THE TRUSTS OF EUROPE.

TRADE COMBINATIONS THAT MAY AFFECT AMERICA IN TIME

Differences Between the American Trust and the European Cartel. Effects of the European Trade Combines. Products Controlled by Trusts. United States and Anti-Politics.

BERLIN, Feb. 4. — It is not a possibility, or a probability, that in the course of company rivalry has made a fair portion of trade all over Europe will come for a month of Europe will be operations. But it may well happen that some one of the leaders of the trade may take advantage of its growing influence to make the change of its growing influence. The American competitors of the Continent. The second personal result may be to attempt to do away with the present but as on the first I propose to simply some data matching each other in this new condition.

Both questions, correspondents, though they may appear, seem to be responsibly suggested for a collection of consular reports. The Trusts and Trade Combinations in Europe, which has been placed in my hand by the Consul-General at Berlin, Frank H. Mason, and to which, though only paragraphs is devoted, attention may perhaps. Only at most to a series dealing with Trade Combinations. In the heart of the place of Europe made organized as the whole subject will shortly be considered by the United States Consuls.

In the first place, someone may ask on the patience of the reader asks for information from the reports. I explain the system of the trade carried on in Europe and the difference between them and the United trade combinations here in America. In America, The European cartel is not called trust the cartel or original selling agreement under which the manufacturers or producers of a certain article or class of product agreed not to sell their goods below a stipulated minimum price, decided upon by the committee of the cartel, and charged from time to time in accordance with or for the production and growth in the market. This form of agreement will exist in some cases, but the trend now shows universal is an agreement by which all members pool their products to be sold through a central committee, which decides fixing the selling price, apportions among the members orders as they are received, in proportion to the capacity of each, to quality of the merchandise ordered and to advantages of transport.

A contract is signed binding each member to sell his entire product to the central committee. The committee receives all the orders and apportions them to the capacity of the factories and the special requirements of each case. Orders for export are naturally given to factories nearest the frontier, and when for this or some other reason one of the associated plants receives more than its due quota, the excess is deducted in the apportionment of the next quarter.

At the close of the year all accounts are made up and a general compensation of the excesses and deficits of production is carried at, in which each plant is credited with the quota assigned to it in the sense of the agreement. The organization on the following pact in which each contracting party agrees to submit, without conditions, to all rules and measures adopted by the syndicate or in default to be fined for disobedience. For this purpose blank acceptances are signed by each member and placed in the hands of the cartel treasurer. The treasurer fills in the amount of the fine, if any, and the acceptance is put in circulation.

In the European cartel each participant retains his economic independence and seeks by combination not only profit, but as a means to it the steadying of prices by the prevention of overproduction. In the American trust the independence of the individual member is lost and all the associated factories become one joint-stock enterprise. The individual establishments are sold to one large corporation in which the former proprietors now become only stockholders. The American trust has the stronger financial position, as it owns the property of its members, while the German syndicate may break into a hundred parts at any time, and every member return to the individual management of his own property.

There is thus a good deal of apparent difference between the American trust and the European cartel, or syndicate, or combine, for it is called by all these names, but the difference is rather one of internal organization than of aim, and quite probably of result. There is a wide difference of opinion whether the cartels are a good thing or a bad thing for the communities in which they operate.

In Austria they seem to be a bad thing. Consul-General Hurst tells us that the trusts of Central Europe were born in Vienna on May 9, 1873, with the formation of the Austrian steel rail trust. He writes:

"Since that time the number of Austrian trade combinations has steadily risen, embracing pretty well all articles of manufacture, the most insignificant as well as those of the highest importance, but at the same time losing, one after another, the special marks of a protective union, developing more and more into an institution aiming at the highest possible gain, and the deformities of which have finally given rise to the cry for legislation and the draft of a bill which, however, owing to parliamentary conditions, has not yet become law."

The results of the cartels in Austria, Consul-General Hurst says, may be briefly described by saying that the quantity of production on the whole is little influenced in most branches there is a reduction at the start of the trust's work, but a rise of prices is everywhere called forth. Elsewhere, he says, trusts in Austria have "alarmingly developed," and that "the consumer is the greatest sufferer."

In Germany it seems to be otherwise. According to the facts stated by Consul-General Mason of Berlin the German cartel, at any rate for the present, does not seem to be a bad thing. Cartels, says the Consul-General, have with rare exceptions exercised their authority conservatively and have sought to prevent speculation, overproduction, and consequent ruinous fluctuation in prices. They have, through long contracts at fixed prices, steadied values and given regular employment to labor. They have not been used for stock jobbing.

Again, the element of publicity has operated to disarm suspicion and criticism. Every incorporated company which operates independently or as a member of a syndicate is from the moment of its organization under control of the law of corporations, a statute that reaches to every detail of corporate organization and management, compels the periodical publication of statements showing the exact condition of the company's affairs, makes its books and assets subject to official inspection, and holds directors and officers rigidly responsible for every breach of trust. No influence or wealth can save from prison a faithless or dishonest director of a stock company under such a system, and when corporations combine in a syndicate their earnings, capital, profits, dividend or loss, remain subject to official examination and publication.

Thirdly, the people of Germany appear to have reached the conclusion years ago that the foundation of syndicates and trade combinations was a part and a necessary incident of general process of development, that in order to neutralize their disadvantages in respect to natural resources and make a winning fight for a large foreign trade they must have every advantage that could be derived from concentrated capital and able, economic, harmonious management. And the Consul-General quotes a German advocate of the cartel system as saying:

"It has put the leading industries of Germany under the control of combinations of manufacturers with large resources, able to command the highest technical and commercial ability, to control their business at every step, from the source of the raw material to the sale and distribution of the product, to abandon obsolete methods and adopt improved machinery and processes, to eliminate waste, keep the cost of production down to the lowest possible minimum, and conduct business throughout the world on a basis the most intelligent economy of the total transaction for the higher profits of the smaller amounts, and by thus lessening at every stage the cost of production to maintain uniformity of prices, prevent market fluctuations and meet and effectually the competition of the manufacturers of foreign countries."

But, on the other hand, concerning the effect on price to the consumer, suggested with the cartel, Consul-General Mason says: "Prices have risen, it is true, and the cartel is not the sole cause, but it is not the only one, and the cartel is not the only one, and the cartel is not the only one, and the cartel