

A STEEL TRUST EPISODE.

[By A. B. Farquhar.]

Probably the great majority of our citizens altogether overlooked a recent announcement that two cargoes of steel rails (one brought from Scotland and one from Germany), had just been landed on our shores to fill orders from a number of street railway lines variously located in our Eastern cities; and of the few that did not overlook it, probably a majority passed it by as a matter in which they had but slight concern. They were not paying the money, and why should they trouble themselves where this or that corporation procured its supplies, or whether at high or low cost?

Yet, leaving out of view the likelihood that for any extra expense borne by a corporation today it will have to be reimbursed by the public tomorrow, every citizen has reason to be interested in incidents such as this, because he here sees a curious instance of the working of a trust. The object of the trust, to be sure, is not to cause the purchase abroad of goods that could very easily have been made in this country, but as that result does sometimes follow from its methods, the case is worthy of some study. Though it may be only a corporation that suffered by the trust's squeezing in this case, the same kind of squeezing is pinching our own fingers in many other cases.

Steel Rails Both Exported and Imported.

The peculiar feature about this importation is that it occurs not only in the face of a rigorous import duty of \$7.84 a ton, but also in the face of a strong current of steel manufactures exported from our own seaboard. Rails are included among other steel exports. A few months ago one mill shipped 70,000 tons for the North China Railway, and it is understood a much larger amount has been engaged for future delivery. Nevertheless, in the case of the two cargoes mentioned, imports of the same kind of product were made at a saving of fully 25 per cent in cost. These imports were what are known as "guard rails," constructed especially to avoid derailing of trolley cars at curves and switches. It seems that only three or four steel mills in this country, all of them in Pennsylvania, are provided with the appliances required for the rolling of such rails; that the proprietors of these mills are tightly combined into a pool and exact a profit exceeding 100 per cent on every ton furnished under such special orders; that American competition in this line of production is practically out of the question; and that it was therefore cheaper to buy from Scotland or Germany and pay the \$7.84 duty.

The Exception That Proves the Rule.

In this case it is plain that the pool, or trust, has over-reached itself. I some

years ago compared protection-grabbing to the behavior of pigs at their feeding; the eagerness with which the corn is seized results in the waste of more than is eaten. The trust could have kept all the trade in guard rails and cleared at least 50 per cent profit by putting the price lower. Though its eagerness may carry it too far in special lines where the demand is not very large, it makes no such mistake with steel rails of ordinary construction. For these it carefully keeps the price just low enough to escape importations, the amount of the duty being realized by it as added profit (an unwarrantable tax upon home consumers as is proved by its exportations), and so we hear nothing of imports of ordinary rails. In fact, such exceptional cases are to be taken not as indications of the usual working of the trust, but merely as episodes.

But the moral of mere episodes may be as distinct and imperative as that of normal occurrences, particularly when the episode is but an exceptionally striking exhibition of some factor all the time at work. It is so in this instance. The facts that the course of steel rails is now prevailing outward, that the manufacturers thus prove their ability to meet rivals throughout the world on equal terms, that they are none the less extortionate toward consumers at home, that the profits they exact are so inordinate that in some cases the customer finds that it pays him to be at the inconvenience of placing his order with makers in another quarter of the globe, submitting to delay in transportation besides paying a heavy duty—these facts do not pertain to guard rails alone, but to trusts generally when fostered and pampered by legislation; this case being only a particularly conspicuous exemplification of a prevalent state of things.

Steel Duty Interferes With Exports of Machinery.

For several years past, until recently, the prices of iron and steel were lower in this country than abroad, and the result was a rapid increase in our exports of machinery and implements. Now the situation is reversed, and it is with great difficulty that manufacturers can hold their trade and make a profit; whereas, if we could be relieved of the duties levied on imported raw material, which yield the government but little revenue, there would be no difficulty, while the metal producers could continue to make abundant profits without this bonus.

Is it not plain that legislation should cease to foster and pamper the steel trust? That it should at least abstain from adding, at the public cost, to the gigantic profits of that trust by its largess of \$7.84 a ton tariff duty? This is a bounty paid to people that do not need it by people that do. If merit is claimed for protective duties in other instances, nothing but an abuse can be

seen in this instance. If it is the people's will to bear the cost of this enrichment of the steel trust, we must believe that the people really enjoy paying high prices for what foreigners can buy of the same producers at low prices. This powerful and grasping steel combine, like the sugar trust and the tin plate and glass monopolies, chosen favorites of protective legislation, thus empowered and encouraged by government to exact whatever prices they think the public can be made to bear, all tempt us to call the law to our aid—not that it may lay its hand upon them in any way directly, but only that it may lift the hand with which it holds us down to give monopolies a chance to strike us.

Manufacturers Ready for Lower Duties and Increased Exports.

The officers of a prominent manufacturing company in Wisconsin—the Gisholt Machine Company—convinced that the country had by this time passed the need of protection in machine construction, and that the high duties of our present tariff law were provoking retaliation on the part of more than one country of continental Europe where it would be advantageous to us to sell machinery, sent out a circular letter of inquiry a few months ago to manufacturers throughout the United States. By the kind permission of the authors of the circular I have been enabled to read a 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, in order to build up an export trade.

Nor do I see how any manufacturer, desiring only a fair show in home markets and not an opportunity for exportation, can fail to agree with them. 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 of the Old World. To teach that such a people in such a land could not prosper and push ahead without tariff duties has been proved flat absurdity.

Many Trusts Harmless Without Protection.

The close alliance of trust and tariff ought now to be so plain that no intelligent man could 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 here. This