The Public

Fifth Year. CHICAGO, SATURDAY, SEPTEMBER 27, 1902. Number 234.

LOUIS F. POST, Editor.

Entered at the Chicago, Ill., Post Office as second-class matter.

For terms and all other particulars of publication, see last page.

Those privileged interests which balk at the apparently mild "Iowa Idea" are wise; for it is Mr. Henderson who is right when he denounces it as free trade, and not Gov. Cummins who protests that it is good protectionism. Wendell Phillips's remark that no man can jump half way over Niagara Falls, never fitted the efforts to check the advance of slavery into the territories better than it fits the idea of checking the support that protection is giving to trusts. When slavery in any of its manifestations was once boldly attacked the whole system had to fall. It is the same with protection, and for the same reason. The trusts realize what the Iowa Idealists do not, that the feat of jumping half way over Niagara Falls is impossible.

Trusts display a fine objective for free trade attack. They are perfected fruits of the protective system and their taste is not pleasant. Mr. Roosevelt asserted in his Cincinnati speech that there is no relation between the tariff and the trusts, and he instanced the Standard Oil and the anthracite coal trusts as having no protection. But the Standard Oil trust has, in fact, plenty of protection. What it does not get under the tariff, it does get through other forms of monopoly-engendering protection, such as special privileges in rights of way. Highway tariffs and customs tariffs are only different forms of what is essentially the same thing. This is true likewise of the anthracite trust, which is also directly protected by the customs tariff. Mr. Roosevelt says there is no tariff on anthracite coal. His candor comes under grave suspicion here, for he must know that there is a tariff on coal that would compete with anthracite.

Along the same lines of trust defense it is argued that trusts exist in free trade Europe as well as in protection America. The argument is intended to deceive. Europe has no free trade. The nearest approach to a free trade country is England. Even there they have something in the way of protective tariffs and a good deal of protection in other forms. But in free trade England there are few trusts and they are innocuous. The European trusts are in the protection countries of Europe. Prof. Jenks, employed by the Industrial Commission, found only 35 trusts in England, and their total capitalization is less than $500,000,000—not half that of our one steel trust. One of them, the borax trust, affords really a good example of a difference between trusts under free trade and trusts under protection. Of this trust Byron W. Holt says that it—

> is a world trust, and the Pacific Coast Borax company of this country is the greatest of the twelve companies in the trust, and probably supplies as much borax as all of the other companies combined. This world trust sells refined borax to-day in this country at 7¾ cents and in England at 2½ cents per pound. Much of the borax sold in England is borax from mines in California and is refined there or at Bayonne, N. J., and exported to England. The duty on imported borax is 5 cents per pound and was raised from 2 cents in 1897 by the Republicans. When the duty was 2 cents borax sold here at 5 cents. As a matter of history it may be stated that had there been no duty on borax there would have been no world trust. The exorbitant profits of the trust here enabled it to sell borax at less than 2 cents a pound in Europe and to force its competitors to sell their plants at low prices. But this trust is comparatively harmless in free trade England, while it is most harmful in protectionist America.

Those who urge that the tariff is responsible for no trusts in this country—and send out search warrants for such as do not enjoy tariff protection, with the result of lining up only two—would improve their minds even if it hurt their cause, by remembering that there is a tariff-founded tin plate trust, which raises prices to consumers while forcing down wages of workmen. Also that the steel and wire trust, the window plate trust, the shovel trust, the linseed oil trust, the salt trust, the borax trust, the sugar trust, and scores of others are kept alive and in full flower by the tariff.

In all the dust that is being kicked up about trusts, however, their real relation to the tariff must not be allowed to slip out of sight. It is quite true that the trust system is not made by the tariff and cannot be killed by revising, reducing or even abolishing the tariff. Mr. Roosevelt would have been right in referring to the Standard Oil trust and the anthracite coal trust had he cited them as instances to prove that trusts can exist without tariffs. For the Standard Oil trust's backbone is not the tariff, but the monopoly, directly and indirectly, of great highway privileges and terminal points. The anthracite coal trust's power does not lie in tariff protection, but in monopoly of coal lands and of the highways and terminals that connect them with the market. It is the same with the steel trust. Though the tariff were totally abolished, this combination would still monopolize the best natural supplies of ore and coking coal, together with the necessary highway privileges and terminal points. The trusts can be uprooted only by cutting deeper than the tariff, and uprooting the basic system out of which they spring. And that is land monopoly. There are only two ways of dealing finally and effectively with them. One is through the abolition of all legal privileges, including land monopoly, as Henry George has pointed out; the other is by putting the trusts in the hands of government, as socialists propose. This question is certain sooner or later to be the issue upon which the people will have to divide.

Meantime, however, the tariff question is a trust question. Though it is not the fundamental cause of trusts, it does give added power to trusts of every kind and degree—oil, coal, steel and all the rest. No better evidence is needed of this than the notorious fact that American trust-made goods are sold abroad, where they are not protected by tariffs, for lower prices than they are sold for at home where they are so protected. This is the real issue with reference to tariffs and trusts. Not whether revising the tariff would kill them altogether. It would not, though it would kill many of them and cripple many more. But whether it would prevent their extorting higher prices from American consumers than they get for the same goods from foreign consumers. On that point the evidence is overwhelming against the tariff. It proves to be what it has often been called emphatically, a "robber tariff."

The latest bunco "remedy" for trusts is to get a constitutional amendment which would centralize power in the Federal government far beyond the fondest dreams of Hamilton. With such an amendment there would no longer be any States in the Union. The nation would be as much an empire as was France under Napoleon. But even if this were not objectionable, it would require two-thirds of each house of Congress and the consent of the legislatures of three-fourths of the States to secure the amendment. Under favorable circumstances that would take from two to three years or more. Under slightly unfavorable circumstances it would take much longer. If opposed by the trusts, it could not be accomplished at all. For an obvious evil of rapidly growing power, that is an astonishing remedy to propose. Why the trusts should be alarmed at the strenuosity of a party leader who has nothing more strenuous than that to threaten them with is inconceivable. Constitutional amendment is their best cue.

Secretary Shaw filled a Chicago audience chuck-full of figures Monday night, figures especially cooked by one of the statistical cook shops of the treasury. It would be a waste of time and space to review his figures in detail. The presumption of falsity lies against them at the start, for it is becoming notorious that much of the statistics now being turned out at Washington are picked up and put together upon the principle of the department clerk who, when asked to get up some statistics on a certain mooted subject, innocently asked, "On which side?" But if Mr. Shaw's statistics are in themselves unworthy of consideration by anybody, one of his conclusions from them is astonishing enough to challenge the attention of everybody of common sense. Twenty-two nations of the earth, he says, have an annual balance of trade against them of $2,000,000,000; and then he boasts that we supply 24 per cent. of it, or $478,000,000 by our "favorable balance." Put into plain English, what does that mean? Simply that 22 nations receive tribute annually to the amount of $2,000,000,000, and that we pay 24 per cent. of that tribute. What is there in this to boast of? Doubtless Mr. Shaw, if interrogated, would say that it is not tribute. He would say that what he means is that 22 nations buy $2,000,000,000 more than they sell, and that we sell them 24 per cent. of that amount in excess of what we buy. But if we do that every year, never getting anything back for what we sell, aren't such sales tribute? Aren't they in that case a dead loss? If, on the other hand, we do get their value back in the future, shall we not then be buying more than we sell, and won't that knock what Mr. Shaw calls our "favorable balance" of trade higher than a kite? Probably Mr. Shaw thinks as President McKinley did, that it all comes back to us in pure gold. Then let him turn to his own department statistics, which show that we don't get as much of gold and silver in as we send of gold and silver out, and proceed with his explanation.

On the very day on which Mr. Shaw delivered that speech, the Illinois Central railroad made a report which throws light on our "favorable balance" of trade. It shows that 25 per cent. of the stock of that road is owned in foreign countries. Of course, therefore, 25 per cent. of the dividends go abroad, in the shape of American products of farm, ranch, and factory; and for these exports nothing comes back. Which country is enriched by such shipments, the country that takes them in or the country that sends them out? A schoolboy should answer the question correctly, even though Mr. Secretary Shaw of the treasury is all in a tangle over it. Undoubtedly the country that gets dividends and not the one that pays them is enriched by the payment. The latter was enriched by the original investment, but that helped to make an "unfavorable balance," according to Mr. Shaw; but it is not enriched by paying the dividends, though that helps to make a "favorable balance," according to Mr. Shaw. If all the dividends, rents, etc., which are sent abroad by this country as exports, and for which no imports are or are to be received in return,—if all these payments were considered, Mr. Shaw's boasted "favorable balance" of nearly $478,000,000 would take on a sickly complexion.

We notice that one of the campaign canards which the Hanna or-