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EDITORIAL

TRUST-MATADOR ROOSEVELT.

By DANIEL DE LEON

THE United States Supreme Court has finally decided the so-called Merger Case. The Great Northern and Northern Pacific Railway Corporations, having competing and substantially parallel lines from the Great Lakes and the Mississippi River to the Pacific Ocean at Puget Sound, merged in a new corporation that was to hold the stock of and control both lines. Their move was called a “merger.” The merger was pronounced a Trust and as such in restraint of trade and in violation of the so-called anti-trust act, and the Federal Attorney General brought suit to dissolve the concern. In view of this, the decision of the Supreme Court is heralded as an anti-trust decision, and the Roosevelt administration as the paladin of the people’s rights, the fugleman of the Trust-smashers. Is this so?

The gist of the decision is found in the following passage of the opinion handed down by the Supreme Court:

“The stockholders of these two competing companies disappeared as such for the moment, but immediately reappeared as stockholders of the holding company, which was thereafter to guard the interests of both sets of stockholders as a unit and to manage, or cause to be managed, both lines of railroad as if held in one ownership. Necessarily by this combination or arrangement the holding company in the fullest sense dominated the situation in the interest of those who were stockholders of the constituent companies, as much so for every practical purpose as if it had been itself a railroad corporation which had built, owned and operated both lines for the exclusive benefit of its stockholders.”

Now, apply this key to some well authenticated facts.

The *Iron Age* of January 7 had an article entitled “The Pittsburg Iron Trade.” It makes these statements:

“In 1903 there were in existence price agreements of four of the principal fixed lines of iron and steel, these being plates, structural material, steel bars, and shafting. In addition the rail pool was maintained all through the year and the billet pool was revived in July. During the entire year the price of beams was maintained steadily on the basis of 1.60 cents up to 15-inch, and plates were the same price.

“The price of steel bars was maintained steadily at \$1.60, Pittsburg, until November, when, owing to the lower prices on pig iron and steel and a very light demand, it was deemed advisable by the Steel Bar Association to reduce prices, and accordingly a cut of \$6 was made, the price being reduced from \$1.60 to \$1.30. At the same time and for practically the same reasons the Shafting Association made a reduction in price of shafting of about 10 per cent.

“These price agreements have been renewed for 1904, and will continue in force all through the year unless some unexpected conditions come up which would make it advisable to terminate them, but this is hardly likely.

“The Steel Rail Association has maintained the price of standard sections all through the year at \$28 at the mill, and in spite of general expectations of a reduction we understand that the mills have again renewed the price of \$28 for 1904 delivery.

“Owing to the depressions in the steel trade which started in the summer months the price of steel billets steadily declined and the trade became somewhat demoralized, some large sales having been made to leading consumers at very low figures. Owing to these conditions the billets deemed it advisable to revive the billet pool for the purpose of steadying the market, and this was done in July. The price of Bessemer billets was fixed at \$27 and open hearth at \$28. It was very soon demonstrated, and at a meeting of the billet pool in November a cut of \$4 was made in Bessemer and \$5 in open hearth, the price of Bessemer and open-hearth billets being put at \$23, Pittsburg. On December 18 a meeting of the billet pool was held in New York, and this price was renewed for all of 1904.”

In other words, and using the very language of this alleged anti-trust decision, the stockholders of the competing steel concerns of Carnegie and Bethlehem, “disappear and reappear” as joint stockholders of a new and consolidated concern, fixing prices and excluding competition.

Again taking another glaring instance:

“In the month of May, 1902, the Attorney General initiated proceedings against the so-called ‘beef-trust.’ Seven corporations were made defendants in that proceeding, and some other parties. In the bill of complaint it is charged that these seven corporations control 60 per cent. of

the meat business of the country; that they agree in advance not to bid against each other when making purchases of live stock, and by this means compel the owners to sell the same at less prices than they would receive if such bidding were competitive; that upon certain days, when the market is dull, they run prices up inordinately in order to induce large shipments, and when the shipments arrive they lower the bids and obtain the stock at sacrifice prices. It is also alleged in this proceeding that they agree as to what prices beef should be sold at as a dressed product, and follow out that agreement. The allegations of this bill of complaint are practically that these seven packing houses have a monopoly, controlling one of the great food products of the people.”

This case is “pending,” that is to say, “pigeon-holed.” In the meantime, the stockholders of the seven corporations “disappear and reappear” so solidly united that they have accomplished the feat, by their united front both ways, to reduce the price of live-beef, the raw material which they must purchase, and simultaneously to raise the price of fresh-beef, the dressed article which they sell. While good extra steers in Chicago fetched as high as \$7.67¹/₂ per 100 pounds in 1902, they fetched in December, 1903, only \$5.05; and simultaneously, good to extra fresh beef (Western sides) in Boston rose on the whole and sold in December, 1903, at \$7.75.

This tells the tale how other Trusts are flourishing, despite the alleged warfare upon the Merger corporation; and the fact should be a sufficient warning to those who imagine that anything short of the socialization of the Trust can stop the evil; it should furthermore be a special warning to the still more fatuous people who imagine that the warfare of either the Republican or the Democratic party of capitalism against the Trust is anything but a move to gull the gullible. It so happens, however, that the proof of the humbugging is still stronger, going to show that even this alleged warfare against Merger Corporation is meant simply “to keep the people in false gaze.” Here is the proof.

The morning papers of the 15th, the day after the announcement of the Trust-smashing decision, had this report on the stock quotations of Northern Securities (Merger just “smashed”) stock:

“The immediate effect of the decision on Northern Securities stock, which is traded in on the curb market, was a drop of 1 point from 87 to 86. The stock had opened at 84³/₄ and before noon had sold up to 87. After its first drop it sagged by degrees nearly another point, then rallied to 87¹/₄

and later fell to $85\frac{1}{4}$, closing at $85\frac{5}{8}$, an advance of $\frac{1}{2}$ a point for the day. It was generally believed that the strength of the stock was due to short covering and in a measure to support.”

THE MERGER STOCK WENT UP $\frac{1}{2}$ A POINT HIGHER!

What Wall Street does not know is not worth knowing on such matters. In the meantime Trust-matador Roosevelt prances like a tin soldier hero!

Transcribed and edited by Robert Bills for the official Web site of the Socialist Labor Party of America.

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slpns@igc.org