Co-operation in Foreign Trade

Testimony of

John D. Ryan, Esq.

Representing the Committee on Co-operation in Foreign Trade

of The National Foreign Trade Council consisting of John D. Ryan, James A. Farrell and James J. Hill

before the

Federal Trade Commission

New York Custom House

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Co-operation in Foreign Trade

Resolution Adopted by the First National Foreign Trade Convention, Washington, D. C, May 28, 1914

Whereas, Throughout the markets of the world combinations of our competitors are encouraged by their Governments; and

Whereas, In consequence, American exporters are confronted by combinations of foreign rivals equipped to resist American competition and are often obliged to sell to combinations of foreign buyers; and

Whereas, Our anti-trust laws, though powerless to forbid foreign combinations against us, nevertheless, purport to regulate foreign commerce and apparently forbid American exporters to co-operate in the development of our foreign trade; now, therefore, be it

Resolved, by the National Foreign Trade Convention, a non-political, non-partisan gathering, representing in the aggregate millions of Americans, both employers and workmen, throughout the United States, whose welfare depends upon the successful competition of American exporters abroad.

That we urge Congress to take such action as will facilitate the development of American export trade by removing such disadvantages as may be now imposed by our anti-trust laws, to the end that American exporters, while selling the products of American workmen and American enterprise abroad, and in competition with other nations, in the markets of the world, may be free to utilize all the advantages of co-operative action in coping with combinations of foreign rivals, united to resist American competition, and combinations of foreign buyers equipped to depress the prices of American goods.

Co-operation in Foreign Trade

before the Federal Trade Commission

New York Custom House, June 3, 1915

Present: Hon. Joseph E. Davies, Chairman; Hon. E. N. Hurley, Hon. W. H. Parry, Hon. William J. Harris and Hon. George Rublee.

Testimony of Mr. John D. Ryan, President Amalgamated Copper Company, representing the Committee on Co-operation in Foreign Trade of the National Foreign Trade Council.

June 3rd, 1915

THE CHAIRMAN: Mr. Ryan, you have had great familiarity with this problem by reason of your association with the National Foreign Trade Council. We would be very glad indeed to hear such suggestions as you have to offer.

MR. RYAN: Thank you, Mr. Chairman. Before the organization of the Foreign Trade Council I was forced to give this question a great deal of study on account of the copper business with which I am connected. It is a very large business and it is 60 per cent, export business. It is a business that means the sale of one of the natural products of the United States in very great quantities to foreign nations, and the product is sold practically in its raw state.

Competition Throws Resources Away

In studying the effect of competitive selling in foreign countries on the copper business. I long ago came to the conclusion that this country which is a great storehouse of the natural resources of the world, has practically thrown away its substance, robbed its mines, its forests, its soil, and sold its natural resources in competition with itself, one forest tract with another, one mine with another, and one farm with another in the severest and bitterest kind of competition everywhere in the world.

It seems to me that was the greatest economic mistake, perhaps, this country has ever made, and it continues, until today. There has been no change.

You will pardon my citing my own business to a considerable extent today and also take it as illustrative of other things—I am taking my own business because I think I know it better than some one's else business, and can make what I say clearer by speaking of things that are clearer in my own mind.

The copper producers of this country produce 70 per cent of the copper of the world. They export 60 per cent, of what they produce. Of that 60 per cent., practically half, until the war broke out, went to Germany, the greatest competitor of this country as a manufacturer of metals. Germany re-exported about half of the copper that it took from this country, in manufactured form, and sold it to the rest of the world. I was going to say in competition with our manufacturers, but I could hardly say that with truth, because our manufacturers have given no competition. The manufactured copper that is exported from this country is negligible fin quantity. We have never been important enough in that line to be even a competitor of Germany. England is the chief competitor of Germany and then follows France.

We have sold that copper in the bitterest and severest kind of competition. It is generally supposed that the copper business is in comparatively few hands. I say it is, that is, five or six concerns control say 80 per cent, of the copper business of the country. But under the existing laws these five or six concerns are driven to such competition, the one with the other that the result has been that in ten years ending with 1903, three concerns—I am taking three concerns because our relations are not such that I can have access to all my principal competitors' books—but a few of them have confidence enough in me to tell me what their figures are, and I combine them with ours. In ten years three concerns from whom I have the figures, representing about half the copper production of this country, sold 5,360,000,000 pounds of copper representing $821,000,000 in money—that was sold for $821,000,000.

THE CHAIRMAN: Is that altogether?

MR. RYAN: That is altogether. Of that, 2,560,000,000 pounds was sold to domestic consumers and 2,980,000,000 pounds was sold to foreign consumers, practically three billion pounds to foreign consumers. That is a business covering ten years, amounting to $821,000,000 in money; so I think you would take it that it ought to average itself in that time; that it is not any particular condition, any particular epoch in the trade, any particular upset or anything of that kind, but was the normal business over ten years and involved that amount of money.

Domestic Price Above Foreign

In that time the foreign buyers paid, delivered at foreign ports, 14.38 cents per pound for the copper that they bought—remember, delivered at foreign ports. The domestic buyers paid, delivered at New York Harbor or in the Connecticut Valley, 15.21 cents per pound, or 83/100, practically 7/8ths of a cent per pound more than the foreign buyers paid delivered at the foreign ports.

Now, there is no tariff on copper; has been none for 17 years; there is nothing that would enable the producer to get a better price in this country but one, and that is that during practically all that time the business has been done in foreign countries largely with foreign dealers who made combinations, withheld their business when there was any over-production or when there was any chance of making or breaking the price, who manipulated the speculative markets for copper abroad, who kept the actual consumers out of the market and prevented their buying until such time as they had driven the price about as low as they thought it could be made. Then they bought all that they could buy of us, and when they got through buying the domestic consumer, who never was allowed to combine with others and who had to cover his demands followed them along, and as a result paid 7/8ths of a cent a pound more, which is the cost of manufacturing it into wire, manufacturing it into other products. In other words, the German had his product manufactured for the same price as the American consumer had bought it raw, and was not able to meet his competitor in any market in the world.

Lumber Resources and Export Trade

That is the result of present laws in our line of business. In my opinion, this question applies with greater force to the lumber business. In connection with our mining operations I have something to do with lumber concerns; and I say to you that if the Pacific Coast is going to be stripped of its timber for the benefit of the nations of the world, and if the forests are to be sold in competition in the markets of the world, this country will rob itself of an asset that will never be replaced, and will deprive itself of what it ought to have, a reasonable price for its natural product.

I think combinations are absolutely necessary to the building up of small export trade. I think Mr. Babson in his argument for small manufacturers alone made the best argument for combination of big manufacturers of everything when he said that everywhere in the world you saw the Standard Oil tin and everywhere in the world you saw the National Cash register and everywhere in the world—he didn't say it, but I will say it—you will see American agricultural implements. The fact remains that the only export trade this country has that is worth talking about is the trade that has been built up by what have been called the "trusts," that has been built up by concerns, that are virtually combinations. The export trade in manufactures outside of mineral oils, iron and steel, agricultural implements and sewing machines, is not a trade that is big enough to dignify with the name.

A year ago I made a statement and although it contradicts to some extent the statistics of the Department of Commerce I am sure I was correct, that we exported $2,448,000,000 worth of raw products and manufactures in the year 1913. I say it disagrees with the statistics in the Commerce Department, for the reason that the Department classes as manufactured products many things that are only "lit for manufacture." For instance, copper in plates, bars and ingots is listed as "manufactured" when it really is only fit for manufacture, and, in the terms of the trade, is "raw copper," Many other instances of like classification occur. I have taken the 1913 statistics and as nearly as can be determined by conferring with exporters in various lines, and by classing all food products as raw I make the figures for the year 1913:

Raw and partly manufactured products exported..$1,676,000,000
Manufactured products exported…………..…. 772,000,000

or about 68% raw and 32% manufactured.

Competition Favors
Foreign Buyers

Referring to the supposititious three American electrical concerns seeking that order in Chili, that Mr. Babson and Mr. Hurley discussed, is there any business man, disposed to think about it, who has any doubt that the man whose contract they sought might indicate to "A," who was an American, that "B" was a little bit lower, and there were some conditions in "C's" bid, and then told "B" that "C," as the thing stood now, was very likely to get that order, Under such circumstances the three Americans would fight their heads off and take the business for less money than they could have obtained otherwise. If these three concerns, figuring with one buyer in Chili were so fixed under the law that they could sit down together and say, "We must figure against the German and the Englishman, but we don't have to figure against one another," they could probably have divided that business instead of its going to the German. One American company could have the generators, one the switchboard and another one everything else, and they could bring home more business, employ more labor and make more profit. I know by our own experience, we sell large concerns in Europe. It is a daily occurrence to get a cable from our representative saying that so and so is in the market for 1,000 tons or three or four thousand tons or whatever the quantity is, and will give us the business on equal terms with "A" who is our competitor and whom the buyer represents as bidding 10 shillings under us. Now, "A's" office is only two blocks from my office here, but I don't dare to call him on the telephone to ask whether that consumer in England or in Germany is telling the truth or not. I might be violating the law. The chances are nine out of ten that the foreign consumer is not telling the truth, but is simply telling our representative that somebody is quoting 10 shillings under him for the purpose of trying to bring our man down to the basis of the quotation he wants. But we fight one another, and the consequence is that the buyer gets the advantages. We cannot even compare notes as to what our prices are. The practice to-day in the trade is, if the man wants business, he has to meet severe competition.

All this boils down to the final point that we represent one country and one people, and the more money—and the more business, of course—the more money we can get out of a foreign country to bring back here to pay to our labor and to develop our industries, the better it is for our country. This is more generally recognized, I think, than any other one economic question to-day. That vital fact is running in the minds of the people of this country. I might say that the enlightened opinion of the business people of this county is absolutely a unit on this proposal.

Inadvisable to Limit
Co-operative Capital

Now, as to whether freedom to combine ought to be, as Mr. Babson suggests, confined to concerns having a limited capital, I think there is absolutely nothing in it. The thing that we want after all is the best result for the country, not the best result or results for a corporation or a group of corporations. We want to enable our people to go and fight for the trade; we want to put our people, large or small, in a position where they can command the trade of the markets they are seeking as against our competitors outside this country, and the larger they are the more they need at times to avoid competition one with the other. They are so strong they fight one another, and get results that are detrimental.

Referring to the question which the Chairman asked Mr. Davison as to whether combinations in foreign trade would affect and how they would affect domestic trade—1 am probably not modest in saying it—1 think I have answered that question as often as any man has. I answered it to the President when he asked my opinion on it, and I answered it to a Committee of Congress. I have studied it and given it a good deal of thought.

Home Trade Unaffected by Export Agreements

You should remember when you permit a combination of buyers in foreign trade and not in domestic trade, a man has to violate the law to make a combination in domestic trade. Now, if a man is going to violate the law—if he is that kind of a man—he will violate it any way. I say to you that I want to be protected against the man who will make a sub rosa agreement and who will violate the law. I won't violate it in domestic trade for the very reason, if for no other, that I want to make very sure of holding my advantage in the export trade and not losing it, by having it taken away from me, where it is going to affect me unfavorably in the matter of prices for export. We do not propose to sanction the restriction of production. There is no agreement restricting production. If there is a price agreement abroad that raises prices abroad and there should be overproduction on that account, must not the overproduction be marketed? If it is sacrificed anywhere it must be in this country.

The consumer in this country will get the benefit of that sacrifice whatever it is. The competition exists here and it does not exist abroad, We talk of the Germans a good deal. The Germans have one great natural resource—potash. A few years ago some American manufacturers of fertilizer went to Germany and contracted for their potash for ten years with concerns not in the potash "syndicate." They made reasonable prices, as they thought. The potash miners who made these contracts were immediately summoned by the German government, and ordered to join the "potash syndicate" and take the proportion of trade that the syndicate allowed, and their proportion of export trade—their proportion of production— and consequently their proportion of the total price realized and the statement made in the German parliament by the Minister of Commerce I think is very well worth consideration if you are thinking this thing out from the standpoint of considering how we sacrifice our natural resources. This is a translation from the German papers of a statement made in the German parliament by the Minister of Commerce Delbrueck:

Germany's Policy in Potash Trade

"There is no doubt that in the event of a potash selling association not being brought about there will be a drop in prices, especially in those of foreign countries to such an extent that the profit of foreign countries and the loss to the domestic production would be very considerable. It might be estimated from twenty to thirty millions of marks. In such a case, I have to consider whether the fleeing off of profit towards foreign countries, during the times when there is no syndicate, could not be prevented. I have asked myself what is going to happen if the potash syndicate will not be brought about, and, being a man of caution, I have already drawn up a prospective law, which, naturally, I have not yet placed before the Bundesrat. Now, everybody knows how he stands, and he can arrange his business accordingly, whether the potash syndicate will be brought about or not is all one and the same. The question rather is whether it will be possible to counteract the consequences detrimental to the general welfare."

In other words the government had to be paid a sur-tax equal to the selling price of the product for all potash sold outside the Syndicate, and that was conserving the natural resources.

Trade Commission Insures Fair Play

Now, I think any change in the law that will permit combinations, agreements, or understandings in the export trade, that the suggestion made by the United States Chamber of Commerce, a practical suggestion in the form of a bill, is very excellent, but particularly that the Federal Trade Commission shall have the same power in the matter of regulating by breaking up if you please, disintegrating or dissolving any such combination, if it, the Federal Trade Commission, finds the combination is unfavorably affecting domestic trade.

I don't think that to permit combinations of a favored few, favored because they are small or because they are large, should he at all considered. I think it ought to be general. I think it ought to be in behalf of the commerce of this country, in behalf of the manufacturers, of the labor, and of everybody who is interested in the production of anything by this country,—rather than on behalf of a few weak, small, struggling manufacturers, or on behalf of a few great big strong ones.' If a principle is right, it is right all along the line, and that competition to-day is depriving this country of a great deal of money that it ought to have, a great benefit that it ought to have, in the sale particularly of its natural resources and also of its manufactured products. The thing that costs us more is the competition of the big interests, rather than the competition of the small interests. The small interests have not got the trade. We ought to permit them to combine so as to secure it.

Permit Co-operation By All Interests

The large interests that have the trade, that are largely marketing our natural resources, ought to be permitted to combine so that they can get the most money for those products and bring it home to this country.

That is sound economic policy, and I do not think there is very much doubt about it in the minds of anybody who has given it as serious study as you gentlemen have; and I am satisfied you will come to the conclusion, the more you study this thing, that it is not for anybody's benefit but for everybody's benefit, and that no step in business legislation in a generation would do as much for America, or that there is anything in business legislation that America needs as much as it does this one thing. Of course as I say, outside of the large concerns our manufacturers have not exported much. We are not a manufacturing nation for export, we have not been seriously so considered in the markets of the world, and it does not make any difference to our systems of finance or exchanges or anything of that kind with people in the other countries. This South American business is new business, very good business, and we are all working for it and hope to get it, but when we do get it and get it all, it is not a circumstance to the business we want to do in the countries of Europe, and that is where we have got to get the money for our products.

Now, I will go so far as to say that it was never intended when any of our anti-trust laws were enacted—that it was never in anybody's mind who was enacting these laws, that they were being enacted at all for the protection of any consumer outside of the United States, and I think that ought to be made clear, and I think that is alt there is to this whole subject. Gentlemen, I think that is all I have to say.

THE CHAIRMAN : Mr. Ryan, have you given any thought to the other question that arises in conjunction with combinations? That is, about meeting the situation where there are several large corporations, we will say and a number of small corporations in the same line. Have you given any thought to the method or means that might be employed that would ensure the little fellow being given an opportunity to participate in the combination or co-operative movement with the big fellow in foreign trade, that is, to prevent the combination lock from being applied and suggested?

Small Corporation
Fully Protected

MR. RYAN : Mr. Chairman, selfishness would do that. If you permitted these things, the selfishness of the great corporation would take the little fellow in as far as he was ready to do any business. The little fellow would make the price for the big fellow, just as sure as anything. If the price is raised it is going to help the little fellow anyhow; if the price is raised it has got to give him a better price; and if he does not get it, the big fellow will be very anxious to take care of him to save himself.

THE CHAIRMAN: What I mean is, would the little fellow be permitted to join with the big corporation in the movement; that is, would the big fellow let him in?

MR. RYAN : That is what I say, the selfishness of the big fellow alone would let him in, and there is no use of making any arrangement, if you are going to leave out the little fellows who are sure to make the price.

THE CHAIRMAN: If they could not get into the market to make a price at all, unless they got through the combination?

Small Manufacturer
Shares Greater Market

MR. RYAN: Mr. Chairman, it is the experience everywhere that the big manufacturer in any country makes a soft spot for the little fellow. He educates the trade, shows them how to get it, and the little fellow without any fair proportion of expense or any fair proportion of the trouble falls right into the trade that the big fellow establishes. What we want to help the small manufacturer to do is to establish American trade in these manufactures. They will get their share of it, and they will get it easier and cheaper on account of the big fellows having laid the foundation and made the way for them. You will find, Mr. Chairman, in talking with small manufacturers generally that they always found it easier to follow a big manufacturer of their own country and find a market where he was finding a market than if they had to educate the foreigner to the line of goods or educate him to the way things are weighed and measured and packed and put up and all that kind of thing. That is done by the big fellow, and his salesmen break the ground, and the little fellow comes along and takes advantage of it, and he will do that in this case, if he has got ambition enough to go outside of his own country. Of course the trouble with the little manufacturer in this country is that he has never gone out; he has never looked for business outside. It is a new thing.

MR. CHAIRMAN: Your idea is that he should be allowed to participate in a matter of right, not as a matter of advantage entirely in this combination.

MR. RYAN : In my opinion you cannot put that into law for this reason; that if you try to define, how are you going to do it, how are you going to know on what terms to let him in? You are going into such complexity of the law that you could never work it out to the end. What I say is this: Simply change the law to say that when you go outside the borders, beyond the shores of your own country, into any market in the world, you fight for that market under the rules that you find in that market, but the rules that you leave at home do not bind.

MR. HURLEY : You think, Mr. Ryan, that it would not affect the market here?

Legal Doubt
Prevents Progress

MR. RYAN: I don't think it would. I really believe that the present law was never intended to cover business outside, but there is so much doubt about it that you cannot get any result until it is cleared up. I can take you to manufacturers in any line, producers in any line, and they will tell you one after another: "That is all right; I am not going to take chances on what some Attorney-General of the United States is going to think ten years from now." And that is my own position. I would not take those chances; I would not take anybody's say-so, that it was safe to do it.

THE CHAIRMAN: The lawyer does not have to go to jail.

MR. RYAN: No.

MR. HURLEY: If the large manufacturer goes into the foreign trade to divide the industry with the little manufacturer, may not the foreign buyer, on the other hand take the opportunity and have him compete with the small manufacturer?

MR. RYAN : Certainly. That is his business, and the protection of the small manufacturer is, as I say, the selfishness of the large manufacturer, that he will take him in and give him his proportion of the. trade.

MR. HURLEY: That will regulate itself.

MR. RYAN: Absolutely. You know this thing of going to another country and fighting under the rules of the other country and under the rules of the country that you left behind also, is a good deal of a handicap. That is a great deal like a champion going into a prize ring—and he is told this fight is under the London prize rules but that as he belongs to a club which recognizes the Marquis of Queens-bury rules, he must observe them both. One man might be permitted to hit in clinches and the other fellow might not, and it might result in a very easy victory for a very inferior man.

THE CHAIRMAN: I had another question in mind that I wanted to get some information about. You say that we produce 70 per cent, of the world's copper. Where is the remainder of 30 per cent, produced?

MR. RYAN : Almost every country in the world, Mr. Chairman.

THE CHAIRMAN: Which is the largest?

MR. RYAN : The United States the largest, Mexico is the next. The United States in 1913, which is the last normal year, produced 555,000 tons, Mexico, 58,000 tons; Canada, 34,000; Cuba, 3,000; Australasia, 47,000; Peru, 25,000; Chili, 29,000; Bolivia, 3,000; Japan, 73,000; Russia, 35,000; Germany, 25,000; Africa, 22,000; Spain and Portugal, 54,000; all others 27,000; a total of 1,500,000 tons.

THE CHAIRMAN : You spoke of this combination of buyers abroad to affect the price of copper in the market. What market is that?

MR. RYAN : The London speculative market.

THE CHAIRMAN: Is that the principal copper market?

London Speculative
Copper Market

MR. RYAN : No; there is no real transaction no real copper trading takes place in that market. It is a speculative market and the copper that is sold is altogether in the shape of warrants' issued against copper, and it is usually a very poor quality of copper, too. You can deliver anything above 96 per cent, of copper, whereas the copper of commerce is 99.9 per cent. pure. That is a purely speculative market that is used by foreign buyers, often to cover their needs. If a man, for instance, bids on a contract to build a ship, and is going to require, let us say 100 or 200 tons of copper in that ship, he will go to that market and cover, as a dealer in grain in Chicago could hedge against purchases out in Nebraska—just on the same theory. But it is used very often to manipulate the price of copper, on account of its sentimental effect; it is a price that is published alt over the world every morning.

THE CHAIRMAN: It is the market price that is established.

MR. RYAN : It is not that really. We copper men will never agree to that, because we don't see any real copper transferred in that market.

THE CHAIRMAN: Do the prices there affect your prices?

MR. RYAN: Sentimentally they affect the market sometimes.

THE CHAIRMAN: What I was getting at was this: I have heard it said that this combination of foreign buyers in copper, by reducing the price affected indirectly the price of copper here?

MR. RYAN: Why, certainly.

THE CHAIRMAN: And the price of copper here would be much higher than the seven-tenths, if it were not for the fact that the price was held low by the combination of buyers abroad.

MR. RYAN: No, it would affect it sentimentally, but it would affect it abroad rather than here. Let us say that a group of speculators in copper—I mean dealers, not speculators—people who really and commercially handle large quantities of copper between the producer and the manufacturer in Europe get together and say:

"Mow, it looks to us as though this copper market is not very strong. We will sell 10,000 tons or 20,000 in the London market, and start out every day for a week, sell 1,000, 1,500 or 2,000 tons and break the price five or six or seven pounds a ton—(it is quoted in pounds per ton), and by the time we get down to the bottom, some producer here who has got a considerable stock of copper, who is commencing to borrow money, will begin to get uneasy." The price has been going down right along, and one day some representative of this foreign group—this is a regular transaction I am just telling you about—this happens regularly—calls him up on the telephone and says, "What will you take for 5,000 or 10,000 tons of copper? If they buy a good quantity, they go around to the other producer and buy what they can. Now, they have sold the speculative copper short; they did not actually deliver any copper against these sales they made of ten or fifteen or twenty thousand tons. Then, having bought a large quantity of copper off the American producers, who are the only people who have any large quantity to sell, they turn in and buy back that speculative copper, in other words cover their shorts. And by the time they get that back, they have the price back to where they started, and the copper they bought from here they sell at that advanced price. You see it is a very nice transaction. That is what we termed, in the days when we were trapping, catching them coming and going; but that is what they do. And I don't know what would happen to a group of copper producers here who tried to protect themselves in this country. The thing has often been talked about, but we have all got too much sense to try to do it. But if a group of copper producers, seeing this thing going on right along, should get together and say: "Now, when they sell that 5,000 or 10,000 tons of copper in the market, we will buy it and divide it among ourselves proportionately, so that in that way when they come to buy back, instead of covering their shorts—

THE CHAIRMAN: The price of copper would go up in London.

MR. RYAN: The price of copper would go up in London.

THE CHAIRMAN: What would happen to the American consumer of copper about that time?

American Consumer and Foreign Speculation

MR. RYAN: The American consumer of copper would not be affected materially, because his price is not affected materially. There is absolutely no chance for the American producer to protect himself against the speculation that is engineered by groups abroad, because you cannot get together such groups here.

THE CHAIRMAN: What I was getting at was, is the price of copper here to the consumer of copper in any way dependent upon the London market?

MR. RYAN: Only sentimentally by these fluctuations, as I told you. People get weak and don't want to buy if they see the price declining in London every day; they naturally would not want to buy under those circumstances; and on the other hand when they see it turn strong in London they naturally go in and buy what they need.

THE CHAIRMAN: Is it your judgment that if these combinations would not interfere, that the price to the American consumer of copper would be about the same?

MR. RYAN : I think it would be about the same, and I think the price of copper all over the world would not be materially different over a term of years, but it would be more nearly in this country what it is in the foreign countries, and there would not be the wide fluctuations such as there are, from ten or eleven cents a pound up to 25 cents and back again. There would not be the incentive to people to speculate and drive it up and down. It is not a general speculation, and if it was it would be all right, there would be no objection to it; but it is a speculation on the part of a few dealers of large means, who are marketing a great part of the copper, and who secure the benefits.

MR. HURLEY: The small manufacturer generally pays a high price when he has to buy it.

MR. RYAN: Yes.

MR, HURLEY: He pays the toll?

MR. RYAN : He pays the toll for all these manipulations.

MR. HURLEY: The small manufacturer?

MR. RYAN: Yes.

MR. HURLEY: The large manufacturer can buy it in quantities and carry It.

MR. RYAN: Yes, the large manufacturer can, but it is not so much large manufacturers as it is dealers. They are great judges of the market and they buy it low and soil it again, when the price advances. The copper business, perhaps I have talked a great deal about it but as I say it is my business and I know more about it, but the same thing is true in other lines.

THE CHAIRMAN : Does that obtain also in the lumber trade abroad?

MR. RYAN : Undoubtedly. You take when a man who is buying a cargo of lumber in China knows that he is keeping half a dozen mills on the Pacific coast fighting one another quoting prices under one another, and that his neighbor also wants to buy a cargo and somebody else wants to buy one, they get together, have gotten together repeatedly, and manipulate things so as to get very severe competition on the part of the people that have to sell their product. They make these combinations in almost every line in buying our products.

THE CHAIRMAN: Are you familiar with the Australian situation, in which it is alleged they have got a buying agency?

MR. RYAN : No, but I have heard of it. I don't know about it. I don't know much about the export of lumber.

MR. PARRY: How much additional money would be received for copper each year if we had a change in the law allowing a producer to group together and protect themselves from the foreign competition, how much, in dollars and cents would it mean to the people?

MR. RYAN : Well, let us say if the foreign trade in the last ten years had paid the same price as the American consumer for copper—and you must bear in mind that the foreigner's copper is delivered at his port—if he paid the same price as the American consumer, they would have paid $60,000,000 more in ten years—that is, of course, on that one item.

MR. PARRY: $5,000,000 a year?

MR. RYAN : $6,000,000 a year, just on this one product.

MR. PARRY: And on the lumber and general resources that we have, it might be many millions over?

MR. RYAN : Yes, a tremendous amount.

MR. PARRY : Due to the combination of buying power on the other side?

MR. RYAN: Yes.

National Foreign Trade Council (1914-1915)

THE first National Foreign Trade Convention at Washington, May 27-28, 1914, recognized the need of an organization which should "endeavor to coordinate the foreign trade activities of the nation," and authorized the creation of the National Foreign Trade Council for that purpose. The Council has an authorized maximum membership of fifty merchants, manufacturers, railroad and steamship men and bankers, representing all sections of the United States and collectively standing for the general interest of all elements engaged in foreign trade. Non-political and non-partisan, its function is investigatory and advisory, and it seeks effectively to co-operate with other organizations in the encouragement of sound national foreign trade policy. Through its committees the Council is constantly investigating, and from time to time publicly reports upon, problems arising in oversea commerce. The membership of the Council is as follows:

CHAIRMAN: JAMES A. FARRELL, President, United States Steel Corporation, New York City.

TREASURER: WALTER L. CLARK, New York City.

SECRETARY: ROBERT H. PATCHIN, New York City.

JOHN J. ARNOLD, Vice-President, First National Bank, Chicago, 111.

WILLIS H. BOOTH, Vice-President, Security Trust & Savings Bank, Los Angeles, Cal.

SAM D. CAPEN, Business Men's League, St. Louis, Mo~

J. A. G. CARSON, President, Carson Naval Stores. Co., Savannah, Ga.

E. A. S. CLARKE, President, Lackawanna Steel Co., New York City.

SAMUEL P. COLT, President, United States Rubber Co., New York City.

MAURICE COSTER, Foreign Manager, Westinghouse Elec. & Mfg. Co.. New York City.

F. G. CROWELL. Vice-President, Hall-Baker Grain Co., Kansas City, Mo.

CAPT. ROBERT DOLLAR. President, The Robert Dollar Co., San Francisco, Cal.

J. T. DONOVAN, Vice-President, Bloedel-Donovan Lumber Mills, Bellingham. Wash.

JOHN F. FITZGERALD. Chairman, Foreign Trade Committee. Boston Chamber of Commerce, Boston, Mass.

T. ROGERS FLANNERY, Chairman, Pittsburgh Foreign Trade Commission, Pittsburgh, Pa.

P. A. S. FRANKLIN, Vice-President, International Mercantile Marine, New York City.

L. S. GOLDSTEIN, New Orleans Association of Commerce, New Orleans, La.

LLOYD C. GRISCOM, New York City.

FAIRFAX HARRISON, President, Southern Railway Co., Washington, D, C.

H. G. HERGET, Pekin, 111.

JAMES J. HILL, Chairman, Great Northern Railway Co., St. Paul, Minn.

HENRY HOWARD, Vice-President, Merrimac Chemical Co., Boston, Mass.

CHARLES E. JENNINCS, President, C. E. Jennings Co., New York City.

ALBA B. JOHNSON, President, Baldwin Locomotive Works, Philadelphia, Pa.

D. W. KEMPNER, Galveston Cotton Exchange, Galveston, Texas.

CYRUS H. McCORMICK, President, International Harvester Corporation, Chicago, 111.

J. R. McWANE. President, American Cast Iron Pipe Co., Birmingham, Ala.

CHARLES M. MUCHNIC, Vice-President, American Locomotive Sales Corporation, New York City.

BARTON MYERS, President, Chamber of Commerce, Norfolk, Va.

M. A. OUDIN, Foreign Manager, General Electric Co., Schenectady, N. Y.

WILLIAM PIGOTT, President, Seattle Car and Foundry Co., Seattle, Wash.

WELDING RING, Mailler & Quereau, New York City.

JOHN D. RYAN, President, Anaconda Copper Mining Co., New York City.

WILLIAM H. RUSSE, President, Russe & Burgess, Inc., Memphis, Tenn.

W. L. SAUNDERS, Chairman of Board, Ingersoll-Rand Co., New York City.

CHARLES A. SCHIEHEN, JR., President, Charles A. Schieren Co., New York City.

W. D. SIMMONS, President, Simmons Hardware Co., St. Louis, Mo.

WILLARD STRAIGHT, J. P. Morgan & Co., New York City.

G. F. SULZBERGER, Sulzberger Sons & Co., Chicago, 111.

STEWART K. TAYLOR, President, The S. K. Taylor Lumber Co., Mobile, Ala.

E. P. THOMAS, President, U. S. Steel Products Co., New York City.

F. A. VANDERLIP, President, National City Bank. New York City.

T. H. WHEELWRIGHT, President, Consolidation Coal Co.. Baltimore, Md.

THEO. B. WILCOX Portland Flouring Mills Co., Portland, Oregon.

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