

**OUR EXPORT TRADE.**

The marked increase in our exports of merchandise affords an interesting subject for investigation by those interested in political economy. For the twelve months ending November 1, the total export trade amounted to \$2,277,800,048, a sum that seems almost incredible and far beyond the expectation of the most sanguine advocate of foreign markets of a few years ago. In a surprisingly short time we have become a competitor in the world's market and not only a competitor but a very active and remarkably successful one.

Where trade is unrestricted and people have absolute freedom of choice in making their purchases they buy

**Labor Cost.**

where they can buy the cheapest. When foreigners buy our products they do so because they can obtain them from us cheaper than they can from anybody else. The interesting question is, what has enabled us to undersell foreign competitors? Is it because the American wage scale has been reduced? This theory is untenable for the reason that the report of the United States commissioner of labor shows that there has been a slight raise rather than a decline in wages during the last five years.

Perhaps changes in methods of production and distribution have had something to do with

**Managerial Expense.**

cheapening the relative cost of putting the American product upon the market? The last five or ten years have witnessed almost revolutionary changes in industrial organization. Consolidation has been the great principle at play in the commercial world. Small industries have combined their limited capitals and operate now under a single management. To secure greater economy in production and distribution is the principal reason assigned for the formation of these large combinations or "trusts," as they are commonly known. Can it be that the economies resulting from consolidation have enabled us to successfully compete in the world's markets? Do not the facts in the case tend to show that this view is the correct one and that we are meeting foreign competition not because of cheapened wages but on account of the saving in expense of management brought about by combination? If this be true is it not a fairly strong argument in favor of the principle of combination? Under these conditions is there any need for alarm because of the further application of the latter principle? Do not the results justify a postponement of judgment and further experiments with industrial combinations before denouncing them all as unmitigated evils, demanding immediate annihilation?

Apropos of our increased foreign trade,

Mr. Ulysses D. Eddy, of Flint, Eddy & Company, one of the largest export firms in the country, in a recent interview made the following sensible explanation:

**An Exporter's Opinion.**

"What people call trusts, are responsible for this phenomenal trade. Without such combinations of capital and interests as have taken place in this country within the last few years such growth in our foreign commerce would have been impossible. In the first place, it takes a great deal of money for a new dealer to build up a market in a foreign country, and few manufacturers in this country could afford to do so until they pooled their issues. Most of them were afraid to make the costly effort because they feared that as soon as they had cultivated a demand other manufacturers in the same line of goods would immediately take advantage of the results of their enterprise and expenditures. Few were willing to take the risk. Then, again, small quantities of merchandise cannot be handled with economy. It cost just as much to sell \$10,000 worth of goods as \$1,000,000 worth, on which the profits are, of course, so many times the larger. Therefore the trusts, or whatever you may call the amalgamated companies, are able to do a foreign business at a greatly reduced cost with much greater profits than private firms and corporations.

"It does not pay manufacturers to sell or ship small quantities. The difference in freight rates on a cargo and a single invoice is of itself a good profit. Formerly orders from foreign buyers were scattered among a dozen or a hundred different manufactories in small lots. Now they are concentrated in large lots, which can be handled at the same cost and the same trouble. This centralization not only enables us to produce but to sell and ship with greater economy.

A few years ago, before what are called trusts were organized, there were two ways of conducting foreign trade.

**Old Methods.**

One was through commission houses, who placed orders with jobbers or manufacturers for specified articles. Another was for manufacturers who had a surplus of goods which they could not sell at home to consign them to a selling agent in some foreign country and let him get rid of them on the best terms possible. The result was that foreign merchants came to this country only for such goods as they could not get elsewhere, and an irregular and spasmodic trade was going on between our manufacturers and merchants in foreign countries, with very little profit to either. Now our manufacturers can afford to establish agencies of their own to study conditions and work up a trade for staple articles; they can give more liberal credits, because of their larger capital, and better prices than the indi-

vidual manufacturers could offer, which enables them to meet successfully the European competition. Larger shipments give them lower transportation rates. They send goods by trainloads and fill ships at the lowest possible cost. The saving in production, transportation and distribution combined is so great that they are not only enabled to give lower prices but declare larger profits.

"If you will notice the export statistics," continued Mr. Eddy, "you will see that the slowest growth in our foreign trade is in the dry goods line. That is because the manufacturers are not organized. The most rapid growth is in the various forms of iron and steel, because the manufacturers in those lines are thoroughly organized and have made a united and intelligent attack upon the foreign market."

**QUEER.**

The same people and the same newspapers that depict the distress of farm life and the brisk competition which farmers give each other in marketing their abundant products are also strenuously advocating governmental appropriations, with which to dig ditches and construct reservoirs on the arid and rainless plains and so make more farms, more products, more competition among the bucolic producers.

The government is a born pauper. The United States cannot donate a dol-

**Taxes.**

lar for irrigation purposes except out of money gathered from its citizens by taxation. It has no other money.

Thus the paradox of bemoaning the farmer's fate because of the intense

**Paradox.**

competition with which his products meet in all markets and then proposing to tax the same farmer and all the rest of the American people for the purpose of fertilizing with water a vast area of arid land which is now unfertile, and thus to create more competition.

If it is a duty or function of government to manure lands with water, why not equally a duty and function of government to furnish solid fertilizers? If right to governmentally bring arid plains in the West into productivity by legislative fertilization and then give them away to homesteaders; why is it not equally right and proper for the government to restore the old farms of New England by paying for the commercial fertilizers necessary to bring them again into profitable production?

In a government like this can paternalism prevail? Who are to be given the functions of parenthood and who are to play the children's part?

**Paternalism.**