

The Rubber Industry—Infant Prodigy

By I. Amter

THE rubber industry is a billion-dollar industry. One does not grasp the importance of it until one envisages the fact that there are four tires to every motor car, more than 25,000,000 cars in use the world over, and nearly 20,000,000 in the United States. Eighty million tires that must be renewed every year or so. This is not the limit of the rubber tire industry, for as the use of motor cars increases, in quadruple proportion grows the need of tires.

Motor transportation is driving the short line railroads out of existence by the sharp competition that they are offering. Interurban railways are being abandoned for motor buses, thus increasing the need of rubber tires. The rubber tire industry thus becomes one of the prime industries of the country, being an essential in automobile and motor bus transportation—for passengers and merchandise.

Rubber is becoming one of the articles of commerce that will lead to war. The fixing of the rubber supply by British rubber growers, thereby artificially raising the price of rubber from approximately 40 cents to \$1.20 a pound, and the ensuing threats of Secretary of Commerce Hoover that retaliatory measures might be applied against Great Britain, made American rubber manufacturers realize their dependence on foreign rubber growers and the necessity of securing supplies "under the American flag," where they would be free from foreign purveyors. This led to the establishment of rubber plantations by a few rubber concerns of the United States, but the supply thus obtained is only a small portion of what is consumed in the United States. Nine hundred million pounds or 450,000 tons of rubber are needed every year for American industry. The largest part of this is supplied by British and Dutch growers, thus placing the American manufacturers at the mercy of their British fellow-capitalists.

What was more natural, therefore, than that big American rubber manufacturers should seek fields where they could grow rubber unmolested?

Harvey Firestone, son of the Akron rubber tire manufacturer, toured Liberia and found a suitable site for a big rubber plantation—a million acres in extent. Mr. Firestone was exultant when confronted with the huge possibilities of Liberia. Only one thing stood in the way—and that was that President King of Liberia refused to grant the concession. The ways of manufacturers are queer—but those of governments are less queer. Mr. King was promised a loan of \$5,000,000 and the objections that he harbored to granting the concessions disappeared.

Not alone one million acres are waiting for the growing rubber trees. An abundance of native labor may be obtained. Altho Marcus Garvey had regarded Liberia

as the haven of the American Negro—which President King rejected—Mr. Firestone decided that American Negroes were not wanted or needed in Liberia. Yes, Liberia was established by emancipated American Negro slaves, but its doors are now closed to them. Firestone would not be able to use American Negroes who have been "emancipated" and have learned what emancipation in the United States means, viz., segregation, discrimination, jim-crowing and lynching—in the North as well as in the South—an established tradition in the South, a growing custom in the North, in keeping with the increasing spirit and "knowledge" of the superiority of the white race and particularly of the "Nordic." Such Negroes in the Liberian republic—which is nothing but a colony—would not improve their condition. On the contrary, it would be decidedly lowered and would only stir up the natives to dissatisfaction.

Firestone further will not need American Negroes. The natives of Africa can do the work of growing rubber as well if not better than American Negroes—and they can do it far cheaper. There is a plentiful supply of cheap native labor in the hinterland of Liberia. Poor peasants living on their little farms can easily have a hut or dog tax imposed on them, and in default of payment of the tax—which will be seen to—will be herded on to the plantations. Chiefs of the tribes will readily consent to the attractive seduction of so-and-so much per head, and tens of thousands of native youths will be driven in long columns to the plantations. This has been the practice in South and Central Africa—a well recognized and "approved" method. One step in the emancipation of American manufacturers from the rubber monopoly of Great Britain!

But even that is not enough. Far in the East, lie the fertile fields of the Philippines, well adapted to the growth of rubber. But the Filipinos have been stubborn. They have enacted laws making it unlawful to lease to any foreigner more than 2500 acres of land. This is not the day of small industry—and particularly not an industry producing sixty millions of tires every year. It is neither practical nor economical—and the American business man regards everything from that point of view. Economy means bigger profits—and American manufacturers are not producing commodities for the sake of supplying human needs. They are in business for profits, and profits today depend on economical management and sure control.

What was to be done? Governor-General Wood is not popular in the Philippines. He is a man of war, and altho the Philippines are not a war colony of the United States, but have a government of their own, subject to the control of the American government, the Filipinos have considered that the Islands are a buttress of

American imperialism in the East.

What is to be done in the Philippines? American industry requires raw material—rubber, iron, tobacco, sugar. Large quantities are produced or can be produced in these fertile isles. If the Filipinos are recalcitrant, they must be forced to yield to modern exigencies. Carmi Thompson, Republican henchman of Mr. Coolidge, and good friend of the rubber manufacturers of Akron, was suddenly despatched to the Philippines to make a “tour of investigation” and to report to Mr. Coolidge. Mr. Thompson did not wait for his return to the United States, but found after “thoro investigation” that the Mandanaro Islands, inhabited by the Moros, are excellently adapted to the growth of rubber, the people are industrious and the possibility of supplying a large part of crude rubber from the islands is phenomenal. But the Philippine laws stand in the way—and the Filipinos demand independence. The Moros are Mohammedans, the Filipinos are Christians. Moro leaders are instigated to state that they wish separation from their Christian taskmasters, the Filipinos, and desire the tutelage of those other Christians, the Americans. Rubber will be grown in the Mandanaro Islands, whether by separation from the Philippines, or by granting a new status to the Philippines. **Rubber comes first!**

American chemists have not been slow in evolving substitutes for natural rubber. Synthetic rubber and the growth of the guayule shrubs are said to be able to furnish a large part of American needs. The guayule shrub may be cultivated in the United States. Vast plantations will be established in California and cheap labor will be exploited. For hand labor 600,000 workers will be necessary, but if machine operation is installed only 40,000 workers will be required. A wonderful vista for American tire manufacturers! An endless supply of crude rubber!

The rubber industry is a youthful industry and yet today is one of the most highly developed. This is due to the fact that it arose during the period of the highly complicated machine and immediately became the subject of the modern productive process. Developing concomitantly with the automobile—the production of rubber mechanical goods, rubber shoes, boots, etc., plays but a minor part in the industry—since 1914 the rubber tire industry has passed thru the following evolution, the figures being compiled from U. S. census reports:

DEVELOPMENT OF THE RUBBER INDUSTRY.

	1914	1919	1921	1923	1925
Number wage earners	62,257	160,842	68,872	86,939	67,417
Unit of wages	\$ 705	\$1,441	\$1,555	\$1,605	\$1,487
Cost of materials	\$126,111,673	\$525,686,309	\$291,544,377	\$364,585,403	\$455,494,706
Value of products	\$223,610,784	\$987,088,045	\$496,123,335	\$643,336,253	\$768,391,932
Value added by manufacture.....	\$ 97,499,111	\$461,401,736	\$204,568,958	\$278,750,850	\$312,879,226

These figures are enlightening. They indicate that after the boom year 1919, there was a decided slump, with a following steady increase in production from 1921 to 1925. Wages, on the other hand, rose from 1921 to 1923, and then made a big drop to below 1921. Thus in 1925, we find the following comparison with the figures of 1914:

INCREASE 1914-1925.	Per cent
Wage earners	8.3

Unit of wages.....	110.9
Cost of materials.....	261.2
Value of products.....	224.4
Value added by manufacture.....	220.9

Eight per cent more workers added 220 per cent to the value of the products by manufacture, for wages amounting to 110 per cent more per man. Other figures for the years 1923 and 1925, compiled by the U. S. Department of Commerce and recently published, differ somewhat from the above, and are illuminating:

UNITED STATES TIRE AND TUBE INDUSTRY.

	1923	1925
Number of establishments.....	160	126
Wage earners (average number)	73,963	81,670
Unit of wages.....	\$1,468	\$1,477
Cost of materials.....	\$365,165,016	\$559,939,811
Value of products.....	\$644,193,697	\$925,032,833
Value added by manufacture	\$279,028,681	\$365,093,022
Horsepower	370,551	403,227

A glance at these figures will reveal the tremendous concentration that has taken place in the rubber tire industry in the two years. The number of establishments has diminished from 160 to 126, while the number of workers per plant has increased from 462 to 669—nearly 45 per cent. Cost of materials increased nearly \$195,000,000—53.3 per cent, the value of the products increased nearly \$281,000,000—43.6 per cent, value added by manufacture increased \$86,000,000—30.8 per cent, horsepower increased 33,3000. The unit of wages, on the other hand, grew only \$9—or only 61-100 of 1 per cent.

The state of Ohio contains 44 of the 126 establishments, and of these 11 are in the city of Akron. The Akron rubber tire factories turn out 52 per cent of the entire production of tires in the United States. In 1925, 335,873 long tons of crude rubber were consumed in the United States, and of these Ohio consumed 195,152 long tons. The figures for Ohio corresponding with the above are as follows:

	1923	1925
Number of establishments	53	44
Wage earners	42,476	50,350
Unit of wages.....	\$1,584	\$1,519
Cost of materials.....	\$217,184,851	\$330,554,798
Value of products.....	\$391,316,559	\$556,262,424
Horsepower	192,895	219,341

An increase of 18.5 per cent in the number of workers employed, 52.2 per cent in the cost of materials, 42.2 per cent in the value of the products, 13.7 per cent in the horsepower in use—more than 50 per cent of the horsepower used in the whole industry, and an increase of 26,446 out of the increase of 32,676 horsepower for the entire country. At the same time, wages declined \$65, or 4.1 per cent.

Akron, the capital of the rubber industry, reveals the following figures for 1925:

Number of establishments.....	11
Wage earners	43,391
Unit of wages.....	\$1,531.44
Cost of materials.....	\$282,464,965
Value of products.....	\$480,330,347

In 11 establishments, an average of 3,945 workers were employed in each—or nearly five times as many as in the entire country, contributing 52 per cent of the tire output. In two establishments, the Goodyear Tire and Rubber Company, and the Goodrich Tire and Rubber Company, 30,000 workers are employed, or nearly 70 per cent of the total in the city of Akron, 36.7 per cent in the entire industry. With this fact, Akron becomes the rubber center of the country and of the world—and these two establishments are the determining factor in the international rubber tire industry. The remainder of the production is distributed in New Jersey, Wisconsin, Pennsylvania, New York, Massachusetts and practically in every part of the country.

Out of the 335,873 tons of crude rubber, the tons of reclaimed rubber and of guayule rubber, 58,784,073 and 77,387,836 inner tubes were manufactured in 1925. The big companies have branches in other countries, and small establishments in different parts of the United States. Millions of casings, inner tubes as well as rubber boots, shoes, heels and millions of pounds of rubber belting, hose, water bottles, electrical hard-rubber goods, etc., as well as scrap rubber, are exported to every part of the world.

The companies maintain a large force of salesmen, elaborate laboratories, efficiency experts, they have training schools and all the machinery in order to extract the last ounce of value from the labor of the workers.

The rubber tire industry is second to none in its “modernity,” and every week or month witnesses an innovation. The rubber companies have their own fabric plants, their own mines, some of them their own plantations—the rubber industry had few if any heritages to divest itself of. It sprang into the world—a modern industrial giant, developing ever more power.

As such, it must not be presumed that the companies are independent. The stock of these rubber companies is on the market, and the bankers of New York, recognizing the profitableness of the industry, have not hesitated to invest in them and hold control over them. Thus, the Goodyear Tire and Rubber Company is controlled by Dillon, Reed Company, the bankers of New York, whose investment in and control over the Dodge Motor Car Company, whose buying of stock in German steel and coal concerns, and effecting of loans to German municipalities and industrial establishments, have fixed the name of this banking house in the history of modern financial control.

Hundreds of millions of dollars are invested in the rubber tire industry of Akron and the rest of the country, turning out a billion dollars’ worth of products and earning scores of millions of dollars in profits every year. This is an infant prodigy—this rubber industry—and most lucrative for the investors.

