THE TRUST AND THE WORKING-MAN.

BY THE HON. LLOYD BRYCE.

I CITE a bill which is a fair sample of a kind of legislation that threatens the country:

"An act to prevent monopolies in articles or commodities of common use, to prohibit the restraint of trade and commerce, and to define the procedure of the Attorney-General in securing testimony." It declares null and void, as against public policy, any contract, agreement, arrangement, or combination which creates a monopoly in the manufacture, production, or sale of any article or commodity of common use, which restricts trade or commerce in such articles, or restrains or prevents competition in their production or sale, or interferes with the free pursuit of any lawful business. A person or corporation entering into such a combination shall be guilty of a misdemeanor, punishable by a fine of $5,000 or one year's imprisonment or both. Suit may be brought by the Attorney-General against any person, trustee, manager, director, or other officer or agent of a corporation, or against the corporation as such to prevent violation of the act.

The combinations at which such bills aim are endless in their variety. They may have for their object the sustaining or raising of prices, the limiting of production, sometimes carried to the extent of suppressing one or several of the factories, the distributing of business, or paying into a pool by the parties to the agreement charges on sales beyond their assigned allowance to be divided in certain proportions among them.

But whatever phase these combinations assume they all revolve around the restriction of competition with a view to preventing losses or increasing profits through prices.

In discussing legislation intended to prohibit this there are several questions that present themselves. Can you enforce such legislation? Are not economic laws of themselves operating to bring about the very results aimed at by artificial laws? If so, is the excuse for interfering adequate, and would not the evils resulting from such interference greatly exceed the benefits?

Of course the spirit of these bills is against the wealthy manufacturer, but the difficulty of drawing the line perhaps prevents the distinct statement being made in any bill that I have studied. Consequently, if strictly interpreted, it would affect the agreement between the two rival village blacksmiths to keep up the price of shoeing, as well as that between the country grocers not to undersell each other. For I venture the assertion there is scarcely an industry in which some such agreement does not exist among some of its members. Mr. Justice White, who delivered the dissenting opinion in the Trans-Missouri Freight Association case, thus speaks of the Sherman Anti-Trust law:

"The interpretation of the statute, therefore, which holds that reasonable agreements are within its purview makes it embrace every peaceable organization or combination of the laborer to benefit his condition either by obtaining an increase of wages or diminution of the hours of labor."

Organized labor and organized capital are both developments of the industrial system running side by side, and each is beneficial to the other. To restrain the one and not the other is to establish the principle of class legislation. Once it is recognized that the law discriminates against capitalists, where will the capital come from to start up new industries? The capital already engaged here in business that can take to itself wings will do so. The capital that cannot get away will shrink up. Production will decline, and if such hostile legislation be persisted in the country generally will be reduced to the condition of Kansas.

Indeed one of the principal difficulties of this type of legislation is that it has a way of hitting the very people in whose interest it pretends to be directed. Some of the bills expressly exempt labor unions. But there are other classes more difficult to distinguish. Many of the agreements between business men are not reduced to writing, consequently prohibitive legislation would tend to injure the honest man in favor of him who would swear falsely. The principal question is, however, whether economic laws are not of themselves operating to bring about the very conditions aimed at by these artificial laws.

Suppose six factories are all engaged in the manufacture of the same article. They are all in business to make money, but by reason of competition all are losing money. Let us assume that the managers of these six factories come together and decide among themselves to raise prices.

If they put up prices to a point which will increase their profits beyond what will be a reasonable return on the capital employed, immediately, with the superfluity of capital that now exists, outsiders start up, begin the competition anew with improved machinery, and beat down prices to as low a scale as before, or possibly to a lower scale. But a salutary lesson has been gained, and it is this: adjust prices to the smallest possible amount that will leave a fair return on the capital employed; otherwise, new Richmonds will come into the field.

Thus a law of limitation is always running against all these combinations, never mind what shape they take.

This law of limitation not only applies to combinations between moderate concerns, but equally to those between large ones. Take the most extreme case of an agreement—a trust. It always has this law of limitation running against it equally with other industrial combinations. The Cordage trust in the days of its prosperity had the Goods for a competitor. The American Sugar Refining Company had the Spreckels—the American Tobacco Company has the Lorillards. Whatever form the combination among manufacturers assumes, if they raise prices too high their Nemesis is at hand. If the Standard Oil Company is an exception to this rule, it is because the company controls the sources of supply, which is not the case with other concerns. Besides its principle of business has been to make its profits by lowering prices, which is its security. It defies competition not because of its size, not because of any artificial laws, but because of its business insight in perceiving that by controlling the sources of supply the price of oil could be put so low that it would not pay outside capital to come in and compete with it. Indeed, during the last twenty odd years the price has fallen in a greater ratio than that of any other article I am aware of—viz., from fourteen cents to a little under five cents per gallon.

Much of the opposition to these combinations, indeed, proceeds from the fact that they are all loosely called trusts; and the mistaken idea arises that the profits of those concerned are on a scale with a few exceptional trusts. In point of fact, many of these combinations—I may say most of them—are really struggles for existence, without which the parties to the agreement would go to the wall. Large or small as may be their profits, however, it will be admitted, I think, that these contracts, combinations, and trusts have been gradually developing during the last twenty-five years. A review of this period will show that two tendencies have been most pronounced—namely, a rise in wages and a fall in prices.

The working-man can ride over more territory in New York for five cents to-day than he could for twenty cents twenty years ago, and the same principle to an almost equal degree applies to every other branch of industry that supplies his necessities. For instance, from 1875 to 1895 steel rails have fallen from $68.75 to $24.33 per ton; sugar from 10.8 cents to 4.6 cents per pound; oil from 14.1 to 4.9 cents per gallon; cotton goods (standard sheeting) from 10.41 to 5.74 cents per yard; shipments of wheat from Chicago to New York, all rail, from 24.1 to 12.17 per bushel. Since 1895 there has been a still further decline in each one of the articles I have mentioned. But I prefer to adhere to the scale of prices before two years ago as being more nearly that of the period I have taken for my labor scale.

A table prepared by the *Street Railway Review*, touching on this subject, tells the story by comparison, showing the appreciation of the purchase power of money during the past ten years as applied to street car fares and sundry commodities:

		Per cent.
1886	What a unit would buy (in 1886) - - - -	100
1896	What the same unit would buy (in 1896):	
	Street Car Rides	337.5
	Bricks	178
	Steel Rails	174
	Silver	145
	Sugar	137
	Portland Cement	136
	Wheat	134
	Corn	131
	Cotton	122
	Coal	118
	Salt Pork	85

A like reduction in prices appears in every department of industry. What does this cheapening mean? Simply that not only necessaries but unheard-of luxuries are placed within our reach. An acquaintance proudly showed me a pair of boots one day that he was wearing. They were machine made, but of an extremely good shape and fit, and costing only $2.50 were at a rate at which the working-men could hardly have purchased any kind of a pair ten years go. My acquaintance was a very rich man, and those boots were good enough for him. Thus the luxuries of one generation become in the next within the means of all, and the working-man to-day can walk in the millionaire's boots at the same price he paid ten years ago for a pair of the coarsest shoes, if not at a lower price. I have shown what a distance the working-man can cover for five cents in a luxurious cable car, and when he reaches home, if he be inclined for literature, he can read in his Sunday paper for another five cents words of authors who twenty-five years ago would have been entirely outside his reach. His wife and daughters possibly indulge in these delights of literature, however, more than he, and there is not an article of their daily consumption that they cannot enjoy two-fold more than they did before the period I have mentioned.

I now come to the question of wages during the past twenty-five years, *i. e.*, during the time of this conspicuous fall in prices.

One of the most extraordinary features of the late campaign was the complaint of the agitator that prices were so low that the working-man got low wages. History shows the fallacy. The trend of wages all over the world during the past twenty-five years has been upward as the trend of prices has been downward. If high prices made prosperity, the Parisian during the Franco-German war had no right to complain of the siege, for any kind of meat sold for five dollars per pound and wages were almost nil. Of course, if prices are so low they are unremunerative to the employer, then the working-man's wages will suffer, and if no one is making money he cannot complain. Such a condition, however, must be only temporary and of an exceptional nature, as otherwise the employer would go out of business. I take the following table from the census returns:

Year.	No of operatives.	Wages paid. Millions.	Dollars per operative.
1860	1,311,000	379	289
1870	2,054,000	620	302
1880	2,733,000	948	347
1890	4,713 000	2,283	485

"The average of wages has risen 60 per cent. since 1870, and at the same time the accumulation of urban wealth per head has been 76 per cent. more than in the period from 1850 to 1870, which shows that the rise in wealth and the increase of wages go almost hand-in-hand," says Mr. M. G. Mulhall, the great statistician.

But it is during this very time while the tendency to make pools and arrangements, combinations and trusts, has been most pronounced—*i. e.*, during the last thirty years—that this upward tendency of wages and downward tendency of prices has been most pronounced. Is it too much to assume that these pools and combinations, these arrangements and trusts, have been part and parcel of the general scheme? Thus economic laws would of themselves appear to be working out our salvation.

Perhaps it might be held that the public would be better off under unrestricted competition, and the claim is often made that the people have a right to demand this. It seems to me that already the public secures the benefit of competition to the fullest extent economical conditions warrant. Let me ask, however, what would be the effect of passing penal laws to enforce unrestricted competition? It would drive many out of business, leave their trade to a reduced number, and so decrease production. What would become of the workmen in the concerns that went under? Many would be walking the streets. Eventually some would probably be absorbed into the surviving factories, but there would be delay, and they could never be all absorbed until the survivors had secured all the business of the other factories. Thus a reduced number of employers would be getting a living out of the business. There would be hardship and delay in finding re-employment on the part of the workmen, and competition would be rather restricted than expanded, for the business would be now confined to a smaller number of producers than before. Consequently we should be carried further away than ever from "unrestricted competition" by the forcible attempt to impose "unrestricted competition."

It is a dangerous matter trying to fly in the face of the laws of nature or of trade. Experiments were being made a few years ago with a torpedo. It was directed at an old hulk in the harbor, but contrary to all expectations, it turned in its course and exploded among the spectators on the beach with terrible effect.

Again unrestricted competition practically means that the manufacturer's hands shall be tied. He is to make no effort to counteract a competition that may be ruining him, because his profits are supposed to be inordinate.

Perhaps you will frame the law to apply only to large aggregations of capital and where profits *are* great. We have touched on some of the objections to this discrimination before, but granting that you can draw the line, and do not frighten off new capital by the fear of a difference of opinion as to the point where discrimination is to begin, would your condition be improved?

A review of the figures I have given in evidence of the cheapening of prices and the rise in wages during the last few years makes as good a showing for large capital in this double respect as for small; I might say a better. The New York Traction Company is a large aggregation of capital, and yet it charges only the same fare for riding over all its lines that each separate part required for going over the fractional distance. The Standard Oil Company is surely a large aggregation of capital, and sold oil at five cents a gallon in 1895, whereas in its earlier stage it demanded fourteen cents a gallon. For working people to complain, therefore, of large aggregations of capital is equal to their saying: "We resent your enabling us to ride for five cents as far as twenty odd years ago we had to pay twenty cents to ride; we resent your letting us buy as much refined oil for five cents as we used to buy for fourteen, or as much sugar for four cents as we used to buy for ten cents, or as much sheeting for our beds at five cents as we used to pay ten cents for, or to bring by railroad as much wheat for bread from the West to our children's mouths for twelve cents as we used to pay twenty-four cents to bring. In short, our interest is to destroy you; because you have put, not only necessaries, but unheard-of luxuries within the reach of our wives, our children, and ourselves, and have enabled us to purchase for one hour's labor as much as we would have had to work one hour and three-quarters (stated broadly) to purchase before."*

Take the department store, against which so many bills are aimed, and which is but another phase of the employment of large capital. There is not an article of their daily consumption that the people cannot enjoy to a far greater degree than before by reason of the department store, and only because it supplies the "many" can it exist.

Take the press. Each great daily paper, even those that declaim most loudly against capital, are but large consolidations of capital. Before each large paper, innumerable smaller journalistic ventures have gone under. Their circulation grows in inverse

* I have adhered to the period between 1875 and 1895 for the sake of consistency, but the fall since then is even more marked.

ratio to their prices, and it is because the smaller ventures have succumbed before them that they can sell so cheap.

If particularly sympathetically inclined, the working-man may drop a tear over the sad ventures in journalistic enterprises that have made this cheapening possible, but he would hardly put out double the money every time he buys a paper to keep the defunct enterprises alive. Yet, strange to say, this is the very thing the demagogue would have him do when he declaims against capital, trusts, corporations, and department stores. The fact is there is a motive in the demagogue's talk. He wishes to hunt with the hounds and to run with the hare; to voice the complaints of the comparatively small number of sufferers in the smaller ventures and to cloud the reason of the beneficiaries of these failures till they imagine him their friend.

It may be objected perhaps, that it is not large capital but machinery that has tended to lower prices. Large capital provides adequate machinery, and it is only large capital that can keep up with the necessary improvements in machinery, and always secure the best. I have already shown the enormous rise in wages during the period of this consolidation of capital. Do the large concerns pay a lower rate than the small? Does the Traction Company of New York pay its employees less than the old lines of horse cars? Does the department store pay lower salaries than the small store pays? Does the working-man in the various branches of industry that supply the department store receive a lesser rate for his work than when he is supplying the separate establishments? Does the press pay less for printing and for composition than when the journals were smaller? The most casual examination will show that there is not a single one of these various branches of industry where the tendency in wages has not been upwards since their expansion and the consequent fall in the price of their commodities. To be sure, just recently, this upward tendency of wages has been checked by business depression. But I will venture to say the cuts in wages in the small concerns have been more excessive and of more general occurrence than in the large concerns—for the very sufficient reason that their smaller reserves of capital have made such cuts a matter of greater necessity. I will venture another assertion, too, that the working-man's wages just recently have not suffered a decline in equal ratio to the contraction of the profits of the employer in the industry in which he is engaged.

On the contrary so far from the large concern paying a smaller rate of wages the tendency would be for them to pay higher.

In the largest output is the largest and the most stable profits. That concern enjoying the best profits can best afford to pay good wages; and it will, in the long run, do so, because it is a matter of policy to keep its workmen satisfied and the large concern is best able to maintain this policy.

Besides when business is profitable, the demand for workmen increases and they can best enforce under these circumstances a demand for high wages.

No, the workman has no quarrel with large aggregations of capital. Therefore, in making these laws against pools, combinations, and trusts, he would gain nothing by applying the law only to great aggregations of capital.

But to come back to ordinary combinations; so far from establishing monopolies these combinations must have often tended to break up monopolies, and if you prohibit them you are but spiking your own guns. Suppose, for instance, X had a tobacco factory, and he made a combination with other factories not in the American Tobacco Company. Although this combination might only be to restrain trade in the particular locality where these factories were situated, with a view to enable it to compete the better with the trust, this would be enough to make the agreement criminal. Read Judge Peckham's interpretation of the Sherman Anti-Trust Law in the Trans-Missouri Freight Association case. You will see that he does not limit the law to combinations of transportation, but embraces combinations in all departments of business. He holds that it is not necessary to show that the combination is unreasonable nor what the intentions of the contracting parties were. If there be a contract in restraint of trade, though the object might be to compete the more successfully against some large concern, that intention makes no difference and the combination is illegal. No proof is necessary that the combination actually does restrain trade, or that trade is harmed. The true meaning of this is, therefore, that any contract *touching* trade is illegal. The deplorable consequences of such a sweeping decision I leave to your own judgment.

The fact is, all these laws are loosely drawn, since they are framed to meet the demands of people at sea in their complaints, for now they declaim against trusts and pools and combinations on the score of raising prices, and in the next breath against department stores because they lower prices. How can any human law meet such conflicting grievances? The judge must interpret them according to his political bias, and while to-day the decision may be popular, to-morrow it may be the reverse.

Of course, I do not mean to say there are not many exceptions to the rules I have laid down about these combinations, etc. I only contend in the main that my argument is right. I have tried also to use a broad brush, preferring to show the principles influencing modern industry rather than to attempt to illustrate and defend every phase these combinations you propose to destroy may take.

But lest I should seem avoiding the issue, let me take the case of a trust. All these trade combinations are loosely designated trusts, as I have said; but strictly speaking, a trust is where a number of manufacturers or producers relinquish the individual control of their properties in the common interest. This was the plan of the Standard Oil Company, as I understand it, and though now I believe it has been reorganized and placed on the same basis as any other large corporation, it will answer the purposes of illustration. Suppose you dissolve the Standard Oil Company; you would reduce its profits undoubtedly, but, though it is a matter of conjecture, I believe the re-establishment of the numerous refineries it has suppressed would more than eat up these profits and require a rise in the price of oil to meet the increased cost of production. The same, I think, would be the case with the dissolution of any of the other large trusts and their obligatory return to their original condition.

There is one aspect of the trust on which much might be written, but which space compels me to treat briefly, viz., the trust in politics. Stated as a broad rule, I think that when the trust enters politics it is generally for self-protection. The more laws you build up against trusts the more inducement you give to them to enter and to remain in politics.

To be sure, a few trusts have given rise to great fortunes, but these are seldom due to legislative action. The development of a new country and improvements in machinery have afforded opportunities for the accumulation of wealth unsurpassed in the history of the world.

Generally speaking, this wealth has been accumulated by doing something for the public in a better or a cheaper manner than it was done before, and the measure of the wealth is in a sense a measure of the service done. In seeing this wealth and comparing it with our own, we are apt to forget that it is generally but the reflex of our own material advancement, and consider there is something wrong with the system that admits of such wide discrepancies in fortune. Be this as it may, the particular phase of the matter I have been discussing is not these great fortunes, but combinations and contracts among ordinary business men. An unpopularity is cast on these by the looseness of designation that sums them all up under the name of "trust"; and I have only taken the trust itself to show that even in this extreme case legislation may do more harm than good.

The reason we don't admit all this is that the depression of the last year or so clouds our judgment. We attribute closing factories, decreased work, instead of to business depression, to pools, combinations, and trusts, whereas these have been sustaining us by making it possible for the industry on which we depend for employment to live.

Besides, we mistakenly attribute much of the hardship that really belongs to the whole industrial system to these particular phases of the industrial system alone, and ask that the law step in for our protection—the hardship that is continually doing away with the middleman, changing the small proprietor into the employee, eliminating the weak, as in the case of the small shop-keeper before the department store. But in this elimination lies the great saving in production, and as the workman gains by the cheapening of production he has no right to complain; on the contrary, he ought to rejoice, for the harshness is directed against the comparatively few and is in his interest. It is the harshness that displaced the driver of coaches for the driver of the steam engine; the harshness that displaced the horse-car driver for the motor-man; that, in short, is displacing inadequate labor for the adequate; and that in dispensing with the high-paid middleman engages ten active workers in his place—the harshness that is inseparable from all progress.

It is extraordinary what misconception exists on this topic. Judge Peckham, in delivering the judgment of the Supreme Court against the Trans-Missouri Freight Association, said:

"Such combinations deprive of occupation little traders and manufacturers, and turn them adrift to seek other employment. In business or trading combinations they (trusts) may even temporarily, *or perhaps permanently, reduce the price of the article traded in or manufactured by reducing the expense inseparable from the running of many different companies for the same purpose.* Trade or commerce under those circumstances may nevertheless be badly and unfortunately restrained by driving out of the business the small dealers and worthy men whose lives have been spent therein, and who might be unable to readjust themselves to their altered surroundings. *Mere reduction in the price of the commodity dealt in might be dearly paid for by the ruin of such a class and the absorption of control over one commodity by an all-powerful combination of capital.*"

Again :

"*In this light it is not material that the price of an article may be lowered.* It is in the power of the combination to raise it, and the result in any event is unfortunate for the country *by depriving it of the services of a large number of small but independent dealers who were familiar with the business* and who had spent their lives in it, and who supported themselves and their families from the small profits realized therein.

This political economy is not American; it is Bryanese. It is a wrench backwards, and brings us one degree nearer the stone-axe period. To be sure it is hard on the owner of a stone axe to be supplanted by the man with an iron axe, but no less so than for the driver of a stage coach to be supplanted by the driver of an express train.

Those who recommend a return to previously existing conditions are industrial reactionaries, only equalled by the political reactionaries who would recommend going backwards to the small principalities of Germany or Italy. There were more officers, more tax-collectors, more paraphernalia of government then, because there were many governments in place of one, and it was hard on these functionaries to be discarded. But have not the people at large gained ? Consolidation of empire and of capital spring from the same causes, and the very political union we enjoy in the United States is based on the same principles.

So far from these pools and combinations accentuating the hardships of the industrial system, they rather modify it. They enable many industries to remain in business and share the benefit of large capital in a more or less completely consolidated form.

To sum up, there are many difficulties in the way of legislating against these industrial agreements, the principal one being that it would probably have the very opposite effect from that intended.

A review of the very period when these industrial agreements have been most conspicuously in operation shows a marked fall in prices and a rise in wages; consequently, so far from injuring the public, it is a fair assumption that they have borne their share in benefiting the public, and therefore that economic laws are bringing about the very results aimed at by remedial legislation.

While there is undoubtedly much that is harsh in connection with trusts, pools, associations, and contracts, it is really the harshness of the industrial system, and this hardship is directed only against the comparatively few, in substituting adequate for inadequate labor.

In short, these poolings and contracts are but another form of co-operation. Co-operation is the eventual development of all industries which cannot stand alone, and which depend on a large output for their profits, since combination is the only condition of their continued existence.

There is a principle behind the movement—the principle is that in union there is strength. The principle can no more be affected by hostile legislation than the principle of gravitation. But while the principle cannot be affected, the capital embarked in business may, just as the capital embarked in railways has been affected by the anti-pooling decision.

In a previous article the loss the workman met with in the disastrous legislation against railroads has been pointed out. If industrial combinations are to be legislated against, let a commission of men who understand economic questions be selected who, at least, will deal with them on economic principles, and remember that the very life-blood of the masses is at stake. To be a mere measure of party politics is suicidal. We are in an acute commercial crisis. Unwise or hasty legislation will give but an additional blow to the suffering industries of the country, through them to the working classes, and will set back the hand on the dial plate of industrial evolution, which is civilization.

LLOYD BRYCE.

THE RECORD REIGN.

BY THE RIGHT HON. THE MARQUIS OF LORNE, K. T.

MANY Americans feel as much admiration and veneration for Queen Victoria as do her own subjects. The feeling has nothing in common with any preference for monarchical or for republican institutions. It is non-political with large masses of men and women who simply look on the Queen as a woman who throughout a long life, lived conspicuously in the full sight of the world, has borne her burden of office with dignity and wisdom, and has fulfilled, in the way we all deem the best, the ideal of the life of maiden, wife, mother and widow. "Not once or twice in our rough island story, the path of duty was the way to glory," as Tennyson sang; but duty may be followed in various ways, and glory may be sought in more. It has been the proudest prerogative of Queen Victoria to make the woman's duty the nation's glory. The sovereignty the governing people give to their Queen has in no other of the long centuries of our history been so blended with the majesty no suffrages can bestow and no law establish. Elizabeth derived from her Tudor ancestry the love of splendor and conquest which, with her untamed temper, betrayed the wildness of her Cambrian blood. Anne, the last of the Stuarts, who also saw great deeds done by England in war and in letters, was too much influenced by designing favorites to hold the place which can be occupied only by one having a powerful and trained judgment as well as a pure domestic character. To be in the world and yet not of it; to feel with the sorrow and hopes of those around us, and yet to be able to measure the ends that grief and joy may reach; to be thoroughly human and humane, and yet to be carried away by no violent enthusiasm; to be strong enough to bear the isolation of great rank, and still be simple and kindly and perfectly true; to see the