

## TRUSTS AND REMEDIES.

## Early Monopolies Founded on Restrictions.

[BY FRANKLIN PIERCE.]

There is no novelty in our American trusts. Their prototype is found in the monopolies which existed everywhere before the present century and in the mediæval guilds. Before the nineteenth century, towns, districts and nations everywhere surrounded themselves with walls of legislative restrictions intended to keep out the monster, trade.

Nor are the reasons given in our day for creating monopolies new. When a delegation from the indignant Commons begged Elizabeth to recall the patents which she had granted creating trade monopolies, the wily Queen replied: "Since I was queen, yet never did I put my pen to any grant but that upon pretext and semblance made unto me that it was both good and beneficial to the subjects in general, though a private profit to some of my ancient servants who had deserved well." Ever since the time of Queen Elizabeth the rich and powerful have maintained that high protective tariffs, monopolies and trusts were "good and beneficial" to the subjects, and have not been wanting in finding pretexts and semblances of reason to induce the ignorant to believe in their contentions.

The movement toward commercial freedom in the 19th century has set in with a strong current, but it takes a weary time to teach the world that no body of men are wise enough to enact restrictions upon trade which will be beneficial.

I propose in the short space allotted me, to show wherein our American trusts are the direct result of our protective tariff.

## Genesis of the Trust.

The trust comes from our high protective tariff as naturally as fruit from blossom. If a single corporation were manufacturing the entire product of any protected article in the United States, it is perfectly apparent that it could sell its goods at a price just below the cost of the foreign product, plus the duty, and engross the whole trade of our people. In experience, however, when an increase of duties is contemplated, many new corporations for manufacturing purposes are formed, and these rush into competition with those already in existence. The result of this, as we all know, is "overproduction," and the selling price of manufactured articles falls below the cost of the foreign article, plus the duty, and the manufacturer thereby loses a portion of the benefit of his high duty. Now, the only way for the manufacturer to

avail himself of the full advantages of the protective tariff, is by combining the trade into a corporation, or association, so as to fix the selling price of his manufactured articles just below the price of the foreign articles, plus the duty. The promoter of the trust cannot always unite the entire trade to this end, but he can unite a sufficient portion of the trade with sufficient capital to enable the trust to indiscriminately slaughter the weaker manufacturers who have not sought the shelter of the combination.

Our protective tariff affords only an artificial basis for trade. We deliberately lay the foundation for the prices of the necessities of life in fluctuating legislation, and then curse the combination and visit it with penal legislation because it seeks to protect itself from the very conditions which the high tariff legislation has brought about.

## But Few Trusts in England.

Now, the remedy for trusts is to make trade free, tear down the protective walls, and bring the sale of the products of our trusts into competition with the rest of the world. The trusts would quickly fall to pieces under such conditions.

"But," our protectionist says, "this is not so. Trusts exist in free trade England, as well as in the United States." This statement is not true. Monopolies and trusts have always existed when fostered by high protective tariffs, and they have never existed to any considerable extent where free trade prevailed. An international trust would be difficult, as we learned when the International Copper Trust, under the very best of circumstances, went to pieces in the eighties. Trusts fixing the price of the necessities of life exist only to a limited extent in England. Mr. Wilhelm Ferdrow, an eminent German writer on political economy, writing in *The Forum* of May last, upon "European Trusts," says: "As far as England is concerned it must be admitted that, notwithstanding her great industrial activity and a competitive warfare not less than that of other states, the trust system has as yet found but tardy acceptance in that country. This is doubtless due, in some degree, to the thorough application of the principle of free trade; for it is well known that the largest trusts are powerless unless their interests are secured by a protective tariff, excluding from the home market the products of foreign countries."

In France today, the conditions are similar to those existing in England prior to the beginning of free trade. An army of French workmen are now preparing to move toward Paris; and in every country where protective tariffs exist, many monopolies exist, markets are unstable, strikes are common, and

the whole basis of trade is upon unstable foundations.

## Remove Causes of Trusts.

The remedies for trusts are largely forecasted in the above discussion as to their causes.

The remedy by attempting to suppress the trust through the penal law, applied in many of our states in recent years, and advocated by many members of the recent trust conference, will always be found altogether impracticable. The quack doctor proclaims that his nostrums will cure anything from a wooden leg up to unrequited affection, and the quack politician prescribes, as a sovereign specific for every ill, a penal statute. I doubt whether, in the whole United States and under the many state laws enacted against trusts, five convictions for violation of anti-trust penal laws can be found. So difficult is it to prove criminal intent, so loath will jurors be to regard combinations of trade as criminal in their nature, that convictions under penal statutes are practically unknown.

The Court of General Quarter Sessions of the Peace was the first court established in the Colony of New York. This court opened August 7, 1694, with Abraham De Peyster as presiding judge. The first indictment found in this court was against John Watson, who was accused of forestalling the market. Prosecutions for forestalling the market continued for a hundred years, and during a portion of the same period not a Jerseyman could bring a pound of butter, or a pound of cheese, or a dozen hen's eggs, not a Connecticut farmer could bring a load of firewood into New York City without paying a duty thereon. It apparently did not occur to any considerable number of our early legislators that the market could not well be forestalled if competition was open. Our recent legislators, like Mr. McKinley and Mr. Dingley, seem to understand the problem little better than the early Dutch and English settlers of New York City. Why continue to interfere with the laws of trade which, when left unobstructed, prevail with as much steadiness and certainty as the law of gravitation, and then attempt by penal legislation to suppress the very artificial creatures which your interference has called into existence? Wise statesmanship prevents the existence of evils. Cheap demagogues as legislators create evils, and then attempt to make political capital out of an attack upon them. Does any intelligent, thinking man, who has observed the tendency of party legislation in our day, seriously believe that our politicians sincerely desire to suppress trusts? We all know that the politicians fatten upon such sores on our body politic. What would they do to win popularity if they did not have trusts to inveigh against and to level penal legislation at? What would they