

TRADE, TRUSTS AND TARIFFS.

The manufacture of iron is of remote antiquity. It is spoken of in several

Iron.

places in the Pentateuch, also in Job and the Prophecies. Old English translations speak of "steel" also, but erroneously; their Hebrew word really means "brass." Homer, Hesiod and Aristotle have a good deal to say of iron. Founding or casting iron is a comparatively recent invention. It is true that an iron statue has been discovered in Egypt which was probably manufactured at least three thousand five hundred years ago, and a recently found statue of Hercules must antedate the Christian era seven hundred years, but the metal is malleable and believed to have been forged. The first castings that we have record of were made towards the close of the 15th century, and it was not until well on in the 18th that coke was first used for casting iron, anthracite being introduced about 1820. Iron must have been made in immense quantities by the Romans. Twenty blast furnaces in Germany were supplied for two hundred years from cinders left by the Roman iron works, over which a great forest had grown, but these furnaces were very primitive and a ton per day was considered a very good yield. Indeed from the earliest records three thousand years ago down to the 17th century, there was but slight improvement made in the mode of converting iron from the ore, and the same methods are yet pursued in India, Madagascar and other eastern nations. The style of furnace now used was invented about the year 1825.

The progress in shaping wrought or malleable iron was about as slow. It was not till the year 1783 that grooved rolls were invented. Up to that date iron bars were forged, and according to the best obtainable data, until the 17th century the total yearly amount of iron manufactured in the world did not equal the product of one of our improved furnaces today. But it is of the present situation I propose to speak now.

Official statistics with regard to the foundry industry are disappointingly

Foundries.

scarce. In the census reports "foundries and machine shops" appear together. The proportion of iron used in foundry castings is about one-fifth in Germany; though not ascertained for other countries, we may accept the same fraction as holding approximately true everywhere. Applying it to our American production, we infer that this country thus uses over 2,000,000 tons of pig iron annually. The product of our foundries has hitherto been consumed within the country, our export being, until within the last year or two, insignificant. This export is mainly of pipe, but also

included builders' hardware and malleables.

The condition of productive business is so much of the time unsatisfactory, and the difficulty of finding a market so serious for the producer, that we warmly welcome a season of brisker demand, freer payments, orders crowding upon us and better opportunities for the disposition of our wares, and we all rejoice in the good times of the year 1899.

We have had good times before—in 1872, for instance, and '79 to '81, and '91 to '93, and we too well remember the dreary depressions by which they were followed. If disasters like those are now to be avoided, it can only be by taking careful account of every feature in the present situation from which a warning can be drawn. Our trade is prosperous as a whole. The marked improvement began in 1897 when we broke all previous records in exports of domestic merchandise, shipping ten hundred and eighty million dollars worth. In 1898 United States exports exceeded twelve hundred and thirty-three million, those of manufactures forming one-fourth of this total or three hundred and eight million dollars worth—10% above the highest previous figure. All iron and steel wares shared this increase. By this time our exports exceed \$70,000,000 worth annually, more than five times the value of our imports; twenty years ago the figures were almost exactly reversed, the exports of iron and steel manufactures amounting to barely one-fifth of the imports. The value of agricultural machinery exported, for instance, rose from \$5,303,000 in '97 to \$9,073,000 in '98, or about 70%. Exports of plows nearly doubled from '97 to '98, while those of mowers and reapers more than doubled.

Our production of pig iron, for no previous year so high as ten million tons, last year reached 11,700,000 tons, exceeding the British output by 50% and nearly equaling the whole world outside of great Britain. This increase in production was accompanied by decidedly sharper demand and continually rising prices. The present year has brought nothing thus far to discourage, everything to stimulate that industry. If production continues at present rates, a total output exceeding 13,000,000 tons may be realized; prices are still booming, the increase since last summer being 55% on pig and 70 to 100% on pipe, rolled iron and steel; altogether, the opportunities afforded to iron production by the present situation are simply unequaled.

What is known as the problem of trusts is in its essence whether the best opportunities shall fall to few or many; and it is made more difficult by the amount that can be said both for and against the organizations called by that name. The movement against

trusts has been long and earnestly pushed by intelligent people, and yet so far from having made any progress, it has never lacked so much of success as it lacks today. Trusts have never before held their ground so triumphantly or made so many invasions of new territory. The combat against them is growing more and more difficult year by year, indicating that we have not found the proper method of attack, or have failed to discover their source of power.

But before we can safely enter the lists against an enemy, it is well to know something about him; in what ways he may be dangerous and in what ways harmless or helpful. With no more knowledge of trusts than is displayed by many who talk about them, fighting would be only striking out in the dark. The fact is that, technically speaking, there are now few if any trusts in the United States. That form of industrial combination was once prevalent, but it has substantially disappeared. We used to have trusts—that is to say, associations of corporations or firms entrusting their management to a board of trustees that carried on operations and divided profits. But these have given place to consolidated corporations, smaller concerns passing into larger, without assuming a new character or modifying their corporate functions in any way. This change, first invoked by hostile legislation, admirably suited the purpose of the trusts themselves; their consolidation grew more complete, and closer unity gave greater power, while the desirability of avoiding difficulties by abandoning the trust form, while holding fast to every advantage it afforded, was quite evident. In fact, while laws to limit trusts may be quite constitutional, it is difficult to see how a law to prevent corporations from consolidating could stand. It would be too much like an attack on property rights, which necessarily include the right to sell, and hence to buy out other people. Whether we have trusts to deal with, however, or giant corporations under another name, need not much concern us; we are considering the thing rather than the designation. But it is interesting to observe how superficial the change that enables these colossal industrial combinations to escape all the trouble that legislation has prepared for them; it thus appears how ineffectual any "anti-trust law" must ever be to contend against them.

Furthermore, in order to understand the real nature of these combinations, it

The Combine.

is essential to distinguish the good from the evil in them. Our most dangerous enemies have their better side—"there is a soul of goodness in things evil." Trust is a Christian virtue; only those who have learned how to trust will combine. In the first place, there is sometimes reason for the claim that "trusts make things cheaper." But the