

EDUCATIONAL SERIES

Reasons for Free Hides and Leather

Former Governor W. L. Douglas, of Massachusetts, has written the following instructive article respecting free hides and leather:

The boot and shoe manufacturers of this country are facing a crisis even greater than many of them realize.

Under present conditions, that is, with present duties on hides and leather, it does not take a prophet to foretell in a general way what will happen. The logic of tariff events has already proceeded far enough to indicate clearly the goal toward which we are rapidly traveling. This is no less than a gigantic trust controlling the beef packing, leather tanning and shoe manufacturing industries of this country.

This trust will, of course, be built around the present beef trust.

Such a trust is inevitable, providing the present duty of 15 per cent remains on hides. The advantage given by this duty to the beef trust, as the original owner of hides, is so great that competition with it will be hopeless, as soon as it can establish itself in the leather tanning and shoe manufacturing industries.

Under the monopolistic influence of the tariff on hides, the beef packers' trust has already made great headway. It now controls directly about 55 per cent of the hides of this country. Indirectly, it is reasonably certain that it controls a large part of the 45 per cent of hides which it does not take off of cattle. To make its monopoly of the raw material of leather still more complete, it has recently gone into the hide buying business. Thus, the independent tanner is left with only a very restricted supply of raw material. If he could buy foreign hides without the payment of the 15 per cent duty, he would have some chance to compete with the packer tanners and the price of leather would be more likely to be reasonable. There is, however, no certainty of fair and reasonable prices for leather unless both hides and leather are put on the free list. The beef packers' monopoly has already gone so far that it is only a question of a very short time when free hides, without free leather, would be of little or no avail to shoe manufacturers and other users of leather.

By ownership and control, through community of interest, and by tanning contracts, the beef packers' trust has already become so dominant in the sole leather tanning business that it is difficult to locate independent tanneries. More than thirty tanneries are now said to be under Armour, Swift, Morris control. To a less extent, the beef packers' trust is also connected with the tanning of upper leather.

Recently we have heard reports that the beef packers were becoming interested in the shoe manufacturing business. To what extent, if any, the packers have become manufacturers of shoes, I do not know. It seems clear to me, however, that the almost inevitable result of continuing the present policy of taxed hides and leather is to throw the entire leather tanning and shoe manufacturing business into the hands of the beef trust, which has, through its slaughtering interests, control of the country's hide supply, and can dictate prices.

The New York Journal of Commerce of May 12 says:

"The strength of the hide market is giving tanners cause for anxiety, as they can figure out little profit at the prevailing prices of the raw material. Packers have the situation well in hand, it is said, and propose to get their asking figure, in the meantime not pressing offerings."

Under these conditions we see that the fight for free hides is a fight for existence on the part of the independent tanners. I predict that, if the duties on hides and leather are continued ten years longer, not only will the monopoly of the tanning industry by the beef trust be complete but the boot and shoe industry will then be a part of the tariff-fostered and tariff-nourished beef trust. Independent shoe manufacturers can not pay 20 per cent more for leather than will its trust competitors and live. The handicap is too great. Then there will be a monopoly in the production of shoes and, as soon as the independents are killed, the 25 per cent duty on shoes will become effective and the prices of shoes in this country will be advanced to 20 or 25 per cent above foreign prices and,

probably, above export prices. Today there is no trust in the boot and shoe industry and prices are lower, quality considered, in this than in any other country. This is true notwithstanding that we pay more for leather and for other tariff taxed materials than is paid by our foreign competitors and notwithstanding that we pay by far the highest daily and hourly wages paid in any country. If the American people want to continue to wear the best and cheapest shoes on earth, they must see that their senators and representatives vote for free hides and free leather. There is no other road to cheap footwear.

About all that we can hope to get from the present congress is free hides and reduced duties on leather. Why congress hesitates to give us free hides I can not understand, unless our senators and representatives have ceased to think of the welfare of our 87,000,000 of consumers and are concerned only about the few producers who constitute our great trusts. The facts and arguments are all against taxed hides. There is no sound reason, under any theory of protection, for continuing the burdensome and monopoly-producing duty on hides. Not only does the duty not protect the cattle raiser but, if it did, there are so few of them, comparatively, that they should not be permitted to dictate the prices of hides, leather and shoes to all of our citizens.

According to the census of 1890 there were 37,629 stock raisers and 5,483,618 farmers in this country. That is, the stock raisers constitute less than one per cent of our farming population and only about one-fifth of one per cent of our total population. Thus, assuming that the stock raisers are protected by the duty on hides, we see that for each stock raiser thus protected 500 consumers must pay higher prices for shoes. This ratio is not a proper one, even from the standpoint of a protectionist. But even this is much too high, according to Boyd's City Dispatch. This great agency for circular advertising said, on May 13, that it could find only 22,000 names of persons who can fairly be called stock or cattle raisers. On the assumption that the cattle raiser is protected, then, 800 consumers of shoes are being taxed for the benefit of one stock raiser.

As our grazing lands are growing less and less each year and as we now have to import one-third of the hides consumed, we must either increase the taxes on the masses for the benefit of an almost insignificant few or see this few decline. No civilized country can raise enough cattle to furnish hides and leather for domestic use. Adequate grazing lands do not exist in highly populated and civilized countries. A tax on hides in this country, therefore, necessarily means a tax on footwear for 87,000,000 of people. It can never mean anything else.

It is a mistake, however, to assume that the cattle raisers benefit appreciably by the duty on hides. Both the facts and the logic of conditions are against such an assumption.

In 1905 and 1906 hides were selling above 15 cents when cattle were below 6 cents, while in 1902 hides were selling at 13 cents when cattle were selling at 8½ cents. In 1906 hides were selling at 16½ cents, when cattle were selling at 6.85 cents, while in 1908 hides were selling at 9½ cents when cattle were selling at 7½ cents. From April, 1908, to April, 1909, the price of cattle declined 2 per cent while the price of hides advanced 47 per cent. From February, 1906 to April, 1909, the price of cattle advanced 26 per cent while the price of hides declined 8 per cent.

These figures disprove the claims of the beef packers that the cattle raisers are protected by the duty on hides. The Wall Street Journal on April 20, 1909, quotes "an official of Swift & Co." as follows:

"Any reduction in the hide tariff would injure the farmer, because the packers do business on so close a margin that cheaper hides would mean a slightly smaller return per pound to the farmer for beef on the hoof."

Isn't this clear? Isn't it beautiful—this solicitude of the packers for the farmers? The packers want the hide duty retained so that they will have to pay higher prices for cattle. How they do love the farmer!

As a matter of logic as well as of fact, the

beef packers pay as little as possible for cattle and get as much as possible for hides. The price of cattle depends mainly upon the demand for beef and the price of hides depends mainly upon the demand for leather. Hides, being an incidental or by-product of the butchering business and cattle being slaughtered primarily for beef, it is absurd to suppose that a duty on hides will materially change the prices paid for cattle. We may be certain that the packers would favor free hides if they thought that free hides would appreciably lower the prices of cattle.

The cattle raisers get nothing, or next to nothing, from the duties on hides and leather. They are, however, by these duties, compelled to pay materially higher prices for shoes, harness, saddles and other leather goods.

In view of all the facts, there is no sound reason for retaining the duty on hides in order to protect cattle raisers or farmers. There is sound reason in favor of free hides in order to provide as cheap raw materials as possible to the tanning and shoe manufacturing industries, both of which are of great importance to all of our people. If the duty on hides is retained, it will be retained at the behest of the beef trust and for the purpose of enabling it to hold and extend its already great and harmful monopoly. Congress will not do its duty to our 87,000,000 of shoe wearing people unless it repeals the duty on hides. In my opinion, it should also put leather on the free list.

A comparison of the prices of cattle, hides and leather for the last twelve years indicates that there is practically no relation or connection between the prices of cattle and hides and not a close connection between the prices of hides and leather. Such a comparison is made in the following table.

Comparisons of cattle, hides and leather prices:

Year Date:	Top Pr. native steers on hoof, Chicago, 100 lbs..	Heavy native steer hides Chicago, per pound....	Sole leather union No. 1 Mid. per pound.....
1897 April 3.....	\$5.40	\$.09	\$.29
1898 July 2.....	5.35	.12½	.29
1899 January 7.....	5.95	.11½	.28
1900 April 7.....	5.80	.13½	.35
1901 April 6.....	6.25	.10½	.33
1902 July 5.....	8.50	.13	.35
1903 April 4.....	5.60	.11½	.34
1904 October 1.....	6.55	.10¾	.32
1905 January 7.....	6.00	.13¾	.35
1905 August 6.....	5.90	.15½	.36
1906 January 6.....	6.25	.15¾	.37
1906 February 3.....	5.85	.15¾	.37
1906 April 7.....	6.35	.14¾	.33
1906 September 1.....	6.85	.16½	.36
1907 April 6.....	6.60	.14½	.38
1907 September 7.....	7.25	.14	.36
1908 April 4.....	7.50	.09½	.34
1908 July 4.....	8.40	.14½	.34
1908 December 5.....	8.00	.16	.36
1909 January 9.....	7.50	.16	.36
1909 February 6.....	7.15	.16	.36
1909 March 6.....	7.52	.14¾	.36
1909 April 3.....	7.35	.14	.36

The above prices of cattle are taken from monthly summaries of the United States department of commerce and labor and are for the specific dates mentioned. The prices of leather and hides are from a table of "comparative prices of leather and hides for ten years," published in the Shoe and Leather Reporter of August 10, 1905, and later numbers.

Thus we see that the prices of hides are often high, when the prices of cattle are low, and often low when the prices of cattle are high.

In conclusion I wish to say that I hold somewhat different opinions from those held by some other shoe manufacturers. I am not afraid of free shoes if I can have free hides and free leather. I would gladly swap any doubtful benefit from the duty on shoes for certain benefits of free hides and leather.

W. L. DOUGLAS.

Does anyone imagine for a moment that if the voters of Illinois had been allowed to vote directly for United States senator they would have elected "Billy" Lorimer?