

number of the replies. The great majority of the writers, representing well-known houses from Pennsylvania westward, agreed that the policy of reducing duties and so warding off retaliation from abroad was now preferable. These writers held the point of view of the manufacturer, seeking to build up an export trade, and their testimony goes to prove that machinery in this country needs no tariff protection. This country has grown great in manufacturing because it can make iron cheaper than any other if it chooses. It is the great magazine of essential supplies—timber, limestone, coal and metals, as well as exhaustless stores of food at easy command. Moreover, it is peopled by an ingenious and energetic race—the very pick of the best stock in the Old World.

Since we are so loudly told by the trusts and combines and their organs and dependents that it was the very mild and modest curtailment of their monopoly privileges in the tariff of 1894 that caused the business depression of 1893, it is worth while to stop for one minute to inquire how that depression really came about. The matter is well enough understood, of course, by those who remember the conditions of the time, and therefore know that tariffs had no more to do with our trouble than the Chicago fair had, and less than the Baring failure in London; but there is no harm in setting it straight again.

Legislation enacted in 1890 for the benefit of the silver-mining interest, joined with the dependent pension bill and a large reduction of revenues by putting sugar on the free list the same year, created grave uneasiness abroad, and a resulting apprehension lest silver dollars might be forced upon creditors by the United States led to withdrawal of foreign capital from investments in this country.

The return of our securities from Europe is plainly shown in the large trade balances of those years—our specie and merchandise going abroad to square the account. This movement would not alone have been sufficient to cause trouble on this side—for quite as much foreign capital has been withdrawn in the last two years as in 1891 and 1892 without hurting us in the least—if the distrust had not extended to our own people. First, credit was withheld by those who feared that what was advanced on a gold basis might be repaid in depreciated silver; then, by a natural perversion, credit was refused generally and all kinds of money hoarded; and the crisis was upon us. The banks and business houses that first fell were those most involved in speculations; real estate booms, mines and fancy stocks. Manufacturing works did not fail or lose credit until other concerns began to drag them down. These are the facts, as will be recalled by all whose memories run back six years. But it is so

easy to beguile people who do not remember, that it cannot surprise us to see interested men confidently maintaining that all that distress originated with the manufacturing industries and was due to the very moderate tariff reduction then contemplated and afterward made.

This alliance of trust and tariff is now so plain that no intelligent man can hold

a doubt on the subject. Yet people are perpetually trying to confuse it, and successfully confusing it for many minds, by suggesting that associations and combinations are not unknown in free-trade England, and that many products not covered by an import duty (as petroleum) are subject to combinations there. This is a fog that can be blown away in a moment.

We are not claiming that associations of producers are under all circumstances an evil, for we freely admit that they must continue to exist—that union for business purposes is something that has come to stay. The evil comes in when the association is encouraged to oppress fellow-citizens, *by a monopoly which legislation has made and may unmake.* Precisely the same organization may be a flagrant evil if granted a monopoly, and quite harmless if not so favored. Further, the monopoly that renders the trust formidable may arise from other sources—possession of land, deals with private corporations, and what not—as well as from legislation. But that does not prove in any way that we ought not to avoid using legislation to create monopolies. We see, too, why the trusts and combines are so much more harmless in England than here; legislation there does not put a weapon into their hands to aid in reducing citizens to submission.

A recent Iron Age editorial suggests the danger of wage reductions as a result of tariff reduction, but its argument has exactly the same force against every possible cheapening of trust-controlled articles.

If asked, will you vote for the repeal of every duty which creates a monopoly, every duty which by cutting off importation from abroad cuts off all revenue from the government and at the same time enables the trusts to maintain prices against consumers in this country?—a negative answer can only come from an ally of those trusts. He who sincerely opposes them will unhesitatingly answer, yes. That is the test question.

There are good reasons for believing that if we only suppress the monopoly features of these combinations and prevent their doing so much of their work in secrecy, the community is not destined to suffer the injury from their machinations that so many timid people fear. The universe is governed for good and that what ought to be will be. There seems to be an inherent tendency to disruption in these organizations, ex-

plainable in several ways; divergence of views on the part of those participating, naturally arising from the reluctance we all feel against surrendering the management of our affairs into the hands of others—outside rivalries, which occasionally prove too strong to overcome—business losses, whose effect is always to aggravate disagreements and strengthen rivalries.

Even the shrewdest calculator may be deceived as to general tendencies in trade. It is somewhat surprising, for instance, that this enormous amount of gold mining and coining has not done more to raise prices.

Even in this season of brisk demand and heavy export trade, prices are, except in metals, still below the level of

Prices. May, 1893. Even in their own affairs, the best judges may be misled. Men reputed able judges told us that the high prices early in 1873 were going higher yet with little prospect of ever coming down; and we all remember how the latter months of that year opened their eyes. Early in 1880 the same views were held, and one iron broker was so sure of an advance in February that he was quite willing to sell a lot of pig iron, then selling at \$36, for the price that would prevail four months later. The price he got was \$22. There were in 1880 no business disasters to explain the reaction, such as those of 1873, and it is earnestly hoped we shall see none this year. It is the general impression among iron men that prices are going higher. Edward Atkinson, the great Boston statistician, thinks there will be a scarcity of iron for some time to come. In a recent letter he says:

“Do you remember my prediction made ten years ago that the close of the century would find all existing furnaces incapable of supplying the demand for iron? Prices may be rushed to an extreme and react, but can be carried to no point that will prevent or seriously retard the accelerating demand for two or three years to come.”

None the less, and despite faith in Edward Atkinson, and the favorable conditions for a rise, we do not look for a long continuance of even the present abnormal prices for iron and steel. The large foreign shipments now made are mainly to fill contracts dating from before the rise (coinciding, we must remember, with high prices and scarcity of iron in Europe) and fewer new contracts for delivery abroad are made at present rates. Also at home, a check is noticeable in new undertakings requiring iron and steel. This indicates that the movement has reached an upper limit; and a reduced wheat crop this summer, which now seems probable, may make the reaction the more marked. Although the demand is likely to continue large and at good paying prices, the present condition of the iron trade is evidently too abnormal