

THE TIN PLATE TRUST.

An Excellent Sample of Tariff Trust.

[BY BYRON W. HOLT.]

The tin plate industry affords an excellent object lesson for the study of the tariff trust question. It is the one particular industry to which the protectionists always "point with pride" because, as they tell us, it would not have existed in this country had there been no McKinley tariff bill. In the sense that the tariff is the mother of the industry they admit that the tariff is the mother of the trust that undoubtedly exists in the industry.

Free traders on their part, welcome the discussion, and are able to present indisputable evidence that the industry has cost the American people, because of the tariff, an enormous amount more than it is worth and that the balance on the wrong side, in spite of sanguine predictions, continues to increase while the duty is retained.

Moreover, they hold that, whether or not the tariff is directly responsible for the tin plate trust, it is clearly responsible for the high prices which the trust is extorting from American consumers.

In the first place it is instructive to inquire how much American consumers have paid in the last nine years in order that this industry should be established.

The duty on imported tin plates was one cent per pound previous to July 1, 1891; then 2 2 cents until October 1, 1894; then 1 2 cents until July 24, 1897; since then 1 5 cents per pound.

Cost of Tin Plate Industry.

Fiscal Year.	Total lbs. Used.	Price per lb. in Bond N. Y. Diff.			Cost of Industry
		cts.	cts.	cts.	
1891.....	1,096,489.074	3.6	5.1	1.5	15,547,336
1892.....	435,822.921	3.0	5.2	2.2	9,588,104
1893.....	728,245.104	2.9	5.1	2.2	16,221,392
1894.....	596,384.283	2.7	4.9	2.2	13,054,453
1895.....	701,840.111	2.5	3.9	1.4	9,825,770
1896.....	692,397.604	2.4	3.5	1.1	7,616,044
1897.....	677,055.749	2.4	3.2	.8	5,416,449
1898.....	853,331,573	2.3	3.0	.7	5,973,355
1899.....	858,481,821	2.5	3.4	.9	7,726,408
	6,577,030,952			1.5	90,769,298

(Imports in 1899, 108,489,828 pounds; domestic production in 1899, estimated at 750,000,000 pounds.)

The price of imported plates in bond in New York is obtained by adding 1-10 cent per pound to the foreign, or invoice price, as given in the Statistical Abstract. This amount covers transportation charges. The New York price is the actual price at which IC Bessemer Coke 14x20 tin plate sold in New York in each year. The difference column shows exactly how much more the wholesale buyer paid for tin plates in New York than he would have paid had there been no duty.

Rebates on re-exported tin plates in manufactured forms (the exact figures are not attainable) reduce this total to between \$80,000,000 and \$84,000,000 as the direct cost in the last nine years of "creating" the industry. This is the

extra amount paid by wholesalers and metal workers, but by the time they were repaid by the American people who ultimately bought the goods and footed the bills, the addition of legitimate profits swelled the amount to over \$110,000,000.

Our people paid this for a competitive industry which promised to put prices down; they got for their money a monopoly which arbitrarily marks them up.

In 1898 the industry was well on its feet and capable of existing without tariff support. In November of that year the price at the mills in Pittsburg had fallen to \$2 65 per box, which was within 5 cents of the price of foreign plates in New York, without duty.

The Trust Described.

During 1898 negotiations were begun to form a company that should control all the plates of the country. These negotiations were finally successful and, in December, the trust was launched under the laws of New Jersey as the American Tin Plate Company.

This is such a model and well-developed trust that a brief description of it will be both interesting and instructive.

It is capitalized at \$50,000,000—\$20,000,000 preferred and \$30,000,000 common stock. It contains about 40 plants and 280 mills. The total cost of duplicating these mills in 1898 (about \$20,000 per mill) was not more than \$6,000,000. The value of the real estate purchased and the cash with which the trust began business probably made the actual value of the assets of the company, as its foundation, between \$10,000,000 and \$12,000,000. The price paid for these plants is said to have been \$18,000,000 of common and \$18,000,000 of preferred stock. The promoter retained \$10,000,000 of common stock for his services and \$2,000,000 of each kind of stock remains in the company's treasury. The present market value of the stock is 86 for the preferred and 38 for the common. The total value of the outstanding stock is, therefore, \$26,000,000.

While this company may not be legally a trust, in the original sense of the word, its executive committee is cleverly constructed to perform the work of actual trustees. The members cannot be removed by the board of directors, and have almost absolute control. Stockholders cannot examine the books of the company.

This trust now owns practically every mill in the country making tin plates for the general trade.

If, as it expects to do, the American Tin Plate Company holds its present tight grip on the tin plate bar market, none of the above mills can ever make tin plates except by the grace of the trust. Its present policy is to permit no

company to make tin plates except for its own use.

Neither Mills Nor Bars for Outsiders.

To maintain its monopoly it is said to have five-year agreements with the six or eight manufacturers of tin plate machinery which prevent them from making mills for outsiders. It is, therefore, nearly impossible for outsiders to obtain equipments for tin plate plants. Furthermore the trust is so inter-locked with the other trusts which produce tin plate bars that it is doubtful if any real competitor could obtain bars and other raw materials. Thus the National Steel Co.—capital \$59,000,000—was organized in the interest of the American Tin Plate Company and for the purpose of controlling the production of tin plate bars. The close connection between the two great trusts is evident from the fact that the President, D. G. Reid, Vice-Presidents Wm. F. Leeds, Wm. T. Graham and Warner Arms, and the Treasurer, Fred S. Wheeler of the American Tin Plate Company, are all directors of the National Steel Co. Similar, though not such close connections, exist with some of the other steel-producing trusts. On this point the American Metal Market, of May 9, said:

"Up to the present the trust owning every mill in the United States has had to compete with the re-sale of plates purchased at low prices. * * * As regards new mills, all the talk and efforts in this direction seem to be dying out.

"The consolidation of the steel interests lately effected, and which as far as raw material for tin plate mills are controlled by the Tin Plate Trust, makes it unwise to erect tin plate mills, as they apparently could not at present secure their raw material. We, therefore, find the Tin Plate Trust entire masters of the situation, and it will be absolutely easy for them to regulate production to the requirements of consumption. The chances of any change in the tariff are too remote and uncertain to enter at present into the calculation."

To limit the supply to the restricted demand at the artificially high prices the trust has closed the following mills:

Mills Closed by Trusts.

Baltimore Tin Plate Co., Baltimore, Md., 2 mills.
 Britton Rolling Mill Co., Cleveland, O., 3 mills.
 Cincinnati Rolling Mill & Tin Plate Co., Cincinnati, O., 4 mills.
 Cumberland Steel & Tin Plate Co., Cumberland, Md., 5 mills.
 Hamilton & Co., West Newton, Pa., 2 mills.
 Marshall Bros. & Co., Philadelphia, Pa., 6 mills.
 Ohio River Sheet & Tin Plate Co., Rochester, Pa., 2 mills.
 Somers Bros., Brooklyn, N. Y., 8 mills.
 Stickney Iron Co., Baltimore, Md., 2 mills.
 Total, 9 plants—34 mills.

The two plants at Baltimore and the one at Brooklyn have been dismantled. Two or three other plants are said to be closed much of the time. While several of the mills closed were built as experi-