

There is much greater steadiness in regard to wages and a far lower average wage paid in Austria than in the United States. The combinations have considerably assisted the steadiness, partly because public opinion would resent the sudden discharge of a large body of workers, and partly because by organization the industrial establishments are able to keep their works running at a uniform rate of speed. Moreover, the ability to raise the price of commodities by combination (as before shown in regard to the Sugar Trust) permits a margin of profit whereby reserve funds can be set aside to tide over slack times and still keep a steady average output for long periods. The manipulation of prices, particularly of selling prices, is not, however, general or even common; but, while there has been evident and acknowledged limitation of output, there has been little attempt to gain huge profits by selling at advanced rates, even when the market has been mastered.

The practice, which has excited such angry comment in America, of selling products abroad for lower rates than at home has gained much attention in Austria also. In many cases there is almost certainly a cheaper quotation for exported goods than for the same article in the domestic market. It is explained as being due to several causes, the chief argument being that by running their establishments full time they produce more goods than are necessary to meet the requirements of the home market, from which alone (on account of the protective tariff) they draw their profits. Abroad they meet the full competition of other countries, and must sell at cost price to keep their hold on trade, but this disposal of their commodities even at cost price enables them to keep their regular bodies of skilled and unskilled workers engaged and their surplus stocks expended. In some cases also they are assisted by the Government, as in that of the sugar trade, which receives an export premium, and in other cases the duty on imported raw material is remitted if the finished product is made for exportation. The nourishment of industries within the country by protective duties sometimes produces very violent hostility. Professor von Philippovitch directed an attack against the iron combination, and asserted that protection cost the country dear. He argued on the ground that bar-iron sold in Germany at 10½ marks (about 10s. 5d.) sold in Austria at 10½ florins (about 17s. 9d.), and so on. This placed a burden on the people of 12,500,000 florins (about £1,057,290) more for the cost of iron and steel than if these were imported free of duty. In his words:—

We could send all the working-men who are engaged in the mining of the ore and in the working of iron and steel, together with their families, wives, and children, home, and give them each a pension of 250 florins (about £21 3s.), there being altogether some fifty-two thousand persons, their families being counted with them, provided that we could import free of tariff our iron and steel from Germany, and we should then spend no more than we are at present spending for iron and steel.—(“Combinations in Relation to the Export Trade,” Vienna, 1898.)

The defenders of the combination, however, support the protective tariff as a gain for the whole people. They assert that the export trade makes the home-sold article cheaper on account of the large quantities produced, and that excessive prices within the tariff territory would be met by instant competition, but that Austria has cut free from being the servant of the outside market, and that the trade within her borders is not subject to fluctuation arising from manipulation of market and underselling in foreign countries. The height of the tariff, if unfair, is not produced by the combinations, but is regulated by political forces, and if the people found the prices too high the tariff would be lowered in consequence and the foreign article admitted. But these foreign articles would be admitted from countries which themselves have absolutely prohibitive tariff rates; the goods would be produced by highly organized trusts, pouring their surplus stocks into Austria at lower rates than they would be disposed of in the land of their production. Therefore the Austrian tariff is not to be considered as a factor in the cost of iron and steel within its borders, but as a protective barrier against intense export efforts on the part of foreign nations.

Nevertheless, excellent as some of these arguments are, it must be carefully remembered that the combinations not only flourish but must make very large fortunes for their stockholders. The Government expert, Anton Himmelbauer, alluding to two of the leading companies which were members of the iron combination—viz., the Prager-Eisen-Industrie-Gesellschaft and the Alpine-Montangesellschaft—said,—

At the time when this combination was made the shares of the Alpine Company stood at 15 florins, of the Prager-Eisen Company at 100 florins. To-day Alpine stands at 157, and Prager at 738, and the iron and steel producers of the smaller class have become beggars.\*

There is, therefore, qualification to be given to the statement already made as to prices in general not being raised by combination so far as to note that many business-men in Austria believe that such prices have been considerably raised and unfair profits made, but inquiries by Chambers of Commerce and other commercial bodies do not appear to bear out the charges.

Coming to the question of legislation in regard to industrial combinations, we find that so far back as 1870 a drastic measure was passed in which it was declared that any agreements between business firms to raise prices are invalid. As an example of the working of the law may be cited a case in which an agreement regarding sales having been broken by one of the parties recourse was had to the Court. The decision of the Court was that not only was the agreement invalid, but that it was not necessary to prove that the price of goods had increased, for such prices might have increased without the agreement. The agreement could not become the subject of any valid contract, and therefore no penalty consented to by parties to the agreement among themselves could be inflicted. Even the institution of a selling bureau, a very common institution among Austrian pools, has been held to be invalid, and any violation of its contracts cannot be punished by legal methods. These decisions, making the adherence to such agreements entirely a question of personal honour, have tended somewhat to discourage the formation of trusts.

The Government has made other efforts to deal by law with the combinations. The idea obtained credence that not only was industrial enterprise checked by the hostility of combinations

\* The florin is valued at 1s. 8½d.