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Trusts and Trade Combinations in Europe

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causing injury to a person such as to disable him from carrying on his usual work for five hours on any of the three days following the accident must be reported. Any relaxation of the reporting of accidents and of the inquiries to which reporting gives rise must necessarily be followed by an increase in the number of accidents. It will be remembered that in addition to the specified cases, in which fencing is always required, all dangerous machinery must be fenced, and unless the contrary is proved the machinery is presumed to be dangerous if so notified by an inspector. In practice it may often happen that such a notification is not given until the occurrence of some accident by means of which the attention of an inspector has been directed to the machinery in question. If, therefore, fewer accidents are reported the result will be that fewer machines will be notified as dangerous, less fencing will be required, and more accidents will occur.

Among the clauses of minor importance is Clause 32, which gives statutory sanction to the power lately assumed by the Government to extend the present exemption which can be granted in times of national emergency to factories and workshops belonging to the Crown, so as to cover factories and workshops engaged on Government contracts. Clause 40, which provides that a person engaged in the same trade or offence as a person charged with an offence under the Factory and Workshops Acts, shall not act as a Justice of the Peace in hearing and determining the case has been shown in practice to be a much needed amendment.

No large conference of Trade Unionists such as that summoned in 1900 by the London Trade Council and the Women's Trade Union League has yet been held to consider the Bill, but a short memorandum calling attention to the more important clauses affecting women has been drawn up and issued by the Women's Trade Union League. This memorandum has also been adopted by the London Trade Council for distribution to branches.

MONA WILSON

Trusts and Trade Combinations in Europe. (Vol. XXI., Part III.
Special Consular Reports of the U.S.)

THIS volume, which has lately been issued by the U. S. Bureau of Foreign Commerce, contains a series of special reports prepared by the U. S. Consuls in Europe on the subject of trusts and trade combinations. With the exception of Russia, every European country of any importance has been included in the field of inquiry. In examining the information thus collected, the first point that will strike the economic student is the rapidity with which this particular form of trade organisation is developing, a rapidity which seems likely to increase rather than diminish; while perhaps, a second point almost equally noticeable, is the moderation which has, as a general rule,

characterised the operations of the combinations when formed. By no means all the combinations of which particulars are given in these reports are of the same type as those for which the United States has become somewhat notorious; on the Continent, indeed, the system of amalgamating a number of independent businesses into a single company on the lines of the American Trust seems to be somewhat rare. A federal alliance is preferred, by which each of the allied businesses retains a certain amount of independence, but the objects of the alliance are the same as those of a trust, the regulation of prices, usually combined with the limitation of output, and the consequent prevention of cut-throat competition. In the United Kingdom, however, amalgamation into a single organisation is usual, and this process is going on with remarkable rapidity in a great number of trades. But what has evidently impressed the American Consuls in this country is not so much the tendency to combination, but the indifference, not to say apathy, with which it is regarded by the public. This fact is continually remarked upon. Apropos of the great cotton bleaching "trust," Consul Halstead writes: "I have not seen in the five daily newspapers I have read this morning a single editorial comment on its formation." Consul McCunn remarks: "Public sentiment is quite indifferent regarding amalgamation here, and no adverse criticisms appear in the press." The explanation of some part, at any rate, of this indifference is, perhaps, to be found in Consul Taylor's interesting remarks with reference to a statement in a Scotch journal to the effect that there was a material practical difference between trusts as found in America and in Europe. "The impression (he writes) that seems to exist here that, somehow or other, these 'combinations' in Great Britain differ in some of their essentials, aims, objects, and workings from trusts in America, is erroneous. If there be any difference it is merely in degree rather than in kind. Trusts in this country have thus far met with no opposition either in legislation or public opinion. Consequently, they have not been called upon in self-defence to exercise those more disagreeable qualities which are attributed to them by aggressive enemies. The question of trusts has never figured in politics (few commercial, economic, or financial questions do in this country), hence no accusations of official favouritism to gain political advantage are made."

Turning to the consideration of the subject in Continental countries, it is only appropriate to give the first place to Austria, considered by some economists to be the birthplace of the trusts of Central Europe. They have certainly taken firm hold on Austrian trade, and such a large number of articles of manufacture are now affected, generally to the detriment of the consumer, that a bill for the protection of the latter has been drafted, though it has not yet become law. There can be no doubt that in this country trusts have long ceased to be a means of protection for manufacturers against excessive production and extreme fluctuations in price, and have become simply agencies for oppressing

the consumer, having been organised not only among manufacturers but also among middlemen and dealers. Prices have been generally enhanced : that of coal is said to have gone up 30 per cent. in the last few years, while recently the plate-glass combine put up the price of mirrors at one bound 50 per cent.

Several interesting features mark the development of the "trust" in Germany. In 1870, there were five syndicates, while in 1897, the number was reckoned at 345, covering practically the whole field of industrial activity. This number has since been reduced, owing to the amalgamation of syndicates controlling different branches of a trade into one body, as, for example, the union of the syndicates dealing respectively with the manufacture of raw and refined sugar. Thus, though the number of syndicates is less, the power they exercise is increased. This power appears to have been used on the whole with moderation, and rather for the steadying of prices than for their undue enhancement ; and in times of industrial depression, the syndicates have undoubtedly been serviceable, as Brentano remarked, in "providing a parachute to enable the victims of over production to get safely down to a solid basis."

But the manner in which syndicates have assisted in developing the foreign trade of Germany is specially noteworthy. Not only has their formation produced that increase in economic efficiency which usually arises from combination, due to the elimination of waste, and of futile competition, to improvements in processes, and economy in administration, but the uniformity of price maintained in the home-market has enabled the syndicates to undersell their competitors abroad. If the product is exported at a loss, the losing manufacturer is compensated by an export bounty from the funds of the syndicate raised by means of a general levy or tax on all the members. Some years ago when the Germans were underselling British iron-masters in structural iron and steel goods, an expert discovered on inquiry that the cause was to be found partly in an improved process of manufacture, but largely in the profitable prices maintained by the syndicates at home. The same method has been adopted to bring into favour a large number of German exports, the manufacturers being, of course, much assisted by the high protective tariff which relieves them of all fear of foreign competition at home.

As the restraint of combinations by law has been frequently suggested, it is interesting to note, that in France the organisation of trusts is a criminal offence. Nevertheless, this has not prevented the formation of a considerable number. The petroleum syndicate, for instance, has complete control of the supply and has made very large profits. The Roquefort Cheese Trust is another very powerful organisation ; but in this case nature has much assisted in the establishment of the monopoly. A particularly annoying trust is that of the Paris, Lyons, and Mediterranean Railway, from which most

travellers have suffered, and which holds an exclusive franchise for the operation of railways within its territory.

Trusts in varying forms appear to exist in most European countries, but the experience of Switzerland is rather unique. Owing to the nature of the principal industries in that country, trusts have never flourished, but in the case both of the chocolate and the embroidery manufacture, it is curious to note how trusts have come to the rescue in times of depression. In the latter case, particularly, where the industry, owing to overproduction and unprofitable prices, was on the verge of destruction, the Embroidery Union was founded, comprising manufacturers, exporters, merchants, and operatives, and accomplished immense good, fixing a minimum wage and in other ways checking disastrous competition, but after a while its restrictions became too burdensome, and it expired when prosperous times returned.

C. OSBORN

LABOUR LEGISLATION IN CANADA

THE Liberal administration, which has recently¹ been returned to office by an increased majority, has, during the past four years, devoted considerable attention to the question of labour legislation. The first movement was taken in 1897, when the Hon. Mr. Mulock, the Postmaster-General, caused an investigation to be made into the alleged abuses existing in connection with the use made of the sweating system in government contracts. In January, 1898, Mr. King, the commissioner to whom the investigation was entrusted, reported that grave abuses existed in the fulfilment of government contracts in Montreal, Toronto and Hamilton. It was found that practically all the clothing manufactured for the Canadian government during the preceding ten years had been made under a sub-contracting system; and that the wages paid were very low. As a result of these findings all parties who contract to furnish the Post Office Department with supplies, are now required to agree to the following conditions: all work shall be done in the owner's factory; sub-contracting is punishable by a fine of \$500.00; the wages paid in the execution of the contract are to be those which are generally accepted as current in each trade for competent workmen in the district where the work is carried on. The Militia department has also, since 1898, adopted a similar policy in connection with the awarding of the contracts for the clothing of the militia.

At various points along the border, Canadian workmen had crossed over to engage in work in the United States. In the enforcement of the provisions of the Alien Labour law the United States officials

¹ November, 1900.