19 THE ICE TRUST

INTRODUCTION

The first great American merger wave had a dramatic effect on the structure of U.S. industry. This early merger movement, culminating in the flurry of consolidations between 1898 and 1902, left an imprint on the American economy that ninety years have not erased. It was during these years that the pattern of concentration characteristic of American business formed and matured.[1] During these four years, 236 important industrial consolidations occurred, with total capital of $6.1 billion.[2] By 1904 the trusts controlled fully 40 percent of the manufacturing capital of the country.[3] It was during this period that U.S. Steel was formed, as were U.S. Rubber, the Tobacco Trust, American Can, U.S. Gypsum, General Electric, International Nickel, International Paper, Allis-Chalmers, United Shoe, United Fruit, Standard Sanitary, National Lead, Pullman Company, National Biscuit Company, the Sugar Trust, International Salt, Western Union, and so forth. Also during this period, a wide variety of less important trusts emerged, including those in bicycles, caramels, grass twine, hominies, chewing gum, buttons, and ice.[4]

This is the story of one of the most fascinating of the lesser trusts, the ice trust, which briefly but spectacularly succeeded in gaining monopoly control over the New York City ice supply. It is the story of Charles W. Morse, tycoon and robber baron, founder and president of the American Ice Company, who ruthlessly ordered prices raised and service cut upon securing his monopoly position. And it is the story of the ensuing public outcry, combined with natural competitive forces, which dethroned the ice trust and quickly sent prices tumbling to pretrust levels.

THE AMERICAN ICE COMPANY

At the turn of the century, the residents of New York City received most of their ice from natural sources, principally cuttings from the Hudson and the Penobscot and Kennebec rivers in Maine. Though the supply of manufactured ice was rapidly increasing in both absolute and relative terms, artificial ice still accounted for less than 15 percent of the city's annual four-million-ton consumption.[5] The reliance upon natural ice resulted in pronounced fluctuations in prices and profits depending upon the vagaries of the climate. Warm winters decreased the supply of ice and increased the cost of harvesting.[6] Warm winters also increased the demand, as did hot summers. The warm weather in 1905-1906, for example, raised the winter sales in New York City 50 percent over the previous winter.[7] The effect of the warm weather in 1905-1906 and 1912-13 is shown clearly in the profits of the American Ice Company. In the former period, net profits jumped from $487,000 in 1904-1905 to over $2 million, falling back to $185,000 the next year. And from $369,000 in 1911-12, annual profits climbed the following year to $1,600,000, dropping to $400,000 in 1913-14.[8]

The American Ice Company was the "ice trust," incorporated in 1899 with Charles W. Morse as president. An independent Maine ice operator, Morse, during the warm New York winter of 1890, had been able to acquire control of the ice-starved New York City Ice Company and Consumers' Ice Company. In 1895 these and other small companies were incorporated into the new Consolidated Ice Company, whose stated objectives were to regulate prices, restrict the amount harvested, and hold down competition.[9] The important Knickerbocker Ice Companies of New York and New Jersey soon joined the alliance.[10] Consolidated thus already had substantial control over the New York market at the time of the formation of the American Ice Company.

Incorporated under the friendly laws of New Jersey, the American Ice Company formally merged Consolidated, Knickerbocker of Maine, and a number of smaller manufacturers and distributors. The combination possessed extensive plants for the housing of ice on the Penobscot, Kennebec, Schuylkill, Susquehanna, and Hudson rivers, Rockland Lake, Croton Lake, and many New Jersey lakes. It also controlled a number of plants for manufacturing artificial ice in New York City, Philadelphia, Camden, Atlantic City, Baltimore, and Washington, D.C. and owned dock facilities and real estate in virtually all of these cities. Moody's listed the number of plants acquired as "about 40," and the proportion of the industry controlled locally as 80 percent.[11]

ELIMINATING COMPETITION

Attaining and, especially, maintaining a monopoly position in ice was not an easy proposition. Ice is a largely homogeneous product, and neither a great deal of capital nor technical expertise was required to enter the natural, or even the artificial, ice business.[12] Not only were entry barriers low, but the market was reasonably large and growing. Total U.S. consumption of ice more than tripled between 1880 and 1914.[13]

The ice trust engaged in a variety of practices designed to limit competition. One device was the restrictive covenant. Managers of acquired companies were required to sign agreements prohibiting them from engaging in the ice business for a period of ten years.[14] These restrictive covenants seem to have been of some importance. In 1902 *Ice and Refrigeration*, a trade journal, reported that the American Ice Company had obtained a permanent injunction from the Supreme Court restraining certain of the ex-dealers from engaging in the retail ice trade.[15] In late 1909 these covenants were attacked under the New York antitrust statute, but this specific charge was dropped since most of the contracts had expired or were shortly due to expire.[16]

The ice trust had other more ruthless ways of crushing competition. One story reported in the *Times* told of the persecution of independent ice dealer W.A. Wynne. The steamer *Norwich* twice smashed all the ice in front of his place of business. The boat was equipped for this very purpose.[17]

The ice trust's alliance with the Tammany city government seems to have played a key role in eliminating stubborn competitors. One ice dealer, Richard Foster, paid over $2,000 a year to the city for his docking privilege. After he refused to sell to Morse, this privilege was revoked and his ice bridge was cut four times by the Dock Department on the excuse that it obstructed snow dumping. When it was learned that there was to be an official inquiry about such treatment, the harassment stopped.[18] Other ice dealers were told to get out of their berths by the Dock Department, which claimed that the spots were needed for something else. They left, only to watch the ice trust move into the vacated berths.[19]

A further method by which the trust attempted to limit competition was by its strict resale rules to its large (lower price) customers.[20] Restaurants, ice-cream saloons, and liquor dealers were all told that if they sold so much as a pound of ice, even in an emergency, in the case of a contract it would be abrogated, and in the case of a cash customer, she would be left out in the cold.[21]

THE PRICE HIKE

In April 1900, a year after its formation, the ice trust arbitrarily doubled its price. For large customers, prices rose from 15¢ to 25¢ per 100 pounds, or $5 per ton. The small consumer was more severely hurt. Here prices rose from 25¢ to 60¢ per 100 pounds, with hints of further advances to come. In addition, households were informed that deliveries would be made only three times a week instead of daily. This was a special hardship since few refrigerators in private homes could hold a two-day supply of ice. The trust also eliminated the 5¢ and 10¢ chunk, the size most convenient for the poor.[22] (This was at a time when the *Times* cost a penny, the *Sunday Times*, 3¢.)

There appears to have been no cost justification for the doubling of prices. While the trust blamed the shortness of supply, *Ice and Refrigeration* refuted the cry of famine. This independent Chicago publication stated: "The much-talked of ice famine apparently exists only in the minds of would-be speculators."[23] The Hudson River crop was only slightly less than normal, and since the previous year's crop had been record breaking (4.3 million tons, or greater than the total New York City ice consumption), there was much left over. Combined with the Maine crop and the manufactured product, there was little shortage in 1900.[24]

Additional evidence attesting to the administered nature of the price rise comes from intercity comparisons. No city had as high a price as New York. In areas where competition existed, prices were little different from previous years. In Buffalo, Boston, Albany, and Bangor, there were no advances. Only in cities like New York and Philadelphia, where the ice trust was strong, did prices increase.[25]

The *Times* claimed that the trust had tried to limit the crop by cutting only fourteen- and twelve-inch ice, whereas ten-inch ice was usually cut, and by leaving much ice unharvested. The trust seems not to have permanently reduced the 1900 supply, however, for when prices returned to their former levels, as they shortly did, no ice shortage occurred in New York City.[26]

PUBLIC OUTCRY

The Tammany Connection

Public outcry against the price hike was strong and clamorous and had its effect. The quickness of the trust's retreat was probably caused by the immense public resentment over the price hike, especially when combined with the subsequent exposure of the trust's shady dealings. The trust did not drop its prices because of a sudden reawakening to its social responsibilities. Instead, the quickness of the price reduction is more explicable in terms of crude jawboning, with the bludgeon of state antitrust action clearly visible. But the responsibility lies with an aroused press and citizenry rather than with an alert and concerned government. Indeed, an important portion of the local government had already embraced the trust.

The public first learned of the connection between Tammany and the ice trust in the spring of 1899. On the day that "Boss" Richard Croker's personal representative, John F. Carroll, was to testify before the State Legislative Investigating Committee (the Mazet Committee), a newspaper ran a story charging that Carroll and others were American Ice Company stockholders. When questioned about it, Carroll refused to testify. "It is a personal matter," he said. "I decline to answer it." Boss Croker then took the stand and also initially declined to respond. It was disclosed, however, that Croker had once owned stock but no longer did. "I turned it over to another person." Q: "Who is that?" A: "In my family, my wife." Croker's wife, it was discovered, owned at least 150 shares, then worth some $40 a share. The family further owned substantial holdings of the Knickerbocker Ice Company of Philadelphia, which had joined the trust.[27] A year later, less than a month after the famed price hike, the mayor of New York, Robert A. Van Wyck, went on a pleasure trip to Maine, accompanied by John Carroll, both as guests of Charles W. Morse, head of the ice trust.[28] The *Times* editorialized, this excursion "cannot escape remark."[29]

Following on the heels of the price advance, a paper's (and people's) crusade began. The *Times* was silent for three weeks but then ran strong editorials against the "hoggish monopoly."[30] The *New York Evening Post* ran articles showing that municipal ice plants could be constructed to produce ice for delivery at 10¢ per 100 pounds.[31] But the most important action was taken by the *New York Journal*, leading newspaper of the Democratic party. It was the *Journal* that strongly asserted that the Tammany Democratic machine held large blocks of ice trust stock, and it was at the instigation of Randolph Hearst himself that the attorney general of New York began an investigation of the company. None of the criminal or civil cases initially brought against the American Ice Company ever amounted to anything, but the exposed facts had a sensational effect.[32]

In June 1900 an official stockholders' list was made public. Mayor Robert Van Wyck was shown to hold 2,660 shares of preferred stock and 3,325 shares of common stock, par value at $100 but selling at $48 in April and falling fast to a record low of $28 on the day after this announcement. It was further disclosed that Morse had let Van Wyck have the stock at "bed-rock price" (half of par) and, in effect, lent him the money with which to buy it![33] (Throughout this trying period there were continual, but false, rumors of the mayor's imminent retirement.)[34]

Another prominent name on the list was the mayor's brother, former judge Augustus Van Wyck, who had unsuccessfully opposed Theodore Roosevelt for governor of New York in 1898 and had been mentioned as a possible vice presidential candidate. It is of interest that Augustus had been touted as the eloquent champion of the movement against the trusts. Wrote the *Independent*: "His utterances against Trust monopolies and exactions are among the most valued campaign documents of his party."[35] The *Independent* felt that the ice scandal might prevent Augustus from being a delegate-at-large at the next convention, though they pointed out that Republican Thurston of Nebraska had recently been elected delegate-at-large upon the platform of denouncing the trusts at the same time that he was defending Standard Oil in court.[36]

Also on the stockholders' list were John Carroll, Boss Crocker's vicegerent, as well as numerous judges and dock commissioners Cram and Murphy. These two officials possessed the principal power to grant or refuse docking facilities to any (ice) firm in New York City. It is estimated that over 50 percent of the property suitable for docking in Manhattan was public or under their control. While Cram had sold his 100 shares of stock, Murphy still possessed his 200, worth close to $10,000 in April 1900.[37]

The scandal had its effect on Tammany. The *Independent* reported that Boss Croker and Carroll turned the Tammany delegation to Bryan and that out-of-city Democrats in New York were preparing to denounce the Ice Company in the coming state convention.[38] At that convention, Tammany did not dare assert itself.[39] In the city the *Times* ran headlines declaring: "Ice Trust's Action Alarms Tammany Men; Rank *and File Fear the Effect on Public Sentiment."[40] The Van Wyck brothers* were obviously in disfavor. At the subsequent mayoral election, the Tammany candidate was defeated by a "reform mayor," elected by the fusion of all other parties. Interestingly, the major issue was not the ice scandal but the police scandal![41]

The response of the public to the trust's price hike and the Tammany involvement seems to have been substantial. Continually, the *Times* reported that the trust "is talked of everywhere, from the slums to the clubs, in Wall Street, and on street cars. Plans to thwart the combine are considered by the most lowly as well as by the most intelligent."[42] And, in general, the *Times* concluded, the trust is "now loathed by the community."[43]

The Nature of the Product

The public outcry against the trust was largely due to the particular nature of the product. Ice was more a necessity than a luxury in 1900. It was virtually essential for the preservation of foods, and doctors had already documented the relationship between infant mortality and drastic heat or ice shortages-- times when it was difficult for the poor to preserve milk. The poor spent a noticeable part of their income purchasing ice, a product often bought daily, at a price clearly visible. Further, ice seems to have been thought of not only as a vital necessity but also as something of a gift from nature, or a "free good." Wrote the *Times* : "To corner ice is very much like cornering air and water."[45]

It appears quite important that the product monopolized was ice. Wrote the *Outlook*:

> Had Tammany been prime movers in the organization of the wire and steel trust, their constituents would not have cared, for stock-jobbing operations do not really concern them, and the price of wire fences, or even wire nails, is to them a matter of supreme indifference. Had they been prominent in the management of the oil trust, they might incur a slight unpopularity, but even the price of oil concerns but little the voters of a great city to whom gas is the cheaper illuminant. But when the leaders of Tammany Hall became connected with the ice trust, and that trust advanced prices 100%, the wrath of the whole East Side was aroused against the hypocrisy as well as the extortion of its professed defenders.[46]

The sensitivity of the public to substantial increases in the price of ice is amply demonstrated by the outrage during the real shortages in 1906 and 1913. Though high prices during these years were prompted principally by demand and supply conditions (these were very warm winters), antitrust action was either brought or seriously considered in New York; Philadelphia; Washington, D.C.; Boston; Baltimore; and Toledo. Little came of these actions, save in Toledo, where a number of businessmen served thirty-seven days in jail.[47] Between 1906 and 1913 there was a great deal of careful attention given to the possibility of government-owned ice plants. In 1910 the mayor of Schenectady was elected partly on his program for "ice-at-cost." The shortage in 1913 prompted the city of New York to finance the Wentworth Report on municipal ice plants. While quite favorable to the construction of municipal plants, the report indicated that there was then only one in existence in the United States, in Weatherford, Oklahoma![48] With the gradual replacement of manufactured for natural ice, the fluctuations in the supply and price of ice decreased, as did the public clamor for some sort of governmental action.

The Hoggish Monopoly

The clamor raised against the ice trust in 1900 was due not to the fact that it possessed some degree of monopoly power but that it had used that power so arrogantly and brutally. The *Times*, which went out of its way to explain that it was only averse to "bad" trusts, attacked this "hoggish monopoly" that was "holding up" the community.[49] *Gunton's Magazine* (like the *Times* and most economists of the day) was not against trusts in general but was violently opposed to this "bungling burglar" that would bring discredit to its class. "The people," said *Gunton's*, "can be fooled for a while if the fooling is skillfully done, but not when it is bunglingly performed."[50]

The people obviously were not fooled, and their outcry helped secure the trust's quick defeat. Six weeks after the initial price hike, the trust agreed to sell 5¢ pieces but "would make no further concessions." The *Times* strongly denounced this "Public be Damned" attitude.[51] Two weeks later, following the official publication of the Tammany Ice Holdings, prices were quietly slashed from 60¢ to 40¢ per 100 pounds, which the *Times* editors called "a famous victory."[52] Within the week, prices were 25¢ for most sectors of the city as the trust met the price of any independent selling below the 40¢ rate.

In late June the *Times* ran an article under "Ice Plenty and Cheap" (prices still varied from 25¢ to 50¢), which contained this picturesque description of the small ice market:

> Ice was in evidence everywhere on the crowded east side streets. Each block had from one to half a dozen vendors on it, some with huge stores or several tons just from the bridges; others pushed carts which started out with a cake of ice and made journey after journey to the base of supplies as the vendors sold out. Everybody seemed to be buying ice. On stoops and in hallways were women with broods of children and a pitcher of ice-water which was drunk as if it was nectar. Housewives with pans and dishes and cloths left their domestic work to get a chunk of the gelid necessary for 5 or 10¢, and each cart or wagon had its following of children who scrambled for small ice refuse and greedily crushed it.[53]

ENTRY

By November the ice market was glutted.[54] The major cause for the surplus was, as might be expected, the entry of new firms lured by the trust's high prices and profits. Earlier that spring, when prices were high, the *Times* reported the formation of the Empire Ice Company with a manufacturing ice capacity of 600 tons per day and which did "not believe in the exorbitant price which the Trust is asking."[55] The Green Island Ice Company began building a wharf on Sedgwick Street and was expecting to undersell the trust during the summer.[56] The Bronx Consumers Ice Company was incorporated with capital of $100,000, and business purchasers of ice in Brooklyn were seriously considering forming their own "Anti-Trust Ice Company."[57]

The "impetuous rush to form new companies"[58] during "prosperous" times-the perennial fear of the ice industry-seems largely responsible for the oversupply in late 1900. That overentry, or overoptimism of the entrants, was a problem is attested to by company failures large enough to be reported in the *Times*. In the spring of 1901, for example, the Manhattan Ice Company, formed the previous June, employing forty men and serving two thousand customers, toppled.[59] Two years later the People's Co-Op Ice Company, formed in August 1900, with a capital stock of over $1 million, also went under.[60] Fortunately for the industry, while entry was relatively easy, so apparently, was exit.

The rapid entry into the ice industry during the period of high trust prices undoubtedly meant that the public's "famous victory" only speeded the inevitable. For all its ruthlessness, the trust was unable to raise entry barriers to a degree sufficient to allow a large monopoly profit. Its attempt to realize that profit brought a rash of new competitors, decreasing the price and eroding the trust's market position. As the *Times* predicted in the spring of 1900 "It may turn out that the hoggish monopoly has outwitted itself by its hoggishness."[61] "Its recklessness has endangered the health, if it has not insured the death, of the goose relied on to lay the golden eggs."[62]

Was the action of the trust's management in raising prices and inviting entry and condemnation really so irrational? For the longterm health and viability of the American Ice Company, the move was clearly unfortunate. The troubles of the company "really date to the outburst of public condemnation and disfavor in 1900."[63] The stock, selling at $49 in the spring of 1900, fell to $4¾ in 1903 during the general stock market decline.[64] Reported profits dropped from close to a million dollars in 1900, to $650,000 in 1901, to a *deficit* of $162,000 in 1902.[65] The American Ice Company was clearly in dire straits. *Ice and Refrigeration* reported in the spring of 1903: "If a second cool summer with limited demand for ice should come, no holding company scheme could save the big 'ice trust' from dissolution."[66]

CHARLES W. MORSE

While the company and common owners of the stock were severely hurt by the ice trust's attempted "hold-up" of the community, the president of the corporation certainly was not. Though an identity of interests between the owners and controllers of a corporation is sometimes assumed, in this case, what was good for Charles W.

Morse was not very good for the American Ice Company. While even Mayor Van Wyck lost money[67] on this weirdly overcapitalized venture (most of the $60 million capitalization was pure "water"), Charlie Morse is reported to have withdrawn from the corporation in 1901 with over $12 million![68]

Since Morse played such a crucial role in the formation and actions of the ice trust, it is of interest to digress a bit and briefly examine his colorful and checkered career. Morse was far more of a promoter, speculator, and financial manipulator than he was a conservative or conventional businessperson. After his reign as "Ice King" at the turn of the century, he turned more intensively to shipping and banking. By 1907, through a series of brilliant operations, he managed to achieve something close to a monopoly of coastwise shipping from Bangor to Galveston and became known as "the Admiral of the Atlantic." The panic of 1907, however, found the Heinze-Morse banks at the storm center; an investigation resulted in Morse's indictment and conviction for false entries and the misapplication of funds.[69]

While Morse argued that "there is no one in Wall Street who is not daily doing as I have done,"[70] this "fat, squatty little man" with the "masterful inquiring eyes" was sentenced to a fifteen-year term in the Atlanta penitentiary. Every exertion by Morse's friends and relatives to secure a pardon or commutation of sentence from President Taft proved unavailing. Finally, in 1912 Harry Daugherty, later attorney general in the Harding cabinet, contracted with Morse for a retainer of $5,000 and promise of an additional $25,000 in case of success to secure his release. A commission of doctors examined Morse and reported he was suffering from Bright's disease and could not last the year. Taft reluctantly signed a pardon. However, Daugherty's fee remained unpaid, and the attorney general's office received information that before his examination, Morse had drunk a combination of soapsuds and chemicals calculated to produce the desired temporary effects. President Taft later charged he had been deluded in the whole affair, adding that the case "shakes one's faith in expert examination."[71]

In 1916 Morse again made news with a grandiose scheme for organizing an American transoceanic shipping combination. This assumed reality with the formation of a holding company, the United States Shipping Company. The company prospered during the war, but in the subsequent "war frauds" investigation Morse was again indicted. Before that case could be brought, he was further indicted on the charge of using the mails to defraud potential investors. Before this "mail frauds" case was complete, Morse was adjudged too ill to stand trial. He was placed under guardianship, declared too incompetent to handle his own affairs, and died some seven years later in his home town of Bath, Maine at the age of seventy-six.[72]

THE AMERICAN ICE COMPANY AFTER 1903

Morse and his immediate successor seemingly attempted to milk the corporation dry before the crisis of 1903 and the stockholders' revolt. Before that corporate emergency, the common public stockholder had been virtually powerless to take any action. She was unable to discover the actual ownership of the company (it took a court order to get the official listing during the 1900 Tammany-trust investigation), or the actual control (because of the numerous dummy directorates), or even the earnings of the trust. The *Times*, for example, gave this seemingly tongue-in-cheek account of the 1902 stockholders meeting "It was understood beforehand that the officers of the company would violate the precedent of the past annual meetings and submit a statement of the actual earnings of the company. The corporation regularly pays 6 percent annual dividend on preferred stock, 4 percent on common.... No precedents were violated however."[73]

The stockholders' meeting in 1903 was a very lively affair. The American Ice Company had just announced a deficit for the preceding year, and stock prices had broken to $4¾. A number of prominent stockholders charged, among other things, that the officers of the trust had declared dividends when there were no earnings, had paid unnecessarily liberal commissions for the sale of bonds, had purchased the Knickerbocker Steam Towage Company at an excessive price benefiting a few insiders in the trust's management, and had used the power of the trust to enhance their own holding in an independent ice company. It was from the pressure of these minority stockholders that an investigating committee, albeit a conservative one, was eventually formed to examine the charges and generally report on the condition of the company.[74]

The report of the stockholders investigating committee helped to document the extent of the trust's overcapitalization and corporate mismanagement. While capitalization had been reduced from $60 to $40 million, the committee reported that the company's real property was worth only $15 million and there was "nothing between this and the preferred stock." The $25 million in common stock, in other words, represented pure "good will."[75] (Note the irony.) The financial difficulties of the company were attributed largely to the payment of unearned dividends. The milking of the corporation was further attested to by the fact that 1903 marked the "first time in several years that the company made liberal expenditures" to improve its real estate.[76] Many of the other charges against the trust were seemingly not examined. Morse undoubtedly made things difficult by generally keeping no books and "destroying all records of deals soon after they were closed."[77]

In 1904 Wesley Oler took over as president of the American Ice Company. Oler was a friend of Morse and a member of the original trust, but he was a sound businessperson and stayed with the company for many years, making it a profitable, if not a growing, concern. Oler died in 1927, two years before the corporation reached its all-time peak sales of $20.8 million and all-time peak profits of $3.4 million. The firm was finally absorbed around 1960, with its sales still in the $15 to $18 million range.[78]

In 1905, Oler again reduced the company's capitalization, but book assets still remained largely "good will account, water rights, and patent rights." These became of less and less value as the natural ice properties were discarded and displaced by manufacturing plants. By the early twenties, virtually all of the business of the American Ice Company was in manufactured ice. Yet, it was well into the Depression before all the natural ice properties were written off.[79]

The American Ice Company made numerous attempts to diversify-into the distribution of coal and wood, the repair of wagons, the distillation of water, and so forth-- but the sale of ice continued to provide the vast majority of its revenues into the late twenties and thirties, when electric refrigeration became more common. In 1941 the American Ice Company was still the second largest distributor of manufactured ice in the country, with 50 percent of its $12 million gross sales coming from ice, the rest from fuel oil and laundry services.[80] Of interest in the diversification attempts of the company was the change in its charter made in 1907 to allow it to "acquire, own, equip, operate, and dispose of steamships."[81] This scheme, however, seems to have been quickly dropped when the "Admiral of the Atlantic" was indicted and sent to prison.

Probably the most intriguing episode of the Oler regime occurred in 1906 when a true ice shortage hit New York City, which still relied on the American Ice Company for about half its ice.[82] The general shortage was so acute that for a while, in September, the company was essentially without ice as its fully laden Maine schooners were fogbound in the Atlantic.[83] Prices, of course, were high that year, and the trust made handsome profits, but the company had obviously learned from its 1900 experience. In March, the trust announced its intent "to do everything possible to prevent an increase in public indignation."[84] In June the trust declared that, no matter what, families would not have to pay more than 40¢ per 100 pounds. If prices were to increase, the burden would be on hotels, stores, and other large customers. Further, the 10¢ piece (25 lbs.) would remain on sale.[85]

CONCLUSION

Like many turn-of-the-century trusts, the American Ice Company succeeded in gaining monopoly control over the market. The ice trust, however, had more problems than most in maintaining that position, in some part due to the high visibility and essential nature of the product, but primarily because of the easy entry into the industry. When the trust did abuse its limited economic power, raising prices and decreasing the services associated with the product, these actions proved quite detrimental to its own long-term welfare. (The long-term welfare of the corporation, however, was of no great concern to its early president, whose primary interest was in securing his own short-run profit.) Three years after its formation, the American Ice Company was on the brink of bankruptcy.

While the American Ice Company was only one of the many monopolies formed at the turn of the century, the ice trust was nevertheless a historical phenomenon of some singularity. Among other things, the disclosure of the Tammany-trust connection caused political ripples, and the newspaper crusade demonstrated the effectiveness of public outrage, especially when coupled with strong underlying economic forces. Basically, however, the year of the ice trust provided a unique, if not very pleasant, experience for many residents of New York City-- and a lot of money for Charles W. Morse.

FOR DISCUSSION

1. What was the true economic effect of the public outcry against the ice trust? What would have happened had there been none?

2. Does the nature of the product actually affect whether or not the government will interfere in a market? Is the public more likely to demand the regulation of consumer goods industries? Of conspicuous industries? Cite some examples.

3. Economists generally assume that corporations try to maximize profits. Is this a fruitful assumption? A valid one? Is it more or less likely to be accurate for small or large companies?

4. Can you name the president of IBM, GM, GE, or Exxon? Are corporate executives today less conspicuous than they were in 1900? Less identifiable with a specific company? Explain. What is the economic effect, if any?

5. What are the arguments for and against national (vs. state) incorporation laws? What is the purpose of having corporate charters?

6. Does it ever make sense for a profit-maximizing monopolist to price so high as to attract entry? Explain.

7. Should the government worry about horizontal mergers in industries with low entry barriers? Why or why not?

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38. "Ice and Politics," *The Independent*, May 31, 1900, p. 1332.
39. "Ice Trust in Politics," *The Outlook*, June 16, 1900.
40. *New York Times*, May 8, 1900.
41. "Robert A. Van Wyck," *Dictionary of American Biography* (New York: Charles Scribner's Sons, 1934).

42. *New York Times*, May 6, 1900.
43. Ibid., April 26, 1900.
44. Ibid., May 29, 1900.
45. Ibid., April 20, 1900.
46. "New York's Ice Trust," *The Outlook*, June 9, 1900, p. 328.
47. *New York Times*, June 26, June 29, July 4, July 7, July 13, 1906; "Ice Trade Notes," *Ice and Refrigeration* (April 1908): 209.
48. Wentworth, *A Report on Municipal and Government Ice Plants*, p. 66. The call for municipal plants in 1900 was cooled by the Tammany-trust connections.
49. *New York Times*, April 26, 1900.
50. "Ice Trust Outrage," *Gunton's Magazine*, June 1900, pp. 515-19.
51. *New York Times*, May 16, May 20, 1900.
52. Ibid., June 8, 1900.
53. Ibid., June 29, 1900.
54. Ibid., November 15, November 18, 1900.
55. Ibid., May 9, 1900.
56. Ibid.
57. *New York Times*, May 10, 1900.
58. "Ice Trade Notes," *Ice and Refrigeration* (August 1906): 59.
59. *New York Times*, April 23, 1901.
60. Ibid., October 23, 1903 .
61. Ibid., April 26, 1900.
62. Ibid., May 7, 1900.
63. American Ice Company Stockholders Committee Report, 1903, quoted in Moody's *Manual of Industrial and Miscellaneous Securities*, 1904.
64. *Wall Street Journal*, October 24, 1903, quoted in Moody, *Truth about Trusts*, p. 479.
65. Moody, *Truth about Trusts*, p. 227.
66. "Ice Trade Notes," *Ice and Refrigeration* (May 1903): 197.
67. The mayor sold all his stock in June 1900 at a slight loss (*New York Times*, November 10, 1900).
68. See Wilson, "Admiral of the Atlantic"; also "Water Still Freezes," *Fortune*, May 1933.
69. "Charles W. Morse," *Dictionary of American Biography* (New York: Charles Scribner's Sons, 1934).
70. "Current Literature," February 1910, p. 153, quoted in *Dictionary of American Biography*.
71. *New York Times*, November 16, 1913, quoted in *Dictionary of American Biography*.
72. "Morse," *Dictionary of American Biography*.
73. *New York Times*, March 12, 1902.
74. Ibid., March 11, April 29, 1903; "Ice Trade Notes," *Ice and Refrigeration* (April 1903): 163.
75. "Ice Trade Notes," *Ice and Refrigeration* (January 1904): 59.
76. Ibid.; *New York Times*, November 21, 1903.
77. John E. MacDonald tried to sue Morse for $200,000 in 1904. The above is from Morse's testimony. See *New York Times*, October 25, 1904; ``Ice Trade Notes,'' *Ice and Refrigeration* (November 1904): 188.
78. Moody's, and then Poor's *Manuals of Corporate Securities* 1900-1960.

79. Moody's *Manual of Railroad and Corporate Securities* 1904, 1905, 1912, 1924; "Water Still Freezes," *Fortune*, May 1933.
80. Moody's (Poor's), 1941.
81. Ibid., 1907.
82. *New York Times*, September 24, 1906.
83. Ibid., September 23, 1906.
84. Ibid., March 14, 1906.
85. Ibid., June 10, 1906.