

ticed, while higher prices stimulated new ventures in every direction. The easy conditions upon which corporations can be created increased this tendency. Corporations without capital, or with watered capital, without limit as to number and amount were formed. In order to prevent competition and to control the home market, corporations in distinct lines of business, have combined and reorganized with other corporations in the same lines, and have thus made it impossible to realize the benefits of competition and lower prices at home. The air has been redolent of promoters. They have been supreme in all branches of business; and under their reign, all the old maxims of thrift, honesty and safety have been forgotten. The writer does not intend to condemn combinations merely as such. They are as old as competition, and have sometimes greatly advanced the interests of society, as, for instance, our churches, colleges and charitable institutions. They must be judged by their purpose and effects. It will not be presumed, however, that a great corporation which can manufacture and transport rails to Europe, and sell them for \$16 per ton, while it actually sells them in this country for \$26 per ton, is entirely controlled by benevolent impulses; nor that under the designation "community of interest" railroad companies which have purchased the controlling interest in many thousand miles of competing lines, and, while they watered the stock, at the same time obtained a monopoly and advanced the rates of transportation, were compelled by philanthropy to take such action. Yet in both these cases, the consequences are increased cost of production in other lines of industry.

Economists have long recognized that general rates of wages depend on two primary conditions, productive power, and the just distribution of the product. Laborers, however, in the protected industries, which include those engaged in nearly every branch of business except those engaged in transportation, merchandise and the professions, have so long been educated in the belief that high wages depend upon "protection," that they have no proper conception of the first of the above named principles, but fully apprehend the value of the second. They have therefore been induced or driven into membership in unions, whose principal object has been to extort what they conceived to be their fair share of the product of their hands. Directly or indirectly they have succeeded in their efforts; although when we consider the unnecessary burdens imposed upon industry we may hope for still greater improve-

ments in their conditions, especially, when they shall realize that protective duties, by adding to the cost of production, impair productive power. But accepting facts and conditions as they exist, through the stimulating influences heretofore mentioned, wages in this country are higher than ever known before, and have largely contributed in raising the cost of production.

We have now reached a stage of our inquiry which gives us the key to, and enables us to predict the future economic situation. The stimulating forces resulting from over confidence in credit, the operations of war, the increase of currency and the high tariff on imports, have all lost their momentum. The wars have become a drag, and the taxes imposed to carry them on are a heavy burden upon industry. The bonds upon which the new issue of bank notes were based have reached so high a price that the banks are selling the bonds and retiring their notes to such an extent that for some time past the circulating medium has decreased at the rate of \$3,000,000 per month; and the western farmers are complaining of the burdens and restrictions imposed upon their industries by the high tariffs. While these stimulants have lost their effect, on the other hand they have left the general cost of production at a higher level than will permit competition in the general markets of the world. There are several clear indications of this tendency. Gold has commenced to flow from instead of into the country. The disproportion between imports and exports is decreasing. Imports are becoming larger, exports smaller in amount. We may therefore look for a lower level of prices and long continued depression in business. Amid the shrinkage of prices credit will be impaired and panics are likely to ensue. In the manufacturing and mining industries, strikes and lock-outs may again become prevalent; capital and labor each contesting for a larger share of the common product than the conditions will permit. The situation will be aggravated by the multitude of mushroom men and mushroom enterprises which overstimulated prosperity has developed and which at the first adverse wind, will crumble into ruin. Napoleons of Finance will disappear from the public view, and watered stock will either vanish or cease to pay dividends; and as we can never escape the human elements of passion, prejudice and ignorance we may expect bitter strife, hysterics and convulsions among the masses of the people, in which the walking delegate and the demagogue will be the moving spirits. The situation will be still further

aggravated and continued by our "protective" tariffs. Those tariffs have been largely the result of a combination of interests which expected to receive benefits from their enactment. Many of the same interests will struggle to maintain them in force. They do not seem able to appreciate the truth of the trite maxim, that you cannot forever go on selling without buying; that international commerce consists of the simple exchange of commodities, and that a rapacity which prevents the imports of foreign commodities, both impairs the ability of the foreigner to take our commodities and leads to acts of retaliation which may eventuate in the ruin of those employed in our own industries. Of the latter effect we have already sufficient evidence in the attitude of foreign countries. France has already built a tariff wall nearly equal to our own. The autocrat of Russia has practically prohibited the import of several commodities from this country. In her new tariff law Germany has adopted a clause under which the same duties are charged upon imports from different countries as are charged in those countries upon similar commodities; and thus our farmers, the producers of our largest volume of exports,—exports which fix the price of the product at home, for the sake of a mere shadow of benefit derived from our own tariff, cut themselves off from a great foreign market. The duty on grain in Germany will be \$0.25 per bushel and upon pork and bacon \$0.05 per pound.

The feast of Barmicedes to which we have been thus invited does not furnish an exhilarating prospect; but those who are disposed to look at the situation with too gloomy anticipations, should remember that under natural conditions the laws of trade are automatic in their action, and deviations are quickly adjusted and corrected; and that the superior productive power of the country and energy of the people might be expected soon to bring about a higher and more substantial prosperity than we have ever before enjoyed. The trouble is that we are not under natural conditions. By our tariffs aided by corporate aggressions, we have perverted the natural laws of trade. We are tied hand and foot; and while our great natural productive capacity should enable us to reach all the markets of the world we are so fettered by this system of jobbery and corruption, that we are likely to be limited to home markets and by increased cost of production to lose many even of them.

Some of the wiser and more practical statesmen who have advocated "protection" have foreseen the calamities liable to result from the logi-