EDUCATIONAL SERIES

A Comedy in Three Acts---By a Republican Editor

Act I. Scene—The White House. Dramatis personae—The president, several cabinet members and a group of newspaper correspondents, the usual chosen dispensers of "inspired information." Time—Monday morning.

This act is devoted to the thrilling of the audience of 80,000,000 by the distribution of declarations of the firm, fixed policy of the national administration. Of these, the following excerpts serve as fair examples:

President Taft and Attorney General Wickersham are planning to bring before the bar of justice all corporations, big and little, regardless of all alliance, which the department of justice is convinced are doing business illegally. * * *

It is not believed that the steel trust, which President Roosevelt characterized as a "good trust," and whose dealings he openly countenanced, will escape. In fact, it is said in authoritative circles that it will be one of the first corporations summoned to answer.

The department of justice already has much evidence against it, furnished by Samuel Gompers, who has been requested to furnish the department with further evidence which he says he possesses. President Taft has seen much of the evidence submitted, and it is said he is convinced that it warrants action. * * *

The president and attorney general have been duly warned that the course here outlined is one calculated to disturb business and precipitate a condition in the commercial world tending to disastrous results. It has been pointed out authoritatively to both of them that Wall Street is very uneasy over the situation and that a condition somewhat akin to that at the close of 1907 may be brought about.

It may be said, however, that, in the view of the administration, if there is any disturbance, it will be simply because those immediately concerned have paid no attention to what has been said repeatedly in public by both Mr. Taft and Mr. Wickersham, or have deliberately made up their minds to go on in the course they are now pursuing, despite the frequency and authority of the warnings they have had.

Act II. Scene—The New York stock exchange. Dramatis personae—The big and little brokers, lambs, wolves, Rock Island and Hocking Coal and Iron washermen. In the wings the stage managers from the offices of J. P. Morgan and Standard Oil. Time—Tuesday morning.

The intense dramatic action forcasting a tragic close to the drama is thus detailed by the chorus of tickers:

The most severe break in stocks since the unexpected January depression set in occurred in the forenoon today. At times the market was in a state of semi-demoralization, all because, as the street had it, President Taft was to begin forthwith a trust bursting policy. * * *

Stocks were thrown over without regard to intrinsic merit, furious selling attending the initial trading, and no diminution in the pace occurred until after midday. The volume in that time broke all records this year or last, sales exceeding 859,000. It was a time for cool and unhysterical judgment, but the exigencies of the occasion left no alternative to the man with exhausted margins than to part with his holdings. It was this forced liquidation, supplemented by the effect of the Washington scare and extensive outpouring of stocks by operators for the fall, that knocked all support from under the market.

Pressure was severe and came from all sources, being directed especially against United States steel and Union Pacific, but fell violently upon stocks coming under the head of trusts. The latter, of course, was in response to the widespread apprehension over the administration's attitude.

Act III. The happy ending. Scene—The White House. Dramatis personae—The president, various cabinet members, James J. Hill, creator with J. P. Morgan's aid of the Northern Securities company; one official mouthpiece in lieu of the first-act group of correspondents, and a mob of messengers bringing bulletins of Wall Street's awful state of mind. Time—Tuesday afternoon.

The stage is dark. Gloom prevails. There seems no hope of saving the widowed and orphaned stockholders from their deadly peril. The comic relief is afforded by the ever-entertaining Hill, preparatory to the thrilling tableau of—Taft to the Rescue. The missing paper is produced—the one that started the trouble in the first act, of course, having been a forgery by the villains of the piece. And the curtain falls and the somewhat amused, somewhat disappointed audience disperses after the issuance of the official statement that explains everything:

No statement was issued, either from the attorney general's office or the White House, indicating that the purpose of the administration with reference to prosecutions under the anti-trust law is other than as set forth in the message of the president of January 7, 1910. Sensational statements, as if there were to be a new departure and an indiscriminate prosecution of important industries, have no foundation. The purpose of the administration is exactly as already stated in the president's message.

The portion of the message referred to, of course, is the following:

The question which I wish in this message to bring clearly to the consideration and discussion of congress is whether, in order to avoid such a possible business danger, something can not be done by which the business combinations may be offered a means, without great financial disturbance, of changing the character, organization and extent of their business into one within the lines of the law under federal control and supervision, securing compliance with the anti-trust statutes.

Now, as one of the audience, let us remark casually that it seems somewhat inconsistent that a four-point fall in steel common should cause cabinet consultations and a reversal of executive policy within twenty-four hours, while a ten-point advance in eggs or meat calls only for some deliberate, academic discussion.

Of course, the melodramatic method chosen by Wall Street to bring a president to reason has proved effective in the past. On one occasion McKinley hurriedly assured the controllers of "Big Business," who incidentally control the "intrinsic values" of securities chalked up daily by Wall Street, that the administration did not intend to have its resounding recommendations put into effect by congress and the courts in any disturbing way.

It took much more time and trouble to check Roosevelt by the same means. But it finally worked in his case, too. It cost a panic. But, in the end, Standard Oil won the destruction of its most formidable enemies, the steel trust absorbed its worst-feared rival and the Aldrich-Vreeland currency bill was passed.

Roosevelt's real friends could not approve his sanctioning of those offenses even under the pressure of the fear of worse and prolonged injury to the country. But he did succumb. And if President Taft has responded so promptly to a mere stock market flutter—shifted his course because of a simple slap on the wrist—there should, perhaps, be neither surprise nor disappointment were there not such vivid memory of certain paragraphs in his speech of acceptance at Cincinnati, July 28, 1909:

The chief function of the next administration, in my judgment, is distinct from and a progressive development of that which has been performed by President Roosevelt.

The chief function of the next administration is to complete and perfect the machinery by which these standards (the moral standards set by Roosevelt) may be maintained, by which the lawbreakers may be promptly restrained and punished.

We were inclined to consider the program of procedure against the trusts announced on Monday as not only a patriotic fulfillment of pledges, but as good politics.

With the cost of living the chief, vital national issue in the mind of every citizen; with a congress to be elected next November; with not a single achievement of this administration during the year of its life to point to except the passage of a tariff bill which, rightly or wrongly, is regarded by the majority of the people as largely responsible for their present household expenses, a direct and genuine drive against lawbreaking trusts seemed a wise, tactical movement from a party standpoint.

It would be an exceedingly useful thing for republican representatives in all the states west of the Atlantic seaboard to frank home and refer to on the hustings when setting forth their reasons for re-election.

But steel common dropped four whole points in a day. And chalkmarks, like beef and eggs, do not keep well in cold storage. So the comedy of forty-eight hours was acted.

Doubtless there will be various prosecutions of trusts—as trusts. But there will be no impolite procedure against officers and directors as individuals. There need be no more drops of four points in steel common—whatever happens to bacon and eggs.—Philadelphia North American.

TIMELY QUOTATION

Senator Gore says the tariff enables one man to get without earning what another man earns without getting. That is a terse statement of a great truth.—Charleston News and Courier.

The Commoner will be glad to have its readers suggest for publication in this column some quotation that may be serviceable just now to the American people.

Practical Tariff Talks

The ramifications of a tariff are world-wide. The only justification ever claimed for the protective system is that it will build up home manufactures and thereby afford employment for American workmen. The changes have been rung on this so long that many believe it. Yet there is ample proof that the high tariffs of the last twelve years have operated in exactly a contrary direction. Take the cotton schedule. The average protection given manufacturers is more than double the total labor cost of the industry. In other words, the wages of the operatives could be doubled and the rates still equal the total labor cost. The large profits that are made in this industry are due to the fact that the protection is excessive, but this industry, notwithstanding these facts, is in such a condition that the manufacturers can not go out into the world's markets and compete unless they sell at a figure greatly below the price they make the American consumer. The result is to curtail the number of cotton mills in this country, and naturally the number of persons who are employed therein.

It is not the cotton schedule, however, which is responsible for this condition, which necessitates the shipping abroad of 70 per cent of our cotton, but the other schedules which vr tly increase the initial cost of a factory. To this is due the fact that of the 130,000,000 spindles in the world we have but 25,000,000, while England has more than twice that number. Of the output of our spindles in 1905 less than 10 per cent was sent to neutral markets or exported. A true American policy would dictate that all of our raw cotton be made into goods at home, but there is a cause. One reason is that the buildings and machinery cost more. If $100,000 worth of machinery were necessary to fit up an English mill, it would cost $145,000 in this country, because of the 45 per cent tariff levied on machinery.

Take the building itself. The lumber in it carries a 17 per cent tariff, the doors and window frames 35 per cent, the window glas 41 to 87 per cent according to size, the common brick 20 per cent, paint 20 to 39 per cent. If $500,000 is invested in a cotton mill in England, it would cost to duplicate it in this country, because of the tariff on the materials in the building and on the machinery with which it is fitted, in the neighborhood of $775,000. The tariff also increases the operating cost of the American factory. For every $100 worth of belting used by the English owner the American must pay $120; for every $100 worth of oil the cost is $131; for every $100 worth of coal the cost is $121; for every $100 worth of coke the cost is $120. For every $100 spent for labor in England $150 is expended here, made necessary by the fact that the tariff on what the laborer must buy to live enhances the amount he must receive as his wage.

But here is the crux of it: To preserve the American market to the American cotton manufacturer it is necessary that the tariff on cotton manufactures be made so high that foreign competition is practically barred. All of this, of course, is at the expense of the consumer. He it is who foots the bill, for the additional initial expense due to the tariff and the added operating cost due to the same thing, and still more, he must pay a high price for the goods manufactured because the man who makes them wants to get a chance to compete for business in neutral markets with the Englishman. The result of this policy as it affects the cotton manufacturing industry is that it expands no faster than the demands of the home market, while the great bulk of our raw cotton must be shipped abroad at a price fixed by the demand there. This cotton England turns into goods and with them captures all the neutral markets. There is no future in the export trade for the American cotton manufacturer, because the system that makes for big profits on what he sells at home makes it impossible for him to enter the world market. This may or may not be in the interest of the cotton manufacturer, but it is certainly not in the interest of the workingmen, since it transfers the work they could otherwise do at home to England to be done.

C. Q. D.