export were also regularly sold at lower prices than materials to go into goods for home consumption. These extracts from his testimony are especially interesting:

"Q. Will you take up the question for a moment of the relation between export prices and the prices in this country? You have, perhaps, heard some of the discussion.

"A. I heard some of the discussion of the gentleman who just preceded me. I do not quite agree with him, of course. It is quite true, as he says, that export prices are made at a very much lower rate than those here; but there is no one who has been a manufacturer for any length of time who will not tell you that the reason he sold, even at a loss, was to run his works full and steady. That has been the chief thing regarding all these companies in their export business. I think you may safely say this, that where large export business is done, for example, in the line of iron and steel, nearly all the people from whom supplies are bought for that purpose give you a good price for the materials that go into export. Railroads will in most instances carry them a little cheaper for you, and so on all down the line. But labor, within my knowledge, at least, has never been asked to work for a lower price for export material, so that labor benefits more by it than almost any other interest."

(The fallacy in this statement is exposed by a notorious illustration. It was not very long after this testimony was given that the tin plate branch of the United State Steel corporation coerced its workmen into an agreement to accept about twenty per cent lower wages upon the plate made for export. The company asserted that it was only by such a reduction of wages that it could obtain orders from the Standard Oil company. Heretofore that company has used imported tin plate from which to make the cans for exported oil, obtaining a drawback from the government of ninety-nine per cent of the duty paid on the imported plate.)

"Q. Is it a fact generally true of all exporters in this country that they do sell at lower prices in foreign markets than they do in the home market?

"A. That is true, perfectly true. I just want to interrupt you and say that American steel has been sold in the American market at as low prices in times of extreme depression as it has been in foreign markets, but it has been sold without profit. You know we do run for a space of time at a loss.

"Q. Would you say that when business is in a normal condition the export prices are regularly somewhat lower than home prices?

"A. Oh, yes; always.

"Q. (By Mr. Jenks) I should like to go back a moment to the question of export prices. You said that during last year the export price was considerably lower than the price in the United States. Would you mind giving us definite figures?

"A. I have not them at hand, but it would vary with each article.

"Q. Suppose you take the case of steel rails. Could you give us about the difference between the export and domestic price?

"A. I would have to make a guess; I do not know definitely. The export price was about $23 a ton.

"Q. And the price here?

"A. Was $26 and $28.

"Q. At the same time?

"A. At the same time.

"Q. In making these export prices, are the export prices at all uniform or do they vary?

"A. They vary with the competition we may have."

Mr. John W. Gates, then head of the American Steel and Wire company, told the industrial commission on November 14, 1899, that barb wire and wire goods were sold cheaper to foreigners because lower prices were necessary in order "to hold outside trade." He said they were exporting 700 tons of wire a day and that they furnished England with 60 per cent of her supply of wire.

The Industrial Commission's Investigation

The industrial commission made what was called an investigation of export prices. It sent schedules of inquiry to 2,000 of the 600,000 manufacturing establishments in this country at that time. It received 416 replies. In these replies seventy-five manufacturers admitted that they were discriminating in favor of foreign customers, and that their exports were valued at about $4,000,000.

On the supposition that these seventy-five manufacturers were the only ones in this entire country who were selling goods for export at reduced prices, many leading republicans have asserted at times that out of the total product of manufactured goods, valued at that time at $13,000,000,000, and of our total exports of manufactured goods, valued at over $450,000,000, only $4,000,000 worth of goods were being sold abroad at reduced prices. Absurd as they were, these statements were repeated in many forms in the republican campaign book of 1904 and in the speeches of Secretary Shaw, Speaker Cannon and others.

That the investigation of this subject made by the industrial commission was most inadequate is evident to all who know how it was conducted, and was, indeed, substantially admitted by the commission in their report.

Replies were received from only about one out of every five manufacturing establishments to which schedules of inquiry were sent. As it was optional with the manufacturers whether or not they should fill out and return the inquiry blanks, it may be presumed that the really guilty ones did not volunteer information which would endanger their protection. Many manufacturers made ridiculous answers, perhaps with a view to providing campaign material for the party of protection.

Thus, many asserted that their domestic prices were substantially below their export prices. This is absurd. Not only is there no reason why export should exceed domestic prices, but it is next to impossible for them to do so. As a very large percentage of all goods exported are sold through export commission houses, which buy of manufacturers and sell to foreign customers, it is absurd to suppose that they would pay manufacturers much more for goods than these goods were selling for in the domestic market. The exporters would, of course, fill their foreign orders by buying goods where they could obtain them cheapest. Hence it would be impossible for the export to exceed the domestic prices, under similar conditions of sale. Under the circumstances of the industrial commission's work it was remarkable that even seventy-five manufacturers frankly admitted that they were selling goods cheaper to foreigners than to Americans.

Evidence From the Industrial Commission's Report

In spite of the unfavorable conditions under which the industrial commission's investigation was made, considerable valuable information was obtained from the admissions of the seventy-five manufacturers and from the conclusions of the commission. The commission was a strongly republican and partisan body, but in its report, issued in 1901, in summing up their conclusions as to export prices, this body said:

"In about twenty per cent of the cases covered by the commission's returns the export prices have ruled lower than those charged to home consumers. * * * The practice is quite common in all countries, and on the part of separate establishments as well as combinations."

In view of "the practice by some exporters of making lower prices abroad than at home, and of the desirability of protecting the consumer as well as the producer," the commission recommended that, "without waiting other legislation, the congress provide for a commission to investigate and study the subject, and to report as soon as possible what concessions in duties may be made without endangering wages or employment at home; what advantages abroad may be obtained therefrom, and also to suggest measures best suited to gain the ends desired."

This was a substantial admission that the investigation was not thorough, and that tariff duties were, in part, at least, responsible for the difference between export and home prices. No attention whatever was paid to this recommendation by congress.

One of the commission, Mr. Thomas W. Phillips, did not sign the majority report. In a supplementary statement he said:

"There are a large number of industries in which it is in evidence that the domestic price is much higher than the export price. I do not agree that the answers to inquiries addressed by the commission to exporters indicate that the trusts are not chargeable with this practice to any serious extent. Out of 2,000 schedules of inquiries sent out there were received only 416 replies, and only a very few of these replies came from corporations known popularly as trusts (Vol. XIII, p. 726). The fact that about seventy-five answers indicated lower prices abroad than at home is significant when it is noted that more than four-fifths of those addressed failed to answer, and that naturally those who are chargeable with such discrimination would be the ones who would decline to reply.

"Several witnesses before the commission on behalf of the trusts admitted that their export prices were lower than their domestic prices but they contended that this was necessary in order to work off their surplus and to keep their establishments running full time, and that all manufacturers in all countries do the same. This argument overlooks the fact that their surplus products could also be worked off by lower prices at home, and that it is the tariff which encourages them to cause domestic surplus by restricting domestic consumption through high prices."

Lead, Leather, Steel

On April 2, 1902, Mr. John M. Peters testified before the ways and means committee that lead was being exported and sold for but little more than half of the home price. On the same day Mr. A. G. Webster, president of the New England Shoe Association, testified that leather was sold for export at five to ten per cent below domestic prices. In 1904 Mr. James J. Hill, of the Great Northern railroad, testified before the congressional merchant marine commission that competing roads in Canada were obtaining American rails at $10 a ton less than he had to pay for them. Many other reliable witnesses testified before the same commission to similar differences between the domestic and export prices of ship plates and other shipbuilding material, and leading trade papers in that year published reports of similar transactions. In a speech in the senate on April 25, 1904, Senator Augustus O. Bacon, of Georgia, produced evidence from well known railroad officials of a number of sales of rails for foreign countries at lower prices than for the domestic market.

(To be Continued)

Practical Tariff Talks

Nothing worth while escaped the boosting process in the senate's consideration of the tariff bill. There is the zinc schedule. Zinc has been on the free list for a good many years. The senate has adopted this tariff: *Zinc bearing* ores containing less than ten per cent of zinc, shall be admitted free; containing more than ten and less than twenty per cent, the duty is one-quarter of a cent a pound on the zinc contained therein; containing twenty per cent and less than twenty-five per cent the duty is one-half of one cent a pound and more than twenty-five per cent, one cent a pound, an ad valorem duty of eighty-four per cent. Parenthetically it may be remarked that the zinc ore worth importing contains more than twenty-five per cent of the metal. Sixteen per cent of the zinc manufactured in this country goes into brass-making, sixty-five per cent is utilized for galvanizing iron and steel and the remainder into zinc sheets which have many familiar uses. Not enough zinc is produced in this country to supply the demand, and there is a large importation.

There is not the slightest reason for putting a duty on zinc ore. The industry, instead of languishing, is very prosperous. In 1894 the ore sold at the Joplin mines for $13.60 a ton. In 1900 it was selling for $26.50 and in 1907 the average price on the market was $44.36 a ton. The real reason why the tariff was put on was to increase the value of the holdings of the mine owners, who now exact royalties of from twenty to twenty-five per cent for the working of their ground. The manufacturers, or those who use zinc in their business, all protested against the increase because it means, they assert, an increase of about $25 a ton in spelter, which is pig zinc. The real facts about the zinc schedule is this: It will increase the value of a ton of zinc ore containing sixty per cent of metal $12 a ton to the man who owns the mine. It will add from $4 to $5 a ton on galvanized iron sheets and from $6 to $9 a ton on galvanized ware, such as pails, tubs and similar household articles, thus bearing directly upon the consumer. The argument advanced was that the duty was needed to keep out Mexican ores. Joplin ore contains about sixty per cent of pure zinc, Mexican ore from thirty to thirty-five. This means that it costs twice as much to smelt the Mexican product, after a freight rate of $6.50 a ton has been paid to bring it to the smelters. That disposes of the only argument advanced in its behalf. C. Q. D.