

Bedstead Association was the entire cost price *plus* 10 per cent., but as this is based on turnover, and there is in the trade a turnover of capital twice or three times a year, the profits were heavy. Whether such combinations against the consumer are fair or not, the advantages to the capitalist are undoubted, since, when the cost is reckoned, his salary, interest on capital, and all expenses are paid and made secure before the 10 per cent. of profit is added.

The cry for "publicity!" which has had such effect lately in shaping American anti-trust legislation finds little echo in Great Britain, because secrecy in the methods of organization gains no shelter under the English law dealing with corporations. The promotion of companies must be done in full light. The general process of the formation of a corporation is somewhat as follows: The promoter goes to the persons engaged in the industries in question and shows them the advantages of coalition. In the United States he probably takes an option to buy all the establishments at a fixed price in cash. He then organizes the affair, selects the first board of directors and managers, and offers the vendors the choice of taking their payments in cash or shares. In England, however, no such definite rule is followed. The vendors either sell at a valuation fixed by appraisers, or the property is purchased on a profit basis, certified accountants having first investigated the books of the company. If contracts are made by a corporation for purchase of property in this way, such contracts must be filed with the Registrar of Joint-stock Companies, so that the public may examine them and understand the value of the shares offered for purchase. There are modes of defeating this publicity sometimes attempted by astute brains, but seldom by men who have reputations to lose, or in corporations based on substantial assets, for such combinations have nothing to fear from publicity. If accusations are made concerning "watered" stock in English trusts it will generally be proved that the "water" is not more than 20 per cent. of the capital, and represents the good-will of the amalgamating business, while the other 80 per cent. stands for tangible assets.

In regard to the volume of trade covered by combinations in England, it will be found that their control is in some cases almost monopolistic. The Associated Portland Cement Manufacturers contribute about 80 per cent. of total output. The Calico-printers' Association have acquired some 85 per cent. of that industry in Great Britain. The Wall-paper Manufacturers' Corporation has 98 per cent. of the business in its hands. The British Cotton and Wool Dyers' Association (working under agreement with the Bradford Dyers' Association) has generally 90 per cent. of the business, but on some lines of the trade complete monopoly.

Attempts, however, to create monopoly have been, as may be expected, sometimes almost disastrous failures. As an example we may quote the case of the Salt Union. In 1888 the union was formed by the coalescence of sixty-four firms with the object of repressing injurious competition. The capital of the undertaking was £3,000,000 in shares and £1,000,000 in debentures. Their output was expected to reach 2,000,000 tons yearly, and by raising the price to 5s. a ton they counted on a 20 per cent. dividend. These gains not satisfying the trust, the price of salt was raised 100 per cent. Such profits brought a shoal of competitors. Their deliveries fell off considerably, and the corporation found at the end of ten years (*i.e.*, in 1899) that their £10 ordinary shares were worth in the market 1½.

One fact brought out during the process of organizing combinations throws light on the stubborn conservatism of Englishmen and their fatal fondness for worn-out grooves of business. In the conduct of old and long-continued establishments the profits have in many cases been eaten completely up by adherence to methods which would not be tolerated in a newly started industry. A notable case was that of an hereditary business in which for some generations the owners had been wealthy men who had little technical knowledge of the trade. When this firm handed over its factories and their staff to the direction of a combine its employees numbered some fifteen hundred men. The manager with the aid of new machinery and some organization was able to do as much with six hundred men as formerly had engaged the fifteen hundred. The workmen taken over said that in the old establishment many of the hands only "fooled away their time," but as they received fair wages and were told they were of service they very naturally stayed on in their employment.

As England is a free-trade country, it has never been alleged that trusts and combinations have been assisted by the tariff. The English law in regard to pools, agreements, rings, &c., is that contracts in restraint of trade are illegal. There is, however, no bitter vindication of the law in this respect, and a fair, reasonable view is taken of the matter. If, however, a company incorporated by Act of Parliament is not given power in the Act to hold stock in another company, the purchase of such stock is *ultra vires*. The Companies Acts of 1862 and 1867 were not found sufficient to cover the developments of modern industrialism, and it was suspected that promoters of "wild-cat" companies were continuing to elude the provisions of the law. In 1900 an Act was passed giving far greater powers to the State than before. The points as to publicity have been already commented on, but it may be added that reports have to be regularly made to the Government giving information as to capitalisation, amounts paid on shares, the details of transfer of shares during the year, lists of stockholders, &c. Such information (in addition to annual balance-sheets supplied to shareholders) is filed at the office of the Registrar of Companies, and is open to the inspection of stockholders. The Registrar may, on the application of not less than one-fifth of total number of shareholders, investigate the affairs of the company.

How necessary is drastic examination of the affairs of commercial companies may be inferred from the losses sustained by failures in such enterprises. The loss to creditors and contributories in cases of companies compulsorily wound up during the six years from 1893-98 was £27,712,709, and by voluntary liquidation about £130,000,000, so that the country probably suffers the loss of about £27,000,000 sterling a year by failures of corporations. If such losses occur, as they are often said to do, by reckless competition, then any system of combination which can check such foolish and heartless waste of money and energy must be of advantage, always premising that the public be protected from greedy extortion in the way of increased prices, deceit through "watered" stocks, and other subtle devices of its enemies.