

WEDNESDAY, 19TH SEPTEMBER, 1917.

GILBERT ANDERSON.

*The Chairman:* I produce here a statement on the meat trade and the competition of the trust from Gilbert Anderson, of London, as follows:—

*Empire Meat-supply and Foreign Control.*

The dominating control of the foreign firms usually designated the "American Trust" or the "Big Four," is very marked throughout England, and especially in London. In the Central Markets at Smithfield they occupy forty stalls, mostly under their own name, but also by controlled firms. These holdings are in all of the five sections of the market, and in each of these they occupy a dominating position. Although the stalls are only on a weekly tenancy, the American firms have paid to the occupier £8,000, £12,000, up to £20,000 for the right to occupy. None of this goodwill goes to the Corporation as owners of the market. Outside of London they occupy prominent positions on the markets of Birmingham, Manchester, and Liverpool, and are also at Newcastle, Leeds, Sheffield, Bristol, Brighton, Bournemouth, Jarrow, Sunderland, Hull, Bradford, Peterborough, Wolverhampton, Cheltenham, and fifty-two smaller centres.

By a system of all-over charges they frustrate the difference in railage, and prevent competition owing to their dominance in the trade and desire to control meat from all countries by offering and selling meat of uncontrolled origin to effect the sale of their own goods. Further, by taking over the whole of the refrigerated space in district stores they are able to shut out competition and largely control a district. With the large control which they have attained in countries where they operate they dominate the market and price, and to sell their goods at their price they can afford to sell other competitors' goods below the proper value.

These firms, although run in Britain and elsewhere as separate companies, with perhaps some slight alteration in name or designation, are all owned and controlled from Chicago. Abundant proof is given from daily operations that no purchases of any extent can be made without first consulting with Chicago, and there is abundant proof that the selling price and policy is regulated and controlled from there.

The object and reason for this is quite apparent. While there are no trust operations here or in the colonies, the trust control exists in America, and it must be borne in mind that the methods of American trusts are not to descend to trivialities, but to work in sweeping circles for ultimate results. But a far-reaching immediate advantage is gained by control from Chicago. The subsidiary company is charged with the goods at near selling-price, with the result that profits are only made where the books are kept, and income-tax is avoided. The manner in which Great Britain has allowed foreigners to escape income-tax has resulted in driving the trade of the Empire into the hands of foreigners. The British merchant and colonial agent has had to pay his full taxation. The foreigner has escaped, and obtained an advantage of from 12½ per cent. to 25 per cent. on the commissions of his British competitor. It is true that some recent attempts have been made to tax the foreigner, but no definite system has been disclosed to show that the foreigner has to pay the equivalent of the British or colonial competitor, while in regard to the excess-profit tax the American trust will escape entirely.

It will be seen that the domination of the American Meat Trust has been created by the hide-bound methods of the British Government and their restricted interpretation of the meaning of "taxation from income." The trust has been able to build up enormous reserves out of his savings in taxes.

That a trust and control exists is well known from the fact that each firm in the control is only allowed to ship and market a specific quantity. Daily returns are furnished to each of the controlled firms of the quantity marketed and sold, and prices and shipments regulated accordingly. The universal practice is for one only of the "Four" to open up trade in a new country, frequently by employing British firms as agents, but as soon as one is established the others follow by acquiring or opening separate works and running some on joint account with the other trust firms.

In the Argentine one firm acquired a works; the following year another of the firms bought out an established works; now there are six American works—two owned by one firm, one owned by another firm, and two on joint account by three members of the trust.

Turning to Australia, one of the members of the trust worked in secret for years through an established Australian house, and has since built very large works in Queensland in its own name, at the same time carrying on operations in other parts of Australia through Australian firms. Another of the "Four" has openly purchased a site on the Brisbane River, and purposes erecting works. Another had, previous to the war, purchased the output of two works, and an Australian firm advertise themselves as agents for one of the "Four." The option of purchase of one of the largest meat-export companies in Queensland, owning several cattle-stations, has been acquired by one of the American companies. Meanwhile the domicile of the company is being removed to avoid taxation.

The American trust has recently openly directed its attention to New Zealand, but whether they have been operating there in their usual initiatory secret manner proof is difficult to obtain. The fact remains that they have had supplies, which they have used in the endeavour to control the market on a low basis of price. The great danger to New Zealand lies in that this meat is of a much higher quality than all other frozen meat. It has established itself as an entirely independent high-class business, taking the place of home-grown when not available, and at all times sold and in demand among the better classes, leaving the other frozen meat for the poorer classes. The New Zealand trade has been established and maintained for the benefit of the producer, with the most free and open competition. Should the trust be allowed to establish itself in New Zealand, and to dominate the position as they have done in the Argentine, we may expect the same results.