet the requirements of the Board of Health, the increase in rents, and the general increase in the cost of maintenance of horses, carriages, offices.

The farmers have demanded more for their milk because they claim that the increase in the cost of feed and labor and other factors in production has made it impossible to sell milk at the present prices and make a profit.

Milk has been retailed in St. John for seven cents for about seven years.

---

From the *Halifax Chronicle*, December 6th, 1912:

REASON FOR THE HIGH COST OF LIVING—FARMER SAYS IT IS  
DUE TO MAINTENANCE OF PRIVATE YACHTS AND AUTOS  
BY MEMBERS OF PRODUCE EXCHANGE.

New York, December 5.—“The reason for the high cost of living to-day is the private yachts, autos and country and city homes for members of the Produce Exchange, for which the consumers and the producer pay,” declared H. B. Fullerton, a Long Island gardener, to a conference of producers and consumers at the New York Board of Trade and Transportation to-day. His hearers applauded as he ascribed the troubles of both the city dweller and farmer to the middleman.

The conference was called by John Dillon, Chairman of

the State Commission on Co-operation of the New York State Agricultural Society.

"If we want to get a fair deal for the farmer and another for the consumer," continued Mr. Fullerton, "we must eliminate the system which now prevails of letting a middleman skim all the cream off the product. Over on Long Island this past season our boys got forty-five cents a barrel for cauliflower. I followed that same cauliflower right down to Washington market and saw them selling it in the stalls there at twenty-five cents a head."

Another grower told of selling beans for thirty cents a bushel and tracing them to a city market, where they were sold at fifteen cents a quart, or at the rate of \$4.80 a bushel.

From the *Hulifar Chronicle*, December 14th, 1912:

OUR DAILY BREAD.

(From the *Montreal Herald*.)

An inquisitive person from a farming district near New York followed a barrel of cauliflower from the farm of original production, where the grower was paid forty-five cents a barrel, and saw the same cauliflower sold to the ultimate consumer in a Washington market for twenty-five cents apiece.

Other curious persons in our own country are indulging in a guessing competition as to how it is that apples which are bought for seventy-five cents a barrel from the Ontario farmer are sold for \$5.50 a barrel in the Winnipeg shops. Still other inquisitive persons are demanding to know why it is that in a country like Canada, where organization of the dairy industry has reached almost the highest perfection, people have to pay anywhere from thirty to fifty cents a pound for butter. No doubt if there are enough inquisitive persons some approach will be made towards getting an answer to these questions; and it would only take a small disturbance in the industrial organization to turn

this into a most serious political problem that the legislators and others would have to face.

---

From the *Halifax Chronicle*, February 13th, 1913:

**FISH RECEIPTS LIGHT AT HALIFAX—THE PRICE HAS BEEN ADVANCED ON ALL KINDS OF FISH.**

Fish imports to Halifax since the first of February have not been as heavy as usual. The North Atlantic Fisheries, the largest importers of fish at this port, received only 47,532 pounds during the first week of February. This scarcity of fish is bringing a higher return to the fisherman and a corresponding increase of price to the consumer. The price advanced last week one cent a pound all round on all kinds of fish and to both producer and consumer.

The following vessels delivered fares at the North Atlantic Fisheries last week: *Pearl Beatrice*, 6,550 lbs.; *Tacoma*, 2,010 lbs.; *Kathleen W.*, 1,885 lbs.; *Rosie L.*, 3,480 lbs.; *J. Slaughenwhite*, 523 lbs.; *Una E. Hart*, 1,700 lbs.; *Gladys G. Hart*, 1,000 lbs.; *Kathleen W.*, 785 lbs.; *I. Wander Y.*, 3,455 lbs.; *M. O'Neill*, 491 lbs.; *Ovitta*, 4,367 lbs.; *Vera May*, 1,305 lbs.; *A. Hubley*, 19,980 lbs. The schooner *A. Hubley* was the high liner of the fleet for that week.

The market has the advantageous feature of not being overstocked, and the result has been a keener competition in buying.

---

From the *Halifax Chronicle*, March 29th, 1913:

**COST OF LIVING—PROFESSOR SHORTT ADDRESSED MEETING OF LOCAL COUNCIL OF WOMEN.**

An interesting address on "The High Cost of Living" was delivered before the annual meeting of the Local Council of Women in the Y.M.C.A. last night, by Dr. Adam Shortt, Chairman of the Civil Service Commission. Doctor Shortt went into his subject very extensively and discussed



the numerous phases entering into this problem, which he said was one of the oldest under the sun. He had no specific cause to which he attributed this phenomena, but generally showed that it arose out of the difference between consumption and production in the different ages. The reason why Canada showed the highest cost of living in the world was because so much work was at present being carried on here which was unproductive now, and not until this had ceased and the country was fully equipped with transportation facilities, etc., which were showing a return on the investment, would there be any alteration in the general situation.

From the *Halifax Chronicle*, April 4th, 1913:

PROFESSOR SHORTT ON THE HIGH COST OF LIVING—MR. JUSTICE RUSSELL DISCUSSES SOME OF THE UNDERLYING CAUSES OF THE ALARMING ADVANCE IN THE PRICES OF ALL KINDS OF ARTICLES.

To the Editor of *The Chronicle*:

Sir,—I have been a little surprised that almost no notice was taken by the newspapers of the very suggestive and in every way excellent address by Mr. Shortt the other evening. His subject was one that appealed to every man and woman in the community, and it was one that his life-long studies in political science peculiarly qualified him to discuss.

Professor Shortt said he was unable to accept any of the theories put forward to account for the remarkable, and to many of us very distressing, advances in the prices of all kinds of articles,\* and he declined to put forward any theory of his own. But he did favor the audience with a great deal of information on which they were at liberty to construct their own theories. One of these pieces of information was the fact that the advance in prices was much less noticeable in the articles we import from abroad than in the articles we manufacture for ourselves. The

\* The italics are mine.—Author.

reasons given for this was that in this country our producers, that is to say, the wage-earners, required better remuneration than those of the countries from which we were importing.

So far so good. I do not think that anybody, certainly no reasonable person, would object to the higher price he has to pay for what he buys, if it means that there is a fairer distribution of wealth and the position of the wage-earner is being improved. But it would be worth while to enquire whether the position of the wage-earner is being really improved or not. Mr. Shortt's exposition would have been more satisfactory if he had been able to assure us that the wage-earner is not losing more by the increased prices he is paying for his goods than he is gaining by any additions to his wages.

#### SELLING CHEESE ABROAD.

I have not the knowledge that would justify me in offering an opinion on this point. But what makes me suggest there may be something in it, is the more important fact brought out by Professor Shortt's discourse, the fact, namely, that several articles which we were producing in this country are being sold in England, with all expenses of transportation added to their cost, at lower prices than those at which they are being sold at the very place in which they are being produced. "Why is this?" Is it because the producer who sends his product abroad is obliged to compete in an unprotected market with the products of the country in which he makes his sales, while he is enabled by a protective tariff to add the amount of the duty to the cost of production in the protected market of his own country? If this is the case *surely the matter is worth looking into and every householder should belong to a society for discovering whether we are not being fleeced under the operation of our present fiscal system.* That system, let us assume, was designed by one party and has been sustained by both parties for the purpose of encouraging native industry, but if these guesses are cor-

rect the system has become oppressive to the great masses of people, who are unable to derive any benefit from its operation, and whose only share in its results is the privilege of paying tribute to its beneficiaries.

Mr. Shortt made light of all the current solutions of the problem, but some of them, I think, he unduly minimized. There is one set of considerations which I think may well have been dealt with. I refer to the almost universal popular misconception that confounds the increase of money with the increase of wealth. If it could once be got into the heads of people that money is a mere measure of wealth and not wealth itself, everybody would be easily made to understand that an increase of money in the world no more indicates an increase of wealth than an increase in the number of yardsticks implies an increase in the supply of cloth. Of course, there would be a fallacy in making this analogy run on all fours. The industry that is employed in digging gold has a two-fold tendency to increase the price of the goods that are really serviceable to humankind. In the first place, it is drawing away from really productive pursuits the amount of labor that is expended upon the production of that which can be neither eaten nor drunk and can be worn only by the wealthy and extravagant for the purpose of ornament. In the second place it is diminishing the purchasing value of the little bit of coin that the industry and the economy of the thrifty and industrious have enabled them to accumulate. All this would be very evident to us if we were using sheep and cattle, as in Homeric days, as the measure of value and the medium of exchange. To make the matter plainer, let us imagine that all values were estimated in terms of sheep and that sheep were used as the universal or general medium of exchange. Is it not evident that if the number of sheep in the community were very greatly increased relatively to the increase in other kinds of property, it would require many more sheep than before to purchase a house, or a farm, or a barrel of flour?

## EXTENSION OF CREDITS.

It is exactly the same with gold. The more gold is taken out of the bowels of the earth, the less valuable, other things being equal, becomes the stock of gold already in the world, and the smaller becomes the purchasing power of every sovereign that the thrifty citizen has saved. This is the tendency. Of course, it does not operate to its full extent. There is such a craving for ornaments of gold, and there is such a demand as a medium of exchange that there is really not too much gold available for the purpose of the enormous and expanding commerce of modern states. But there has been in recent years, on the strength of the gold reserves of the civilized world, such an enormous emission of credit money as no previous era in the world's history has ever witnessed, and very high authorities can be cited for the judgment that this is one of the causes, if not the principal cause, of the increase in the cost of living. The amount of gold reserves in the leading banks of Europe and America at the end of 1899 was £500,000,000. Eleven years later it was £850,000,000, an increase of 70 per cent. During the same period the circulation of bank notes increased in a little less than the same proportion. It did not increase unduly, because it is regulated by law. But during that period the amount of loans and discounts increased from £2,000,000,000 to the enormous figure of £4,000,000,000. Mr. Morton Frewen, a high authority on such a subject, attributes to this cause the alarming increase in the price of commodities and in the consequent cost of living, and he fortifies his position by another high authority to the same effect, Sir Edward Holden.

I should like to have heard Mr. Shortt's opinion on this point, for I think he did not give it the prominence in his treatment of the question that it really deserved.

B. RUSSELL.

From *The Maritime Apple*, June 28th, 1913:

TRUSTS AND COMBINES—DR. ADAM SHORTT SAYS THEY PROVIDE BALANCE OF CONSUMPTION AND PRODUCTION.

Friends of trusts and combines are not numerous in Canada, but according to the Ottawa correspondent of the *Toronto Globe* they find a champion in Dr. Adam Shortt, economist and Chairman of the Federal Civil Service Commission. Testifying before a Parliamentary commission, Dr. Shortt observed that a salient feature of modern economic development is that in the last fifteen or twenty years there have been no long periods of general industrial depression such as occurred prior to the trust and combine period. "The reason," said Dr. Shortt, "lies in the concerted action of producers in getting together and regulating their output so that they shall not overdo the thing, so that they shall not starve each other out. That is the beneficent feature, of course, of the combination, and it is a feature to be considered in what I regard as the wild and miscellaneous talk about those combines. They represent a real and thoroughly sound development in our industry, but the power to regulate is also the power to coerce, and no proper distinction is made between the regulative power merely and the coercive power. The trusts provide a better balance of production and consumption, and that accounts for the absence in the last twenty years of those periods of over-production, stagnation, speculative booms, and all that kind of thing which we had in the nineteenth century. Our financial crisis of 1907 would have precipitated stagnation in the nineteenth century from which we should not have recovered for ten or twelve years. It was got over in five or six months because the forces that were there were more intelligent, better organized, and were not frightened by it to the same extent."

From the *Literary Digest*, March 22nd, 1913:

MAKING COAL STRIKES PAY.

Making coal strikes pay has apparently been mastered by the hard-coal operators, conclude several Eastern papers in view of a report on coal prices and wages which was sent in to Congress as one of Secretary Nagel's last official acts. As the *New York Tribune* summarizes the figures in the report, the advance of twenty-five cents a ton in the retail price of coal was made ostensibly to compensate for the advance in wages following last spring's strike. But, we are informed, "the coal operators paid their miners \$4,000,000 additional during 1912 as a result of the increase in wages and advanced the cost of coal to the public in the same year \$13,450,000. Thus they gained \$9,450,000 in one year as a consequence of the strike." In this way "the miners, the operators, and the retailers all made easy money by the strike and the wage agreement," observes the *Springfield Republican*, "while the public alone has lost money, through higher prices, without any compensation whatever." In New England, a region especially hard hit by high coal prices, another daily, the *Boston Christian Science Monitor*, is indignant at "the apparent deliberateness with which the coal interests involved here set to work with the purpose of trifling with the public. . . . They entered upon this plan of extortion without compunction and without hesitation." And what makes the sin of the operators more grievous, according to the *New York Tribune's* way of thinking, is the fact that this sort of thing has become customary with them:

"After the strikes of 1900 and 1902 they raised wages thirty-two cents a ton and prices to the public one dollar a ton. *The Tribune* last spring estimated their profit from that transaction at more than \$300,000,000 in a decade. When there is so much money as that in strikes, will the anthracite-coal industry ever be free from them?"

The report, which was prepared by investigators con-

nected with the Bureau of Labor in compliance with a Congressional resolution, does not offer much hope for relief next year. After giving various details regarding the benefits accruing to the miners after the agreement made last spring, and showing the different ways in which the operators profited by the situation, it goes on as follows to discuss underlying causes:

"Owing principally to marked differences in quality and accessibility of the coal, the producing cost to the various companies varies so widely that if the company having the highest cost of production sells at a price high enough to earn a fair profit, the more favorably situated coal companies, selling at the same price, will reap enormous profits.

"Furthermore, where there is a common control of coal mines and railroads, the capital invested derives its income from both the mining and transportation of coal, and the failure to realize profits in mining may be, and often is, compensated by profits in the operations of the railroad on account of coal tonnage. In such a case it is not a matter of importance to the controlling financial interests whether the profits are derived from the mining or from the transportation of coal.

"Under these conditions, the motives to increase the efficiency and to decrease the cost of mining coal are much weaker than in the case of a corporation dependent for its profits entirely on the results of its mining."

So the New York *Commercial* concludes that these uncomfortable conditions "will continue to exist as long as the same ownership extends over coal-producing and coal-transportation." "Is our Government as helpless as the individual consumers appear to be to defend themselves against this extortion?" asks the Philadelphia *Public Ledger*. Apparently it is, in the Boston *Journal's* opinion, and—

"In the climax of hopelessness and the measure of futility against the outrage, it writes down the plainest

demand for Government ownership of coal mines which has been made. If the great coal interest is so entrenched that it can violate with impunity a principle supposed to be written into the Federal statutes, the need for Government ownership becomes exigent and imperative."

It is for the new Administration "to act upon the proofs the Taft Administration has made ready." So the Boston *Advertiser* remarks, and the Springfield *Republican* is moved to note "the new Attorney-General's special qualifications for prosecuting the coal-roads":

"He has for years made a special study of the anthracite industry, and he has had charge of the Government's suits against the alleged combination since Attorney-General Bonaparte's day. . . . He will now have the best of opportunities to go his own pace in proceedings against what is, in effect, a coal monopoly—and one of the most brazen in existence."

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From the *Literary Digest*, January 18th, 1913:

The New York *Tribune* calls attention to the fact that not only has the nation had an available but unused weapon against corners ever since the enactment of the Anti-Trust Law, but that "likewise in nearly every State of the Union the old common law prohibitions which in ancient times would have stopped any attempt to corner the food of an English village were still a part of the law." And the New York *American* regards the Patten case as "chiefly interesting as a demonstration of the inadequacy of modern law in dealing with the ancient crime of forestalling." It remarks somewhat cynically:

"If Patten had worked his corner like a lone bandit, without a confidant or confederate, the Sherman Act—which relates only to combinations in restraint of trade—would, of course, be inapplicable.



"In the Middle Ages nobody doubted that it was wrong to buy and sell in the same market—with the single aim of raising prices and making money on the rise. Nobody doubted in those unenlightened times that making money by creating an artificial scarcity was stealing."

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From the *Halifax Chronicle*, June 7th, 1913:

WANT TO MANAGE THEIR OWN AFFAIRS—SIR ROBERT PERKS  
SAYS DOMINION SHOULD BE LEFT TO DEAL WITH INTERNAL  
AFFAIRS IN OWN WAY.

London, June 6.—"The Canadian people want to be left to deal with their own internal affairs in their own way, and with a minimum of advice from Downing Street," said Sir Robert Perks, when interviewed on his recent Canadian tour.

"What the attitude of Canadians would be were the Japanese to appear at Vancouver is quite a different matter," was a remark that Sir Robert sandwiched in.

"How did you find the economic outlook?" he was asked.

"Well, it isn't all that could be desired," he replied. "Notwithstanding the vast sums of money that Canada has been able to secure from foreign investors, especially Great Britain, there is undoubtedly a decided stringency in the money market. The Canadian banks, in fact, can't lend the money that the industries of the country require."

Sir Robert denies that the tariff has unduly raised the cost of living in Canada, but it has undoubtedly had the effect of raising wages, he said.

"The tariff has little to do with the question of living," was his opinion. "What the spending classes have most to fear is rather the danger of trade combinations which will raise prices to abnormal rates."

From the *Montreal Weekly Witness*, June 14th, 1913:

DEAR MEAT.

The cost of living still keeps going up, according to the statistics which the Department of Labor goes to so much trouble and expense carefully to compile each month. The *Labor Gazette* for April is just issued, and shows an advance from 135.9 to 136.3. This means that the cost of living is now 36.3 per cent. higher than it was for the average of the ten years, 1890 to 1900. The cost of groceries, including vegetables and all kinds of manufactured articles, has only risen about 17 or 18 per cent. over the price of the period that is taken as a standard of comparison. By far the larger part of the increase in cost is due to the great rise in the value of animal products. Meats have advanced 86 per cent., leather products 60 per cent., and fish also 60 per cent. Animal farming would on this showing be now nearly twice as profitable as it was fifteen years ago were it not that the cost of labor has advanced materially. In the case of poultry it would be two and one-third times as profitable. Even if the farmers began now to increase their live stock as rapidly as possible, meat is likely to be still dearer before it becomes cheaper. Indeed, the only way to increase the live stock output is to hold a larger number out of the market for breeding, and so still further shorten the supply. The results of these high prices will certainly be to introduce mixed farming on thousands of one-crop farms, as well as to greatly increase the number of cattle kept, where but a few head have usually been maintained. An incidental benefit will be the betterment of the land itself. It will take some time for a readjustment of the country's farming, such as will equalize prices and provide for the inrush of immigrants to take place. Its accomplishment will, however, work good in many ways. Unfortunately the farmer does not reap the whole profit of this large rise in the price of meats. It is very largely absorbed by the monopolistic

work of the middlemen, who control the trade. In parts of the country they are so despotic that they actually refuse to buy from farmers who dare sell a single animal to anyone else. Then, again, they refuse to sell meat to any butcher who ever buys from anyone else, and as the single farmer or the single butcher can make no arrangement that will assure the supply or market for their entire needs without the trust, so powerful has it become, all are at its mercy, and the public suffers along with the farmer and butcher in having to pay with them a common toll to the organized middlemen.

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From the *Montreal Witness*, December 14th, 1912:

COURT MAY BAR TRUSTS FROM LAW BENEFITS.

Washington, December 14.—Trusts will not be able to collect through the courts a single penny of debts due them if the Supreme Court upholds the contention made in a case brought before it to-day.

The Corn Products Refining Company of New York sued to recover \$1,247 from the D. R. Wilder Manufacturing Company, of Atlanta, Ga., for glucose and grape sugar sold to the latter.

The Atlanta company pleaded that the Corn Products Refining Company had monopolized the glucose and grape sugar business and that it had entered into a rebate contract in violation of the Sherman anti-trust law.

The "rebate contract" was a so-called profit-sharing plan of the New York company, by which it agreed to return to its patrons 10 per cent. of their purchases providing they gave their trade exclusively to the Corn Products Refining Company.

In the Continental Wall Paper case, the court refused to lend itself to a collection of a debt because of an illegal combination in violation of the Sherman anti-trust law.

Unless advanced, the case will not be considered by the court for more than two years.

From *Harper's Weekly*, September 13th, 1913:

IS THERE A LIMIT?

More than one hundred thousand pounds of meat and eggs were condemned in Philadelphia recently by the State Dairy and Food Commission, and warrants were issued for the arrest of the dealers. The reason for this punishment was that the goods had been in cold storage since 1906 and had become unfit. Forty thousand pounds of game were also called unfit, although they have been in storage only two years. Pennsylvania has a statute, which went into effect only last month, providing for a penalty of five hundred dollars, or imprisonment, or both, for storing beef more than four months; pork, sheep, and lamb, six months; veal, three months; butter and fish, nine months; fowls (drawn), five months; undrawn, ten months. This is all very well, but ought there not to be a statute of limitations? The principle of the statute of limitations, well recognized, especially in saving criminals from probable penal punishment, is that if you did a thing long enough ago you are not punished for it. In real estate, a similar principle is that if you occupy a certain piece of land long enough without any right to it, you thereby acquire a right. Would it not be reasonable, therefore, to provide that if food has been in storage, say, twenty years, the statute of limitations should run and it would be perfectly legal to sell it?

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From the *Halifax Herald*, July 6th, 1913:

THE MIDDLEMAN'S SHARE IN HIGH PRICES—A REPORT BASED ON MISLEADING PERCENTAGE SYSTEM.

A bulletin on the "Cost of Living," lately issued by the United States Department of Agriculture, is so framed on a percentage system as to make it appear at first sight that the middleman, who of late has been coming in for a good deal of criticism and charges of extortion, is not

getting any larger rake-off in profit than he did fifteen or more years ago.

The evidence thus tending to exonerate the middlemen comes from the price averages for the ten years, 1903-12, and the ten years, 1893-1902, and consists of these statistics:—

Wheat (Chicago price) advanced 32 per cent.; the wholesale price of flour 29 per cent., and the retail price of flour 18 per cent.

Hogs advanced 33 per cent., the wholesale price of hams 24 per cent., the retail price of smoked hams 32 per cent. Retail smoked bacon advanced 50 per cent., pork chops 41 per cent., the wholesale price of lard 31 per cent., and retail price about 30 per cent.

Steers (Chicago) advanced 24 per cent., the wholesale price of beef 23 per cent., the retail price of sirloin steak 19 per cent., rib roast 23 per cent. Sheep advanced 19 per cent., and the wholesale price of mutton 36 per cent.

Potatoes (December average) advanced 26 per cent. at the farm, and the retail price 29 per cent.

But, as the *Toronto Mail* very properly points out, a percentage basis of reckoning may be quite misleading.

Potatoes, which sold on the farm in the first decade at forty cents a bag, advanced both on the farm and in retail price in the second decade by 25 per cent.

The middleman would, on the percentage theory, make no gain, but the real facts are different.

Twenty-five per cent. increase to the farmer would give him fifty cents a bag.

But the retail price of the potatoes in the first decade would probably be about eighty cents a bag, and 25 per cent. increase would make that one dollar.

Thus, whereas the gain to the grower is but ten cents a bag, it is twenty cents a bag for the retailer.

B. F. Yoakum, President of the 'Frisco Railroad system, has calculated that the people of the United States pay \$13,000,000,000 for farm products, bringing the farmer \$6,000,000,000.

Over 100 per cent. goes to the "in-between" interests, such as the railways, storage houses, manufacturers, sellers, distributors. Part of this is just, but is it not true that while individually the "in-between" interests may get no more for their work than is their due, there is an enormous, costly, and superfluous multiplication of these middlemen interests?

In these days there is combination among producers to maintain and enhance their selling prices; there is also a needlessly multitudinous army of distributors, who, because of their vast numbers, have to boost retail prices in order to maintain their separate establishments and make a living.

It may be safely said that every town in America has twice as many retail shops as are publicly useful.

One thing that is greatly needed in the public interest is combination among distributors to reduce the necessary cost of distribution.

The middleman is a necessary evil, to be eliminated as far as possible.

The co-operative stores of Britain are a boon to the public, but they are practically unknown on this continent.

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From the *Halifax Chronicle*, September 3rd, 1913:

COMBINES FLOURISH UNDER TORY RULE—THE PRESENT ADMINISTRATION ALLOWING LAW PASSED BY LIBERALS TO REMAIN A DEAD LETTER—NO ACTION TAKEN AGAINST UNITED SHOE MACHINERY Co.

(Special to the *Morning Chronicle*.)

Ottawa, September 2.—In so far as the Minister of Labor, Hon. T. W. Crothers, and the present Government, are concerned the Combines Investigation Act passed in 1910 under the Laurier Administration is evidently to be a dead letter. That legislation, at the time of its enactment, attracted world-wide attention and was generally regarded

as providing the most advanced legislative machinery yet devised for preventing undue enhancement of prices to the general consumer by combines or monopolies.

It was first invoked under the Laurier Government in November, 1910, in the case of the United Shoe Machinery Company of Canada, the Canadian branch of one of the strongest and most absolute monopolies in the United States. It was charged that under the form of lease, which the company required users of its patented machinery to take out, competition was prevented, the cost of the finished product was unduly enhanced, and monopoly in restraint of trade was operative. The Company fought application of the Act by appeal to the courts, and every legal device was employed to resist it.

#### COMBINE WAS PROVED.

Finally, however, after over a year's delay, the way was cleared for the appointment of a Board of Investigation under the Act. This Board, consisting of Judge Laurendeau, J. C. Walsh and W. J. White of Montreal, brought in its findings on October 18th, 1911. The majority report, signed by Judge Laurendeau and Mr. Walsh, found that the company was a combine and, by the operation of its leases, restricted the use of its machines and unduly prevented competition in the use and sale of shoe machinery in Canada. It was a clear-cut finding. The report recommended, however, that a stay of six months be granted in view of all the conditions, to enable the company to comply with the law and remove the illegal restrictions. This six months' stay of proceedings was up on May 19th last.

Since then practically no action has been taken by the Minister of Labor or by the Government. The penalties under the Act for failure to comply with the Board's findings provide either for removal of duty, cancellation of patent rights, or a fine of \$1,000 per day for each day that the company failed to do as ordered. The onus for enforcing the penalties lies with the Government.

Although the operation of the combine in question affects every consumer in Canada and takes toll on every pair of shoes manufactured, the Minister of Labor has taken practically no further move in the matter.

On August 13th last, nearly four months after the respite of six months recommended by the Board of Investigation had expired, a letter was written by the Department of Labor to the company asking what steps had been taken to comply with the recommendations made by the Board on October 18th of last year. A reply from the company has just been received. Just what it means is not clear, and the Department does not venture any opinion as to whether or not the company's concessions really mean any redress for the complainants or will tend to remove the illegal toll on the use of shoe machinery controlled by the monopoly.

The company states that new forms of agreement had been drafted, and that instead of requiring leases in some instances the machines may be sold outright. In the statement given the press by the Labor Department to-day there is no attempt to specify in what manner any real relief has been given by the company.

The fact remains that the Government has for months past taken no step to ascertain whether or not the penalties should be enforced.

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From the *Halifax Chronicle*, August 26th, 1913:

**MOST EXPENSIVE IN THE WORLD.**

The report on the cost of living which has been issued by the British Board of Trade brings the accuracy of statistics to what has been a somewhat general conclusion. The cost of living as measured by rent, fuel, food, and clothing, has advanced by twelve per cent. in seven years, although it is lower than it was a generation ago. There is very little evidence that wages, except in certain special industries, have gone up in the same proportion, so that



we may take it that the average worker is no better off than he was. The *Westminster Gazette* takes the index figures of a few lands which figure prominently in fiscal discussions:

(The year 1900—100.)

|                      | 1905. | 1912.      |
|----------------------|-------|------------|
| United Kingdom ..... | 103   | 115        |
| Germany .....        | 114   | 130        |
| United States .....  | 113   | 139 (1911) |
| Canada .....         | 111   | 151        |

"According to these figures," says the *Westminster Gazette*, "Canada is the most expensive country in which to live in the whole world, and nearly all the tariff countries show a more rapid rise in cost than does the United Kingdom."

From the *Halifax Herald*, September 23rd, 1913:

HIGH COST OF LIVING AND TARIFF PROTECTION: STATISTICS  
CLEARLY ABSOLVE THE TARIFF.

A correspondent of the *St. John Globe* cites official figures to show that the charge that "the high cost of living" is due to the protective tariffs is not well founded.

The statistics he cites are from the report of exhaustive investigations carried on by the Dominion Department of Labor as to the increase in prices of various commodities during past years.

In the reports on wholesale prices published by the Labor Department, he says it is shown that between the years 1890 and 1896, when the protective policy in Canada was in full bloom, the index number of wholesale prices declined twenty points, and that while the index has since 1896 been rising, with occasional slight recessions, the prices of manufactured goods generally, supposed to be

most affected by the tariff, have not made any notable advance. In fact there are quite a number of manufactured articles whose prices have remained stationary or declined.

In the report of the Department issued in 1910 it is shown that by far the greatest advances took place in connection with the crude products of the forest, farms and fisheries—commodities that according to the reciprocity advocates derived no benefit from a protective tariff.

Of the great producing industries agriculture showed the greatest advance in prices.

Crude farm products (grain, fodder, meat-producing animals, milk, eggs, wool, fruit and vegetables) showed an increase of thirty-seven per cent. over the average of the base decade 1890-1899.

The products made therefrom (meat, brans, flour, hides, leather, etc.) showed an increase of thirty-four per cent.; that is, the manufacturers did not increase the prices to correspond with the increase of their raw material.

Fish produce increased nearly as much as farm products.

Products of the mine in 1909 were slightly above the level of the base decade, but, if coal is excluded, were below the average of the base decade.

For Canadian manufactured products the general level of prices was about fourteen per cent. above the level of the base decade. Included in this estimate were various grades of lumber, and lumber had on the average risen in price fifty per cent. above the base decade. When lumber was excluded the manufactured products of Canada, according to the report issued in 1910, showed a gain of less than ten per cent. compared with the base decade of 1890-1899.

Free traders have not contended that protection caused high prices of farm, fish and forest products in Canada. On the contrary it has been contended that Canada had a surplus of these products, and that free access to the

United States market would tend to raise their prices. How, then, can we account for the great increase in the prices of the products of the forest, farms and fisheries, as compared with the small increase in the prices of manufactured commodities which might be said to be due to the increase in prices of raw materials as much as to the tariff?

The conclusion of course is, as this correspondent, Mr. Colin McKay, of St. John, says, that one must delve considerably deeper than the tariff to find the cause or causes of the prevailing high cost of living.

We have had no opportunity to verify Mr. McKay's quotations, but presume they are accurate, and if so they certainly support his conclusion.

It is also to be noted the increase in the cost of living in recent years has not been confined to countries with a protective tariff, but is just as much in evidence in Free Trade Britain as elsewhere.

But after all the high cost of living is not a serious matter to the public generally, but only to those of low fixed salaries or a small fixed income.

It does not touch the producing farmers, and the industrial workers of Canada are probably better off to-day than they were in the days of low prices.

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From the *Montreal Weekly Witness*, August 15th, 1913:

IS CANNERS CO. KILLING OFF COMPETITION?—SCALE OF PRICES FOR NEW GOODS WOULD SUGGEST THIS—LOCAL TRADE SLOW.

*Dun's Bulletin* of Saturday, August 2, says of Montreal trade: "The heat spell has drawn further contingents to the seaside and mountains, and city retail trade is on the slow side. Wholesale business is of a rather more than usually quiet midsummer character, and the tendency to buy cautiously is strongly in evidence.

"The iron market is very dull. Apart from the moulders' strike there has been a curtailing of operations in some large foundry and manufacturing establishments, and sales of pig iron during the past month have been light. Quotations show no marked change. No. 1 Scotch iron is quoted at about \$23.00, and No. 2 selected at \$22.00. There is no English iron here at present. Buffalo iron is quoted at figures which would mean about \$19.00 to \$19.25 on spot, a price which producers of domestic iron could hardly meet. Dry goods warehouses show a good deal of activity in the shipping of fall goods on orders already booked, but it is not expected much new business will be done before September.

"Little improvement is yet noted in the demand for leather.

"There is a fair distribution of groceries for the season. Quotations just made for certain lines of the new pack of canned goods by the Dominion Cannery combination are causing considerable comment. In spite of the generally reported short crops, peas are quoted very much below last year's figures; strawberries, which have been also reported a specially short crop, are quoted at twenty cents less than last year, and there appears to be an impression in some quarters that these prices indicate a desire to kill off independent competition which has been developing the past few years. Western collections are still much complained of.

"The district failures list is a light one, only three small insolvencies being reported for the week, with liabilities of twenty thousand dollars."

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From a press despatch to the *Montreal Weekly Witness*, January 13th, 1914:

REFUSED TO JOIN COMBINE.

Toronto, January 8.—Because he refused to accede to the requests of his fellow tradesmen and join an alleged com-

bine to raise the price of meat to eighteen cents a pound and comply with other requests by which the control of meat would be held by certain butchers in the "ward," and other foreign sections of the city, a Jewish butcher named Drooker, who has stores on Agnes Street and Augusta Avenue, was assaulted Tuesday night at a meeting at 220 Simcoe Street.

The meeting had been called for the purpose of discussing the question of keeping up the price of meat. Drooker appeared at the Crown Attorney's office yesterday and his assailants may be forced to appear in the police court.

A great many Jewish butchers attended a previous meeting, and it is said that all present agreed to close their stores at a certain hour and make the price of meat eighteen cents a pound. Drooker was not present, and shortly after the moving spirits of the alleged combine called on him and asked him to join them.

Drooker refused, stating that he could make a profit by selling his meat, generally speaking, at fifteen cents a pound. He also refused to close his store at eight o'clock.

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From the *Montreal Weekly Witness*, August 5th, 1913:

OUTLOOK FOR MEAT EATERS NOT CHEERING—EXPERTS THINK FLESH FOOD WILL SOON BE LUXURY OF THE VERY RICH.

New York, August 4.—Although local meat men are not inclined to go as far as J. T. Russell, President of the National Master Butchers' Association, who is quoted as saying that he will hardly know the taste of meat ten years from now, they do believe that the price is not going to be any lower and that substitutes for the expensive cuts will come into general use.

They point out that in the leading nations of the world, especially in the United States, the demand is greatly in excess of the supply and is likely to continue so.

George L. McCarthy, Secretary of the American Meat Packers' Association, voiced the sentiment of the local dealers yesterday. He does not foresee lower prices for this or any other country during the next five years, and believes that the whole question harks back to the law of world supply and demand and that tariff or other man-made laws will have very little to do with it.

"The meat supply in the United States is about thirty per cent. below the actual demand," he said. "There were fifty-seven million head of cattle in this country in 1906, where there are but thirty-six million head now; and on the basis of the census of 1910 there are twelve or fourteen million more people in this country now than there were seven years ago.

"Will there be a substitute for meat? Yes, there will have to be. Many articles of food have come into prominence during the last decade and meat does not occupy as prominent a place.

"But I believe that the main substitute in this country will be in the use of cheaper cuts of meat.

"The day of the sirloin is passing in this country except for the rich. I believe in a decade from now we will eat round, chuck, flank, sausage and stew instead of what are now considered the choicest cuts.

"But I fear that most American housewives will have to learn the art of cooking cheap grades of meat from their German sisters. Some of these meats require one, two or three days to prepare properly, and in the German family nothing is thrown away but the bone."

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What do all these articles point to?

1. Illicit combinations.
2. Widespread discontent.
3. Lawlessness.

## CHAPTER II.

### MAGAZINE WRITERS.

THE discussion, however, has not been confined to the columns of the newspapers, with their correspondents, anonymous or otherwise, but has penetrated the cloisters of learning and been investigated by scholastic minds.

Thus Mr. Irving Fisher, Professor of Political Economy in Yale University, discusses the question in the December, 1912, number of *The North American Review* under the title "Is the High Cost of Living Going Higher?" which question you will notice he answers in the affirmative.

Professor Fisher attributes the ever-mounting cost of living in these times of ours to the over-production of gold and the consequent dearness of food. And he says that even if, as seems probable, the present rapidity of production of gold should cease, the cost of living would still keep on increasing. The movement having once got under way is uncheckable.

To this theory, which is not a new one, the one sufficient answer is India. That country has for more than two thousand years absorbed gold with sponge-like swiftness and effectiveness. Pliny, the celebrated Roman author, writing

about 70 A.D., said that India absorbed in his time Roman gold to an amount equal yearly to two and a half million dollars of our money. This drain continued all through the Middle Ages down to our own 'imes, and is still in full swing. It is calculated that India now takes as much gold as the yearly output of the Transvaal mines. And it never comes away from there. It is converted into jewelry, polished bars, temple adornments, and hoarded in the ground. Being locked up, it is of little good to the Hindustani, who are periodically scourged with devastating famines. India well illustrates the truth that to get any good from gold it must be kept in circulation. Once it is withdrawn and hoarded it becomes dead and might as well have been left in the ground from which it was wrested. At the same time the fact that it is so withdrawn and hidden away keeps its equilibrium as a medium of exchange unimpaired and preserves its incomparable qualities as such. Except as a medium of exchange it is of no more value than any other metal. Any attempt at standardizing the gold dollar, which is Professor Fisher's own pet theory, would, therefore, be utterly futile.

Being curious to learn what became of all the money, I read the explanation of where the gold went to nearly twenty years ago in the former edition of the *Encyclopædia Britannica*, under, I think, the heading "Money." It is also stated at length in the work entitled "Money and



Banking,"\* by Charles A. Conant, and probably in other standard works on the subject. Anyone who has not access to those more or less expensive works may see the facts plainly stated in *Munsey's Magazine* for January, 1913, by John Grant Dater, the financial editor of that popular periodical, in an article entitled "The Great Sink of Gold," meaning India.

Another professor, Dr. Andrew McPhail, of McGill University, tackles the problem in the December, 1912, number of *The University Magazine*, the literary organ of four of our leading universities, in an article entitled "The Cost of Living." Shrewd old Scotchman, or Irishman, or whatever he is, Doctor McPhail is not to be fooled by any over-production of gold fallacy. He says positively that the belief in it led to a panic in the United States in the days of Bryanism.† His idea is that we have been liv-

\*So powerful is the influence of change in conditions of credit in modifying the quantitative relations between gold and goods as to abundantly justify the caution given by Keynes ("Scope and Method in Political Economy," p. 216), in regard to the quantity law of money:

"This is, in a sense, a hypothetical law; it does not enable us to say that whenever there is an actual increase in the quantity of money in circulation there will actually be a rise in prices; nor does it even enable us to say that if we find an increase in the amount of money in circulation taking place concurrently with a general rise in prices, the latter phenomenon must of necessity be wholly due to the former. For the cause in question is not the only one capable of affecting general prices. Its effects may, therefore, be counteracted by the concurrent operation of more powerful causes acting in the opposite direction, or exaggerated by the concurrent operation of causes acting in the same direction."—Conant, Vol. 1, p. 196.

† "Another favorite explanation of the rise in prices is the increased production of gold, and in 1896 a large part of the people of the United States wrought themselves into a frenzy because they believed this fallacy."—Dr. A. McPhail.

ing too fast and too wastefully, and that we have laid too much stress on manufacturing, having abandoned the farms and gone too much into building up cities, which we now find to be inconvenient, disagreeable and dirty; and he looks forward cheerfully to the time when flourishing towns like Halifax, St. John, Montreal, Toronto and Winnipeg will be as silent and lonesome as Tadmor in the desert. Exhaustion of the soil by uneconomic methods he finds to be the cause of the enhanced cost of farm products. But modern science has overcome this difficulty. Some of the oldest countries in Europe, such as France and Germany, are still in the van of production. And an old country like Denmark showed within the last few years, and astonished the world by the results of applying, up-to-date methods in her dairying industry. To come to this Dominion, the oldest settled parts, such as Nova Scotia and Quebec, show after three hundred years of cultivation no signs of exhaustion. A good many of us can remember the time when the Annapolis Valley turned out only a few thousand barrels of apples where now a million barrels are produced yearly, and ten times that crop could be produced without any difficulty. Walking along the streets of Brandon, Manitoba, eight years ago, I saw them bringing up, in digging a sewer at a depth of eighteen feet, the clear black lush of prairie soil, and farther back, they told me, they had been down to a depth of twenty-one feet. How many

years it will take to exhaust this prolific deposit, with our knowledge of renewing the fertility of soils, may be left to conjecture. There is very little fear of old Mother Earth failing to supply her inhabitants amply for many centuries yet to come.

Dr. David Starr Jordan, President of the Leland Stanford Junior University of California, has an article in the January, 1913, number of *The World's Work* entitled "Taxing the Cost of Living," wherein he says:

The primary factor in the rise of the cost of living the world over is the fall in the value of gold due to excessive and growing financial exactions. In other words, it is produced by the steadily growing encroachment of Government on the individual through the Indirect Tax and the Deferred Payment, the two agencies of tyranny in the past, now used for the self-oppression of democracy.

Dr. Jordan believes we are spending too much for civic improvement and that we are paying for the same in the enhanced cost of living. Yet money spent in improving a town or city, if economically laid out, is always a good investment. It makes the citizens proud of their city and attracts strangers, thereby increasing trade. Dwellers in Paris have long been aware of this fact and have profited by it, whilst cities which have more recently awakened to a realization of its importance, such as London, Berlin and Washington, are being well repaid for their lavish though prudent outlay. So that we will still have to look elsewhere for a solution of this

world-wide question of the cause of the high cost of living. Sir Edmund Walker, President of the Canadian Bank of Commerce, thinks he has found it. In his annual address last year to the directors and shareholders of the great bank of which he is head, he gives what may be called the banker's reason:

\* In common with the rest of the world we are living in a time of high prices, and the incidence of these prices on those who have fixed incomes or earnings is so heavy as to constitute the greatest economic difficulty we have to face. I shall not attempt to deal fully with a subject which is being studied by Government commissions in many leading countries and which will, let us hope, be referred to an international commission. There are some forces which affect the general trend of prices, others which may cause any particular commodity to go above or below the line of the general trend, and again others which are local and produce such apparent anomalies as higher prices for foodstuffs in cities nearer sources of cheap production as compared with more remote centres of consumption. Without, therefore, discussing the effect of an enlarged and cheapened supply of gold, the enormous increase of credit partly made possible thereby, and the effect of many other forces causing a general upward trend of prices, we may profitably consider some local causes which put the people of Canada at an unnecessary disadvantage.

One of the most powerful and inexcusable local causes for the high price of food is the condition of our country roads. It must be clear that if a farmer has to travel ten or twenty miles to a city to sell his produce, every hour of delay to himself and his horses and wagon, every bushel or pound less he is able to carry, every day lost in the length of the life of his horses and wagon, cause just so

much increase in the cost of the article he has to sell. To the extent that this needless and cruel loss might, if avoided, partly add to the farmer's profits and partly lessen the cost to the consumer, the state of our roads is a little short of crime, if the bad roads around a city cause the price of a food to be much higher than it need be. One of the results is to enable producers hundreds, perhaps thousands, of miles away to enter into competition with the farmer in his own country, because the cost in transit over one mile of bad wagon road will cover the cost over many miles of good railroad. This competition may help the consumer by keeping prices from rising still higher, but it will not bring the price below the point fixed by the extra cost from the bad local roads. It will not do any good for those of us who live in well-paved cities to blame the farmers for bad roads. They cannot be expected to build good roads entirely at their own expense, and good roads will not come so long as we wait for anything as unfair as this. It is not that we do not know how to construct good roads. We know fairly well what we should do, but we hesitate to do it. In the excellent report on Highway Improvements in Ontario in 1911, there is a sufficient abstract of the systems adopted by the various countries of the world and by thirty-three states in the United States. Of these, that in use in the State of New York seems to be the most complete. Under this system roads are classified as follows:

- (1) State roads built at the entire cost of the state.
- (2) Country roads to which the state contributes one-half, the country thirty-five per cent., and the township fifteen per cent. For maintenance the state collects from the townships fifty dollars per mile per annum, the remainder being contributed by the state.
- (3) Can the people of Canada be made to realize that every man, woman and child suffers from the evil of bad roads, whether they use the roads directly or not? Have

we not as much intelligence as the citizens of these thirty-three neighboring states?

Another cause of high prices is the general inefficiency of most kinds of labor. Employment is so easily obtained, and the worker is so apt to be lacking in training for the particular calling it falls to his lot to occupy, that for this reason alone three men are often needed to do the work of two. The necessity of buying food for three families instead of two clearly raises the price of food, and every non-producer of food in Canada therefore suffers from this inefficiency of labor. Still another evil tending to high prices and growing rapidly in these extravagant times is the waste in the use of food. As seen in a modern hotel or dining-car this shocks most of us, but in countless families the waste is nearly as bad proportionately. If three animals are bought where only two are really needed, the price of meat is raised for everybody. I must apologize for repeating facts which are so palpable, but in our desire to blame someone else for the suffering caused by high prices, we often refuse to see local causes which largely contribute to it and which we could at least moderate if we chose. We have often spoken of the tendencies of modern life which increase the food consumers out of proportion to the food producers, and it is pleasing to see some slight evidence of a return to the land which may help to correct this disproportion, but while the quantity of fruit, vegetables and cereals grown may immediately be increased so as to affect prices, the state of the cattle industry of North America is so serious that some years must pass before we may hope for a return of normal conditions. It looks as if the United States would soon cease to export beef, and unless we at once change our course we may be in a similar condition. We must increase the number of beef cattle, sheep and swine on the land very largely if our annual consumption is to be supplied without depleting the herds. We shall hope the commission regarding our cattle ranges will produce good results, and

that the assurance of high prices for meat for some time to come may induce mixed farming to a degree not yet accomplished. Since 1908, while there has been a small increase in the number of horses in Canada, there has been a serious decline in the number of milch cows, beef cattle and swine. There should have been a very large increase, and unless every possible effort to arrest the decrease is made this class of food will grow steadily dearer in price. The falling off is most noticeable in Ontario, while the only important gains are in Saskatchewan and Alberta.

The foregoing includes nearly every cause but the real one. It is a wonder that a gentleman of such extensive information should not have vouchsafed even a passing notice to the trusts and combines. He states that in addition to the over-production of gold and the extension of credit affecting prices all over the world there are three local causes peculiar to the Dominion of Canada. These are the incompetence of workmen, the bad state of the public highways and the wastefulness of hotels, dining cars and the public generally. He says that our workmen are so incompetent that it frequently takes three of them to do the work of two. If three families, he argues, have to be maintained where two would be sufficient, that must increase the cost of living for everybody. Then the public roads are in a shocking state and the expense of hauling loads over them must increase the price of the food so conveyed to market.

Regarding the first alleged cause, it must come as a shock to a large part of the inhabitants of this workaday Dominion that we have such an

unworthy and reprehensible element in our midst. If our workmen are so lazy, or ignorant, or downright dishonest that three of them keep hustling around where two of them could easily do the work, then something ought to be done about it. From one point of view this may throw a flood of light on the Workmen's Compensation Act. From their traditional posing as an ill-used and down-trodden class, Sir Edmund Walker's sweeping arraignment suddenly turns the tables on them and puts them very much on their defence.

"So! ho! my men! You're a lot of loafers and scampers and scabs. What have you to say to that?"

We have always been rather proud of our workmen. They are, as a rule, intelligent and resourceful, and have undoubtedly done an immense amount of work of a permanent character. Considering the manner of the dissolution or winding-up of a good many banks, we may have at times had our doubts about the wisdom and efficiency of our bankers, but our workmen have stood the test fairly well. Now, however, it seems that they will have to look to it. From a considerable experience of both classes I believe that our workmen are just as competent to do their work as our bankers, and not half as arrogant.

But the bad roads come in for some share of the blame. It is true that they might be better. It is equally true that immense sums of money



have been spent upon them by the local governments and a huge deal of labor by the farmers. The thing that no man seems to have yet devised is some means of making them permanent. It is doubtful whether the present agitation for their betterment is inspired by anything more than the determination of a wealthy class to make themselves a more comfortable means of transportation in their luxurious road cars. These expensive new roads are probably to be made more to enable Sir Gorgias Midas to roll over them in his magnificent automobile than to help our old friend Farmer Hodge, who will bring his butter and eggs and greenstuff to town in his old ramshackle wagon the same as he always did.

Our hotelkeepers will henceforth, I suppose, have to keep a strict account of the wastebasket if they do not want to get into trouble with the banks. As regards the dining-cars, from what little experience I have had of them, I should say that their chief virtue is economy. Concerning the countless families spoken of by Sir Edmund, it is difficult to see to which of the constituent classes of our widely scattered population his remark can apply. Hardly to the French, the original settlers, whom their writers represent to us as the most economical people on the earth. When it comes to saving it is pretty hard to get ahead of a Scotchman. Then we have the United Empire Loyalist element, the descendants of a people who, whatever their failings, have never

been accused of wastefulness. The later importations, the Doukhobors, Galicians, Slavs, Italians and others, are all adepts in economy, while the Middle West immigrants from the United States must have been at least thrifty to have wrested from the soil the vast sums of money which they are credited with having brought with them into the North-West Provinces.

#### INCOMPETENT WORKMAN'S REPLY.

The workmen put up these costly banks. They must have been inspected and passed before being taken over. And we never heard of one of them tumbling down. But see how many banks have tumbled down in the last few years. The Sovereign, Ontario, Farmers, Commercial Bank of Windsor, Bank of Yarmouth, and the Union Bank of Halifax have all had to close their doors or become merged in other banks. The bankers practically confessed that they were incompetent or they would be doing business to-day. Dr. Beattie Nesbitt went to jail and died there, but you never heard of a workman having to die in jail through incompetence. But what is there so difficult about banking, anyway? Anyone who can shave a note can keep a bank. Why do they put up these palatial structures if not to make a display of their wealth? Is there no waste in that? And what about all these big salaries and expensive establishments of some bankers? Does not this look like waste, or quite unnecessary expenditure at all events?

Incompetent and wasteful our workmen may be, but it must be admitted that they have some precedent for it. What about the score of banks that have failed in the last thirty years or so? Why, if there is not extraordinary incompetence, is the percentage of successes so low? Considering, too, the privileges and favors so freely extended to the banks by the Government, it is hard to see how they can justly claim the right to criticize the workmen. The workmen have never had much pap handed out to them by the Government or any other power.

Those opinions of Professor Fisher, Doctor McPhail, President Jordan and Sir Edmund Walker were all as we say academic or doctrinaire, such as a man of fair knowledge and observation sitting in his easy-chair in his library might evolve from his inner consciousness, but without primarily any reference to ascertained or ascertainable facts.

A floating newspaper sketch makes a navy who is reading from a newspaper ask his pal, "What does he mean by saying a thing is 'academic,' Bill?" Bill, removing the pipe from his mouth, replies, "He means that it doesn't amount to shucks."

Still another professor, M. A. Mackenzie, Associate Professor of Mathematics in the University of Toronto, essayed a solution of the puzzling problem. Early in the winter of 1912-1913 I noticed in a remote corner of the *Montreal Witness* an item stating that Professor Macken-

zie, with a committee of the Board of Trade of Toronto, had made a report finding that certain groups of men buying up and holding for higher prices agricultural products were primarily responsible for the high cost of living. The outside page was filled with lurid accounts of the Turco-Bulgarian war, but this little, disregarded item was really of more importance to the people of Canada than the news that fifty thousand Bulgarians had killed a hundred thousand Turks and eaten them. Professor Mackenzie and the Board of Trade went about their work in a business-like way to get at the facts and base their conclusions thereon, and if they had gone farther they might have got more. As it is, we should be grateful to them, for theirs is about the first valuable contribution to the discussion.

In the article in the *Canadian Magazine* for February, 1913, in which Professor Mackenzie elaborated his views, he shows that while food prices have risen since 1900 in England to 109 they have risen in Canada to 125 and meats as high as 145. When Canadian bacon was sold in England at from 13c. to 15c. per pound it was sold in Toronto at 20c. and in Montreal at 22c. Canadian cheese was selling in London at from 13c. to 14c. per pound when it was selling in Montreal and Toronto at 22c. He says: "The retail price of bread in London is 2 $\frac{3}{4}$ c. a pound, as against 3 $\frac{1}{3}$ c. in Toronto, while milk is 8c. a quart, as against 9 $\frac{1}{2}$ c. here. He continues:

The most important cause operating in Canada as a whole which permits the prices of foodstuffs to be higher in Canada than in London is protection. Not only the tax on manufactured goods, which raises the farmer's cost of production, but also the tax levied on imports of food from abroad and paid, of course, by the Canadian consumer. This latter tax was intended to protect the Canadian farmer in times of Canadian scarcity and to be inoperative in times of Canadian plenty; but the development of the packing and canning industries, coupled with the growth of cold storage facilities, has made it possible to-day for a group of men to control the prices at which our farmers must sell certain products (nearly all the possible buyers being in the group), and also to maintain the prices at which the consumer must buy the same products up to the level of the foreign price plus freight and plus duty. A gentleman who knows all about the Canadian packers, and whose word is unimpeachable, has assured the writer that, in spite of the possibility of the thing, there is absolutely no combination among the packers. One is glad to possess the assurance in this particular case, but there are other cases, and the evidence of the prices already quoted here will need a great deal of explaining away.

On the other hand, the *Montreal Weekly Witness* of January 27th says:

As far as regards the annual household bills, it is probable that free food would bring a minimum of relief. Where it might relieve Canadians a good deal would be where it would destroy middlemen's monopolies. In doing that it would be as great a boon to the farmer-producer as to the consumer, seeing that the middleman dictates to both. If, as Mr. White says, there is an under-production of animal food, here is the cause. Mr. White himself represents a monstrous Toronto secession from the Liberal

party to the Conservative when a meat combine in Ontario was threatened by the late Government's reciprocity treaty.

So that, in spite of what Professor Mackenzie's "unimpeachable" authority said, if the *Montreal Witness* is to be believed, there is a great meat combine in Ontario strong enough to overturn a Government. There would be a good chance for an industrious prosecuting officer in Toronto to "get busy" and see whether section 498 of the Criminal Code could not be invoked in order to put a stop to this sort of thing.

The press is worked to its full capacity to make out things as good as can be for the manufacturer and the company promoter. The point of view of the consumer is rarely presented. He is the pigeon to be plucked alike by the banker, manufacturer and wholesale grocer. A retiring president of the Manufacturers Association in his annual address for 1912 said that Canadians should buy Canadian-made goods no matter how high they cost. The cheap, home-made stuff is good enough for the consumer, but the wealthy manufacturer can afford to buy handsome and durable imported furniture.

Increased prices have advanced step by step with increased production. Owing to improved processes, more efficient machinery and a deeper knowledge of farming, ten acres of land to-day can be made to produce as much as twenty-five acres would a few years ago. Population, at least in the older Provinces, has not increased much; but in spite of these two facts—enor-

mously increased production and comparatively stationary or in some cases, as in Prince Edward Island, a dwindling rate of population—prices have gone up by leaps and bounds. It will need some very plausible philosophers to persuade the consumer that these prices have been caused by over-production of gold, inefficient workmen, bad roads and wasteful hotels and dining-cars.

Mr. L. G. Chiozza Money, M.P., the well-known English statistician, has an article in the September *Contemporary Review* entitled "The New Dearthness." He treats the question from the point of view of an English free-trader and mostly with reference to England. He says:

Incidentally it may be noted that the New Dearthness has struck heavily at the practice of Protection. Protection in modern times has grown contemporaneously with a fall in prices, and the protective duties which were imposed on the continent of Europe and elsewhere were mitigated for the poor by the free trade of the engineer. In the latter part of the nineteenth century, as fast as Protectionist statesmen piled on import duties the engineer, by opening up new lands with his railways, and by bringing about a great fall in freights with his steamships, fought Protection inch by inch.

In summing up he says:

While it is certain that prices expressed in gold must have been affected to some immeasurable extent by the increased gold output, it is clear that other and by far greater influences upon price must have been also at work. . . . What was the cause of the fall in prices of the 'eighties and 'nineties of last century shown in the table already given? Broadly, the answer is that it was a period

in which the resources of the world were laid under contribution more rapidly than effective demand increased in the white civilizations. We should not use the just word if we said that the world's resources were rapidly harvested, for harvest implies a precedent seed-time. It would more nearly express the truth to say that the best resources of the world were rapidly exploited as though they were unlimited in quantity, without regard to the fact that men were reaping where they had not sown, and without regard to the future. The large-scale scratch-farming, the creaming of the world's richest mines, the hewing of the world's best timber, were assisted by the invention of a host of labor-saving appliances. The quickly and cheaply gathered wealth was distributed to the world's markets with the aid of improved ships, the freight charges of which tumbled down in such fashion that whereas in the 'seventies it cost seven or eight pence to take a bushel of wheat from New York to Liverpool it came to cost no more than one and one-quarter pence a bushel.

For a short period in modern times this new large-scale world exploitation proceeded more rapidly than increase of population, or the effective demand exercised by increased population, but the continuous cheapening of products by the opening up of new lands could not proceed far without a check. The use of machinery and the extended use of capital in large units raised the standard of living of a considerable proportion of the world's white peoples. Emigration took place on a large scale from poor ancient lands with small natural resources to rich new lands of promise; it is hardly realized upon what an enormous scale the transplantation of white men on the globe has been proceeding. Millions upon millions have left countries in which they consumed the cheaper cereals, scarcely any meat, and very little leather, or metals, or other commodities, to establish themselves in new countries with high standards of living, where they made a new and enlarged draft upon the world's wealth. Thus, what



between natural increase of population, a rising standard of life all over the world, and a great emigration from low wage to high wage countries, the time soon came when world exploitation, although rapid and continuous, ceased to keep pace with the world's demands for many important commodities.

That is the explanation which seems to me to cover the greater part of the ground. It is an explanation which, if traced in detail in connection with each and every commodity named above, will, I think, be found to have a reasonable relation to the facts of the case. If it is the true explanation, as I am inclined to think it is, it is consistent with the rise in price of many articles in which supply could not keep pace with the demand, and the fall in other articles where supply, owing to the nature of the commodity and the circumstances of its production, was equal, or more than equal, to the occasion. It is, for example, consistent with the fact that wheat rose in price while rice fell.

What of the future of prices? I think we may rely upon scientific endeavor to be equal in the long run to the production of an enduring cheapness. The weapons of science have not yet been taken up in earnest by the nations of men. It is no more than haphazard and careless effort which has been applied to the world's resources. Men in a hurry to get rich have despoiled territories and wasted natural wealth in so far as the law of the conservation of matter has permitted them to waste. There can be no reasonable doubt, however, that the production of organic commodities, whether foods or materials, will be so greatly magnified by scientific method that the men of the future will produce ample supplies of all necessary things of this kind with little labor. As to inorganic supplies, we may have faith that science will also show a way to the practical employment of low grades of ore which cannot now be commercially employed. The economic employment and perhaps the colonization of tropical lands may, it is quite

probable, add enormously to the world's supply of consumable goods. As to manufactured commodities, based upon either organic or inorganic materials, the road to cheapness is already quite plain, given the material supplies. Thus, whatever the course of prices in the near future, the end is not uncertain. The New Dearthness will pass and be succeeded sooner or later by an enduring cheapness—by a scientific plentifulness which may or may not be expressed in terms of gold.

This is all very interesting. The voice of the optimist is always heard with acceptance. But Mr. Money does not attempt to explain why it is that in Canada and the United States, the countries where the supplies or commodities are produced, the prices should be so much higher than in England, the country to which the commodities are carried.

Samuel P. Orth has an interesting article in *The World's Work* for April, 1913, entitled "Germany, England, and the Trusts," in which he says:

The common law prohibits monopolies and combinations in restraint of trade. But the English courts have not interpreted these ancient legal maxims to mean that all combinations are *per se* in restraint of trade, or monopolistic. On the contrary, *the policy of the English law is to encourage competition, but it does not prohibit combination.* The leading and oft-quoted case is that of the *Mogul Steamship Co. vs. McGregor, Gow & Co., et al*, which found its way for final determination into the House of Lords in 1891. The defendants were a "Conference," i.e., a combination of shipping companies, who, in their endeavor to control the Hankow tea trade had tried to exclude the plaintiffs from the trade by offering special

rebates to those shippers who patronized the "Conference" lines exclusively. The plaintiffs claimed that the "Conference" was in restraint of trade and, therefore, unlawful. But the House of Lords were unanimously of the other opinion and sustained the validity of this rebate-giving shipping ring in a memorable decision which declared that the defendants "have done nothing more against the plaintiffs than pursue to the bitter end a war of competition waged in the interests of their trade, an competition, however violent, is not contrary to public policy." Lord Justice Fry said: "To draw a line between fair and unfair competition, between what is reasonable and unreasonable, passes the power of the courts. And Lord Justice Bowen found comfort and support for his conclusions in a country of free trade "which is not a monopoly," and he thought that it was not the province of judges to mould and stretch the law of conspiracy in order to keep pace with the calculations of Political Economy. *If profitable and honest combinations of capital for purposes of trade competition are to be checked at, it must, I think, be by legislation for I do not see that they are under the ban of the common law.*"

This is a very significant passage. It places the responsibility for drastic anti-trust action on Parliament, not on the courts.

And what has Parliament done?

It has passed a special Companies' Act, which enjoins recording publicity on all corporate affairs, prohibits that vicious of all corporate evils, stock-watering, and prevents the usual promoting and other crooked financial dealings which taint the records of so many of our corporations. This Act permits of holding companies, and its provisions are often used for the purpose of consolidating many separate concerns into one control. No attempt is made at trust regulation.

Nor has the Government busied itself with all these trusts, pools and trusts. It has never made a general inves-

tigation of them. In 1906 a Royal Commission looked into the affairs of shipping rings, whose influence on an island empire is naturally very great. The commission, after several years of inquiry, merely suggested the establishment of a method for settling disputes between shippers and steamship lines by arbitration.

In 1908 Sir Gilbert Parker asked the Prime Minister the following carefully worded question:

"I beg to ask the Prime Minister whether he is aware of the existence in Great Britain of trusts, rings, cartells and other combinations having for their object the monopolization of trades and markets, by regulating the output or by keeping up prices and stifling competition; and seeing that such combinations are in restraint of trade and are, therefore, inconsistent with the present free trade policy of the country, whether he will take steps to restrain the increasing monopolistic operations of foreign trusts in the United Kingdom; and whether the Government will grant a Royal Commission or a select committee to inquire into the existence of railway conferences, shipping rings, coal rings, industrial combinations of the iron and steel trades, such as the rail-makers' syndicate, and other organizations like the Imperial Tobacco Trust, the Meat Trust, and the German Electrical Manufacturers' Trust."

To this formidable question Mr. Asquith quietly replied:

"I am aware of the existence of trade combinations of the kind referred to in the United Kingdom, and I agree that in some cases the effects of these may be prejudicial to the public interest. But the operations of such trusts are necessarily more circumscribed and less mischievous here than in other countries in which they are fostered by a general customs tariff, and I doubt whether there would at the present time be any advantage in such an inquiry as the honorable member suggests."

*So both the Government and I  
in the efficiency of free trade i*

*of trusts, and in the common law in preventing the subtler evils of unlawful restraint, and in a sensible corporation law in protecting the public against fraud and malicious financial machinations.* England's experience teaches us that in a land of traditional individualists, where the channels of trade have been kept fairly open, where the ancient customs of the people abhor monopoly and trade restrictions, there is maintained a considerable degree of competition whose wholesome effect is not destroyed by the large business combines. England challenges the competition of the world, and believes that trusts which can thrive under the conditions of this proud challenge are welcome to their prosperity.

Neither Germany nor England tries to regulate the trusts as we do; neither tries to uproot them. The one cherishes them, the other tolerates them. Both recognize that Big Business has come to stay.

Germany's experience shows plainly that an alliance between the Government and Big Business can produce an upper crust of prosperity. How long it will last no one can say. England's experience shows that the old common law is not to be despised as a policeman, especially when artificial barriers to trade are all taken down.

In this country, whilst suffering from all the evils of the rule of the trusts, we have no counter-vailing checks whatever.

## CHAPTER III.

### *CANADIAN TRUSTS.*

I WAS considerably amused just after the General Election of 1911 at a little controversy that took place in *Harper's Weekly*, the well-known "Journal of Civilization" of New York. The editor in a brief note said that he thought he saw the hand of the trusts in the returns. A correspondent in Saskatoon promptly wrote to him that he was mistaken—that we have no trusts in Canada like they have in the United States.

The Dominion Parliament seems to have thought differently, for in 1910 it enacted what is known as the Combines Investigation Act, "combine" including "trust," as will be seen from the definition given at the beginning of the act:

"Combine" means any contract, agreement, arrangement or combination which has, or is designed to have, the effect of increasing or fixing the price or rental of any article of trade or commerce or the cost of the storage or transportation thereof, or of the restricting competition in or of controlling the production, manufacture, transportation, storage, sale or supply thereof, to the detriment of consumers or producers of such article of trade or commerce, and includes the acquisition, leasing or otherwise taking over,

or obtaining by any person to the end aforesaid, of any control over or interest in the business, or any portion of the business, of any other person, and also includes what is known as a trust, monopoly or merger.

I do not know whether the draftsman of the act in drawing it up consulted the combines, but they could not have made things much better for themselves if he had done so. Under section 5, where six or more persons, British subjects resident in Canada and of full age, are of opinion that a combine exists, and that prices have been enhanced or competition restricted by reason of such combine, to the detriment of consumers or producers, such persons may make an application to a judge for an order directing an investigation into such alleged combine. The act goes on to say that such application shall be in writing addressed to the judge, and shall ask for an order directing an investigation into the alleged combine, and shall also ask the judge to fix a time and place for the hearing of the applicants or their representative.

But the act does not say what the judge would ask the applicants. The first question the judge would ask them would probably be, "Well, who's appearing for you? Where's your lawyer?" And the applicants would have to get a lawyer and have to pay him also before they had gone very far. And at every step they would be met by half a dozen corporation lawyers armed to the teeth.

The act is a more or less ingenious attempt at whittling away the force of the criminal law, for the offence aimed at therein is the same as that made punishable by section 498 of the Criminal Code with two years' imprisonment. Not six or more persons, but the Attorney-General of Canada, with all the resources of the Department of Justice at his back, should be the party to enforce it. The responsibility should not be cast on any body of citizens chosen haphazard, who would be as helpless as a lot of lambs in a court of justice. This attempt to make citizens do the work of those who are trained and paid to enforce the provisions of the criminal law is a novelty. The trusts would thus be exempted from the rough and unpleasant processes used in handling ordinary criminals.

Suppose, however, that "six or more persons being British subjects resident in Canada and of full age" were of opinion that a combine enhancing prices existed, the shortest and easiest course for them to pursue would be to go before the Attorney-General, or any prosecuting officer, laying their suspicions and the grounds of them before him, and ask him to work up the case and bring it before the grand jury in the manner with which he would be perfectly familiar. They would thus have done their duty perfectly and the public would be satisfied that the matter was properly attended to. The man who enhanced prices in order to rob the public, be he great or



small, would be apprehended and tried the same as any other criminal, as he deserved to be.

Of course, the idea that the framers of that act had was that there would be six or more persons who would take the course prescribed by the act and the country would be treated to a repetition of the interminable litigation which has resulted from the attempts to work the Sherman Act in the United States. Luckily there have not been found in the Dominion of Canada during the three years that the act has been in operation six persons foolish enough to try to put it in operation. Possibly the framers of the act are disappointed and may get up a few bogus cases under it just to hoodwink the public. It would be an interesting spectacle to watch if they attempted anything of the kind.

It is very doubtful whether the Combines Investigation Act is valid or constitutional because it gives to "six or more persons," unascertained and unnamed, duties to restrain and prevent public wrongs which peculiarly belong to the office of the Attorney-General.\* The most such persons should be allowed would be the power to make the relation mentioned above. But to give them the power not only to

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\* "The authority of the Attorney-General at common law to file an information in equity to restrain and prevent a public wrong is well established in England. It may be done by him either *ex-officio* or upon the relation of persons who have an interest in the subject-matter of the bill, and whose private rights may be protected by the decree which is sought mainly on the ground of a public injury."—*Am. and Eng. Cyc.*, vol. 3, p. 476, note 5.

make the relation but to proceed upon it is simply absurd.

Doubtless everyone has seen the sketch of the dog slaughter-house in Berlin which went the rounds of the newspapers last winter. A man is therein seen standing by the door of the slaughter-house carrying the carcass of a dog in a tray on his shoulder, while with his left hand he holds two live dogs in leash. A little girl approaches the doorway carrying a market-basket, probably with an idea of purchasing some dog-meat.

A despatch from Berlin early last winter stated that the police had been sent out to gather in all the stray dogs they could find in the streets, to be killed and cut up for food. The meat, we read, was eagerly bought. We hear a good deal nowadays of the British Empire, its vastness and its responsibilities and the responsibilities of the constituent parts to the Mother Country. Amid the discordant voices of the controversy one fact, at all events, emerges clearly, and that is that the British Empire was never built up on horse-flesh or dog-flesh. The English, being an eminently shrewd and practical people, seem at an early period in their career to have arrived at the conclusion that if they were ever to amount to anything as a nation they would have to have good food and lots of it. Otherwise their national physique would be impaired.

Napoleon Bonaparte said that an army marches on its stomach. He might have gone farther and said that the human race marches on its stomach.

But there were not wanting even in those early times those who sought to make the cost of living higher in order to enrich themselves, and the English dealt with these with characteristic promptitude and decision. Thus there were the perpetrators of the offence called *forestalling* the market, defined by 5 and 6 Edw. VI, c. 14, to be "the buying or contracting for any merchandise or victual coming in the way to market; or dissuading persons from bringing their goods or provisions there; or persuading them to enhance the price, when there; any of which practices make the market dearer to the fair trader." Such perpetrators were liable to fine and imprisonment. "Regrating" was the buying of corn or other dead victual in any market and selling it again in the same market or within four miles of the place. "Engrossing" was the offence of buying up large quantities of a commodity with the intent of selling it again at an enhanced price.

The substance of these old laws is contained in section 498 of the Criminal Code, which is merely declaratory of the common law. This section reads as follows:

498. Everyone is guilty of an indictable offence and liable to a penalty not exceeding four thousand dollars and

not less than two hundred dollars, or to two years' imprisonment, or, if a corporation, is liable to a penalty not exceeding ten thousand dollars, and not less than one thousand dollars, who conspires, combines, agrees or arranges with any other person, or with any railway, steamship, steamboat or transportation company,—

(a) To unduly limit the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article or commodity which may be a subject of trade or commerce; or,

(b) To restrain or injure trade or commerce in relation to any such article or commodity; or,

(c) To unduly prevent, limit or lessen the manufacture or production of any such article or commodity, or to unreasonably enhance the price thereof; or,

(d) To unduly prevent or lessen competition in the production, manufacture, purchase, barter, sale, transportation or supply of any such article or commodity, or in the price of insurance upon person or property.

2. Nothing in this section shall be construed to apply to combinations of workmen or employees for their own reasonable protection as such workmen or employees.—  
63-64 V., c. 46, s. 3.

Under this section everyone who conspires with others to limit transportation facilities, restrain commerce, lessen manufacturing, or unduly prevent or lessen competition in the production, manufacture, purchase, barter, sale, transportation or supply, or unreasonably enhance the price of any article or commodity which may be a subject of trade or commerce, is liable to a penalty not exceeding four thousand dollars and not less than two hundred dollars, or to two years' imprisonment, or, if a corporation, not exceeding ten thousand dollars and not less than one thousand dollars.

The section embodies the old historic principles of the common law of England reinforced by the provisions of Magna Charta regarding restriction of trade and monopolies, and is the birthright of every English-speaking person. Where this law is enforced the question of the high cost of living will never arise. It keeps prices at the lowest reasonable figure.

This section, forming the great historic safeguard of the rights of the people, is to-day practically a dead letter. Whilst the people are continually suffering from fresh exactions sanctioned by its disuse, we hear nothing of any attempt at its enforcement. Our prosecuting officers bring no cases under it before the grand juries, and it is never mentioned in the judges' charges to the same. The reason why prices have been kept down in England is because there the laws regarding food and restrictions of trade have been rigidly enforced. Attempts to "jump up" prices have been promptly inquired into and suppressed. Thus it comes that Canadian beef, pork, flour, cheese and many other necessities of life can be bought to-day in England cheaper than they can be purchased here, and it is also the reason why England, long past the period of self-support as regards foodstuffs, buys her food in her own markets cheaper than it can be bought thousands of miles away, in Canada and the United States, where it was grown. The enforcement of her food laws gives England cheap food, whilst the neglect of them

has brought her children in other English-speaking countries to the verge of starvation. This is a heavy price to pay for the possession of a few score of millionaires and multimillionaires.

These learned men work hard to make the cause of the high cost of living seem as mysterious as the nebular hypothesis. It is quite interesting to study the ingenious arabesques which they weave about their fanciful theories. It would be amusing were it not a serious matter for millions of their fellow countrymen. No great banking authority has yet risen up to point out that the great cause of the trouble is the non-enforcement of section 498. Such a law is a necessity in every civilized country, and it must be enforced, too, otherwise the people will surely be plundered by combines and trusts, as the people of Canada and the United States are being plundered at the present time. In England and France, where the law is enforced, food is good and cheap. In Germany, where it is not enforced, the people are eating horse-flesh and dog-flesh and are glad to get it. The same will be said of Canada and the United States before long unless the combines and trusts are curbed.

Some layman, ingenuous and of a more or less inquiring turn of mind, may ask: "But how happens it, if the law is as you state it, that none of the prosecuting officers, the men who are *orn* and paid to see that all of the laws are administered fully and impartially,

have undertaken to see that section 498 was enforced?"

The question opens up an interesting field of speculation. Some may answer that it is because the prosecuting officers do not know any law. But this explanation is manifestly absurd. While it is undoubtedly true that the learned brethren of the law possess a knowledge of its intricacies in varying degrees of completeness, yet, in a general way, it is true also that they know all the law. They habitually pass under their observant faculties every page of the Criminal Code, and many sections they must know nearly by heart. Even if this particular section was not ever present before their eyes, yet when a few years ago the sharp rise in the price of the necessaries of life began to be commonly noted, one might have supposed that they would have made a thorough study of this section in order to find out whether it afforded any relief. Then, again, there are the judges. While some of them are content to take only such cases as the prosecuting officer may bring to their notice, there are others who bestir themselves diligently to have any flagrant case, which may have been for some reason overlooked, presented to the grand jury. Thus a judge has been known in a bank case involving the honor of the directors to make searching inquiries about bringing them to justice. And when, upon arriving at the county town, a judge has found the prosecuting officer recovering from a prolonged "howl" but still

under the influence of liquor and totally incapacitated from attending to his minutes of preliminary examinations, subpoenas, witnesses and bills of indictment, His Lordship has taken the matter into his own hands, drawn up the indictments himself and had them presented to the grand jury.

As will have been noted, one at least of our most popular and broadminded judges has commented feelingly on the distressing rise in the cost of most things. Then there are retired members of the bench who might have found leisure to look into the matter and bring it to the attention of the bar and other members of the community. One can explain it only by the paralysing power of routine. The legal fraternity has got into a rut. Certain crimes and misdemeanors are attended to because they have always been dealt with. The legal mind will not venture easily outside of its beaten round. Innovations in procedure it regards with profound distrust and will rather, with Hamlet, suffer its present evils than fly to those it knows not of. Nothing less than a thunder-clap will arouse the besotted sleeper. The members of the outside bar, with their varying amounts of practice, are as torpid as those upon whom has been thrust the administration of the criminal law.

Now, however, that the matter has been, however feebly and insufficiently, made plain to them, we may look for a thorough transformation. The inferior officers of the law, compris-



ing constables, policemen and other peace officers, will be alert to detect and point out any unreasonable rise in prices which they may notice. Prosecuting officers will carefully study section 498 in the light of English cases, and diligently search out and bring before the grand jury all cases that may have to be dealt with under it. The judges on their part will be vigilant in safeguarding the rights of the people by insisting on the prosecuting officers bringing every case of infraction of the law before them "without fear, favor or affection, or reward or the hope thereof," as the grand jury are sworn to do.

Some may say, however, that the indifference of bench and bar are no more to be adversely commented upon than the inexplicable unconcern of our Parliamentary assemblies and other representative bodies, such as town and county councils and boards of control. All of these powers are elected to look after the interests of the people and should be vigilant in maintaining their rights and defending them from oppression and extortion.

Suppose the Attorney-General should instruct the prosecuting officers throughout the Province that for one year there would be no prosecutions for murder, burglary or arson, what would be the result?

At first there would be no increase of crime. But gradually, as the secret began to leak out, murders would occur. Persons who had a long

standing grudge against their neighbors would indulge their temper. If someone then asked a great banking authority the cause of this extraordinary outbreak of crime, would the latter reply, "Extension of credit, overproduction of gold, incompetence of workmen, bad roads, wasteful hotelkeepers, dining-car people and others"? No! He would say, "It's because the law against murder is not being enforced this year." And so of burglary and arson. But when section 498, containing a basic principle of English law, is never enforced and a man is asked the cause of the enhanced price of food, he replies, "Extension of credit, overproduction of gold, incompetence of workmen, bad roads, and wasteful hotelkeepers, dining-car people and others"!

The people are being robbed with the tacit acquiescence of Parliament and Parliamentary leaders. The last time that Parliament touched this subject was in 1910, and then it passed the Combines Investigation Act, under which it was never proposed to investigate anything.

In the Appendix may be seen the Sherman and the Combines Investigation Acts. The effect of these two measures was to rivet economic shackles on the people of the United States and Canada. Ex-Senator George F. Edmunds of Vermont relates the history of the Sherman Act in *The North American Review* for December, 1911. The act bears Senator John Sherman's name, but he took no part in framing it. Sena-

tor Edmunds wrote practically the whole act under the Judiciary Committee, composed of himself and Senators Ingalls, Hoar, Wilson of Iowa, Evarts, Coke, Vest, George, and Pugh, comprising some of the ablest lawyers in the United States. Anyone who takes the trouble to read the two acts will see at once the difference between the verbose and windy periods of the two later acts and the concise, clear and effective terms of section 498. Senator Edmunds says:

The principles of universal jurisprudence coming to us, through increasing civilization, from the Roman Law to the so-called Common Law of England . . . were assumed to be within the judicial knowledge.

If, then, the authors of the act knew the provisions of the Common Law, why did they not copy the simple expressions contained in the English or Canadian act? Had they done so they would have saved to the people of their country many millions spent in the courts uselessly in trying to work an unworkable act. One has a right to look for more workmanlike legislation from such practised legal experts as those mentioned above. The authors of those measures, the Sherman Act and the Combines Investigation Act, tried to convert into a minor offence that which is essentially and in fact a crime.

The reason why we have a comparative immunity from crime in other directions is because the criminal law is strictly enforced.

But suppose section 259, of murder, or section 511, of arson, or sections 446 and 457, of robbery and burglary, were not enforced, that the Attorney-General instructed the prosecuting officers to institute no prosecutions under those sections for the period of one year, what would be the result? Would there be no murders, no house-burnings, no robberies, no burglaries during that year? It is only because the sections of the Code concerning those crimes are duly enforced that we enjoy such immunity from crime as we have. With a fair record of good conduct we have not yet arrived at that millennial epoch in this Dominion when we can safely dispense with the punishments of the criminal law. Not until the bankers cease from grasping and the combinesters bleed no more.

#### THE WISE NEW ZEALANDERS.

In answer to a member for Waikato *re* the protection of New Zealand producers against exploitation by the American Beef Trust, Mr. Massey, the Prime Minister, said: "The position is being carefully watched, and any development likely to prejudice the interests of New Zealand will be promptly dealt with."

It is alleged that the American Meat Trust has established itself in Queensland and, if successful there, will assuredly make an effort to extend their operations to New Zealand. Mr. Anderson (Mataura), with reference to the subject, said, while speaking in the House, that its plan of campaign was to secure the market by paying high prices for stock, then buying out or making terms with the freezing companies. Once a complete monopoly was

secured, it squeezed the graziers by paying low prices for stock. "The trade in the Argentine was secured in two years. Mr. Massey made it very clear that he and his Government would make it extremely difficult for such a trust to successfully launch itself in the Dominion."—"New Zealand Notes," *The British Empire Review*, November, 1912.

Our far-sighted Canadian legislators in 1910 waited until all the combines, trusts and mergers had got nicely established, and then passed the Combines Investigation Act, under which, as I have already said, it never was proposed to investigate anything.

#### NECESSITY OF A MEAT DIET.

The man who raises the price of meat raises the price of everything else. We are a nation of meat-eaters. The vegetarian idea has never taken much hold of our population. While vegetables are wholesome and perhaps not eaten as much as they should be, still, for the strength of the nation, for the workers and the fighters and, to a very considerable extent, the thinkers, a certain quantity of meat for food is an absolute necessity. They must have it in order to work effectively. Therefore the man who unreasonably and merely to make money faster raises the price of meat, strikes a deadly blow at the very heart of the country. He is a worse enemy than any plague, or famine, or even an invading army.

**ENHANCING PRICE OF MEAT RAISES ALL OTHER PRICES.**

Many persons, especially those leading a sedentary life, can do with little or no meat. A largely vegetarian diet is the best for them. But they do not thereby escape the effect of dear meat. In consequence of dear meat they have to pay more for most of the goods they use or consume and they have, besides, to pay workmen increased wages. Thus they suffer indirectly almost as much as meat-eaters. What they save in meat they lose in the enhanced price of other commodities and in wages. They suffer, although they avoid the meat-shop.

**AN INTERNATIONAL SOCIETY, WITH BRANCHES ALL OVER THE WORLD.**

The scope and operations of the Beef Trust are world-wide. From their vantage-ground of secrecy they survey the toiling millions like the tireless workers in an ant-heap. If there is an obstacle to be surmounted they form their plans silently, yet unbrokenly, and carry them out with ruthless determination. Nothing is allowed to stand in their way. Rivals are bought out or crushed, governments are conquered, peoples become their unconscious slaves. They march right on to their goal with the sureness and inexorableness of Death—Pallida Mors. They can be matched only with a similar organization.

The organization must be as wide as the Dominion. There would be no use in the inhabitants of an isolated community, town or city taking up this question alone. They might possibly obtain some little redress in their own locality, while conditions outside would be no better and they themselves would in a little while be brought back under the yoke. The organization will have to embrace the whole country, constant communication being kept up among the various branches and the whole organization being prompt to resist any attempt against an individual branch. Vigilant watch will need to be kept on the trusts, and representatives of the consumers will have to be maintained at the Provincial Legislatures, no less than at the Parliament at Ottawa, to prevent any further encroachments. Only in this way can the rights of the great body of the people be safeguarded.

## CHAPTER IV.

### *RISE OF THE COMBINES.*

THE first great movement of the corporations towards combines began to be noticed in 1897. There had been previous tentative schemes in this direction, spying out the land as it were, but the weapon was not completely forged until the above year. Since then the mode of operation has been perfected, and its extent is simply world-wide, free-trade no less than protectionist countries being subject to its exactions. On this point Professor Fisher says:

In the last fifteen years prices have risen in all gold-standard countries for which we have statistics. The rise has generally averaged from thirty to fifty per cent., so far as the very meagre statistics available enable us to judge.

This rise of prices does not represent a growing scarcity of food, the production of which is constantly increasing by leaps and bounds, owing to the growing perfection of mechanical invention, the greater knowledge of the subject of agriculture, and the augmented employment of capital in transportation undertakings, but a



subtle change in the ownership of food. In spite of the immense new masses of foodstuffs which have been thrown on the market, prices have been forced up and kept up by ascertained or easily ascertainable agencies. The energies of these agencies have been expended in keeping themselves, as far as possible, invisible.

The goods are purchased in large quantities from the producer and sold at an arbitrary price to the consumer. Thus pork, one of the commonest and most easily produced forms of food, is made as expensive as chicken or even turkey. The price to the consumer has been fixed arbitrarily. By arrangement with the transportation companies, the food that the hogs fatten on is kept up so high that pork, ham or bacon is easily maintained at the highest figure possible. The consumer is not informed of all the agreements and understandings between the men who buy the food from the farmer and the transportation companies and retailers. All he knows is that his pork, ham or bacon costs him about twice what it did a few years ago. If he asks the retailer he is told that the price has been raised by persons to the retailer unknown. The men who really raised the price in order to enrich themselves he never sees nor has any knowledge of. They manage to keep most effectually in the background. If he asks a political economist, college professor, or banker the cause of the extraordinary rise in the price of pig pro-

ducts he is vaguely told that it is caused by something like the overproduction of gold, the extension of credit, exhaustion of the soil, municipal loans, the inefficiency of most kinds of labor, bad roads and waste about hotels, dining-cars and countless families, but of the real cause, not one word.

The growth of the few millionaires, coincidentally with the impoverishment of the masses, is a phenomenon that might well call for the prolonged and thorough study of our political economists, publicists and educated men of leisure. We should not be satisfied with the glib and shallow explanations of a few interested individuals. Now that we have all of these blessings that people have been striving for in the last forty years, the promised advantages should naturally follow. These ought to be the good times.

If not, when are we to expect any improvement? Are times to be getting worse instead of better indefinitely? Are all the promises that have been made to the community merely lies? It may be said that an increase of thirty or thirty-five per cent. in the cost of living is no crying matter—that wages have increased somewhat and people must be able still to save, else where would the deposits in the banks come from? But this difference of thirty or thirty-five per cent. means for countless families all the difference between a comfortable living dur-

ing health and activity and a competency for old age, and the bare necessities of life during the working period and destitution in old age.

If the average man has been subtly robbed of all his interest during the last fifteen or sixteen years, then he must be brought measurably within reach of the poorhouse if he should happen to arrive at old age.

Of course it is said, "This movement of prices upward of which you complain is worldwide. It is not confined to Canada, but obtains also in the United States."

Granted—and in England, Germany and elsewhere, because the scope of the combines and mergers is universal. In New Zealand, however, the Government took time by the forelock and devised means to prevent the trusts from getting the first foothold. It did not wait, as our Canadian Solons did, until the combines had got firmly established and then pass a Combines Investigation Act, taking good care to draw the teeth out of it. We have some consolation in knowing that there is at least one Government in the world which is a match for the trusts, even if we have to travel away out to the Antipodes to find it.

The trusts act as they do only on the assumption that the ox—that is, the public—does not know its strength. Some day perhaps the public will wake up and demand a readjustment of accounts.

## COMPARATIVE COST OF LIVING.

|           | Cost of Living in |          |
|-----------|-------------------|----------|
|           | Paris.            | Canada.* |
| 1870..... | 103               | ..       |
| 1880..... | 110               | ..       |
| 1890..... | 103               | 110      |
| 1900..... | 100               | 108      |
| 1905..... | 100.5             | 114      |
| 1906..... | 99                | 120      |
| 1907..... | 100               | 126      |
| 1908..... | 102               | 121      |
| 1910..... | 104               | 125      |

*Percentage Changes in Average Retail Prices, Workmen.*

|           | London. | Canada. |
|-----------|---------|---------|
| 1890..... | 102     | ..      |
| 1895..... | 91      | 96      |
| 1900..... | 96      | 108     |
| 1901..... | 100     | 107     |

*Percentage Varieties of Retail Prices.*

|           | London. | Canada. |
|-----------|---------|---------|
| 1895..... | 93.2    | 96      |
| 1900..... | 100.0   | 108     |
| 1905..... | 103.7   | 114     |
| 1906..... | 103.2   | 120     |
| 1907..... | 105.8   | 126     |
| 1908..... | 108.4   | 121     |
| 1909..... | 108.2   | 122     |
| 1910..... | 109.9   | 125     |
| 1911..... | 109.3   | 127-128 |

The London and Paris prices are taken from an Encyclopædia of Industrialism, page 104, Thos. Nelson & Sons. The Canadian figures are from the Department of Labor returns.

\* Wholesale prices. No. of commodities, 235. Average price, 1890-9=100. The increase in Canadian retail prices would be considerably greater.

## INCREASED COST IN ENGLAND IN SEVEN YEARS.

England was startled to-day by an alarming report from the Board of Trade showing a large increase in the cost of living in comparison with lagging wages. Workers have to pay seven per cent. more now for the necessaries of life than they did seven years ago, and there has been no increase of income to offset the advance. There is an increasing desire among workmen to seek their fortunes in the Dominions.—Despatch to *Montreal Telegraph* from London, August 13th, 1913.

In Canada during the same period the increase has been upwards of thirty-one per cent.

## PROFESSOR IRVING FISHER ON REDUCED INCOME.

In the article referred to in Chapter II, Professor Fisher says:

A workingman who put one hundred dollars in the savings-bank fifteen years ago now finds that he has "accumulated" one hundred and fifty dollars, the fifty dollars being interest accrued. But this one hundred and fifty dollars, instead of being a *real* increase of fifty per cent.—as he has every right to expect and as would have been the case had his dollar remained constant in purchasing power—will now buy no more than the original hundred dollars. In other words, the fall in the purchasing power of money has in recent years subtly robbed all the savings-bank depositors of practically all their interest. Similarly, salaried men and wage-earners have been heavy losers. Losses of an opposite kind are experienced during a period of falling prices. Worst of all, great and general price changes cause uncertainty. Business is always injured by uncertainty, and uncertainty in the purchasing power of the dollar is the worst of all business uncertainties, though this is seldom appreciated.

## INTEREST EARNED BUT LOST.

Let us see how this works. Suppose that fifteen years ago you had put one hundred dollars into one of these banks, which now you wanted to draw. You would ask the teller for it, and he would hand the passbook with the slip to the ledger-keeper, and the ledger-keeper would pass it to the accountant, who would make up your balance, which the teller would hand to you— one hundred dollars.

“But,” you would ask, “where is the interest?”

“There is no interest.”

“What has become of it?”

Teller (folding his hands unctuously) :

“Overproduction of gold and extension of credit, incompetent workmen, bad roads and wasteful hotelkeepers, dining-car people and others.”

(Amazedly) : “Is that so?”

“That is so.”

“Who told you that?”

“Oh! I have it on the very highest authority.”

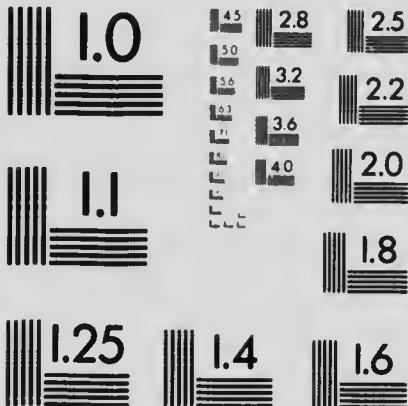
But, being a prudent individual and on your guard against keeping all of your eggs in one basket, you may have put another hundred dollars into another bank fifteen years ago. The teller as before hands you out one hundred dollars.

“But where’s the interest?”



# MICROCOPY RESOLUTION TEST CHART

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Now this teller happens to be a person who reads the newspapers.

“You’ve been robbed of it.”

“By whom?”

“Combinations which enhanced prices in order to rob the consumer.”

“Where did you read that?”

“In the *Halifax Herald*, the *Montreal Witness* and the Toronto Board of Trade Committee. Professor Irving Fisher says so, too.”

Now you would think that a strange state of affairs, but that is just what has happened. The combines have insidiously robbed you of fifteen years’ interest. In other words, labor has been backed against capital and brains, and as usual capital and brains have won. That’s all! Laws passed hundreds of years ago for the protection of the consumer from the rapacity of the combinester and the merger-man are not enforced because the men who should see that they are carried out do not enforce them; and then Parliament passes a law which is such a complete humbug that nobody would ever think of trying to enforce it.

#### THE RULE OF THE TRUSTS.

When the Finance Minister and the Leader of the Opposition in the last Parliament determined that the Leader of the Opposition should have a salary as such out of the public chest, they inaugurated, probably unconsciously, a

complete overturn of party government. Events have moved rapidly since then. The people have been thrust to one side and the trusts have leaped into the saddle.

We live in a different age, under totally different conditions from what we did twenty, or even ten, years ago. Many still do not realize this. While it is perhaps convenient to preserve the old fiction of government by party with all its paraphernalia of leaders and slogans and conventions, we must prepare for a new method of government. The leaders at Ottawa are always crying out about a "mandate," as if they derived their power from some appeal to the people. Whatever force this may have had at one time, it is a pure fiction now. The "mandate" is what the trusts decree, altogether independently of the people.

But the mandate is a most powerful weapon, and, when the people have been thoroughly organized, a most effective instrument for securing their welfare. The people can hold it over whichever party the trusts for the time being have endowed with power and make it subservient thereto.

No doubt all of the suspected concerns will deny that they are making any undue profits. Well, if that is the case, they will easily prove it, and additional information may reveal some unsuspected source of the evil. There is one thing certain, that all of the reasons for the

high cost of living which they and their friends have put forward are easily proved to be fictions. On the other hand, everything points to them as being the guilty parties. The rise in prices was coincident with their establishment and the fluctuations since have been connected with their advance or temporary recession. As Professor Mackenzie says, it will take a good deal of proof on their part to convince the man on the street that they are not the principal cause of the trouble. Why all these turnings and twistings, gentlemen's agreements, intimidations, threats, fraudulent representations, buying up of patent rights or of opposition firms, special commissions to agents, cutting prices, bogus peddling outfits, yellow-dog companies, secret control of supposed opposing companies, rebates, the manipulation of commercial agency rating lists, agreements of wholesale and retail associations, the corrupting of railway and transportation company employees, artificial depreciation of stock of opponents, and other schemes and devices? These do not all point to fair dealing with the consumer. But they point to the exploiting of the consumer until he will stand it no longer and rebels.

The Government of the United States, after all the experience of trusts in that country, is still far from the right solution of the question. It proposes to lower the tariff and tax incomes. But taxation of incomes, while directly contrary

to the direction of the fathers of the republic, is a doubtful remedy. Many incomes are derived from funds which were not made by raising the cost of living.

Take the Russell Sage estate, for instance. Mrs. Sage will have to pay a fabulous income tax. But that estate was made principally by economy of living and the accumulation of interest on loans. And it is held by Mrs. Sage as a charitable trust. Many of these parties probably never intend to put anything into permanent income but spend as they go. Money derived from taxing that estate would not lower the cost of living appreciably. And there are hundreds, nay thousands, of such cases in the United States and Canada. It is doubtful whether the taxation of any estate which has been made and settled could help in this matter. The proper course is to take the surplus from going concerns which are caught red-handed with the goods.

Corporations which are making their money directly out of increasing the cost of the necessities of life are the ones that ought to be made to pay, and the only ones. Anything that they make beyond a reasonable profit may very justly be seized by the Government, because the effect of it is to increase poverty, drunkenness, prostitution and crime.

DIFFERENCE BETWEEN CRIMINAL LAW AND  
EQUITY OR COMMERCIAL LAW.

President Wilson is not a lawyer and does not fully apprehend the essentials in which criminal law differs from other kinds. Laws made for the regulation of social and business relations must necessarily be involved and prolix to a great extent. The reasons therefor are manifold. A man may do a great deal of mischief innocently believing himself to be all right. And laws must be framed so as not to be too severe on those who with the best of intentions go astray. But with crime it is different. A criminal is one who deliberately plans villainy. It is a question of fact mainly, to be determined by judge and jury under all the circumstances of the case. Therefore the actual words employed to characterize the crime should be as brief and weighty as possible. Criminal law is, therefore, the most easily capable of being codified. The fewer the words employed the more certain is it that justice will be done. If the proof is clear and complete, conviction follows—if not, acquittal. A combine or a trust is not necessarily criminal. But if its practices are criminal there must necessarily be a criminal concealed somewhere in it. It may be a promoter, a manager or other official. The thing is to ferret him out and punish him. This can most readily be done under our criminal procedure. We have all the machinery that the wisdom of ages has devised,

consisting of constables and peace officers, magistrates, prosecuting officers, grand juries, judges and petit juries, to sift the matter thoroughly. The people pay for it and have a right to insist upon securing its services. In this way and this way only can they get the service that they pay for and that the law gives them.

#### THE GOVERNMENT MUST FIX THE PRICE.

Every year, or three years, or other period, the corporation should submit its accounts to the Government, which should hand them over to its experts for examination. The Government should allow the corporation enough of its earnings to pay a good working dividend, say six or eight per cent. Then all the surpluses of all the corporations should be pooled and the price of the commodity—coal, meat, sugar or what-not—fixed for the consumer accordingly. It may be said that this would be hard on weak or struggling companies. But it would be as fair for them as for the others. If their earnings fell below the minimum they would have to account for none. These concerns are entitled to a fair rate of interest—six or seven per cent., or whatever may be adjudged to be a fair rate of interest—on their paid-up capital. As they are worked now they are a menace to the state. Controlling large amounts of money, the stock being held no one knows where, they are able to put up the price to the limit of what the public will pay.

They may be controlled from the United States, England, Germany, or elsewhere, for all the public knows. This puts them outside the province of ordinary investments. Holding these powers, they are dangerous unless restricted by law.

Those who would tax incomes will never reduce the cost of living. To compass that matter you will have to go to the source, that is to say, to the concerns who fix the price of the necessities of life. Until you have control of them you will never manage the stream.

#### ARROGANCE.

These monopolists have got to such a pitch of arrogance now that they say that in five years' time we will only be able to smell meat—that sirloins will be unpurchaseable except by the very rich, and that the commonalty will have to content themselves with rounds, shins and stews. Then they give some dubious statistics showing the falling off in the number of heads of cattle in the United States in the last few years. As if the reduced herds could never be filled up and man would have to go on a vegetarian diet forever. Raising beef and pork, according to them, will be one of the lost arts and man will be seen bewailing his lost beefsteaks like a child crying for his toy balloon.

## THE CLAMOROUS CONSUMER.

It suits the humor of certain great financial personages to have the question of Price held as something sacred, something involved in mystery far too profound to be scrutinized by any mere member of the mob. The latter has been spoken of by one of the governing class as "clamorous," a clinging epithet, likening the unfortunate creature to a big baby yelling for he didn't know what.

Sir Edmund Walker pettishly complains of the "desire" of the same irresponsible individual to blame someone else for the suffering caused by high prices, as if the poor fellow had not even the right to cry out when he was hurt, but should bear all his suffering with stoical indifference and true Christian fortitude. Unfortunately, some of us are not built that way, but have an irrepressible trick of looking back from effects to causes.

## THE CANNERS' TRICKS.

In spite of the short crops, we are told, the canners are not advancing the price of canned goods. This is a trick of theirs, it appears, to crowd some of their competitors out of the business. When they have driven as many as they can out of the business prices will be enhanced. The beef trust worked this trick in Queensland and the Argentine. They began operations by paying high prices for stock, then buying out or



making terms with the freezing companies. Once a complete monopoly was secured, they squeezed the graziers by paying low prices for stock.

#### CAUSE AND EFFECT.

Generally in this world a habit of patiently tracing back effects to their inevitable causes will solve difficulties, for effects must result from causes, and generally the cause of the most apparently incomprehensible matter is found on investigation to be very simple, insomuch that when seen the cry is apt to be, "Oh, yes, I see that. That's easy enough!" To which the rejoinder is apt to be, "Yes, when you see it." The disposition to give the conundrum up is most deplorable, leading to eternal ignorance.

In this matter the cause is the invincible determination of certain conspirators in trade to get exorbitant profits out of certain commodities, and the result is the consequent depletion of the incomes of the consumers. Just as when in walking along the street a man puts his hand into your pocket—that is the cause; and you lose your purse—that is the effect.

If it were only manufactured goods or even food raised abroad that was so dear, one might not be so much surprised at it. But the rise is chiefly noticeable in foodstuffs raised at our doors, such as meat, poultry, eggs, vegetables, and the other products of the farm excepting always apples. These it is impossible to corner,

and consequently, all things, such as improved variety and better packing, considered, prices are as low as ever. But it is the meat, poultry and other things that can be kept in cold storage for indefinite periods of time that we have to pay through the nose for. This is the phenomenon that no defender of the higher prices can account for—the unprecedented dearness of the agricultural products of the Dominion. It is the cost of these things to the consumer that has made Canada to-day the dearest country in the world to live in.

#### PROFESSOR MARSHALL'S PROPHECY.

Alfred Marshall, one of the foremost English economists, foresaw the present crisis twenty-five years ago. In his "Principles of Economics," published in 1890, he says:

The influence which access to distant markets exerts on the growth of the national dividend has been conspicuous in the history of England also. Her present economic condition is the direct result of those tendencies to production on a large scale, and to wholesale dealings in labor as well as in goods, which had long been slowly growing, but which in the eighteenth century received a twofold impetus from mechanical inventions and the growth of consumers beyond the seas who imported large quantities of goods of the same pattern. Then were the first beginnings of that system of interchangeable parts and the application of special machinery by which nearly everything in common use is made. Then first was seen the full force which the law of increasing returns gives in a manufacturing country with localized industries and

large capitals; particularly when many of the large stocks of capital are combined together either into joint-stock or regulated companies, or into modern trusts. And then began that careful grading of goods for sale in distant markets which has already led to national and even international speculative combinations in produce markets and stock exchanges, and the future of which no less than that of more lasting combinations among producers, whether undertakers of industry or workingmen, is the source of some of the gravest political problems with which the coming generation will have to deal. . . .

The keynotes of the modern movement are the reduction of a great number of tasks to one pattern, the diminution of friction of every kind which might hinder powerful agencies from combining their action and spreading their influence over vast areas, and the development of transport by new methods and new forces. (He here anticipates motor vehicles and aeroplanes.) The macadamized roads and the improved shipping of the eighteenth century broke up local combinations and monopolies and offered facilities for the growth of others extending over a wider area; and in our own age the same double tendency is resulting from every new extension and cheapening of communication by land and sea, by printing-press and telegraph. (And now, he might add, by wireless.)

In these weighty passages Marshall anticipates the times which have now arrived and foreshadows the economic problems of to-day. The worldwide scope of operations of the combines has not been followed by the enactment of laws to curb them. Legislators, instead of being quick to perceive and determined to look out for the interests of the public, have tamely acquiesced. The combines will never come out into the light of day while they can hide themselves

in some bank parlor or behind the walls of some great corporation. They conceal their thieving purposes behind the propaganda of some great political party or invoke the protection of the spirit of patriotism or philanthropy. They give large sums to educational or religious institutions, relying upon the simple-mindedness and unworldliness of the managers or custodians of those institutions not to inquire as to the means by which they got those gifts or out of whose pockets they were filched.

#### THE REAL CAUSES OF THE TROUBLE.

While certain factors such as waste, extravagance, the upward tendency of prices, gradual but inevitable through the centuries, may be noted, the main causes of the present alarming movement are the following:

1. The exactions of the trusts, mergers and combines necessary to enable them to pay extravagant salaries, to keep up costly plants and to pay high dividends on largely watered stock.
2. The low rate of interest paid on deposits by the Government and the chartered banks.
3. Destruction of property by cold storage fires.
4. Waste of food by butchers and grocers through keeping it at a high price until no longer fit to be used for food.
5. Excessive transportation and express charges.

6. The mischievous activity of "groups of men" in cornering foodstuffs on a large and also a small scale. (This is partly included in the first cause.)

#### THE RISE OF THE COMBINES.

In the Dominion Provinces the combines took hold slowly, partly on account of the force of public opinion in keeping down prices, the producers as well as the consumers being in comparatively small numbers and the latter knowing pretty well the cost of production, and partly through inherited fear of the law against monopolies. If a man in such communities felt that he was being overcharged for his meat, butter, poultry, vegetables and other foodstuffs, he could easily, where land was plentiful, turn his attention to raising such things for himself. He knew enough law also to tell his neighbors that if they overcharged him too much or laid their heads together to pinch him in a combine he could lay an information against them and have them up before the Supreme Court. But as population increased and people, many of them now working under the factory system, had less leisure to attend to public affairs and became more absorbed in their private business, and the press and the politicians came more under the control of the monied interests, prices began to rise.

In the United States the Common Law was never so much in evidence as it was in the British Provinces, the dislike of all things British affecting even the feeling of the public towards British law. The Common Law, or only such parts of it as were specifically enacted by certain States, was adopted. In some States its influence became negligible. This gave the combines their opportunity. Having gradually assumed control of business and forced up the cost of living to unprecedented heights in the United States, about the year 1897 they began operations in Canada. The Sherman Act secured, they lost their fears of the Common Law, just as their *confrères* in Canada did when they got the Combines Investigation Act passed. Having removed their plants to or started branches in Canada, they encouraged Canadian manufacturers, packers and other combiners to despise the Common Law, trusting to public ignorance or preoccupation and their ability to control the press, the politicians and the bar, to hoodwink the public. And it must be admitted that they have been singularly successful. In the course of fifteen or sixteen years they have so completely mastered the situation that Canada is the dearest country in the world to live in, and a great part of the population seem to be in ignorance of the fact, or are humbugged into tracing it to false and ridiculous causes.

The favorite cause with the Conservative leaders is the relatively small amount of agri-

cultural production as compared with the population of the cities, ignoring the fact that the per capita production is probably the greatest in the world.

On the other hand, the Liberal leaders blame the protective tariff. They say that if the duties on foodstuffs were removed the cost of living would be greatly lowered. But the protective policy was in full swing from 1878 till 1896, during which prices rose very slowly; whereas, since 1896, and under a somewhat reduced scale of duties, prices have risen to their present height. This shows conclusively that there must be some more potent cause than the tariff alone. It is significant that the leaders of neither of the great parties ask for the enforcement of the law against combines and monopolies. This proves that they are afraid of them. Deprived thus of the support that they have been taught and have a right to expect from Government or parties, the people will have to look out for themselves.

The Conservatives say: "Get out on to the land and raise more cattle, grain and vegetables. That will bring the prices down. But don't take off the duties. That will hurt your farmers."

The Liberals say: "Take off the duties—ten millions or so—and you will save all that out of your expenses."

When asked what about enforcing the law against combines and monopolies, they are both discreetly silent.

If it were only a matter of the small combines whose exactions the consumer directly feels, the evil would be soon remedied, for the banks and the big corporations would lose no time in having them brought to justice. But the big concerns are restrained from doing so by the fear of having the law invoked against themselves. So that the higher the milk, fish and other little local combines raise prices the sooner will the consumer gain relief from the oppression of the big combines. As soon as the small dealers come before the courts they will ask why the great combines, who have forced them in self-defence to raise prices, are not proceeded against. Then will come the tug-of-war. The big combines will be forced to throw off their disguises and come out in the open to fight for their lives. The consumer will then surely come into his own.



## CHAPTER V.

### *THE BANKER'S VIEW.*

THE pronouncement of the President of the Canadian Bank of Commerce, already discussed in Chapter II, since it has not, so far as I know, been repudiated by any other banker, may be called the bankers' view of the cause of the high prices.

Regarding this Mr. James J. Harpell, who three years ago published an interesting work on the subject (*The Macmillan Co. of Canada, Limited*), may be heard:

The whole of the Canadian banking business is controlled by about one-half a dozen people, really by about two.\*

By the existing system the savings of the whole country are drawn to two or three centres, where they are too frequently used for stock gambling purposes, or from where they are shipped out of the country to be loaned on foreign stock exchanges. The foreign call loans of the Canadian banks at the beginning of 1910 amounted to \$138,505,379. Lately these have been reduced, probably on account of the approaching revision of the Bank Act. . . . Under the present banking system it is comparatively easy to get money and credit for the flotation of almost every kind of enterprise, or alleged enterprise, but almost impossible

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\* On this point Mr. H. C. McLeod, formerly General Manager of the Bank of Nova Scotia, says that one banker controlled the whole bankers' association, "by influence."

to get any for productive purposes in our elementary and natural industries.

Again he says:

As already explained, the Canadian banking system is such that all the savings of the country are controlled by a few men. . . . On these savings the depositors receive three per cent. interest on time deposits and no interest at all on current deposits. Deposits made in the post-offices are also transferred to the banks, only the credit slips being sent to Ottawa. In addition to the credit supplied by the aggregate savings of the Canadian people, for which, by the way, not a dollar of reserve is required to be kept, the banks are permitted to issue bank notes, also without having to put up or keep deposited in their own vaults any gold reserve whatever. All these privileges supply the few men who control the banking system of the country with a credit that is limited only by the aggregate savings of the people, plus the ability of the banks to keep their notes in circulation. How has this credit been used? Has it been used to the best advantage in building up Canada, the country that produces it? Even a hurried examination will convince anyone that it has not. It has been used by those who control the banks for the enrichment of themselves, irrespective of the effect which such a course would have, or was having, upon the country.

By far the largest part of it has been used to promote and finance combines. Fully nine-tenths of Canada's combines have had their origin in the banks or their subsidiary trust companies.

The writer has before him the last report of one of Canada's largest cotton companies, which shows that the bank loans which this company enjoyed on the 31st of March, 1910, amounted to \$2,959,783.14.

Another use to which the savings of the Canadian people have been put is the promotion of large industrial concerns in Brazil, Mexico, Cuba, the United States and other

foreign countries. A third use has been the making of call loans on foreign stock exchanges, particularly those of New York. Canadian bankers attempt to justify these foreign call loans on the assumption that they take the place of gold reserves. But the main value of gold reserves lies in their availability during times of depression or panic. During the last money stringency in Canada the foreign call loans of Canadian banks were of no value whatever. The banks were unable to recall them, and, in order to relieve the shortage, the Minister of Finance was forced to break the Currency Act and allow the banks to issue more paper money.

No country outside of Canada permits call loans, either domestic or foreign, to take the place of gold reserves. There is no country outside of Canada that does not require its banks to keep gold reserves against bank notes, and many require also reserves against deposits. In Canada the banks are not required to keep either. . . . Any move that will reduce prices and the cost of living will enable the country to do more building and make more improvements with less outlay.

The banker holds that plentiful gold makes high prices, yet the rate of discount at the banks keeps steadily rising. If overproduction raised the cost of living it ought to lower the rate of interest, but the contrary is the case.\*

Mr. Peter McArthur has an interesting article in the July issue of *The Forum*, in which he says:

The Canadian banking system is particularly interesting because the things that are said of it by its friends and its critics are equally true. It deserves the highest praise because its organization is so perfectly adapted to the

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\* See also the article by Albert S. Bolles, on "Gold and Prices," in the *North American Review*, July, 1913.

needs of the country in which it has been developed, and the severest blame because the perfection of its organization makes it so easy to subvert it for the enrichment of favored financiers. It is an engine that when working as represented by its friends serves the country admirably, but when its gear is reversed it works with equal smoothness against the people and for the benefit of those who are in control. And the fact that it can be switched for or against the people without a jar makes it the wonderful engine it is while handled by astute men. It is so hard to know in which way it is working at any particular time that investigators are being constantly baffled. When working as it should be it deserves all the praise that is lavished on it, but that it frequently works with reversed gear is shown by certain peculiarities of Canadian business, if not by the banking returns that are made to the Government. As it is absolutely free from outside inspection, this kind of manipulation is hard to detect; but the all too frequent failures of weak banks have given the public occasional glimpses of the more sinister workings of the system.

#### Again he says:

That they are succeeding admirably in collecting the money of the people is shown by the fact that they now have over a billion dollars on deposit, or about ten times the amount of their paid-up capital. As the Bank Act makes it illegal for any but a chartered bank to use the name "bank," private banks have been practically wiped out of existence. The twenty-six chartered banks,\* bound together in a Bankers' Association, which to all intents and purposes is a legalized money trust, have been given a practical monopoly of the banking business of the country. In addition they are permitted to issue currency to the extent of their paid-up capital at no greater cost than that of the engraving and printing. This amounts to a virtual gift from the Government of one hundred million

\* Now twenty-four.

dollars. This currency is not subject to a tax of any kind, as is the case in other countries, and instead of being secured by gold or Government bonds it is secured by being made the preferred creditor against the assets of the bank. This makes the money of the depositors the security for the note circulation of the country. In addition to this the banks have been allowed to operate entirely free from Government inspection. In view of these conditions it is not surprising that the more successful banks have been able to accumulate reserves almost equal to their paid-up capital, to provide themselves with magnificent office buildings, and to pay dividends ranging from ten to eighteen per cent. It is surprising, however, that under this system there have been so many failures. As pointed out by Mr. McLeod, ex-Manager of the Bank of Nova Scotia, the only banker who has advocated any measure of reform, twenty-five per cent. of the Canadian banks have failed in the past twenty-six years. During the same period only five per cent. of the national banks in the United States have failed. The explanation seems to be that under the Canadian system the tendency is all toward the centralization of capital in the larger banks, while the weaker banks are driven to the wall. During the past couple of years several of the weaker banks have been absorbed by stronger rivals, and the indications are that the process will be kept up until all the resources of the country are centralized in a few powerful banks.

By that time the consumer will be utterly at the mercy of the trusts. The System will be working to perfection.

## CHAPTER VI.

### *DEPOSIT BANKING.*

THE outstanding feature of the financial system of these times is deposit banking. On this point Seth Low, a former President of Columbia University and Mayor of New York, says:

The nineteenth century was the century of the corporation and the labor union, which in the dominion of capital and labor threaten to obliterate the individual. Even fifty years ago the discussions of bankers turned mainly upon circulation. At the present time our banks are comparatively indifferent to circulation, but they aim to secure as large deposits as possible. Deposit banking keeps every dollar of the country on a war-footing all the time. There would not have been enough money at command at an earlier period to have made the invention of the railroad available. When the Legislature grants the impersonal form for the conduct of business and grants, in addition, a limited liability, there is no reason why it should not, at the same time, demand that all the operations of this artificial person—or perhaps I ought to say of this combination of natural and artificial persons—should be matters of public record; no reason why the demand for publicity in relation to the actions of corporations should not be carried to any detail to which it may be necessary to secure the result of absolute honesty as towards stockholders, creditors and the public.

The banks are reaching out for all the money they can get at three per cent., while the munici-

palities pay five per cent. and in some cases even more for it. In the days of small banks the aim was to secure the most good paper to discount; now the effort is to secure the largest deposits. This money, borrowed at three per cent., is loaned somewhere or other so as to return from ten to eighteen per cent. to the shareholders. The small banks helped traders by letting them have the money on easy terms of payment; the big modern concerns make the struggling trader put everything he can raise in the way of securities or credits into the bank on the monthly balance day, and keep the whip over his head all the time. Anything said against the methods of the banks is high treason.

Conant, in "The Principles of Money and Banking," says:

These figures (bank returns from 1865 to 1905 showing a growth from \$183,479,636 to \$3,612,499,598) indicate in a striking manner how much more rapidly deposit currency has grown than either note circulation or capital stock. As recently as in 1875 the ratio of deposits was only about two-fifths larger than capital and twice the amount of circulation; in 1905 it was five times the capital and nearly nine times the circulation. Put in a more striking form, loans and discounts were made in 1875 to the extent of about eighty-five per cent. from capital and circulation; in 1905 they were made only to the extent of about thirty per cent. from capital and circulation, the remaining seventy per cent. being made entirely from funds intrusted to the banks by the public.

The large proportion of bank funds which are thus derived from the deposits of individuals have materially

changed the character of banking. In 1875 a large portion of the capital could be employed in making loans, because only a minor part was required as a reserve against deposit and note obligations. In 1905, on the other hand, the capital sank substantially to the position of a guarantee fund against obligations more than five times as great, because the great mass of credit intrusted to the banks by the public was available for making loans. Even these figures do not reveal the full scope of the change in the character of banking in the United States. They relate only to the national banks, while within a generation has grown up a hierarchy of state and private banks and trust companies, which have no power to issue notes, and therefore rely wholly upon capital and deposits for carrying on their business.

In the banks of to-day we have something altogether different from any other institution of the kind that has ever existed. For instance, the Canadian Bank of Commerce is no more like the old Halifax Banking Company than the Academy of Music is like the little Dutch Church on Brunswick Street. The Halifax Banking Company and the old Merchants' Bank of Halifax were started by a few Halifax merchants, who discounted notes, mostly for their friends and acquaintances, and paying a few small salaries and renting the most modest quarters, did a snug little business, paid a fair rate of interest and accumulated a little reserve. But the Canadian Bank of Commerce and the Royal Bank are not merely Provincial, or even Dominion, but great international concerns with greedy arms stretching out into all lands where-



ever there is a dollar to be made. A few years ago a block of Royal Bank stock was sold to a New York syndicate of capitalists. So much of the Canadian Bank of Commerce stock is held in the British Isles that they publish a separate list of their stockholders across the water. The men who drew up the Bank Act had no conception of the monsters that were to be spawned under it in these latter days. They never dreamt of a discounting machine with a monopolizing attachment, of a great raker-in of the people's savings, working almost automatically with a combination of interests to raise the price of the people's food.

The Bank Act has not a single provision regarding the relations of a bank with its subsidiary trusts. If the Bankers' Association denies these things, let its members produce their books and employees for the inspection of the public and show how much money they make and how they make the money. It will, of course, deny that they make any of it through call loans in the United States. Let it prove, then, how its members manage to put up all of these palatial banking houses and pay its highly-salaried staffs out of discounts and ordinary investments in municipal and other bonds. A public investigation once in ten years at least would do no harm. There should certainly be one at all events before a new act is put in force. The altered times demand it.

The act should define precisely the relations between the bank and its subsidiary trusts. A group of men get together in a bank and work through trusts. These are probably the "groups of men" of whom Professor Mackenzie speaks. The same men figure in a number of banks, mergers and other combinations. The act should state plainly their duties no less than their limitations in those capacities. If the Bank Act cannot contain all this, then a special Merger or Combine Act should be passed without delay. Then the public would know with whom they have to deal and how to deal with them. As it is there is a delightful vagueness about it all, like the reasons given by some of its supporters or victims for the high price of food. They ought to be known as Deposit Trust Banks and special laws should be enacted for their regulation, even if they are not adjudged illegal outright. As it is, they are sailing under false colors. Whilst nominally banks they are really a sort of financial hybrid with all the mischievous qualities of both parents.

One would not expect from a banker any very feasible remedy for the high cost of living, because the banks profit by it. This was shown by the year's business for 1913, when the banks had an exceptionally good year. If the cost of living goes up the banks charge higher rates of interest because money is scarce and in greater demand. They are able to put the screws more

tightly on the unfortunate consumer and to take more out of his pockets. The consumer must pay whether he likes it or not. Thus as the times become worse the banks grow harder and more arrogant. The consumer becomes gradually completely in their power. He must pay the piper no matter how much he winces.

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## CHAPTER VII.

### *GRAPPLING WITH THE ENEMY.*

IN Canada no organized effort has been made to combat the monopolies masquerading under the names of trusts, combines and mergers. In the United States, on the other hand, there has been waged a great opposition to their pernicious activities extending over a number of years. These have chiefly been fought around the Sherman Act. Great efforts have been made to enforce this famous measure. Fortunes have been spent by the Government and the combines in attempts to interpret and apply it. The last two Presidents were elected largely on their pledges to enforce it, and there is little doubt that their failure to effect anything to relieve the burdens of the people was one of the main causes of President Wilson's election.

After years of wordy, fruitless controversy they got down to business and actually dissolved great concerns like the Standard Oil Trust, the Tobacco Trust and others, resolving them into their constituent corporations. It was quite a triumph for the Government in the courts, but the consumer, that is to say the people, got no relief. Prices remained as high as ever and no

one was really punished. In the action against the Dayton Cash Register Company during the last winter they went somewhat farther and secured convictions against the president and other officers. But the people were in no wise helped by the result.

And so it will always be whilst action is confined to the trust. Action should be taken where the trust impinges on the consumer, that is to say, where the price is actually raised. There is no reason why a company, merely because it is big, should be attacked and subjected to inquisition and dissolution any more than a small concern. The public audit from time to time will effectually safeguard the rights of the consumer. But it is the man who actually raises the price to the consumer who should be dealt with in the first instance, and this can be most effectually done under section 498 of the Code. As Hamlet says, "Where the offence is there let the great axe fall."

The retailer in his defence, if he does not wish to go to the penitentiary and pay a fine, must show his contracts with the parties who made him unduly enhance the price. A few might prefer punishment to revealing secrets, but such cases would probably be rare.

It might, perhaps, be thought that there would be some difficulty in dealing with offenders against the Code where they reside in different Provinces, but the Attorneys-General of the Pro-

vinces, working together and utilizing the evidence obtained in one case in prosecuting another, would easily be able to overcome any difficulties of this kind. They could break up any conspiracy in restraint of trade or to enhance prices unreasonably, in three months. Once a right start was made there would be little trouble in tracing back the crime to the man who set the ball rolling. He is the man to punish, no matter where he may seek to hide. Not the retailer who tremblingly carries out the behests of the combine, but the combinesters themselves are the culprits on whom the "great axe" should fall.

If they had gone about combating the evil in the United States by utilizing the old common law weapons and first taking the retailer or the man who directly raised the price on the consumer, they would have saved a great deal of time and money and incidentally kept down the cost of living to the old level. But by trying to remedy the trouble by passing enactments levelled directly at the trusts they only got themselves into a legal snarl, leaving the consumer as badly off as ever. The trusts have all along been successful in changing their shape whilst keeping their powers intact. Dealing with a corporation, as everyone knows, is a very different matter from handling an individual. The trusts have made the most of their advantages, as might have been expected.

## WASTE.

Among the principal causes of these conditions is the fact that everybody is looking out for himself too much and too ruthlessly, seeking with too much energy the immediate "practical" advantage and ignoring the fact that his own welfare is indissolubly bound up with the welfare of his neighbor. A vicious circle is set up in that the citizen lacks respect for the employer and the Government and the Government is not primarily concerned with the welfare of the citizen. Everyone is working at loggerheads, and the result of this condition is seen in the establishment of trusts and their consequent train of evils through the impossibility of the business man surviving in the conditions of fierce competition which ordinarily prevail. Had fair competition been assured by law, trusts could never have overcome the independence of business men and forced them into consolidation.

In considering the evils which affect the United States, beginning with the most obvious, the defective political system, and continuing through the long list, the one which upon analysis appears to be the basic factor in present conditions is the educational system. If that be remedied the remedying of the others will follow in time.—*New York Sun*, August, 1913.

## MONOPOLY DISLOCATES TRADE.

By limiting the output the combines discourage farmers who would like to go into stock-raising. They find their markets interfered with and are hampered as to their supplies of fodder, all of which they cannot raise on their own farms. By interfering with the bargains the retailers seek to make the combines prevent the retailer from dealing with the farmer on terms advantageous to both. Here is where the law should be invoked

in the interests both of the latter and of the consumer. By meddling, through using oppressive threats, the combines dislocate and eventually paralyze trade. The effect of their operations is to make meat scarcer and dearer all the time.

THE MAN WITH THE AUTOMOBILE—AN  
ALLEGORY.

I had a dream one night lately. Having recently witnessed at the "movies" a marvelous reproduction of the classic work of our old friend, John Bunyan, "Pilgrim's Progress," I suppose the allegorical framework had got embedded in my mind. I seemed to have arrived in a city new to me, and was out walking along the streets, admiring stately dwellings, well-kept lawns, magnificent churches, towering business blocks, and immense factories in which the machinery never rested. Everything I saw betokened wealth, luxury, comfort and prosperity. But as I strolled along the hoarse roar of an automobile startled me, and looking round I saw the driver stop the machine, get out, and, running into a house, immediately reappear with his hands full of money. This he deposited in his auto, and moving a little farther along the pavement again dismounted and went into the next house, again returning with his hands full of money, which he placed in his box in the auto. After noticing him doing this in some more cases, my curiosity rising, I followed him into a house



and saw him with my own eyes taking the money out of a desk and carrying it to the street. Amazed almost beyond expression, I said to the inmates, who watched this performance with apparent unconcern: "Why don't you have that thief arrested?"

They stared straight in front of them with fixed and glassy eyes, answering me never a word. I rushed out into the street and shaking my fist at the villain, who was pursuing with unabated diligence his infamous work, I shouted:

"You infernal scoundrel! I'll have you arrested!"

"Do you see that fellow?" I yelled to a policeman who was sunning himself on the nearby corner. "He's robbing all the houses along this street. I will swear to it. Stop him at once!"

The policeman yawned wearily and gave me, as I thought, an almost imperceptible wink. He never moved a foot.

Noticing a lawyer's sign on the nearest building, I went over to his office. This was the inscription:

"THOMAS MUMM, K.C.,  
"Barrister, Prosecuting Officer, etc."

"That's the man I want!" said I to myself, walking in.

He was evidently a man in considerable practice. A stenographer was pounding the keys of a typewriter, clerks were running in and out of

the suite of offices, clients were standing about, and there were all the signs of a rushing law business.

"Are you the prosecuting officer for this county?" I enquired. He bent his head majestically. "Well, there's a scoundrel out here with an automobile going along robbing the houses right and left. You might give me a warrant to take to a magistrate for him."

Mr. Mumm stared right across at his bookshelves, but never uttered a syllable.

"Well, hurry up!" exclaimed I, "or he'll rob the whole town."

The "eminent counsel" indicated neither by sign or word that he heard me.

"Well," thought I, "this is a nice sort of a town. Are the people all dead?" So going out and continuing my walk I came presently to a building which, from the character of the men I saw standing about in knots or singly in front of it, countrymen and laborers with policemen and other officers of the law, I took to be the courthouse. Upon entering it I found it was so. The judge was seated on the bench; in front of him the prothonotary, in the intervals of swearing witnesses, chewing gum and spitting in the judge's cuspidor. The sheriff sat gloomily in his box, wondering, probably, when he would get any money out of the lawyers. In the prisoners' box sat a man who had run away with some fellow's horse and wagon, which he had driven

out some miles into the country, so I was told by the crier, who said the prisoner would probably get five or six years in the penitentiary for it, being a very serious crime.

"Well," thought I, "if they give a man five or six years for such a crime as that they will surely give the man with the auto imprisonment for life." So I said to the judge:

"Your Lordship will kindly pardon me for addressing the court, but there is a man outside going through the town in an automobile robbing everybody right and left. I have applied to a policeman and a prosecuting officer for relief, but I can get nothing out of them. They appear to be deaf, dumb and blind. Will your Lordship grant a bench warrant for the arrest and imprisonment of the robber?"

His Lordship sat as if entranced, moving neither hand nor foot and saying nothing. I was beginning to lose my temper.

"What kind of a court is this, anyhow?"

"This is the Supreme Court," answered the judge in hollow tones. "And if you utter another syllable I will have you arrested and jailed for contempt!"

"Then the sooner I get out of here the better," thought I.

Before going, however, I applied to the lawyers engaged in the case for assistance, but I could get no more out of them than I had got out of Mr. Mumm.

So hurrying away, after awhile I came to a high hill, on the top of which was seated a stately pile of buildings. It was getting towards evening now and the lights flashed out over every part of the edifice, illuminating it like day.

"What is this building?" I asked a passer-by.

"Houses of Parliament," replied he.

"How fortunate!" cried I. "I will apply for relief to the High Court of Parliament."

So pushing in through the lobby, avoiding the lobbyists and other hangers-on, I took a seat at a desk and listened awhile to the debate in progress. An Opposition member was discussing the tariff and laying about him in fine style. The Government supporters, he said, were all thieves and liars. They were there for nothing but to loot the public treasury. Then a Government supporter arose and hurled back all the charges of the other in his teeth. What the Government party had taken was only a small part of what the Opposition had stolen when they were in power:

"Wait till we get in again!" shouted his opponent.

"Well, when you get there again there won't be much left for you to steal!" retorted the Government orator.

"Mr. Speaker!" cried I, during a lull in the debate, "I crave your august attention for a few moments while I state a hard case." And I told him all that I had seen of the auto robber and

my experiences since. He regarded me steadily from behind his huge wig, but said nothing. Then I was seized by some of the officials and hustled out into the street.

The automobile passing by just then, I thought I would have a look at it. Piles of the people's money were heaped up in it level with the sides. In front was engraved the word "Money," on one side "Combine," and on the other "Trust." The man was robed in a magnificent black fox-skin overcoat, and under the cap grinned a death's-head. His fleshless fingers clutched at the gold.

"He works night and day," remarked an aged senator who was watching him admiringly.

"This certainly is a most extraordinary place!" exclaimed I as I awoke.

## CHAPTER VIII.

### *THE PEOPLE'S CLUBS.*

BRANCHES of the Consumers' Guild should be established in every town in the Dominion, and there should be frequent communication between them so as to keep in touch and help one another. Much may be done by co-operation among consumers, of which there have been many successful examples in the United States, to say nothing of the immense societies which have been working with phenomenal results for many years in Great Britain. These help the consumer without hurting the producer. A very good account of one of these is given in *The World's Work* for February, 1913.

In 1910 the Hyde Park Housewives' Co-operative League was organized in a suburb of Cincinnati. The purpose was the co-operative buying of household supplies. The officers of the League dealt directly with the farmers and bought apples by the barrel, and beef, poultry, butter and eggs in similar wholesale quantities. They bought carload lots of potatoes and dry groceries. These supplies were all delivered to a distributing centre, the cost of freight, etc., being pro-rated, and carried from that place to

the members' homes by the members. All transactions were in cash. Typical savings are indicated by these quotations from one report of the League:

|               | Retail Price<br>per Pound. | League Price<br>per Pound. |
|---------------|----------------------------|----------------------------|
| Sugar         | 6c.                        | 5½c.                       |
| Pepper        | 80c.                       | 39c.                       |
| Cocoa         | 50c.                       | 42c.                       |
| Baking powder | 50c.                       | 30c.                       |
| Rice          | 10c.                       | 6c.                        |
| Prunes        | 18c.                       | 13½c.                      |
| Corn starch   | 10c.                       | 7c.                        |

A Local Director handles the goods in Hyde Park just as a grocer does. Agents visit wholesale dealers and jobbers and get their prices on foodstuffs, also getting in touch with producers as far as possible and buying directly from them. They buy in barrel and case lots and have the goods shipped to the Local Director. Every month the Director's accounts are audited by a committee of three. Every member having a part in any purchase shares, proportionately to the amount taken, in the cost of freight and express charges and pays cash for goods when received. Goods for which cash is not paid are sold by the Director to others in whatever way seems best. Every local centre or branch is quite independent financially of the League.

Men of first-rate quality and calibre are said to be found managing various forms of co-opera-

tion in Europe. In France the *Crédit Agricole*, and in Germany the *Schulze-Delitzsch* banks, are immense institutions. The latter total over one thousand in number and are affiliated with the General Union and Economic Co-operative Societies. They are mainly supported by the industrial population. The General Union includes, besides the *Schulze-Delitzsch* banks, some 290 consumers' societies or co-operative stores. In Great Britain prominent institutions are the Army and Navy Stores, the English Co-operative Wholesale Society, and the Scottish Co-operative Wholesale Society.

While these great concerns are very successful in countries which are densely populated, it is doubtful whether anything like them will be operated with much success for many years in the Dominion of Canada. The great obstacles are shifting population and comparatively small and scattered population. We have only three or four cities with a population of over one hundred thousand. Even the population that we have is becoming more and more nomadic in its habits with increased facilities of travel. The settlement of the North-West has counteracted the exodus to the United States, but it has also increased the restlessness of our population. It is almost impossible to keep families together after the children are much more than half-grown. Most farms in the older Provinces are for sale.



All the more need is there for the enforcement of the laws for the protection of the consumer. England depends on the ancient customs of the people, who abhor monopoly and trade restrictions. But here, where we have no settled body of opinion, and where our financiers take their working ideas from the successful combinesters and merger-men in the United States, if the people do not make up their minds to insist upon the laws against the undue enhancement of prices being strictly observed, they must patiently submit to the exactions of the most grasping lot of monopolists who ever held the trade of a country in their clutches.

As the beef trust is worldwide in its operations, so the aims of the Consumers' Guild should be of the broadest. There should be agents in every village all over the world. Correspondents should make weekly returns of prices and all the facts of production and transportation. These should be printed in a weekly publication and circulated everywhere. Then, when a certain lot of food was found to be obtainable in a certain locality at an exceptionally low rate, arrangements could be made for its purchase and transportation to a point where it was selling at a higher price. Prices could be thus largely equalized. Under our enlarged and perfected system of transportation these things are possible nowadays. As it is at present, often

prices vary by from ten to thirty per cent. within a radius of thirty or forty miles.

Agents should be employed to seek out and supply new avenues of industry. As far as possible employment bureaus should be instituted, agents appointed for every Parliamentary assembly and statistics collected of all matters bearing upon the question of food production and transportation. When necessary the best legal talent should be employed to attend to drafting necessary legislation and to assist prosecuting officers in conducting prosecutions. A system something like that of the S.P.C.A. should be adopted in ferreting out and prosecuting offenders against section 498.

## CHAPTER IX.

### *THE NEW ERA.*

THERE must be a regular system of correspondence between the different branches of the Guild. The combines might, in obedience to a powerful organization in Halifax, lower prices there whilst keeping them up in Windsor, Kentville, Middleton or Yarmouth. By comparing prices every week in these places the combines could be defeated.

The consumers must be united in defence of their interests the same as the bankers, the manufacturers, the grocers, or any other combination. Every sale should be criticized, wholesale prices in all commodities obtained, and any attempt at artificial enhancing of prices anywhere should be followed by prosecution and recourse to the grand jury. The bankers, manufacturers, grocers and other associations gain their ends by rigid attention to the smallest details; every cent, every lead-pencil and every sheet of paper must be accounted for; "tabs," as they say, are kept on everything; and the consumers must look after every item of their expenditure just as sharply, for it is out of the trifles that the great combines make their money, although not all their money by any means.

When they see a good chance to make big money they calculate to rake in the whole bag. Looking after the lead-pencils is all very well, but when call loans are to be negotiated at from twenty to fifty per cent., the opportunity must not be allowed to slip by.

#### PROPORTIONAL PROFITS FOR CONSUMERS.

We have about 848 paid legislators in Canada, to say nothing of town and municipal councillors, boards of control and aldermen. But nobody ever heard of one of them bringing in an act for the benefit of the consumer. There are whole codes of law to safeguard the interests of bankers, manufacturers and corporations of high and low degree, but in the scramble for privilege the consumer is overlooked and forgotten.

When the Nova Scotia coal legislation was carried through in 1892 the Opposition fought it mainly from a purely party standpoint. The question was mainly, Can the Government be made unpopular by this measure? The interests of the man who has to buy his coal by the ton, or, as in some of our cities, by the peck, were not considered in the matter at all. But if he had had some representative to look after his rights, the coal company would have been made to fix its profits at some reasonable rate, say six or seven per cent., after which the price of coal per ton, instead of going up as the coal people liked, would come down automatically.

Similarly in every franchise granted to a corporation there should be a provision for a regular periodical accounting in which prices should be adjusted to profits. After making a fair and reasonable profit the corporation should make a proportional reduction in rates to the public. If the Bank of Montreal or the Dominion Bank makes twenty-three or eighteen per cent., the rate of interest on deposits should be proportionately increased. If the Dominion Express Company makes more than six or seven per cent. on its business, then express rates should be correspondingly reduced. And so with railway earnings and all the earnings of the combines and mergers. The consumer should come into the bargain with every one of them as an active partner. In this way only will he ever get his rights.

I have no objection to the great corporations making money, but when they are able to increase the cost of living to the whole population thirty-five per cent. within fifteen years it is high time that someone lifted up his voice for the public. Otherwise starvation for the masses is not so far off as some people may think. Every one of these contracts regarding food and the other necessaries of life that has been made with a corporation in the last thirty years should be revised in the interests of the consumer. In this way only can he be safeguarded in his inalienable rights as a citizen of a free British-speaking country. As it is now he is

being simply robbed of his birthright, to put the matter plainly.

But, it may be said, "This is spoliation. Would you confiscate the rewards of honest enterprise?"

Twenty or thirty years ago the circumstances were altogether different from what we find them to-day. Then these great concerns were puny things struggling for a bare existence. Then, too, there was a fair measure of prosperity among all classes. How do we find it to-day? Vast and powerful corporations rolling in wealth on the one hand and the masses fighting for a hand-to-mouth existence on the other. Then there was a fair chance of almost any prudent, industrious person making a comfortable living and laying up something for his old age. Now, when the cost of living has increased faster than in any other country in the world, a man cannot earn enough to support a family.

The legislators of that day could not have foreseen the history of the last twenty or thirty years or they would have taken more thought for posterity. The prospect looked fair enough to them, but things have altogether changed since their day. More changes have come about in the first thirteen years of the present century than happened in the last thirty years of the nineteenth century. Our industrial laws will have to be rewritten largely in order to bring them up-to-date.

The rights of the corporations will have to be balanced with the rights of the public. Otherwise the mass of the population will rapidly sink into a state of pauperism and peonage. The people who have or control the wealth will with more or less open effrontery lord it over the destitute masses. In one way or another the people will be reduced to a state of industrial slavery, just as they are in the United States to-day. The trouble in the United States was that there was not a large enough independent body of opinion to control the situation. The people had not time or leisure enough to take up the matter of food. They were worked too hard and were too busy to organize for the defence of their rights, and the big corporations were easily able to get the upper hand. The people left it too much to the politicians, who had their own footing to secure and were financially not in a position to fight the trust magnates and other bosses of the big corporations. We have this advantage over them, that we have a smaller and comparatively more leisured and independent population. We are not so hard-worked as yet that we have not a considerable section who have time to attend to politics. The politician is not so much in evidence here as there. When a matter comes home to people they can attend to it without getting into a whirl of legal and legislative conflicting decisions.

There they have state courts and state Legislatures competing with Federal courts and Con-

gress. It needed three great Federal elections to enable the people to get merely in reaching distance of what they wanted, and then only a most unexpected break in the ranks of the great Republican party made it possible for them to hope for some measure of relief. After all, taking a broad view of the matter, the great corporations and the public are only members of a loosely jointed partnership.

A generation ago or less most of these began to do business with every advantage on the side of the corporations. They have profited by these so that to-day they are flourishing. With the public, however, it is very different. They have by degrees come to have the short end of the bargain and are in difficulties. They find the cost of living increased through no fault of their own without a corresponding increase of resources or income. Now it is the turn of the corporations to fly to the relief of the public and assist it out of their overflowing coffers. No doubt they will be delighted to take this view of the matter and will act most magnanimously towards their former benefactors without whose generous assistance their present prosperity would have been impossible.

The principle of proportional returns to the consumer is well illustrated in the succession duties. There the law says: "The deceased has profited by the support of the public in amassing his wealth. It is only fair that a certain percentage of his gains should be returned to



assist the State in supporting public charities and other necessary institutions and public burdens."

This principle is defended in every civilized country to-day, and it is not carrying it much farther to require flourishing financial, mercantile, manufacturing and transportation corporations to conform to its reasonable requirements. An annual or other periodical accounting would establish the amount of reduction in charges to be made to the public. As soon as the parties had become used to the innovation it would be found to work almost automatically, as in the case of the succession duties.

It is only in this way that the public dissatisfaction with the present state of affairs, daily growing in virulence and magnitude, can be allayed. It is hardly likely that an intelligent and vigorous population will much longer endure the burdens that are being continually heaped upon it. After all the checks which legislators have devised, the public is still the predominant partner in every business that it is drawn into. The public has not forgotten its old right of revolt under excessive exactions. The lessons of the French Revolution and of a good many other revolutions before and since have not been forgotten. A community will stand just so much, and then if there is not a sudden loosening of the bonds they are very apt to be abruptly snapped asunder. It is the part of wisdom to see the approaching storm and to take

good care as far as possible to avoid its consequences. When a people finds the cost of living increased more than a quarter within sixteen years it is very apt to get into an ugly inquiring mood, and will not be put aside lightly with shallow or puerile reasons. It will require considerably more cogent reasons than inefficient workmen, bad roads and wasteful hotelkeepers, dining-car people and others to account for its troubles.

#### ORGANIZATION.

The people have got to be united and organized the same as the bankers and the manufacturers, the wholesale grocers, the canners, and the pork packers are united if they do not want to be bled white. This appeal is to what may be called the great middle class, all those depending upon fixed incomes or stipends—the clerks and teachers, the clergymen and the lawyers and doctors, annuitants and wage-earners, all those who have never held an office and never expect to hold one, and therefore look to no political party for help.

Having hopelessly impoverished the working classes, the next move is to be made upon this middle class, as is clearly indicated by the remarks of the writers for the trusts; and if these people who are marked out for destruction are not swift to defend themselves, they will be mercilessly oppressed in a very short time. These evils can be averted only by resolutely

co-operating to fight the common enemy, which is armed to the teeth. By insisting upon having the law enforced, and having enacted other supplementary laws made necessary by novel circumstances and conditions unforeseen, it is not yet too late for the people to defend themselves against their grasping though cowardly and sneaking foes.

It is doubtful whether the ordinary party, with an eye ever looking to the possibility of seizing the reins of government, and hampered by all the shackles that such a position inevitably entails, is strong enough to handle the trusts. The Asquith Government could cut the comb of the House of Lords, force the landowners to submit to the inquisitions of a new Domesday Book, and perhaps impose a new form of Parliamentary government upon the three kingdoms, but it could not prevent the armor-plate trust and many other trusts and combines from having full swing. The Laurier Government succumbed to the overpowering monster with hardly a struggle and then crowned its stultification by passing the Combines Investigation Act.

Combines and mergers flourish in Free Trade no less than in Protectionist countries. The trade theories of the English Liberals have been as impotent to combat them as the Protectionist principles of the Australians.

Some independent organization is required to curb them, some party unhampered by conventional party limitations. The members must be

satisfied with doing just this one thing—controlling them and bringing them under the operation of the criminal law. Only in this way can they be prevented from gradually extending the field of their operations until they have complete sway.

“The year 1911-12 was Canada's greatest fishing year. Value produced, \$34,667,892; 1910-1911, \$29,965,433; increase of \$4,702,439, mostly in British Columbia. Canada has the most extensive and best stocked commercial fishing waters in the world.”—From “Five Thousand Facts About Canada.” And yet on Ash Wednesday the price of fish is raised a cent a pound. If there was an organization in Halifax to inquire into the reasons for this sudden rise, the parties who engineered it would probably have been more cautious about it. All of these things should be taken up by consumers and every price criticized.

Formerly a workingman could bring up a family and save money. Those whose memories go back as far as Confederation will remember many families brought up and educated on small incomes, often those of laboring men. It was represented that when we obtained improved transportation facilities, agricultural colleges and manufacturing establishments the lot of the masses would be made easier, when in fact the present state of affairs is just the reverse of this. Laboring men and men on small incomes can hardly get enough food for their families, who

are forced to try to earn a little for themselves. Saving or making any provision for old age is out of the question.

But when we come to look at the growth of great fortunes we have to do with a totally different kind of proposition. Here we see a limited number of men piling up their millions when a few years ago such a thing would have been impossible. A number of names were selected in the winter of 1913 of persons who had a large slice of the wealth of the Dominion among them. Their friends said in reply that an equal number could be selected who had just as much! As if this did not strengthen the claim of those who made the former assertion.

## CHAPTER X.

### *FIRST CONSUMERS' GUILD CRUSADE.*

WE have never had any missionaries in our family. My great-grandfather, who came on here from Boston, Mass., about one hundred and fifty years ago, may have had an idea of converting the heathen, but, if he had any such ambition, he found so much to do in scratching around the rest of his days to make a living that he left the heathen to convert themselves. And his descendants—a rule have not been able to live in Altruria. I am the first of them who could without a considerable latitude of expression be said to be a man of leisure. The missionary fever has never bitten me either to any great extent. But from the time that I began systematically and steadily looking into this matter the missionary fever took hold of me. It was Fate. I collected newspaper clippings, made notes, wrote a lecture, began to write a book and planned a tour with all the paraphernalia of membership pledges, leaflet literature and route maps. Halifax was to be the starting-point and the Academy of Music the forum. On the day before Easter I visited the city and walked down Pleasant Street right past the Academy without even venturing inside the door

to make arrangements. The idea was too horrible. Again I essayed it in June. This time the manager was away securing attractions in Boston. The clerk said, however, that he would do business only on a percentage basis. He never rented the Academy. I left my card, telling him to write. When next I approached the building "The Chocolate Soldier" was on, and Manager O'Connell was busily preparing for the Wednesday matinée. He told me he would not rent the building for a lecture, the overhead expenses being heavy, and I would have to secure patronage. This was an unforeseen lion in the way. Having to look around for some society under whose auspices the lecture would be held was decidedly unpleasant. However, it was a necessity, and I thought of the W.C.T.U., who had brought Professor Shortt down. The President held out no hopes. The Union were to entertain the Manufacturers Association and otherwise had their hands full. No more lectures for them. So the Academy idea was given up.

I had gradually arrived at the conclusion that the Masonic Hall was the best place for a lecture. So about the last of August I engaged that popular room. The Grand Secretary was quite sympathetic with the plan.

"We are going to have a lecture," he cheerfully announced to his assistant.

Having secured the hall, I wanted some music, and we found out over the telephone that the

head of Barker's Orchestra was employed at the Gun Wharf, at the foot of Granville Street. So thither I took my way, and entering through the little gate I was escorted by the sentinel to the guardroom. Singular what queer adventures you have when you start on a new line. In all the years that I had been coming to Halifax I had never been inside a guardroom. An officer was seated at a table and a number of men were standing around in the room. The officer formally asked me my name and business there and I dimly perceived that I was under arrest. I had come dangerously near to the British lion.

"He was arrested and led into the guardroom." That sounds like Tolstoi.

I told him I wanted to see Mr. Barker, a clerk there.

"Is it business connected with this service?" he demanded.

"No," I said; "I wanted to engage an orchestra of which he was head."

"Then you can't see him here."

"Who is he?" the officer inquired. One of the men said that he played the organ.

After a while they ascertained that he was employed there, and I said I would be down to see him when he left for the day at one o'clock.

"Suppose I had worked all my life on the Gun Wharf," I thought as I went up and advertised the lecture in *The Chronicle* and *Herald*. Well, there was something doing at last, and, feeling



quite elated over my success, I went up and listened to the R.C.R. concert on the Parade with the greatest pleasure. There I met a retired business man, a friend of many years, and he told me how he had to get up early next week and go to a wedding, as if that was a matter of great importance and difficulty. And he had been all his active life in big business and employed an army of clerks.

The concert was barely finished when I hurried down again to the Gun Wharf, where Mr. Barker came running up to the gate, bare-headed, and laughingly apologizing for giving me so much trouble. I told him I was going to lecture and wanted some music to tune up the audience.

"All right," he said.

"How much will it cost?" I inquired.

He said he would have to see the other members, but would write and let me know.

Having decided to extend the tour to St. John, I employed the morning and evening of Labor Day in engaging halls in Truro, Amherst and Moncton, or trying to do so. The Orpheum could be engaged in Truro and the Protestant House Hall in Amherst, but I had some difficulty in getting a suitable hall in Moncton, but long-distance telephone finally bringing the question whether I was the Mr. Scott who went to the *North Pole!*

Monday, September 8th, was set for the opening of the campaign, and the fates seemed auspicious.

scious. The Provincial Exhibition was now in full swing and the city full of visitors from all over the Province. But that afternoon it began to rain about four o'clock, just after I went around paying my printing bills and for the hall. The Grand Secretary eyed me severely. His views on the propriety of the lecture seemed to have undergone a sea-change. He assured me I was not going to have much of a house, and instead of the fee being ten dollars he would charge me only eight. He hoped I would get enough to pay expenses. I don't know what he thought I would get them out of, for the lecture was free. However, he saw I was down and wanted to help me out.

The janitress, who was arranging the stage for the evening, was the very reverse of unsympathetic. She told me warmly that I ought to have a large house. Things cost double what they used to and she was glad that somebody had taken the matter up.

When I got down to the hall in the evening I asked the janitor at the door if there was any audience.

"One gentleman," he replied.

I looked at this person with much interest.

"An anarchist, probably," I thought.

The anarchist, if such, was certainly a very mild-mannered one. He sat with his head sunk on his breast as if in silent prayer. He gave one the impression of Buddha. After a while another

man came in, and we discussed the chances of a house. He suggested that I had not advertised sufficiently, Monday being a bad night anyhow.

The anarchist said they had told him at the house that we were not to expect much of an audience until half-past eight. I decided not to wait so long under all the circumstances, and shaking hands with my audience and thanking them, I made into the Academy of Music, refuge of weary souls. The rain had not interfered with the attendance there. The foyer was crowded with spectators. Manager O'Connell, with his arms on the ticket-rail, was watching the ticket-seller doing a heavy business, and I was half afraid that I would not be able to secure a seat. I was lucky, however. They gave me a good one in the first balcony, and I watched the first performance of "Officer 666," a most diverting farce-comedy by Augustin MacHigh on the expensive picture craze. It was certainly very restful and enjoyable after the blankness and bareness of the Masonic Hall and the suspense and anxiety leading up to it, to be sitting there watching the drama, which was played with great spirit throughout and listening between acts to the lively and inspiring music of the orchestra. I had spent many happy hours in that resort of the muses, and none, perhaps, with more enjoyment than on this occasion. After the performance I returned to the King Edward Hotel, which was full clear up to the

roof. However, about eleven o'clock the clerk told me they had a cot ready for me, and I slept in state in the Ladies' Reception Room.

Next morning I got my breakfast in time to catch the eight-twenty train for Truro, but when I had bought my ticket for St. John I found that the eight o'clock train was just starting. So running along half a car-length, I jumped on to the step and was helped aboard by a man who said, reprovingly:

"There was no hurry. The next train will leave in twenty minutes."

"I'd rather go by this one," said I. I was not anxious to stay twenty minutes longer in Halifax.

As we moved along swiftly and without any jar on the rails my mind was full of my first trip up the I.C.R. forty-one years ago. "Then," I mused, "I was a red-cheeked, hopeful school-boy with the world all before me. Now I am a grey-haired, way-worn man, unsuccessful and about 'all in.' The years have not done much for me." I took a trip to St. John via Truro and Clifton (Old Barns, as it was called) in 1872. The ship *Acadia*, launched from James Crowe's yard at the latter place, carried me across the Bay. So that all, or nearly all, of the fine buildings, churches, business blocks and manufacturing edifices in Truro have gone up within my recollection—a very remarkable and gratifying growth.

Some may have their doubts about the supernatural part of the legend, but no one who has ever embarked in a missionary undertaking can have any doubt whatever of the literal accuracy of the accounts of the wanderings of the Saviour, Peter and Paul and the other Christian pioneers. "Jerusalem, thou that killest the prophets, and stonest them that are sent unto thee, how often would I have gathered thy children together, even as a hen gathereth her chickens under her wings, and ye would not." The words rush out like the blasting wind of an eternal Sahara.

"He was despised and rejected of men." How these words must have consoled weary temperance workers and W.C.T.U. talkers and social, religious and political pilgrims all down through the ages, putting a fresh tonic into their blood.

"And Paul shook off the dust of his feet against them as he left the city." The words fairly glow with unsuspected meaning. Concentrated execration!

As we strolled along Main Street I cast an anxious eye at The Orphenm in order to see whether any arrangements had been made for my lecture, but the doorway was blocked up with an advertisement of an operatic concert, and there was no visible sign of it. It rained all the afternoon, and we watched travellers getting to and from the trains, from the big corner bay window, not leaving the house. The trains with the Aldershot men had gone during the afternoon. In the evening I searched the

columns of the *News* in vain for any notice of the lecture. My agent had completely ignored his instructions. I was very glad he did so as I did not feel like lecturing that evening.

Our genial hostess with her own hands made us a blazing wood fire in the magnificent fireplace in the south parlor, and we sat in its cheerful glow chatting with her until a late hour about Truro people, among whom there have been many sad changes in the last few years. It was certainly nicer to be lounging in a capacious easy-chair there than lecturing to an incredulous and possibly hostile audience in the Orpheum on the high cost of living.

The rain, which had begun Monday afternoon and continued by spells all Tuesday, deepened into a regular downpour on Wednesday, and we climbed Cobequid Mountain and landed in Amherst in pelting torrents. However, we did the principal residence and business quarters in spite of it.

Perhaps the most remarkable thing about Amherst is the lack of visible population. There are whole streets lined with the most beautiful houses with well-kept lawns. But you do not see anyone about them, going in or coming out, or even "the sweet face at the window," as in the old song. There are magnificent stores, too, but no apparent customers. The Anglican Church buildings, in their reposeful grandeur, recall Matthew Arnold's famous phrase about

Oxford "waving back the last enchantments of the Middle Ages." Next morning we went around through the manufacturing district. The great square buildings were enclosed by gates forbidding near approach, with no life in sight. From a prospectus I had recently received concerning the piano factory I might have imagined the most beautiful music issuing from it, but there was not a single tinkle. We looked through the courthouse, but there was nobody visible. I suppose the people are all hidden away in those big factories and machine shops, working for dear life.

My address, by some mistake of my agent, had been advertised a week ahead of time, and I was much pleased to hear that about a dozen people had turned out to hear it. There was evidently some interest in the question of the high cost of living in Amherst. The *News* in a local stated that the Consumers' Guild were going to have a lecture that evening. The consumers, however, did not appear to be strong in Amherst.

On arriving at the Parish House Hall that evening I found some youths exercising in the gymnasium, but after a short time a working-man came in and I had some conversation with him before and after the lecture. He said conditions were very bad for the working-people and there would be a large increase in the number of suicides. They seemed apathetic, and it was impossible to arouse them.

"It is the System you're fighting," said he, going on to tell of some huge stock-watering operation that had been carried through.

"The System," as he considered it, was a vast, remorseless body of capital lording it over Parliament, the laws and all the powers in the state. It was worth going to Amherst to get this opinion. If there is any such monster as he described loose in the country, then every independent man ought to get out his flintlock and go gunning for it.

After a while half-a-dozen more young men came in, also a woman and a young girl. When I rose to go on the platform the woman approached me, inquiring menacingly:

"Where are the people? Who brought you here?"

Not deigning to make any reply I mounted the platform and plunged into my address. They listened quietly until I came to the part where I describe the picture of the Dogs' Slaughterhouse in Berlin, which ran through the papers a year ago, when she got up and, followed by the girl, left the hall. However three more came in, so that we actually finished stronger than when we began. The only criticism of the lecture came from the gentleman before mentioned, who said:

"It's the System. If any judge did what you say there would never be another judge appointed!"

About noon next day, after doing the rest of



Amherst, we got into the C.P.R. train for Moncton, enjoying a look from the car-window at old Fort Camberland (Beauséjour), erected in 1750 by La Corne and captured by the English under Monckton in 1755. The fortress-like towers of Dorchester Penitentiary, the distant roofs of Sackville and the Bridge at the Memramcook school engage the eye on this little trip. Moncton enjoys the distinction of having the only hotel in my experience in which you are not required to lock your door. On remarking the fact that there was not a key in the lock, the clerk of the Brunswick smilingly assured me: "You don't need one."

I had tried to secure the Oddfellows' Hall for an address, but could not make connections. So we strolled through the city, which claims from fourteen to sixteen thousand of a population, although the directory allows only twelve thousand. It is very level, well-shaded and paved, and has many nice stores and public buildings. The Cathedral, St. Bernard's, has a grotto alongside with the statue of a saint seated under a canopy. There is a retreat of a sisterhood, where music is taught, on the outskirts. With the Petitcodiac River running right up in front of it and a well-wooded country all around, it possesses excellent manufacturing facilities.

One of the sights of the city is the bore on the rising tide. "Wave rises at half-past five," was printed on a placard hung up in the hotel hall,

but I did not appreciate its meaning until too late. Visitors are said to travel long distances to see the tidal phenomenon.

I had always thought of Moncton in connection with the McCarthy murder case. About thirty-nine years ago a man named Osborne came to his death in or near Tim McCarthy's place. Murders were somewhat uncommon in those days, and the trial filled a large space in the newspapers throughout the Maritime Provinces. The ablest lawyers in New Brunswick, including the late Chief Justice Tuck, were engaged in the trial. I had a chat with the sheriff about it. He was in a coal mine at that time and I was getting through college. We are about of the same age. Strange by what diverse roads we had arrived in Moncton to talk about a forgotten murder case. The star witness on the trial proved to be a girl who subsequently figured in Halifax. There the *Herald* sent a reporter to see her, and the interview was duly published in its columns. This stroke of journalistic enterprise so enraged the *Chronicle* that on the next one of their periodical rows it said it would never call the *Herald* anything but the bawdy-house organ, and kept it up for some time.

The run from Moncton to St. John through the picturesque Sussex valley is delightful. The rains of the past three days had been succeeded by a lovely sunshiny afternoon. St. John revisited for the first time in eight years shows surprising improvements, such, in fact, as to

well-nigh make a new city of it. The C.P.R. has erected an immense steel and concrete grain elevator over in Carlton, while the Canadian Northern Railroad is carrying on enormous dredging operations incidental to building a great breakwater back on Courtney Bay. B. F. Keith had just finished a first-class vaudeville house, the Imperial, on the east side of King Square, whilst the square itself is illuminated by night with rows of colored incandescent globes strung along the walks that cross diagonally, producing an effect such as I have seen in no other city. Instead of the old suspension bridge over the river there will be three, work having been already begun on the footbridge. Then the trams will run continuously through to Carlton. Now you have to change cars and walk across the bridge. A new feature of St. John is the great number of restaurants you notice, evidently supported by a considerable floating or lodging population.

Reid's Castle, a picturesque ruin on the highest point of land, has been sold, and one of a number of cottages is being erected on the hillside. A visit to the Mission Church recalled the old days when Father Davonart held his High Church services there. But one missed the cheery bass voice of the late Mr. L. Greenback Recorder of the city, and no one's consent to sell Jack, another old friend, has suddenly gained the great lamented majority.

On December 8th, Hon. T. W. Crothers, Minis-

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Minister of Labor, appeared in Halifax and addressed a meeting of the business men at a dinner at the Queen Hotel, apparently as the spokesman of the Dominion Government. Observing some things which he appeared to have overlooked, on the following day I addressed a letter to the *Halifax Chronicle and Herald*, which was served up by the latter to its readers in the following fashion.

FROM THE *Halifax Evening Mail*, December 14, 1913

THE HIGH COST OF LIVING IS DUE TO CONSUMERS AND MONOPOLY  
 AND NOT TO THE FARMERS. SEE SOMETHING ELSE THAN PRODUCTION  
 AS THE CAUSE OF THE HIGH COST OF LIVING. SUPPLY THE DEMAND FOR THE INCREASED COST  
 OF NECESSITIES.

To the Editor of *The Mail*:

Sir,—According to your report of his address, Hon. Mr. Crothers, Minister of Labor, stated that "the high cost of living is an indication of prosperity and expansion. . . . It seemed to him the reason was that a smaller percentage of people are engaged in tilling the soil. Especially is this the case in Canada. Less people are engaged in raising hogs, poultry and beef. These people are engaged in raising them as if they were engaged in cities. . . . If you want to keep up living, then you can get it by a period of 'hard times' with an increase of production on our farms."

FEWER PEOPLE NEEDED ON THE FARM.

In making this assertion Hon. Mr. Crothers takes no note of the fact that fewer people than ever before are required to till the soil, the vast increase in the use of agricultural machinery in the last few years having rendered the labor of multitudes of farm laborers unnecessary. Formerly the farmer had to keep his hired man all the year round. Now, except during a few summer months,

he can dispense with his services altogether, work such as cutting wood about the house being done by machinery or made easier by labor-saving devices. In the North-West the Old Country man, having got his summer's pay, goes home for his winter vacation, returning in the spring. A friend of mine residing in western Ontario told me a few years ago that the smaller towns in this Province are holding their own a great deal better than where he lives. There the farms are encroaching on the towns, the work being done by machinery. A farmer nowadays equipped with up-to-date machinery can do probably as much work as a dozen could do a few years ago. To ask more people to go to live on farms would be to ask the farmers to give up their agricultural machinery.

#### THE INCREASE IN FOOD AND POPULATION.

As regards the increase of production on our farms, an investigation lately completed by the Department of Agriculture in the United States proved that, leaving out China, whilst the population of the earth increases at the rate of a little over one per cent. per annum, the increase in food production increases about two and a half per cent. And this is what we might expect, considering the lessening birth-rate in most countries and the expansion of the science of farming and fruit-growing everywhere.

#### THE REMEDY THAT IS PROPOSED.

"Well," it may be asked, "what is your opinion about it?" After carefully considering all the reasons for this extraordinary phenomenon that I have advanced during the last two or three years I believe that, omitting certain minor causes, the grand cause is the non-enforcement of section 498 of the Criminal Code of Canada.

This section, containing the substance of laws of England against combines and monopolies nearly a thousand years old, prescribes certain penalties for unreasonably enhancing the price of any article or commodity which may be the subject of trade or commerce.

## CONSUMERS' GUILD CRUSADE 159

This section, one of the most important in the code, designed (and still enforced in Great Britain) to protect the rights of the consumer, has become practically a dead letter in Canada. This is true also of the United States, where it obtains in substance as part of the common law. In order to go round it in some way such unworkable statutes as the Sherman Act in the United States and the Combines Investigation Act in Canada have been enacted ostensibly in the interests of the consumer, but really to protect the combines against the common law penalties.

What looks very much like an attempt to "put over" the same sort of thing in England was made in the British Parliament in 1908, when Sir Gilbert Parker, in a carefully worded question, asked the Prime Minister, Mr. Asquith, whether the Government intended to take any action against the "trusts." Mr. Asquith shrewdly replied in the negative, knowing very well that the enforcement of the criminal law in England (except sometimes in political matters) is so swift and terrible that the trusts are fully aware that any attempt by them unreasonably to raise the price of the necessaries of life would be speedily followed by the rigid enforcement of the common law provisions respecting such offences. Here, as I have said, this law is practically a dead letter and every combine controlling production is allowed to put any price as high as it likes so long as it can get anyone to pay it.

Hon. Mr. Crothers is quite right in discussing the question from a non-partisan standpoint. The question is not yet in politics, and it would be a pity if it were dragged into the political arena, because, in that event, we should probably be treated to a Royal Commission, or an amendment to the Combines Investigation Act.

### ENFORCEMENT OF THE LAW THE THING.

The consumers, meaning, of course, the great body of the public, irrespective of political connections, should insist on having section 498 enforced the same as the other sections of the Criminal Code are enforced. If they

do so they will speedily find prices dropping to the old level of 1897, or perhaps, even lower. If they leave the matter as it is they may reasonably expect to see prices going sky-high before many months.

The Attorney-General should direct the prosecuting officers throughout the Province to proceed to collect evidence and conduct prosecutions for violation of section 498 just as they do under other sections of the Code. "But," it may be objected, "the great combines are located outside of this Province. What has our Attorney-General to do with them?"

In that case the Attorney-General of this Province should endeavor to co-operate with the Attorney-Generals of the other Provinces and the Attorney-General of the Dominion. A few prosecutions under the above section conducted simultaneously in the various Provinces would soon result in disclosing the workings of the combines, big and little, throughout the Dominion.

Consumers everywhere should insist on having this fundamental law enacted for their protection strictly and swiftly enforced, unless they want to be bled white.

H. P. SCOTT

Windsor, December 9th.

The *Chronicle* did not reprint it in its evening edition, the *Echo*, and has never since directly referred to it. Four days later the *Herald* published the following characteristic leading article.

From the *Halifax Herald*, December 19th, 1913:

NOT A WORD FOR THE LAURIER FAD, BUT KNOCKS FOR BOTH  
LAURIER AND FIELDING.

Readers of both the *Halifax Herald* and the *Halifax Morning Chronicle* of a few days ago had an opportunity of perusing a letter by Mr. H. P. Scott, of Windsor.

## CONSUMERS' GUILD CRUSADE 161

We have refrained from any comment thereon, in order to give the *Chronicle* plenty of time to come to the defence of the Laurier "free food" fad, which was treated by Mr. Scott with such contempt as to be utterly ignored by him.

Mr. Scott's letter was on the cause of the great increase in food prices.

Of course, Mr. Scott knew that Sir Wilfrid had charged the whole trouble on the "food taxes," and had pronounced "free food" as a complete remedy.

But Mr. Scott treated that view of the case as not worth a moment's consideration, and went on to set forth his view that the cause of the high food prices is "combinations in restraint of trade," and that the true remedy is the enforcement of the Criminal Code against such illegal combinations.

As we understand the letter, there is a further intimation that the dealings of the late Government with the matter of trade combines was rather in favor of trusts and combines than against them.

So that even from this correspondent, who might be expected to be friendly, there is nothing but knocks for both Laurier and Fielding, and even the Laurier organ has not a word to say in rebuttal or defence.

As to Mr. Scott's view of the case, we can quite agree with him in considering that the "middlemen" have much to do with the increased cost of foodstuffs, though we may not be quite so sanguine that the criminal law could be so enforced as to afford general practical relief.

We think, however, that Mr. Scott underestimates the importance of the comparative shortage of production as one of the main factors of the problem.

Statisticians, as well as Western farmers, are apt to confine their attention far too much to "wheat," and we are inclined to think that the United States statistics which Mr. Scott cites have reference to wheat rather than to foodstuffs generally.

It is true that in wheat mining and grain raising gener-



ally, machinery can be used to so large an extent that comparatively few men are required, and hence we have large wheat production with a comparatively small agricultural population.

But you cannot tend cattle by machinery, and in the dairying, fruit-farming, and poultry industries there is need of men rather than machines.

It is in the productions of these latter lines of industry that all the great shortage and high prices appear; and this shortage we think is mainly due to the lack of general or "mixed" farming in our great West.

While there is much in Mr. Scott's letter to commend, we cannot help thinking that he overlooked some things regarding the comparative shortage of production at the present time, and that the real and effective remedy for existing unsatisfactory conditions is increased production in animal industry.

Whilst entirely disavowing any intention of "knecking" or hurting anybody, the *Herald's* remark that: "We are inclined to think that the United States statistics which Mr. Scott cites have reference to wheat rather than to food-stuffs generally," merits some attention. The *Herald* has some doubt about the statement regarding food-production outside of wheat. On this point Mr. Avard Longley Bishop may be heard. In an article in the *Yale Review* for July on "The High Cost of Living," he says:

Let us consider, first of all, the claim that the high price of food products is due to the increasing proportion of the population which may be classed as city rather than country dwellers. Everyone knows that in the United States and elsewhere the cities have been growing for decades at the expense of the rural districts. And it has been assumed that those who have remained on the farms have not pro-

duced a surplusage of the staple food products large enough to meet the ever-increasing demands of the non-producing urban population. Hence, there are those who have concluded that it is in accordance with the law of supply and demand that prices have advanced. But if we accept the statement as set forth in a recent publication of our Federal Department of Agriculture, we are forced to the conclusion that the lure of the city has caused no diminution in the world's annual output of food products. On the contrary, in recent years when food prices have been soaring the highest, the world's annual output has actually increased faster than the yearly growth of population. Leaving China out of account, the population of the civilized world increases at the rate of a little over one per cent. a year. But, since 1895, the average annual increase of the world's cereals (including wheat, corn, oats, rye and barley) has been about two and one-half per cent. And what is true of the cereals applies equally well to most other crops. The investigation just referred to covered eleven products which, in the United States, include over three-quarters of the acreage and about seventy per cent. of the value of all the farm crops. It was believed that the list was sufficiently inclusive, and that the commodities mentioned therein showed such a uniform increase in output as to warrant the conclusion that "agricultural production, during recent years of enhancing prices, has increased more rapidly than population"; and that "recent advances in the cost of living are not due to the scarcity or lessening of agricultural products." An examination of the data covering meat foods pointed to the same general conclusion. It indicated that "the aggregate supply of animal products, as in the case of crop production, has kept pace with population during the past decade." These results, however, represent a condition applicable to the whole world, whereas with respect to any particular country they would not necessarily hold true.\*

\* They must be true of Canada because the production of food here is altogether out of proportion to the population.

For each political unit is not necessarily a self-supporting economic area, and it might very well be that a demand should exist for certain food products entirely beyond the home supply. And it is quite within the bounds of possibility to imagine that a protective tariff is instrumental in keeping out the surplus from other countries of just such foods as are in general demand. However, omitting these questions as apart from the main point now under consideration, the contention is made that to assume that there must be a certain fixed ratio between the numbers in the city and in the country to insure an abundant food supply is an error. The development of machinery in farming operations, the progress of scientific agriculture, and other important factors have made it possible to dispense with the services of numerous hand laborers whose work, under an earlier method of farming, was essential. Therefore, all things being considered, the claim that the growth of the city population at the expense of the country is the cause of the high prices of food is not supported by facts.

The results of the investigation must be true of Canada because here we have in every Province a food production altogether out of proportion to the population. Outside of the Prairie Provinces the population is not increasing very rapidly, but everywhere the production of food of all kinds is increasing by leaps and bounds. That the newspapers are beginning to see the point is shown by the following from the *Toronto Star*:

In 1897 a provision against combines was made part of the customs law of the Dominion. It ought to be enforced in the same manner as offences against the other parts of the customs law. If a merchant imports goods without paying the proper duty, the slightest hint will set detec-

## CONSUMERS' GUILD CRUSADE 145

tives and other Government officials on his track. The complainant is put to no expense; his identity is concealed; he is protected and assisted by the Government. The procedure against combines ought to be of the same prompt and speedy kind. Government officials ought to be appointed to enforce the law. They should take the initiative, and the whole procedure ought to be at the public expense. Up to the present very little use has been made of the law, because the risk, trouble and expense fall upon the complainant. (The writer refers to the Combines Investigation Act.)

That ought not to be. The man who discovers a combine that is doing injury to the people is a public benefactor, and he ought to be thanked and protected by the Government. He should not be required to prosecute the case. He should be asked simply to lay before a Government official such facts as he knows. The official should then follow up the clue, make his own investigation, and prosecute, if necessary.

The Victoria, B.C., *Times* is just as outspoken:

### SMASH THE COMBINE.

We are told that the effect of duties upon the prices of foodstuffs is so insignificant as not to be worth bothering about. No duties are imposed upon food by the Government of Great Britain, and the British consumer buys flour at half the price we pay for it in Victoria and bread at less than half the price the people of Ottawa are compelled to pay for theirs. Canadians are heavy exporters of wheat and flour; Britons are heavy importers of wheat and flour. Not only will the consumers of Britain never consent to the imposition of duties upon foodstuffs, but the authorities in Britain keep a watchful eye upon all trade processes, and whenever they perceive anything that even has the appearance of a combination they promptly smash it.

In looking back over the pages of this review certain conclusions are inevitable.

1. There can be no reasonable doubt that the production of food in Canada and the United States is ample to provide all of the inhabitants with plenty at the lowest prices.

2. The causes commonly alleged for the prevailing high prices will not bear the slightest scrutiny.

3. The experience of England and France proves that prices can be kept fairly stable where laws against extortion through combines and monopolies prevail.

4. In Canada, the United States and Germany, where such laws are not enforced, great distress results therefrom.

This is the greatest question of the day and the one most vitally affecting the great body of people that has come up since Confederation. As we have seen, there have been many theories regarding it propounded, and views of it have been made from almost every conceivable point of view. These pages will have been written not in vain if they have demonstrated in any measure the folly of neglecting or allowing to fall into abeyance laws affecting the people's rights which have stood the test of centuries.

## APPENDIX I.

9-10 EDWARD VII.

### CHAP. 9.

An Act to Provide for the Investigation of Combines,  
Monopolies, Trusts and Mergers.

[Assented to 4th May, 1910.]

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. This Act may be cited as *The Combines Investigation Act*.

#### INTERPRETATION.

2. In this Act, unless the context otherwise requires,—

(a) "Application" means an application to a judge for an order directing an investigation under the provisions of this Act;

(b) "Board" means a Board of Investigation established under the provisions of this Act;

(c) "Combine" means any contract, agreement, arrangement or combination which has, or is designed to have, the effect of increasing or fixing the price or rental of any article of trade or commerce or the cost of the storage or transportation thereof, or of the restricting competition in or of controlling the production, manufacture, transportation, storage, sale or supply thereof, to the detriment of consumers or producers of such article of trade or commerce, and includes the acquisition, leasing or otherwise taking over, or obtaining by any person to the end aforesaid, of any control over or interest in the business, or any portion of the business, of any other person, and also includes what is known as a trust, monopoly or merger;

- (d) "Department" means the Department of Labor;
- (e) "Judge" means, in the Province of Ontario, any judge of the High Court of Justice; in the Province of Quebec, any judge of the Superior Court; in the Provinces of Nova Scotia, New Brunswick, British Columbia, Prince Edward Island, Saskatchewan and Alberta, any judge of the Supreme Court; in the Province of Manitoba, any judge of the Court of King's Bench, and in the Yukon Territory, any judge of the Territorial Court;
- (f) "Minister" means the Minister of Labor;
- (g) "Order" means an order of a judge under the provisions of this Act;
- (h) "Prescribed" means prescribed by this Act, or by any rule or regulation made thereunder;
- (i) "Registrar" means the Registrar of Boards of Investigation appointed under this Act.

## ADMINISTRATION.

3. The Minister shall have the general administration of this Act.

4. The Governor in Council shall appoint a Registrar of Boards of Investigation, who shall have the powers and perform the duties prescribed.

(2) The office of Registrar may be held either separately or in conjunction with any other office in the public service, and in the latter case the Registrar may, if the Governor in Council thinks fit, be appointed by reference to such other office, whereupon the person who for the time being holds such office or performs its duties shall, by virtue thereof and without thereby being entitled to any additional remuneration, be the Registrar.

## ORDER FOR INVESTIGATION.

5. Where six or more persons, British subjects resident in Canada and of full age, are of opinion that a combine

exists, and that prices have been enhanced or competition restricted by reason of such combine, to the detriment of consumers or producers, such persons may make an application to a judge for an order directing an investigation into such alleged combine.

(2) Such application shall be in writing addressed to the judge, and shall ask for an order directing an investigation into the alleged combine, and shall also ask the judge to fix a time and place for the hearing of the applicants or their representative.

(3) The application shall be accompanied by a statement setting forth,—

(a) The nature of the alleged combine and the persons believed to be concerned therein;

(b) The manner in which the alleged combine affects prices or restricts competition, and the extent to which the alleged combine is believed to operate to the detriment of consumers or producers;

(c) The names and addresses of the parties making the application and the name and address of one of their number or of some other person whom they authorize to act as their representative for the purposes of this Act and to receive communications and conduct negotiations on their behalf.

4. The application shall also be accompanied by a statutory declaration from each applicant declaring that the alleged combine operates to the detriment of the declarant as a consumer or producer, and that to the best of his knowledge and belief the combine alleged in the statement exists and that such combine is injurious to trade or has operated to the detriment of consumers or producers in the manner and to the extent described, and that it is in the public interest that an investigation should be had into such combine.

6. Within thirty days after the judge receives the application he shall fix a time and place for hearing the appli-



cants and shall send due notice, by registered letter, to the representative authorized by the statement to receive communications on behalf of the applicants. At such hearing the applicants may appear in person or by their representative or by counsel.

7. If upon such hearing the judge is satisfied that there is reasonable ground for believing that a combine exists which is injurious to trade or which has operated to the detriment of consumers or producers, and that it is in the public interest that an investigation should be held, the judge shall direct an investigation under the provisions of this Act; or if not so satisfied, and the judge is of opinion that in the circumstances an adjournment should be ordered, the judge may adjourn such hearing until further evidence in support of the application is given, or he may refuse to make an order for an investigation.

(2) The judge shall have all the powers vested in the court of which he is a judge to summon before him and enforce the attendance of witnesses, to administer oaths, and to require witnesses to give evidence on oath or on solemn affirmation (if they are persons entitled to affirm in civil matters), and to produce such books, papers or other documents or things as the judge deems requisite.

8. The order of the judge directing an investigation shall be transmitted by him to the Registrar by registered letter, and shall be accompanied by the application, the statement, a certified copy of any evidence taken before the judge, and the statutory declarations. The order shall state the matters to be investigated, the names of the persons alleged to be concerned in the combine, and the names and addresses of one or more of their number with whom, in the opinion of the judge, the Minister should communicate in order to obtain the recommendation for the appointment of a person as a member of the Board as hereinafter provided.

## APPOINTMENT OF BOARDS.

9. Upon receipt by the Registrar of the order directing an investigation the Minister shall forthwith proceed to appoint a Board.

10. Every Board shall consist of three members, who shall be appointed by the Minister under his hand and seal of office.

11. Of the three members of the Board one shall be appointed on the recommendation of the persons upon whose application the order has been granted, one on the recommendation of the persons named in the order as being concerned in the alleged combine, and the third on the recommendation of the two members so chosen.

12. The persons upon whose application the order has been granted and the persons named in the order as being concerned in the alleged combine, within seven days after being requested so to do by the Registrar, may each respectively recommend the name of a person who is willing and ready to act as a member of the Board, and the Minister shall appoint such persons members of the Board.

(2) For the purpose of obtaining the recommendations referred to in subsection 1 of this section it shall be sufficient for the applicants, for the Registrar to communicate with the representative mentioned in the statement, authorized to receive communications on their behalf, and as respects the persons concerned in the alleged combine it shall be sufficient for the Registrar to communicate with the persons named in the order, as the persons with whom the Minister should communicate for this purpose.

(3) If the parties, or either of them, fail or neglect to make any recommendation within the said period, or such extension thereof as the Minister, on cause shown, grants, the Minister shall, as soon thereafter as possible, select and appoint a fit person or persons to be a member or members of the Board.

(4) The two members so appointed may, within seven days after their appointment, recommend the name of a judge of any court of record in Canada who is willing and ready to act as a third member of the Board, and the Minister shall appoint such judge as a member of the Board, and if they fail or neglect to make a recommendation within the said period, or such extension thereof as the Minister on cause shown grants, the Minister shall, as soon thereafter as possible, select and appoint a judge of any court of record in Canada to be the third member of the Board.

(5) The third member of the Board shall be its chairman.

(6) A vacancy in the membership of a Board shall be filled in the same manner as an original appointment is made.

13. No person shall act as a member of the Board who is one of the applicants for the Board or who has any direct pecuniary interest in the alleged combine that is the subject of investigation by such Board, or who is not a British subject.

14. As soon as possible after all the members of the Board have been appointed by the Minister, the Registrar shall notify the parties of the names of the chairman and other members of the Board.

15. Before entering upon the exercise of the functions of their office the members of the Board shall take the following oath:—

I,....., do solemnly swear,—

That I will truly, faithfully and impartially perform my duties as a member of the Board appointed to investigate.....

That I am a British subject.

That I have no direct pecuniary interest in the alleged combine that is to be the subject of investigation.

That I have not received nor will I accept either directly or indirectly any perquisite, gift, fee or gratuity from any person in any way interested in any matter or thing to be investigated by the Board.

That I am not immediately connected in business with any of the parties applying for this investigation, and am not acting in collusion with any person herein.

16. The Department may provide the Board with a stenographer and such clerical and other assistance as to the Minister appears necessary for the efficient carrying out of the provisions of this Act. The Department shall also repay any reasonable and proper disbursements made or authorized and certified by the judge who grants the order directing the investigation.

17. Upon the appointment of the Board the Registrar shall forward to the chairman copies of the application, statement, evidence, if any, taken before the judge, and order for investigation, and the Board shall forthwith proceed to deal with the matters referred to therein.

#### INQUIRY AND REPORT.

18. The Board shall expeditiously, fully and carefully inquire into the matters referred to it and all matters affecting the merits thereof, including the question of whether or not the price or rental of any article concerned has been unreasonably enhanced, or competition in the supply thereof unduly restricted, in consequence of a combine, and shall make a full and detailed report thereon to the Minister, which report shall set forth the various proceedings and steps taken by the Board for the purpose of fully and carefully ascertaining all the facts and circumstances connected with the alleged combine, including such findings and recommendations as, in the opinion of the Board, are in accordance with the merits and requirements of the case.

(2) In deciding any question that may affect the scope or extent of the investigation, the Board shall consider what is required to make the investigation as thorough and complete as the public interest demands.

19. The Board's report shall be in writing, and shall be signed by at least two of the members of the Board. The report shall be transmitted by the chairman to the Registrar, together with the evidence taken at such investigation certified by the chairman, and any documents and papers remaining in the custody of the Board. A minority report may be made and transmitted to the Registrar by any dissenting member of the Board.

20. Upon receipt of the Board's report and of the minority report, if any, a copy thereof shall be sent free of charge to the parties and to the representative of any newspaper in Canada who applies therefor, and the report and minority report, if any, shall also be published without delay in *The Canada Gazette*. The Minister may distribute copies of the report, and of any minority report, in such manner as to him seems most desirable, as a means of securing a compliance with the Board's recommendations. The Registrar shall, upon payment of such fees as may be prescribed, supply a certified copy of any report or minority report to any person applying for it.

21. Whenever, from or as a result of an investigation under the provisions of this Act, or from or as a result of a judgment of the Supreme Court or Exchequer Court of Canada or of any superior court, or circuit, district or county court in Canada, it appears to the satisfaction of the Governor in Council that with regard to any article there exists any combine to promote unduly the advantage of the manufacturers or dealers at the expense of the consumers, and if it appears to the Governor in Council that such disadvantage to the consumer is facilitated by the duties of customs imposed on the article, or on any like

article, the Governor in Council may direct either that such article be admitted into Canada free of duty or that the duty thereon be reduced to such amount or rate as will, in the opinion of the Governor in Council, give the public the benefit of reasonable competition.

22. In case the owner or holder of any patent issued under *The Patent Act* has made use of the exclusive rights and privileges which, as such owner or holder, he controls, so as unduly to limit the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article which may be a subject of trade or commerce, or so as to restrain or injure trade or commerce in relation to any such article, or unduly to prevent, limit or lessen the manufacture or production of any article or unreasonably to enhance the price thereof, or unduly to prevent or lessen competition in the production, manufacture, purchase, barter, sale, transportation, storage or supply of any article, such patent shall be liable to be revoked. And, if a Board reports that a patent has been so made use of, the Minister of Justice may exhibit an information in the Exchequer Court of Canada praying for a judgment revoking such patent, and the court shall thereupon have jurisdiction to hear and decide the matter and to give judgment revoking the patent or otherwise as the evidence before the court may require.

23. Any person reported by a Board to have been guilty of unduly limiting the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article which may be a subject of trade or commerce; or of restraining or injuring trade or commerce in relation to any such article; or of unduly preventing, limiting or lessening the manufacture or production of any such article; or of unreasonably enhancing the price thereof; or of unduly preventing or lessening competition in the production, manufacture, purchase, barter, sale, transportation, storage or supply of any such article, and who

thereafter continues so to offend, is guilty of an indictable offence and shall be liable to a penalty not exceeding one thousand dollars and costs for each day after the expiration of ten days, or such further extension of time as in the opinion of the Board may be necessary, from the date of the publication of the report of the Board in *The Canada Gazette* during which such person so continues to offend.

#### SITTINGS OF BOARD.

24. The sittings of the Board shall be held at such times and places as are fixed by the chairman, after consultation with the other members of the Board, and the parties shall be notified by the chairman as to the times and places at which sittings are to be held: Provided that, so far as practicable, the Board shall sit in the locality within which the subject-matter of the proceedings before it arose.

25. The proceedings of the Board shall be conducted in public, but the Board may order that any portion of the proceedings shall be conducted in private.

26. The decision of any two of the members present at a sitting of the Board shall be the decision of the Board.

27. The presence of the chairman and at least one other member of the Board shall be necessary to constitute a sitting of the Board.

28. In case of the absence of any one member from a meeting of the Board the other two members shall not proceed, unless it is shown that the absent member has been notified of the meeting in ample time to admit of his attendance.

29. Any party to an investigation may appear before the Board in person or may be represented by any other person or persons, or, with the consent of the Board, may be represented by counsel. 17

30. Whenever in the opinion of the Minister the public interest so requires, the Minister may apply to the Minister of Justice to instruct counsel to conduct the investigation before a Board, and upon such application the Minister of Justice may instruct counsel accordingly. The fees and expenses allowed to such counsel by the Minister of Justice shall be paid out of such appropriations as are made by Parliament to provide for the cost of administering this Act.

31. If, in any proceedings before the Board, any person wilfully insults any member of the Board, or wilfully interrupts the proceedings, or without good cause refuses to give evidence, or is guilty in any other manner of any wilful contempt in the face of the Board, any officer of the Board or any constable may take the person offending into custody and remove him from the precincts of the Board, to be detained in custody until the conclusion of that day's sitting of the Board, and the person so offending shall be liable, upon summary conviction, to a penalty not exceeding one hundred dollars.

## WITNESSES AND EVIDENCE.

32. For the purposes of an investigation the Board shall have all powers which are vested in any court of record in civil cases for the following purposes, namely: the summoning of witnesses before it, and enforcing their attendance from any part of Canada, of administering oaths, and of requiring witnesses to give evidence on oath or on solemn affirmation (if they are persons entitled to affirm in civil matters) and to produce such books, papers or other documents or things as the Board deems requisite to the full investigation of the matters into which it is inquiring.

(2) Any member of the Board may administer an oath.

(3) Summonses to witnesses and all other orders, process and proceedings shall be signed by the chairman.



33. All books, papers and other documents or things produced before the Board, whether voluntarily or in pursuance of summons, may be inspected by the Board, and also by such parties as the Board allows.

34. Any party to the proceedings shall be competent and may be compelled to give evidence as a witness.

35. Every person who is summoned and duly attends as a witness shall be entitled to an allowance for attendance and travelling expenses according to the scale in force with respect to witnesses in civil suits in the superior courts of the Province in which the inquiry is being conducted.

36. If any person who has been duly served with a summons and to whom at the time of service payment or tender has been made of his reasonable travelling expenses according to the aforesaid scale, fails to attend or to produce any book, paper or other document or thing as required by his summons, he shall, unless he shows that there was good and sufficient cause for such failure, be guilty of an offence and liable upon summary conviction to a penalty not exceeding one hundred dollars.

37. The Board may, with the consent of the Minister, employ competent experts to examine books or official reports, and to advise it upon any technical or other matter material to the investigation, but the information obtained therefrom shall not, except in so far as the Board deems it expedient, be made public, and such parts of the books, papers or other documents as in the opinion of the Board are not material to the investigation may be sealed up.

#### REMUNERATION AND EXPENSES OF BOARD.

38. The members of a Board shall be remunerated for their services as follows: -

- (a) To the two members first appointed an allowance of five dollars each per day for a time not exceeding three days during which they may be actually engaged in selecting the third member of the Board.
- (b) To each member an allowance at the rate of twenty dollars for each day's sitting of the Board.

39. Each member of the Board shall be entitled to his actual and necessary travelling expenses and an allowance of ten dollars per day for each day that he is engaged in travelling from or to his place of residence for the purpose of attending or after having attended a meeting of the Board.

40. No member of the Board shall accept in addition to his travelling expenses and allowances as a member of the Board any perquisite, gift, fee or gratuity of any kind from any person in any way interested in any matter or thing that is being investigated by the Board. The acceptance of any such perquisite, gift, fee or gratuity by any member of the Board shall be an offence, and shall render such member liable upon summary conviction to a fine not exceeding one thousand dollars, and he shall thereafter be disqualified to act as a member of any Board.

41. All expenses of the Board, including expenses for transportation incurred by the members thereof or by persons under its order in making investigations under this Act, salaries of employees and agents, and fees and travelling expenses of witnesses, shall be allowed and paid upon the presentation of itemized vouchers therefor, approved and certified by the chairman of the Board, which vouchers shall be forwarded by the chairman to the Registrar. The chairman shall also forward to the Registrar a certified and detailed statement of the sittings of the Board, and of the members present at each of such sittings.

## MISCELLANEOUS.

42. No proceedings under this Act shall be deemed invalid by reason of any defect of form or any technical irregularity.

43. Evidence of a report of a Board may be given in any court by the production of a copy of *The Canada Gazette* purporting to contain a copy of such report, or by the production of a copy of the report purporting to be certified by the Registrar to be a true copy.

44. The Minister shall determine the allowance or amounts to be paid to all persons, other than the members of a Board, employed by the Government or any Board, including the secretaries, clerks, experts, stenographers or other persons performing any services under the provisions of this Act.

45. The Governor in Council may make such regulations, not inconsistent with this Act, as to him seem necessary for carrying out the provisions of this Act and for the efficient administration thereof.

(2) Such regulations shall be published in *The Canada Gazette*, and upon being so published they shall have the same force as if they formed part of this Act.

(3) The regulations shall be laid before both Houses of Parliament within fifteen days after such publication if Parliament is then sitting, and if Parliament is not then sitting then within fifteen days after the opening of the next session thereof.

46. The Minister shall lay before Parliament, within the first fifteen days of the then next session, an annual report of the proceedings under this Act.

47. Subsection 1 of section 12 of *The Customs Tariff, 1907*, is repealed.

48. This Act shall not be construed to repeal, amend or in any way affect *The Trade Unions Act*, chapter 125 of the Revised Statutes, 1906.

## SCHEDULE.

## FORM 1.

## APPLICATION FOR ORDER DIRECTING AN INVESTIGATION.

"The Combines Investigation Act."

(Section 5.)

Dated at ..... this  
..... day of....., 19..

IN THE MATTER of an alleged combine [*here state shortly the nature of the combine*].

To the Honorable [*here insert the name of the judge*],  
a Judge [or, Chief Justice as the case may be] of the  
[*here insert the title of the court*].

The undersigned are of opinion that a combine exists [*here state shortly the nature of the alleged combine*] and that prices have been enhanced [or, competition has been restricted by such combine, as the case may be] to the detriment of consumers [or, producers, as the case may be].

The undersigned therefore apply for an order under "The Combines Investigation Act" directing an investigation into such alleged combine.

[*Here state—*

(a) *The nature of the alleged combine and the persons believed to be concerned therein; and,*

(b) *The manner in which the alleged combine affects prices or restricts competition, and the extent to which the alleged combine is believed to operate to the detriment of consumers or producers, as the case may be.]*

## STATEMENT ACCOMPANYING APPLICATION FOR ORDER.

Dated at ..... this  
.....day of ..... 19..

The undersigned hereby authorize.....  
of.....[give name and place of residence]  
to act as our representative for the purposes of "The Com-  
bines Investigation Act," and to receive communications  
and conduct negotiations on our behalf.

The names and addresses of the persons applying for the  
aforesaid order are as follows:—

| Names. | Addresses. |
|--------|------------|
|        |            |

STATUTORY DECLARATION ACCOMPANYING APPLICATION FOR  
ORDER.\*

\* A declaration as above must be made by each applicant.

CANADA:  
Province of..... }  
To Wit.

I....., of the.....of.....  
in the.....of.....  
do solemnly declare:—

1. That the alleged combine operates to my detriment as  
a consumer [or, producer, as the case may be].

2. That to the best of my knowledge and belief the com-  
bine alleged in the foregoing statement exists and that  
such combine is injurious to trade [or, has operated to the  
detriment of consumers, or, producers, as the case may be]  
in the manner and to the extent described.

3. That it is in the public interest that an investigation should be had into such combine.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of The Canada Evidence Act.

Declared before me at.....In the county of  
.....this.....day of.....19..

## FORM 2.

## ORDER DIRECTING INVESTIGATION.

"The Combines Investigation Act."

(Section 7.)

IN THE MATTER of the application of [*here insert the names of applicants*], dated the .....day of.....19.. for an order directing an investigation under "The Combines Investigation Act" into an alleged combine [*here state shortly the nature of the combine*].

I, the Honorable .....  
a Judge [*or, Chief Justice, as the case may be*] of [*here insert the name of court*] after having read the application of [*names of applicants*], dated the.....day of.....19... the statement and statutory declarations accompanying the same and the evidence produced by the said applicants, am satisfied that there is reasonable ground for believing that a combine exists [*here describe nature of combine*] which is injurious to trade [*or, which has operated to the detriment of consumers, or, producers, as the case may be*], and that it is in the public interest that an investigation should be held, and I do therefore direct that an investigation be held.



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under the provisions of the said Act into the following matters, that is to say: [*here set out the matters to be investigated*].

The names of the persons alleged to be concerned in the alleged combine are [*here insert names and addresses*] and I am of opinion that the Minister of Labor should communicate with [*here insert the name or names with, in each case, the address*] in order to obtain the recommendation for the appointment of a person as a member of the Board of Investigation on behalf of those concerned in the said alleged combine.

Dated at.....this.....day of.....19..

## APPENDIX II.

### THE SHERMAN ACT.

(From *The North American Review*, December, 1911.)

An Act to protect Trade and Commerce against Unlawful Restraints and Monopolies.\*

"Be it enacted, etc. Sec. 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal.

"Every person who shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court."—Edmunds, *except the words "in the form of trust or otherwise," which were interjected by Senator Evarts.*

"Sec. 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court."—Edmunds.

"Sec. 3. Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any Territory of the United States, or of the District of Columbia, or in restraint of trade or commerce

\* The names of the writers of the various sections, as established in the Foreword, are appended by the Editor.

between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations, is hereby declared illegal.

"Every person who shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court."—Edmunds.

"Sec. 4. The several circuit courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this Act; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney-General, to institute proceedings in equity to prevent and restrain such violations.

"Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition the court shall proceed, as soon as may be, to the hearing and determination of the case; and pending such petition and before final decree, the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises."—George, *rewritten from Senator Sherman's original draft.*

"Sec. 5. Whenever it shall appear to the court before which any proceeding under section four of this act may be pending that the ends of justice require that other parties should be brought before the court, the court may cause them to be summoned, whether they reside in the district in which the court is held or not; and subpoenas to that end may be served in any district by the marshal thereof."—Edmunds.

"Sec. 6. Any property owned under any contract or by any combination, or pursuant to any conspiracy (and being the subject thereof) mentioned in section one of this act, and being in the course of transportation from one State to another, or to a foreign country, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for their forfeiture, seizure, and condemnation of property imported into the United States contrary to law."—Edmunds.

"Sec. 7. Any person who shall be injured in his business or property by any other person or corporation by reason of anything forbidden or declared to be unlawful by this Act may sue therefor in any circuit court of the United States in the district in which the defendant resides or is found, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the costs of suit, including a reasonable attorney's fee."—Hoar, *rewritten from Senator Sherman's original draft.*

"Sec. 8. That the word 'person' or 'persons,' wherever used in this Act, shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the Territories, the laws of any State, or the laws of any foreign country."—Ingalls.

THE END.



# INDEX

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|  | PAGE               |
|--|--------------------|
| Amherst .....                                | 151                |
| Attorney-General, Duties of.....             | 67, 118            |
| Automobile, The Man with the.....            | 121                |
| <br>   |                    |
| Bank Act .....                               | 114                |
| Banker's view .....                          | 47                 |
| Berlin .....                                 | 69                 |
| Bishop, A. L., <i>Yale Review</i> .....      | 162                |
| <br>   |                    |
| Call loans .....                             | 108                |
| Coal strikes .....                           | 25                 |
| Combines .....                               | 65, 102            |
| Combines Investigation Act.....              | 65, 86, Appendix   |
| Common law .....                             | 27, 72, 158        |
| Conant, Charles A., "Money and Banking"..... | 44, 112            |
| Consumers .....                              | 127, 130, 132, 139 |
| Co-operative societies .....                 | 33, 127            |
| Criminal Code .....                          | 67, 70             |
| <br>   |                    |
| Pater, John Grant.....                       | 44                 |
| Dayton Cash Register Co.....                 | 118                |
| Deposit banking .....                        | 107, 111           |
| <br>   |                    |
| Edmunds, Senator .....                       | 77                 |
| <br>   |                    |
| Fisher, Professor Irving.....                | 42, 83             |
| France, prices in.....                       | 87, 166            |
| <br>   |                    |
| Germany, trusts in.....                      | 61                 |
| Gold, over-production theory.....            | 22, 42             |
| Grand jury, functions of.....                | 95, 132            |
| Guild, Consumers' .....                      | 127, 143           |
| <br>   |                    |
| Halifax .....                                | 143                |
| Harpell, James J. ....                       | 106                |
| <br>   |                    |
| industrialism, Encyclopædia of.....          | 87                 |
| Investigation, prices .....                  | 132                |
| <br>   |                    |
| Jordan, David Starr.....                     | 46                 |

|  | PAGE                |
|--|---------------------|
| Law, enforcement of.....                           | 74, 160             |
| London, comparative prices in.....                 | 87                  |
| Low, Seth .....                                    | 111                 |
| Mandate, the .....                                 | 91                  |
| Mackenzie, Professor M. A. ....                    | 54, 92              |
| Magna Charta .....                                 | 72                  |
| Marshall, Professor Alfred, Political Economy..... | 99                  |
| McArthur, Peter, <i>Forum</i> article.....         | 108                 |
| McLeod, H. C. ....                                 | 106, 110            |
| McPhail, Dr. Andrew. ....                          | 44                  |
| Milk .....   | 15, 55              |
| Meat prices prevall, trust.....                    | 14, 63, 87          |
| Moncton .....                                      | .                   |
| Money, L. G. Chiozza.....                          | 58                  |
| Monopoly .....                                     | 104, 120            |
| Napoleon Bonaparte quoted.....                     | 70                  |
| New Zealand opinion of beef trust.....             | 79, 86              |
| Organization ....                                  | 81, 127, 132, 139   |
| Orth, Samuel P., <i>World's Work</i> article.....  | 61                  |
| Paris, comparative prices in.....                  | 87                  |
| Pliny .....  | 42                  |
| Prosecuting officers ...                           | 74, 160             |
| Prices, comparative .....                          | 36                  |
| Russell, Judge, letter of.....                     | 20                  |
| Sherman Act .....                                  | 77, 117             |
| Shortt, Professor Adam.....                        | 19, 20              |
| Sink of Gold.....                                  | 44                  |
| St. John .....                                     | 155                 |
| Supreme Court .....                                | 102                 |
| System, the .....                                  | 110, 153            |
| Truro .....  | 149                 |
| Trust, Beef .....                                  | 10, 14, 41, 79, 130 |
| United States, law in.....                         | 103                 |
| United Shoe Machinery Co. ....                     | 34                  |
| Walker, Sir Edmund, address.....                   | 47, 97              |
| Wilson, President .....                            | 94, 117             |
| Workmen .....                                      | 51                  |

**PAGE**  
74, 160  
. 87  
. 111  
  
. 91  
54, 92  
. 72  
. 99  
. 108  
06, 110  
. 44  
15, 55  
87  
  
. 58  
7, 120  
  
. 70  
79, 86  
  
2, 139  
. 61  
  
. 87  
. 42  
4, 160  
. 36  
  
. 20  
  
7, 117  
19, 20  
. 44  
. 155  
102  
0, 153  
  
149  
9, 130  
  
103  
34  
  
47, 97  
4, 117  
51



