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THE GROWTH OF MONOPOLY IN ENGLISH INDUSTRY.

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The Growth of Monopoly in English Industry.

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The Development of Industry.

THE theoretic economists have justified competition in industry and commerce by the social advantage arising from the elimination of the unfit by competitors more able to cope with difficulties and more responsive to the needs of consumers. These successful individuals in their turn must yield to more able and better-equipped *entrepreneurs*, and in this way the progressive improvement of industry is ensured to the satisfaction of all concerned except those who go down in the struggle. In practice it has turned out that in most industries victory has been with the large establishments, for in the "beneficent private war" of trade economic law is on the side of the big battalions and the long purse. In the lowering of prices through competition and the steady fall in the rate of interest the income of the manufacturer or trader could only be kept up by a large turnover at a low rate of profit taking the place of a small turnover at a high rate. The costliness of improved machinery and the expense of initiating new processes alike necessitated the larger outlays of capital which the development of the joint-stock system made possible by permitting the aggregation of small savings. The ruin of the small industry was completed by the greater efficiency of the large—the saving in management, superintendence, and advertising, the better division of labor, and the application of a higher grade of brain-power than could find scope in mere huckstering. So long as competition continues there is theoretically no limit to the growth of the business unit and the concomitant diminution of the number of directors of industry, except the limit of the amount of trade which can be efficiently controlled by one head. Even this limit is put far off by the evolution of a complex division of management, such as is shown in any large railway. As Bagehot pointed out, the commercial man whose time is taken up with the details of his business is doomed to failure. Not the smallest advantage of a gigantic business is that it requires an organization which sets free the finest brain to devise

the large movements of trade. The experience of the United States, with its immense trusts controlling whole industries in America and even extending their operations to Europe, appears to justify this prospect of the emergence of gigantic private monopolies; but nevertheless its truth as regards England has been vehemently denied. Trusts are notoriously fostered by the protective system of taxation in America, and it has consequently been supposed that the free trade policy of this country with its full admission of foreign competition would prevent the development of great restrictive combinations. Moreover, the law-abiding instincts of our people, which have formed themselves side by side with the slow growth of industry, would render impossible the lawless practices by which American trusts often crushed their trade rivals, whilst the greed for money has never reached in this country the height to which it has attained across the Atlantic. These considerations, backed by the practical example of the failure of the Salt Union, have seemed to justify the contention of those who maintain that trusts will not flourish on English soil.

A closer examination of the facts of English industry of to-day gives a check to such complacent conclusions. Traders are not in business for philanthropic purposes or to make manifest the efficiency of competition. As long as they find that incomes can be made and wealth accumulated at the expense of their rivals so long will they wage war against them; but when the cutting of prices has reduced profits to the vanishing-point a truce will be called, especially if in the progress of trade the number of competitors has been brought down to a figure which makes agreement possible. The tendency then will be, not to increase the virulence of competition, but to deprive the consumer of its benefits by interposing a barrier to the fall of prices. This is the characteristic feature of the trading world to-day.

The Retail Trades.

In the retail trade competition appears to rule supreme. There the small man still retains a footing, though with a desperate struggle and at the cost of all efficiency. The cutting of prices is made plain to every man and woman, for everything is marked down to something three-farthings in order to tempt buyers. Quality is sacrificed in the desire to snatch a profit, and the customer ignorant of technical differences is driven to seek cheapness only and chance the rest. In London alone 40 per cent. of general shopkeepers live in that condition which Mr. Charles Booth grades as "crowded," and yet in retail businesses almost fabulous fortunes are made. The retail trade is to-day passing through an industrial revolution similar to that which manufacture experienced in the early years of this century, and the small shopkeeper is the analogue of the hand-loom weaver. Large businesses, like Marshall and Snelgrove's, Peter Robinson's, Lipton's, obtain an ever-increasing share of trade, for, among other reasons, a well-known or well-advertized name is taken as a guarantee of quality. Establishments like the various "Stores,"

Whiteley's, Spiers and Ponds', and other "universal providers," where a number of different but co-ordinate businesses are congregated under the same roof, like so many markets, are a never-ceasing source of wonderment to visitors to London, especially to continental socialists, to whom they appear to realise some of Mr. Bellamy's dreams. The growing trade done by such houses is shown by the rise of Lipton's profits from £68,000 in 1890 to £217,620 in 1898. The joint-stock company system has spread to distributive businesses. To the boom in breweries has succeeded a boom in groceries, and the capitalization of stores and trading companies in the grocery, provision, meat, oil, and drug trades in the two years 1896-7 was over £18,000,000. One well-known company has a capital of a million, and another of two-and-a-half millions. These large firms spread by setting up branches in both town and country, so that nowhere is the private shopkeeper secure from their competition, and modern facilities for transport further increase the scope of their activity. Lipton's, Limited, for instance, has nearly 300 branches in London and the provinces. Daniel Hughes, Evans and Co. (capital £125,000), again, is an amalgamation of a wholesale provision house with 26 retail shops in London. The number of establishments run by half-a-dozen grocery companies would in themselves supply a large community, and the cheap restaurants of London are in the hands of four or five firms. The London milk trade is in the same condition, and chemists and tobacconists also have to face the same form of competition. One tobacco company alone has over a hundred branches.

The Cutting of Prices.

The tendency towards monopoly is thus sufficiently evident, but in dealing with the cutting of prices we come face to face with some interesting arrangements. Retailers have awakened to the fact that competition has reached the point where it is no longer profitable, and that combination is a more effective way of obtaining a steady income. In the grocery, tobacconist, chemist, and baking branches of retailing, traders are grouped into local trade associations of more or less strength, and these, again, are federated nationally. These bodies put pressure on railway companies to obtain reductions of rates, and on governments to avert threatened legislation; they seek to remove trade abuses, and frequently look after the common interests in the law courts. In Scotland, for the last two years, the Traders' Defence Association has carried on a vehement campaign against co-operative stores, and tried to exclude their agents from buying in the local sale yards. The grocers' associations rely mainly on moral suasion to prevent cutting, but in various places local price-lists have been agreed on, a method which prevails extensively in the better organized baking trade. The daily press shows how the price of bread goes up uniformly over a district—"it has been agreed to raise," the notice usually runs; but the public rarely suspects the organization behind the innocent-looking lines. Should any baker break away from the

list price, he is speedily starved out by the combination of the other bakers to reduce prices still lower. In the tobacco trade cutting has not been satisfactorily dealt with, owing to the strength of the large firms which indulge in the practice.

Chemists and Druggists.

Chemists and druggists, with their quasi-professional status, have a more efficient organization than any of the other retail trades, and their habit of association into local pharmaceutical associations has made them readier to face their trade problems. In addition to being the poor relations of the medical profession, they are ordinary shopkeepers in relation to their trade in patent medicines and proprietary articles. How far this once lucrative business has suffered from the competition of "drug stores," grocers, etc., is evident to anyone having experience of town and country prices. "The Proprietary Articles Trade Association," consisting of both wholesale and retail chemists, has been formed "to take such steps as the association may be advised are legal to deal with extreme cutting of prices, and to give advice and render assistance to its members in preventing substitution"—i.e., the pushing of some article in place of that asked for. The members bind themselves not to sell below fixed wholesale and retail prices :

"The plan by which prices are secured is simple. . . . The proprietors of the articles upon our list undertake to withhold supplies of their articles from any firm selling any one of them below the minimum prices, or from any firm who after due notice supplies such a cutter with any of the goods."*

After a year's work the association, in the beginning of 1897, included over 1,700 out of 8,000 retailers, and every wholesale patent medicine house in London with one exception. It also runs a paper, *The Anti-Cutting Record*. To the extent to which this movement is successful the trade acts as a limited monopoly.

The local chemists' associations also utilize their organization for purposes of co-operative purchasing; thus the Plymouth and District Association, in 1897, bought over £1,000 worth of goods in this way. Another co-operative undertaking is the Chemists' Aërated Mineral Waters Association, Limited, which has 4,000 members, all chemists, and eliminates the outside manufacturer by making mineral waters for disposal to members only.

The Concentration of Manufacture.

Retail dealers have two sources of profit—one is to sell dear, the other is to buy cheap. The greater the stress of competition, the greater is the pressure they put on the wholesale dealer, who, at the same time, has to compete for custom with other wholesale dealers, and sees his whole livelihood increasingly cut away by large firms dealing directly with the manufacturer. The wholesale dealer, in turn, tries to put off the burden of loss on the manufacturer, and there it tends to stay. The fixing of retail prices in no way diminishes the inducements to the retailer to make an extra profit

* *Pharmaceutical Journal*, January 9th, 1897.

out of his suppliers. Not that the manufacturer submits tamely to the reduction of his gains ; quite the contrary. Before his customer he is economically weak, being in the position of a man who must sell at once to a man who is under no necessity to buy at any given time, or from any particular person. His first resort is usually to make a cut off wages ; but an obstacle is met in the trade-unions with their standard rates. His next effort is to attempt to oust the middleman altogether, and he fills the commercial press with complaints about the iniquitous sucking-up of profits indulged in by that individual. In certain new commodities, notably in the cycle and sewing-machine trades, the middleman has been eliminated, and the manufacturer deals directly with the retailer or the customer ; the same is mainly true where the distributive business is in the hands of large firms. The large breweries, again, have almost wiped out the private publican, by taking over licences through their nominees and converting public-houses into "tied houses," bound to sell only particular kinds of liquor. Some of the large millers are getting a similar control over the baking trade by setting up employees of their own in "tied" shops, or by granting credit on condition of exclusive dealing. But where and in so far as retailers are small men, middlemen perform a useful function by obviating the need for an army of travellers, and cannot be abolished. The aggregation of subordinate industries is another method which every manufacturer now adopts in order to save profits. A shipbuilding firm, for example, now engages men of several hundred different trades, from upholstery to engineering. These are collective methods of unifying business by eliminating unnecessary classes of *entrepreneurs*, but the manufacturer, in an individualist manner, also seeks to protect himself by patents and trade marks, by making his goods proprietary articles, by skilful advertizing, and by seeking new markets. He has succeeded so far that in the grocery trade the shopkeeper is in most instances no longer an expert tradesman, but an unskilled laborer, who hands across the counter So-and-so's tea, or such-and-such a brand of soap, as requested by the customer. Patent and proprietary articles are the most, in fact almost the only, profitable branch of manufacture ; but a patent is only a source of extra profit while it is private, and a proprietary article may at any time be driven out by some new favorite. The search for fresh markets ungoverned by competition is no easy matter and often involves questions of high politics. The manufacturer, therefore, finds himself forced to use against the retailer the same weapon which the retailer has taken up against the consumer—namely, combination.

Amalgamations.

This new phase of trade has not yet been submitted to sufficient economic investigation, and as the various arrangements are not always proclaimed from the house-tops, precise information is lacking. Single amalgamations, while not entirely excluding competition, control the screw, cotton thread, salt, alkali, and india-rubber tyre

industries. In other cases a formal or informal agreement of masters fixes prices; thus in the hollow-ware trade (metal utensils) prices are arranged by an informal ring of a dozen Birmingham firms. Similarly there is no open market in antimony, nickel, mercury, lead pipes, fish supply, and petroleum. All the largest firms in the newspaper making industry have consolidated their interests into one large combination.

Iron and Steel Trades.

In the engineering trade twenty-four firms have a subscribed capital of £14,245,000. In 1897 Armstrong and Co. absorbed Whitworth and Co., raising their capital to £4,210,000 in the process. Vickers and Co., the armour-plate manufacturers, are another example of a very large amalgamation. In the spring of 1897 they bought up the Naval Construction and Armaments Co., and later they acquired the Maxim-Nordenfolt Guns and Ammunition Co. Now they boast of being the only firm capable of turning out a battleship complete in every respect. In the summer of 1899 John Brown and Co., the large steel manufacturers of Sheffield, raised their capital by £980,000 to £2,500,000 in order to buy up the Clydesdale Engineering and Shipbuilding Co., and thereby obtain access to the sea. The Scotch tube trade has also experienced several amalgamations. "We have now in operation agreements or understandings in the rail, ship-plate, boiler-plate, bar iron, and other branches of the iron and steel trades of this country, by means of which prices are fairly well maintained and cutting is largely prevented" (*Iron and Coal Trades' Review*, December 16th, 1898).

Birmingham Alliances.

The most noteworthy examples of combination, however, are to be found in the Birmingham staple trades and in the textile industries. Mr. E. J. Smith, the author of the Birmingham scheme of trade combination, said in January, 1898 :

"In these combined trades there are about 500 employers and about 20,000 workpeople. It was first adopted seven years ago in the metallic bedstead trade, and has been so successful in that industry that the trade is to-day one of the most envied in the country. Since then it has been tried by the makers of spring mattresses, cased tubes, spun mounts, rolled metal, brass wire, metal tubes, iron, iron and brass, and brass fenders, china furniture, electrical fittings, marl for pottery ware, common building bricks, and iron, brass, and electro-plated coffin handle plates and ornaments. Amongst other manufacturers who are taking it up are the makers of jet and Rockingham ware (potteries), galvanised hollow-ware, and brass and iron pins. It cannot, therefore, be said that it is suitable for any particular trade only, while the fact that it has never failed in any trade in which its principles and methods have been fully adopted is a sufficient testimony to its claim for full consideration."

The scheme is based on the necessity for combination among both employers and employed, and on the recognition of the truth that competition is suicidal.

"In the carrying out of the plan to which these conclusions lead it is necessary to establish a good trade union on either side. The next step is to carefully ascertain the real cost of production of every article the selling price of which is to be controlled, and to fix the right proportion of profit which must at least be obtained. This is

done on a system which does not stereotype selling prices or prevent the manufacture of cheaper articles : it only insists upon the cost, whatever it may be, being taken out on prescribed lines and the right proportion of profit being added to the cost, whatever it may be."

These legitimate prices are fixed by committees which examine all the conditions of manufacture.

"Having arrived at selling prices an alliance between the two associations or unions is brought about. Actual wages are left where they are, with an arrangement that while the alliance continues they shall never be reduced, excepting at the workers' own request, for some special purpose. And a bonus on these wages is paid, such bonus to be regulated in the future on a sliding scale as profits increase or decrease, the first bonus never to be removed unless by the consent of the workpeople, for a special purpose."

Disputes between employers and workmen are dealt with by conciliation boards, which have managed to compose all differences without requiring the aid of outside arbitration. Usually an immediate bonus on wages of 10 per cent. has been given. It is an essential part of the agreement that the members of the employers' association contract to employ only members of the trade union, and that the latter bind themselves not to work for "any manufacturer who is not a member of the Manufacturers' Association or is selling his goods at lower prices than those which from time to time are decided upon"—to quote the words of the Cased Tube Agreement. Manufacturers who refused to enter the combination are only allowed to join afterwards on payment of a heavy fine. Mr. Smith continues :

"A special committee is appointed in each trade, whose duty it is to obtain returns from the members as to the condition of foreign trading, and to recommend from time to time such measures as may be necessary unitedly to meet foreign competition. This is done sometimes by reducing selling prices in some particular market only, by trading as an association instead of as individuals, or even by manufacturing in some country when nothing else is possible. . . . Some of these associations have strengthened their position by forming alliances with those trades which supply them with materials."

Other Alliances.

Outside the metal trades an alliance exactly on the Birmingham model was entered into between the Master Dyers' Association in the West Riding of Yorkshire and the Amalgamated Society of Dyers and the Gasworkers' and General Laborers' Union in October, 1894. This combination immediately included 60 per cent. of the employers and over 90 per cent. of the operatives, and soon proceeded to force the other dyers to join by calling out their men. It has now resulted in a closer union of the firms. At the close of 1898 the "alliance" system was extended to the pottery trades, but the movement is quite in its infancy and correspondingly weak.

The Public and Alliances.

In addition to securing industrial peace in their trades these alliances have the great social advantage of shifting competition from cheapness to processes ; a manufacturer can only reduce prices by an improvement in the manufacture. But they also contain a great social danger by fixing profits solely from the standpoint of

the manufacturer, and at the same time under a sliding scale and minimum wage enlisting the interests of the operatives against the consumer. So far this danger has not been seriously realized owing to the astute management of Mr. Smith, who takes care not to fix profits too high, but it is latent and may at any time emerge into actuality.

The Sewing-Thread Industry.

The cotton trade is an "open" industry in which profits have been reduced to the minimum by foreign competition, by the intrusion of fresh capital equipped with the latest inventions, and by the aggression of powerful trade unions. For years the factory owners have sought to perfect their organization so that they might meet their operatives on equal terms, but to no purpose, and only in the winter of 1897 the last attempted reduction of wages had to be abandoned owing to the failure of the masters to combine. Since then various sets of masters have formed for themselves little oases of co-operation in the waste of individual competition, and a perfect mania for trusts has set in. The impulse to this movement was given by the success of combination in the sewing-thread industry. The firm of J. and P. Coats, of Paisley, had been formed into a limited liability company in 1890, with a capital of £5,750,000, of which £2,000,000 were in debentures. After absorbing Kerr and Co., of Paisley, in 1895, an amalgamation was negotiated in 1896 with three of their chief rivals—Clark and Co., of Paisley, Chadwick and Co., of Bolton, and Jonas Brook and Co., of Meltham. For this purpose £4,000,000 of fresh capital was raised, and since that date the dividend on ordinary stock has been 20 per cent. Messrs. Coats instructively remarked in their circular announcing the fusion:

"These aggregate profits will be largely increased by the benefits which must necessarily result from the amalgamation of the four concerns. It is not intended to sell at higher prices than those charged by the various companies when they were separate; but a marked improvement in values will necessarily take place in markets where they have been unduly depressed by unhealthy and excessive competition. Quite apart, however, from such readjustment of selling prices, large savings will result, not only in the cost of manufacturing, but also in the cost of distributing."

In December, 1897, the English Sewing-Cotton Company, consisting of an amalgamation of fifteen firms, was floated with a share capital of £2,000,000 and £750,000 debentures. It is significant of the state of the trade that the prospectus stated that "the average profits of the last few years have been comparatively small," and "the difficulty of arriving at reliable figures on a common basis is so great, and the fluctuations, owing to the excessive undercutting, are so considerable that the directors decline the responsibility of putting forward a detailed statement." However, they expected that this permanent union would "tend to maintain a steady and reasonable range of prices." Most important of all, the way to further amalgamation was prepared by an arrangement by which Messrs. Coats took £200,000 of the ordinary shares. Since the formation of the company the large Glasgow firm of R. F. and

J. Alexander, with a capital of £475,000, and a Stockport firm, have been absorbed. Latest of all, a huge combination of American sewing-thread manufacturers has been formed, with a capital of £3,720,000, and agreements have been entered into with Messrs. Coats and Co. and the English Sewing-Cotton Company to avoid undue competition in output and prices, the former company taking up £103,000 in shares and the latter £744,000. It must be only a matter of a short time before the few remaining independent thread manufacturers in this country are brought into one or other of the great combinations.

Textile Combinations.

Profiting by these lessons and driven to action by the imperious necessity of staving off the ruinous consequences of severe competition at home or abroad, the cotton-spinners have been the next to turn their minds to combination. The Fine Cotton Spinners' and Doublers' Association, Limited, was registered on March 31, 1898, with a share capital of £4,000,000 and £2,000,000 additional in debentures. Seventeen firms of spinners, mostly in Manchester and Bolton, and fifteen other firms of doublers formed the "combine," and seven more firms—one with a valuation of £1,000,000—have since joined. The association now owns 2,060,000 spinning spindles, 812,000 doubling spindles, and 220,000 French spindles (one of the constituent firms being at Lille). This amalgamation has been facilitated by the fact that the bulk of the manufacture of these yarns has been in the hands of comparatively few firms, long established and with good connections. Two-thirds of the calico printers in business agreed at meetings held early this year to form a combination, the estimated capital of which is put at £10,000,000. Three leading firms in the linen thread manufacture, with factories in Scotland, Ireland, Germany, and United States have amalgamated, an undertaking with which Messrs. J. and P. Coats are associated. A combination of the makers of textile machinery in the Bradford district is being organized, and the bulk of the makers of belts and strapping for the textile trades are also forming a syndicate. The Scottish floor-cloth manufacturers have also amalgamated.

Combination in the cotton industry takes other forms besides federation against the operatives and fusion of business interests. For example, the different master cotton spinners' associations have united to form a parliamentary and legal defence committee for the purpose of dealing with all proposals brought before the House of Commons affecting the cotton trade, and of prosecuting appeals in important legal actions. This committee represents owners of over 38,000,000 spindles. In fact, it would be scarcely an exaggeration to say that individualism in trade no longer exists in Lancashire.

Dyeing.

The Bradford Dyers' Association, Limited, formed in December, 1898, is an interesting and natural development of the "alliance" idea already ruling in the piece-dyeing trade. It embraces twenty-

two firms, with a capital of £4,500,000. The businesses concerned cover 90 per cent. of the trade, employ 7,500 men, and earn a present profit of £225,000. As the prospectus claims, the new organization has "practically a monopoly," and increased earnings are expected from the avoidance of competition, the combination of ability, the centralization of management, and the specialization of operations. Encouraged by this success, the slubbing and warp dyers of the Bradford district have also fused their interests, twelve firms covering 80 per cent. of the slubbing dyeing trade and thirty yarn dyeing firms having entered the amalgamation. Only those large manufacturers who do their own dyeing will be free from the control of those trusts. The English Velvet and Cord Dyers' Association, with a capital of £1,000,000, embracing eleven firms in the Manchester district, was registered in April, 1899. Shortly afterwards came the Yorkshire Indigo, Scarlet, and Color Dyers, with a capital of £600,000—"nearly all the Yorkshire dyeing businesses known to be engaged in indigo and scarlet dyeing of wool and cloth manufactured for uniforms, liveries, etc."; they will also manufacture and supply their own dye wares. It is reported that a similar fusion will be attempted in the bleaching industry, the capital to be about £6,000,000.

The Coal Industries.

Since Sir George Eliot, in 1893, proposed a coal trust to include the whole production of coal except that consumed in the working of ironstone and the manufacture of iron and steel, many attempts have been unsuccessfully made to bring his idea within the range of business politics. He showed that immense savings could be made by treating the coal areas scientifically according to their physical peculiarities, without regard to arbitrary divisions.

"Briefly," he said, "the effect of amalgamation would be to remove all the artificial factors which now stand for so much in the sum of the coal-mining industry. . . . Beyond this, it is anticipated that there would be an additional and important saving in the cost of distribution, as each group of collieries, having no longer an interest in seeking distant custom, would naturally supply that part of the country in which its coal can be most easily delivered."

Keeping pithead selling prices at 7s. 3d. per ton, he estimated that increased wages on a "liberal basis" could be paid to the miners, and a minimum dividend of 10 per cent. earned on the ordinary stock of the trust. Dividends were not to rise above 15 per cent. without the consent of the Board of Trade. Such a consolidation, with its capital of £120,000,000 (one-third in 5 per cent. debentures) would probably be too large a mouthful even for Lancashire in its present mood. But the smaller scheme of Mr. D. A. Thomas, M.P., to stiffen prices in the South Wales coal trade—which has a separate trade-area by itself—by limiting the output and allocating business among the different collieries has also failed to get itself realized, though apparently on several occasions success was within a hair's-breadth, the assent of all the miners and most of the coalowners having been secured. Mr. Ratcliffe Ellis, the secretary of the

Federated Coalowners of Yorkshire, Lancashire, and the Midlands, has proposed that the present coalowners should form themselves into a limited company for the purchase and re-sale, at prices to be arranged partly by district boards and partly by the central board of the company, of all the coal produced by its members. This ingenious scheme shows the state of mind to which low profits have brought coalowners. There are many large firms in the coal and iron trade, but the only important recent amalgamation in the coal-mining industry which can be reported is the purchase of Lord Durham's collieries in 1896 by Sir J. Joicey and Co. The new firm now controls an output of four and a half million tons, and employs 12,000 persons. In the distributive coal trade, however, the same year saw the sea-borne coal trade of London pass under the control of one company, W. Cory and Sons, Limited, formed by the union of eight large firms handling 5,000,000 out of the 8,000,000 tons of coal which come to London by sea. Its share capital was £2,000,000, and its debenture stock £800,000. Philanthropic instincts might be discerned in the prospectus where it said :

"The working of the several businesses together as one undertaking should secure the fullest possible advantage from the special facilities which the individual firms possess for the economic handling of coal, and the efforts of the management will be directed to the cheapening of coal to the consumer, the past experience of the firms proving that cheap coal and large tonnage are more profitable than high prices."

But the private consumer probably felt more confidence in the competition of railway-borne coal to keep down prices—at least, until Rickett, Cockerell and Co. was floated in June, 1899, with a capital of £1,500,000, to amalgamate the retail trade of Cory and Sons with Rickett, Smith and Co. and subsidiary businesses owned by them, thereby placing the bulk of the railway-borne as well as the sea-borne coal of London under one control. By the side of such a gigantic business, the Bradford Coal Merchants, a combination of eight firms floated about the same time, with £250,000 capital, seems small; but they do "upwards of 90 per cent. of the steam coal trade, and also control a large proportion of the household coal trade of the city" of Bradford.

Shipping Rings.

The transport trades afford familiar forms of monopoly in the omnibus, parcel delivery, and railway companies. The shipping industry is not only strongly organized for general purposes into Chambers of Shipping in the different ports, but the Eastern trade, the Cape trade, the Australian trade, and, to an increasing extent, the American trade are dominated by special agreements. As the Chairman of the Peninsular and Oriental Company pointed out at the annual meeting in December, 1897 :

"It was not possible profitably to carry on shipping business unless there was uniformity of tariffs settled by a 'conference' of the shipping companies. These conferences might be compared to the agreements which existed between the various railway companies of the United Kingdom. Railways charged identical rates when running between the same points, although they competed in speed, train accommodation, and general facilities. This was exactly what the steamship companies did."

Under free competition, rates from Europe to the Straits Settlements had been as low as 7s. 6d. or 5s. per ton—absurdly and unprofitably low—but by the German-English conference they were raised to 20s. Naturally the merchants take a different view of the matter, and charges of differential rates, private rebates, and preferential rates to foreign trade are as freely made as was the case in the war against railway rates of a few years back. In the Blue-book on Trade of the British Empire and Foreign Competition, compiled for Mr. Chamberlain in 1897, particulars are given showing how British trade to China and Australia was displaced by foreign manufacturers, who received a virtual subsidy in the shape of preferential rates. Thus, the freight of cotton goods in conference steamers was, from New York to Shanghai, 25s. to 26s. 6d. per ton, and from Liverpool to Shanghai 47s. 6d. The Manchester Ship Canal cost £15,000,000, but the rings prevent steamers from using the water-way. And the cheapest way of shipping goods from Manchester to Java is *via* Hull to Amsterdam, and transshipping there. Merchants must submit under pain of losing all six months' rebates at 10 per cent. if they ship an ounce otherwise than by the ring steamers. At the annual meetings of the Association of Chambers of Commerce in 1898 and 1899 the preferential rates given to foreign goods by British shipowners were hotly denounced, and the Government was called upon by resolution to withdraw subsidies from shipping companies conferring on foreign sea-borne traffic advantages not enjoyed by British traders.

Miscellaneous.

The passion for fusion has invaded all industries. A perambulator combine was killed by the ridicule cast on it by frolicsome journalists, but, on the other hand, an amalgamation of wringing and mangling machine makers is announced. All the firms in the wall paper industry have formed a trust, with a capital of £3,000,000, "to put an end to vexatious rivalry." The consolidation of three firms into the Aberdeen Comb Works Co. (capital £300,000) controls the manufacture of 90 per cent. of the horn combs in the United Kingdom. The English "Sunlight Soap" has bought up the American "Monkey Brand" and has a capital of £2,250,000. The London and District Sanitary Laundries Co. has been formed, with a capital of £100,000, to acquire twenty-one laundries in London and the suburbs. In the beginning of 1899 the Association of British Rubber Manufacturers was constituted to fix selling prices, with a penalty clause for breach of the joint agreements. In July, 1899, the British Oil and Cake Mills, Ltd., capital £2,250,000, came upon the market as a fusion of seventeen leading firms engaged in the manufacture of oil cake, linseed oil, and cotton seed oil, their mills having a crushing capacity exceeding half the annual importation of oil seeds. Finally, Mr. H. R. Rathbone told the British Association, in 1896, that the system of speculation in wheat on the American markets was "steadily concentrating the grain trade of England into fewer and fewer hands," and ultimately would lead to a gigantic trust.

Summary.

We thus see in British industry a steady movement towards combination and monopoly, a movement which is the natural outcome of competition, and therefore not capable of being prevented or undone by law. At one time it takes the form of the elimination of subordinate agents in production and distribution, at another of combinations or rings to regulate prices, at a third of the actual fusion of competing firms. To quote a trade paper: "Steadily, although at a rate far less rapid than in the States, amalgamation of kindred concerns is going on within our own borders, and there is nothing to prevent, but, so far, much to encourage, further unification of existing interests" (*Textile Mercury*, April 22nd, 1899). The net result is a great improvement in productive organization, which is balanced by the possibility that the new machinery may be turned against the consumer.

Prices have been advanced in the bedstead, rubber, and velvet-dyeing trades, and if not much harm has been done, it must be remembered that the movement is only in its infancy. More serious is the political pressure such large combinations of capital can exert, and the economic mastery which they possess over their employees. These evils we already know. When combination approaches perfection, the experience of the shipping companies, the railway companies, and the National Telephone Company, shows how little fit private individuals, moved solely by their private interests, are to have supreme control over national industries. A large combination can always buy up or starve out new rivals whose competition threatens its monopoly, and thereby promises to safeguard indirectly the interests of the public. Long ago the railway companies acquired the canals and virtually closed them to traffic, and at a later date the National Telephone Company bought up its local rivals in order to establish an extortionate monopoly. The shipping rings, too, have crushed all attempts at competition.

How to Deal with Trusts.

At present there is a furious outburst of anti-trust legislation in the United States, but all attempts to put back the industrial clock are doomed to failure. What, then, is to be done? Our answer is clear. The State must take over these private monopolies and work them for the public benefit. To quote the Report of the House of Commons Committee on Telephones (August, 1898), "a service so essential to commercial men, and so well calculated under other conditions to benefit directly or indirectly all classes of the community; ought no longer to be treated as the practical monopoly of a private company, a course for which no legal or moral necessity appears to exist." These words contain the whole case. We can begin by municipalizing those "natural monopolies" where the concentration is already complete—gas, water, electricity, tramways, etc. The sale of alcohol, milk, and coal ought also to be managed by the locality; and, further, the local authorities should do all their work

through their own employees, including the making of clothing and other articles of which their consumption is sufficiently great. The first tasks for the central government are the nationalization of the railways and the mines, and the extension of the State manufacturing departments for the supply of all the commodities required in the service of the State. It is a significant fact that, taught by the Welsh Coal Strike, the *Iron and Steel Trades Journal*, in its issue of 25th June, 1898, was bold enough to advocate a government colliery. Other monopolies can be nationalized when they reach a sufficient degree of concentration, or threaten grave economic or political danger to the State.

We must not wait, however, until the danger has become serious, as in America, but must control the monopolies as they grow up. Stringent legislation to protect the worker and elevate his standard of life will be necessary. There is even a precedent for the regulation of prices in the control over freightage rates exercised by the Railway Commission. Financial disasters arising from fraudulent company promotion and over-capitalization must be guarded against. The training of efficient producers must be seriously taken in hand. All these measures, it must be noted, by reducing the profits of private enterprise, will hasten the tendency towards amalgamation. Finally, the most powerful weapon of nationalization is taxation—especially the taxation of the idle, shareholding capitalist.

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