

The Steel Trust Decision

It is well that Mr. George W. Perkins, organizer of the Harvester trust and director of the steel trust, but speaking in this instance in his well known capacity "as a citizen for a long time and now deeply concerned over the trend of events," has attacked the administration for taking an appeal in the case against the steel trust. It helps to make the issue clear.

It is very natural that Mr. Perkins should wish to see the decision of the district court let alone. He is opposed to the competitive system of industry. He is the guide and spokesman of those who would repeal the Sherman act and substitute for it the policy of government-regulated monopoly.

And in this decision he sees a long step in that direction; for one thing is certain—if combinations of competitors on so vast a scale as the steel corporation, and possessing such vast power, are ever permitted by the people, the people will prescribe as a condition the most comprehensive and thorough-going system of governmental regulation of industry, including the power to regulate prices.

The head of the steel trust, Judge Gary, has very frankly recognized this. In a statement made before a congressional committee on June 2, 1911, he said:

"I believe that is a very important question, and personally I believe that the Sherman act does not meet and will never fully prevent that. I believe we must come to enforced publicity and governmental control."

Mr. Young. "You mean governmental control of prices?"

Mr. Gary. "I do; even as to prices, and, so far as I am concerned, speaking for our company, so far as I have the right, I would be very glad if we knew exactly where we stand, if we could be freed from danger, trouble, and criticism by the public, and if we had some place where we could go, to a reasonable governmental authority, and say to them, 'Here are our facts and figures, here is our property, here our cost of production; now you tell us what we have the right to do and what prices we have the right to charge.' I know that is a very extreme view, and I know that the railroads objected to it for a long time; but whether the mere standpoint of making the most money is concerned or not; whether it is the wise thing, I believe it is the necessary thing, and it seems to me corporations have no right to disregard these public questions and these public interests."

Mr. Littleton. "Is it your position that co-operation is bound to take the place of competition?"

Mr. Gary. "It is my position."

Mr. Littleton. "And that co-operation therefore requires strict governmental supervision?"

Mr. Gary. "That is a very good statement of the case. I believe that thoroughly."

Are those who hail this decision as a victory for conservatism ready for this? Are they ready for governmental supervision and regulation of the entire body of the country's commerce and industries on a scale which would dwarf into insignificance everything else of the kind we have ever attempted?

Are not the real conservatives in this controversy those who are trying to make recourse to that remedy unnecessary by preserving the integrity of the competitive system?

Coming now to what Mr. Perkins has to say about the decision itself and the position of the government, he makes three misstatements which deserve notice.

In the first place, he attempts to give the impression that the issue in this and other similar cases is whether business on a large scale—"big business" as it has come to be called—shall be permitted. This idea has been insidiously cultivated for some time past by the advocates of monopoly. The country has been flooded with their propoganda. No one should be deceived by it, however. It is a gross misrepresentation. There is no such issue involved. The government's position on this point was stated in the Harvester case as follows:

"Summing up the effect of this construction of the act: it sets no limit to the size which a business may attain by internal expansion — by

growth from within. It freely permits combinations of trade units which supplement each other—the integration of industry. It permits combinations of competitive units within limits. It prohibits, however, in any manner whatever, the combining of competitive traders or trade units which together would occupy a preponderant position in any branch of trade.

"Such a construction on the one hand will preserve from undue restraint the free action of competition in interstate commerce, which was the purpose of the act, and, on the other hand, will give full scope to business development by every normal and legitimate means."

There is nothing in this view of the law to prevent the organization of business units large enough to achieve the highest economic efficiency in both domestic and foreign trade. On the contrary the right to do so is expressly recognized.

Again, Mr. Perkins states that the decision of the district court "exonerates the steel corporation under both the Sherman law and the moral law." On the contrary, two of the judges expressly found that the corporation was organized for an unlawful purpose, and all found that in the course of its history it had been a persistent violator of the law in the matter of price fixing.

Thus, Judge Woolley, speaking for himself and Judge Hunt, says:

"* * * These circumstances indicate that the various combinations were made upon a scale that was huge and in a manner that was wild. Properties were assembled and combined with less regard to their importance as integral parts of an integrated whole than to the advantages expected from the elimination of the competition which theretofore existed between them. * * *

In many instances capital stock was issued for amounts vastly in excess of the values of the properties purchased, thereby capitalizing the anticipated fruits of combination. The control acquired over the branches of the industry to which the combination particularly related, measured by the amount of production, extended in some instances from 80 per cent to 95 per cent of the entire output of the country, resulting in the immediate increase of prices in some cases double and in others treble what they were before, yielding large dividends upon greatly inflated capital. The immediate as well as the normal effect of such combinations was in all instances a complete elimination of competition between the concerns absorbed, and a corresponding restraint of trade."

Again he says:

"It therefore appears that from the organization of the corporation in 1901 until the Gary dinners were discontinued in January, 1911, the corporation, first by one method and then by a second method and then by a third method, employed means to procure the establishment and maintenance of uniform prices for its diversified products, and by these means the steel corporation, with its competitors, did combine and control prices, and in controlling prices restrained trade."

Finally, Mr. Perkins states that the administration whilst by its words encouraging the expansion of foreign trade, is by its acts attempting to destroy the only instrumentalities by which that development can be brought about.

This suggestion that the country's foreign trade can be adequately developed only through the organization in our domestic trade of corporate combinations of overwhelming and monopolistic power, is also being diligently spread by the advocates of monopoly. It has no foundation in fact.

The undisputed facts are that during the six years immediately preceding the organization of the steel trust, namely 1895 to 1900, exports from the United States of articles made of steel and iron manufactured in the United States increased from \$32,989,000 to \$121,912,548—nearly 400 per cent. For steady and rapid growth this period is without parallel in the history of the export trade in iron and steel products subsequent to the formation of the trust.

In the Harvester case it was conclusively shown that so far from the organization of the trust being necessary to promote foreign trade in harvesting machines, the facts are that the rate of increase in the Harvester trust's exports of such machines during the five years succeeding its formation was slower than in the case of the principal combining companies during the five years preceding, and for the entire period since its formation has been slower than the increase in exports of other manufactured articles.

The Roosevelt Verdict

If the Barnes trial is viewed from the standpoint of dollars and cents, ex-President Roosevelt is to be congratulated upon a verdict which relieves him from the payment of the sum demanded by Plaintiff Barnes, but the ex-President occupied a peculiar position; it was impossible for him to be wholly victorious or wholly defeated. The verdict has, it is true, saved him from the payment of damages but it has judicially fixed upon Barnes the stigma of being a boss, and that is almost as hard upon Mr. Roosevelt as it is upon Mr. Barnes, because Mr. Barnes was no more a boss after he fell out with Mr. Roosevelt than he was before. If the verdict had been in favor of Barnes it would have benefited the ex-president somewhat by giving a certificate of character to Barnes and thus relieved Mr. Roosevelt of the odium of having associated with him so long. As it is, the reader is left to decide for himself whether the defendant in the suit gains more than he loses. In one sense Barnes is victor, for his real purpose was not to obtain money but to give publicity to the intimate relations which existed between Mr. Roosevelt and the bosses, and in this he has been successful. The friends of the ex-president will not make use of the evidence produced at the trial when they are preparing a eulogy of their hero.

W. J. BRYAN.

THE VICTORIES OF PEACE

On another page will be found a speech delivered by the president at Philadelphia, on May 10th, 1915, at a first veterans meeting, attended by more than fifteen thousand. It is timely, and should be read and considered by every American citizen. The speech abounds in apt phrases; the president is always felicitous. Two thoughts presented by him need to be specially emphasized just now.

The first is that courage can be shown by self-restraint as well as by fighting. He points to the victories of peace, which are "no less renowned than war," and says that the United States must set a special example.

"The example of America must be the example not merely of peace because it will not fight, but of peace because peace is the healing and elevating influence of the world and strife is not."

That is the growing doctrine—it has grown immensely during the last nine months. It would be easy to descend to the level of fighting; "Call him a liar and make it a fight," is not difficult, but, as the president suggests—"There is such a thing as a man being too proud to fight." This nation has too much at stake—too much at stake for itself and too much at stake for humanity—to be looking for a chance to enter this world-wide war.

The other thought to which I would draw the attention of the readers is that embodied in his appeal to the foreign-born citizens to think of themselves as Americans—and part of the whole country, not as members of a group:

"You can not dedicate yourself to America unless you become in every respect and with every purpose of your will thorough Americans. You can not become thorough Americans if you think of yourselves in groups. America does not consist of groups. A man who thinks of himself as belonging to a particular national group in America has not yet become an American, and the man who goes among you to trade upon your nationality is no worthy son to live under the Stars and Stripes."

He further emphasizes this idea when he says:

"It was but an historical accident no doubt that this great country was called the 'United States'; yet I am very thankful that it has that word 'united' in its title, and the man who seeks to divide man from man, group from group, interest from interest, in the United States is striking at its very heart."

At this time, when the horrors of war are being understood as never before, it is the duty of every American citizen to stand with the president and assist him to maintain that neutrality which not only our duty but our opportunity, for only by maintaining neutrality can we perform the task that awaits us when the fever of war has run its course and the people of the belligerent nations return to the paths of peace.

W. J. BRYAN.