

TARIFF TRUSTS.

The series of articles upon Tariff Trusts was completed recently by a collection of opinions publicly expressed by eminent Republicans, demanding the removal of protective duties which foster monopoly. It remains only for me to add a few words of comment summing up on behalf of the New England Free Trade League, which edited the series.

The writers of these articles set out to prove the connection between Protection and Trusts, rather than to discuss the whole Trust question; and they have made out a clear case, which more general discussion has so far been all at sea and must remain there until the tariff protection of Trusts has been removed. That is the essential first step to be taken, and before we can see how most effectively to grapple Trusts as Trusts we must get rid of Trusts as the beneficiaries of protection.

These writers proved in specific cases, the extortions practiced by Trusts whose products were directly protected by the tariff, but it was not possible to follow out all the relations of these Trusts to others. When Tariff Trusts extort high and arbitrary prices for galvanized iron, for steel sheets, hoops or wire, or for tin plates, those who control the production of inferior articles which can be substituted mark up their prices also. So long as protective duties enable those monopolies which make machinery and other finished products to extort their high prices, they must bear with the extortions of the trusts which control the materials they use. It is often in such hidden corners that the protective tariff becomes the "Mother of Trusts"; and, while some of these children of Protection are encouraged to steal by their mother, others are unwillingly driven into combination in self defense against the favored ones.

In addition to the difficulties arising from the involved and complicated relations of Tariff Trusts, there are the difficulties of obtaining information. In most cases those who know either will not tell, or else try to deceive. In other cases, however, it is possible to secure information and fortunately these instances are of such prominence that they furnish overwhelming evidence of the extortion in which the Trusts and the protective tariff are partners. Although it is not possible, therefore, accurately to measure the extent of the tariff trust extortions, any more than we can measure the danger of filth and bad drainage to health, it is plain enough in both cases that the evils exist and that their prompt removal is necessary to clear and purify the air.

The statements made in the League's series of letters have already been justified in so marked a manner that attention may well be called to one or two of the instances. On January 9, 1900, the

League published an article on the American Steel and Wire Company, in which it called attention to the evidence that this Trust's extortionate prices were checking industrial enterprises. The letter closed with this prediction:

"But the wage-workers will more fully appreciate the benefits of this trust when demand for its product falls off greatly and when it attempts, by closing mills and restricting production, to maintain high prices and pay dividends on its highly diluted stock. Such a time will surely come."

The time has already come, as every intelligent reader of newspapers knows. In the middle of April the Trust suddenly announced the closing of twelve mills, whose estimated capacity was 4,000 tons daily, their managing director giving poor business and accumulated stocks as the cause. Those interested in other iron and steel trusts vied with each other in denouncing him for what they termed "reprehensible conduct". Within a week a meeting of the directors of that company admitted the truth of his confessions by making a cut of about 30 per cent in the Trust's prices on nails and wire.

While this reduction was enough to bear out the League's demonstration that Tariff Trust extortions were a serious injury to business, as well as a burden upon the consumers, it soon received support from other metal trusts. Quotations on Steel Billets, which had dropped from \$39 a ton in November to \$33 by April 1st, have since fallen to \$28, while prices of wrought iron pipe have been reduced at least 25 per cent during the last two months.

In another place the League ridiculed the claim put forward by protected trusts that their effect would be "a steadiness of prices," and the ridicule has been signally justified. The Iron Age said of the Steel and Wire Trust's cut in prices, "It is believed to have been the longest horizontal reduction in the history of the iron trade." But as other steel interests have since almost matched it it is evident that in practice the protected trusts do not result in "a steadiness of prices." On the contrary, open competition would tend to steady them and prevent violent fluctuation.

The events which justify the League's position are by no means confined to the iron and steel trusts. The Lead Trust has reduced its price on Pig Lead by sudden and arbitrary drops. It was \$4.75 per 100 lbs. on May 4th. Ten days later it was \$4.05 and early in June it fell to \$3.75. The protective tariff, which excludes foreign lead, enabled the Lead Trust to extort such a price as \$4.75 and prevented the competition which would have regulated the price naturally.

But all these reductions however tardy or violent, at least tend to relieve the people from extortion and to remove the

cloak under which other trusts are hiding. It is no longer possible to maintain that the high prices of sheet steel and galvanized iron and tin plate are justified by the prices of materials, a pretense which has deceived many who really had no excuse for not knowing better. The League exposed this pretense months ago and now the fall in steel prices sweeps it entirely away; but though the market price of the steel in 100 lbs. of tin plates has fallen about half a dollar, tin plates are held at the top notch, \$4.70, and steel sheets and galvanized iron at almost the highest prices reached during the boom. Why? Simply because, as is plain at last to every one, the tariff makes it possible to hold the prices and the managers choose to do it.

In short, all the business of our country affected by tariff trusts, instead of being regulated by the law of supply and demand, is regulated by the will of the individuals who manage the trusts; and no business instinct or experience can foretell what it may please them to do. This power was bestowed by the protective tariff, in spite of repeated declarations that there should be no such monopolies under it; and the utterances of eminent republicans, published by the League, show how wide spread is the feeling that justice demands the removal of tariff favors obtained under false pretenses, and how strong will be the support which Congressional candidates will secure who pledge themselves to the removal of duties which foster monopoly.

Extraordinary conditions, both at home and abroad, have kept us from seeing the full extent to which these trusts have put our whole business system upon an unsound basis. This, and the other evils of extortionate and arbitrary prices, will be keenly felt when the agricultural West has to face again, as it may, at any time, the competition of great harvests abroad. When our export trade in manufactures, now becoming such a source of satisfaction in new quarters, has to meet the fall in foreign prices, which will attend any serious check to the present world-wide industrial and commercial activity, it will become unbearable that the price of materials here should be held up by Tariff Trusts above the price at which foreign manufacturers purchase their materials.

When those conditions come, and they are sure to come, other trusts may or may not be hurting us; it has not yet been proved. It is open to question how much benefit there is to the community in great combinations of capital which dictate their own terms after they have secured their monopoly by better and cheaper service than any one else could render. But there can be no such question about combinations which do not render that service and secure their