

## FRANCE.

The question of trusts and combinations in France is of less interest than in any other country of such importance. Public opinion pays little attention to the subject, and the Government does not appear to consider this modern development of industrial and commercial life as worthy of more than academic inquiry. The pools and agreements to be found are difficult to classify or describe, as they generally work on "secret" understandings, which are observed only "on honour." The Criminal Code (Articles 419 and 420) forbids combination for raising prices by unlawful means, and, as such combination is punishable by imprisonment, business firms are naturally careful to keep "o' the windy side of the law." Many of the industries are quite local, depending upon the respect in which a long-established and honourable name has won its way to favour, and such a firm would only lose if it sank its individuality in a trust.

The reasons stated for such combinations as exist are the usual pleas set forth in other countries: economy of large businesses, supplying from nearest plant, avoidance of direct competition, &c. Some of these combinations are far more than local, more than national; they rise to the height of international business. They are even then more in the nature of pools than of trusts, having agreements as to prices of purchase and sale, of output, and of agencies. Those of the first rank are to be found in the sugar and petroleum industries.

The combination among sugar-refiners is, although incorporate, of a very complete character, regulating output and prices. The half-dozen sugar-refiners meet on occasion to discuss the best methods of conducting business, and probably the matter is settled without documentary evidence of any kind. The output is allotted according to the capacity of each refinery, and the export trade divided proportionately. Territorial limits are adhered to in the allotment of trade, and it is conjectured that prices may be considered as fixed at the interviews spoken of, as an agreement to restrict output for a few months would probably send up the price of sugar to some degree. It is, however, almost impossible to arrive accurately at the process or "understanding," as the conduct of affairs implies reliance of each on the integrity of the others, and, a restraint on trade being illegal, the members of such a combination are on delicate ground.

The petroleum combination in France had its first existence in 1888. Only three firms entered the coalition and formed a syndicate, but it practically enjoys a monopoly, and controls the refined petroleum market in France. The duty on crude petroleum imported is 7 francs (5s. 10d.) per 100 kilograms (220 lb.). Although only three firms commenced the coalition, it has since included seven others. The "understanding" limits the output of each refinery, and weekly fixes a uniform price not to be departed from by members. The pool has an agreement with the Standard Oil Company of the United States, whereby it takes all American oil from the Standard Company alone, and the latter company is not allowed to deliver to any other French firm. The syndicate also made contract with a firm which had the sole supply in France of all Russian petroleum, so that the combination has practically the monopoly of the domestic market. It is the most prosperous of the French coalitions of capital.

The trust proper is represented by a combination in iron known as *Le Comptoir Metallurgique de Longwy*, first formed in January, 1877. It consisted of twenty-five companies, but many of these have united their forces, and only eleven distinct firms now are within the ring. It is doubtful whether it does not at times come within the provisions of the Criminal Code, but it has been fortunate in evading serious trouble. Its objects are said to be to prevent importation of pig-iron, to lessen the number of agents and generally reduce expenses, to unite in the purchase of fuel to lessen its cost, and to consult for purposes of mutual benefit. The combination under its agreement as a corporation is little more than a selling bureau, instituted for periods of five years and five months. It has a capital of 78,000 francs, on which a regular dividend of 5 per cent. is paid, the shares being allotted among the component companies according to productive capacity. The contract fixes the amount of product allowed to each company, but if for the sake of economy in freight one plant is better able (from proximity to the locality of the order) to supply the material, it makes a proper balance with the others through the council of the bureau. If the corporate bureau cannot dispose of the products, the delivery of each company has to be reduced in accordance with the council's decision. The combination has been very successful in the management of its affairs.

The paper-factories of Limousin have a combination taking shape as a corporation organized to last sixty-five years from its commencement in 1899. The capital is now 5,550,000 francs. This is a concern resembling the American trust.

"Professional syndicates" are varieties of combinations commenced for the purpose of forming libraries, assembly-rooms, &c., but they have extended themselves to include engineering establishments, railway-material makers, shipbuilders, &c. The manufacturers of railway material—locomotives, passenger-cars, springs, axles, &c.—form a syndicate composed of sixty-four establishments. They have a council, monthly meetings, &c., in which are discussed subjects of common interest, such as the tariff shipping rates, foreign trade, &c. They cannot be considered as trusts in any degree, not having any agreement for control of business, but are societies for purposes of intellectual improvement; although, of course, such improvement when it bears on practical subjects, such as economies, inventions, patents, improvements, standards of excellence, &c., very often has financial effects which without such co-operation would not have been produced.

As to the bearing of the numerous local agreements on prices, there is no doubt that there is restriction of output, which is an indirect way of enhancing prices. There appears to be no pool or ring for absolutely controlling prices, nor would it be possible to discover its workings short of a criminal prosecution. But it has not been even alleged that any distinct or traceable rise in price has been owing to combination.

The law in France which makes combinations in restraint of trade illegal was passed in 1810 (a portion being repealed); and reads as follows (section 419, Criminal Code):—

All those who by deliberately spreading abroad false or slanderous facts, by offering a higher price than that asked by the vendors themselves, by association or coalition between the principal holders of the same